



Results for the 2nd Quarter of Fiscal Year Ending March 31, 2025

Heiwa Corporation

Code Number: 6412
Prime of Tokyo Stock Exchange

November 8, 2024



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Results for the 2nd Quarter of FY Ending March 31, 2025

■ Income and profit were up year on year (net sales +7.6% YoY and operating income +26.6% YoY).

- ✓ In the pachinko and pachislot machine business, both income and profit grew thanks to factors such as increased sales of pachinko machines, as well as lower costs due to cost-reduction efforts.
- ✓ In the golf business, as various measures showed certain results, the number of golf course users was steady, and revenue per customer was higher due to pricing based on demand. Thanks to these factors, as well as the contribution of a golf course acquired in the previous fiscal year, both income and profit grew.

(million yen)	FY 3/2024 2Q	FY 3/2025 2Q	YoY
Net Sales	66,715	71,790	7.6%
Pachinko and Pachislot machine business	17,043	20,184	18.4%
Golf Business	49,672	51,606	3.9%
Operating income	12,171	15,404	26.6%
Pachinko and Pachislot machine business	2,160	5,311	145.9%
Golf Business	11,376	11,421	0.4%
Eliminations & Corporate expenses	-1,364	-1,328	-2.7%
Operating income ratio	18.2%	21.5%	+3.3pt
Ordinary income	11,447	15,292	33.6%
Profit attributable to owners of parent	7,436	10,415	40.1%
EBITDA*	16,674	19,993	19.9%

* EBITDA = Operating income + depreciation + amortization

■ SG & A Expenses were up year on year (+1.9% YoY).

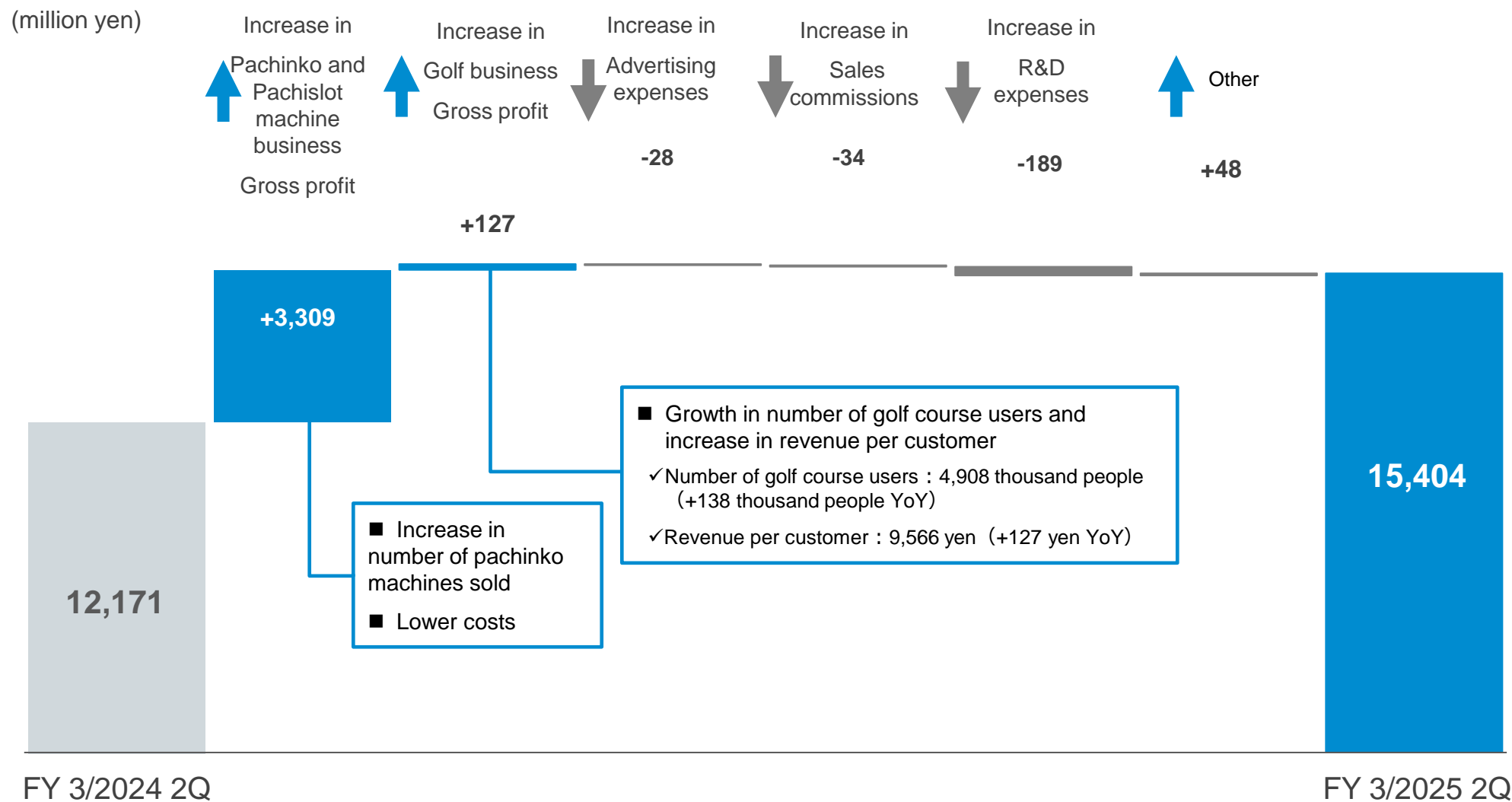
- ✓ Sales commissions rose in line with increased machine sales.
- ✓ Investment of R&D expenses was modulated based on development plans.
- ✓ Capital investment increased year on year, mainly due to capital investment related to a hotel project in Okinawa and increasing the number of “Cool Carts”* in the golf business.

* Cool Carts: fan-equipped golf carts

(million yen)	FY 3/2024 2Q	FY 3/2025 2Q	YoY
SG & A expenses	10,705	10,909	1.9%
Advertising expenses	562	590	5.0%
Sales commissions	462	497	7.5%
R&D expenses	4,141	4,330	4.6%
Depreciation & Amortization	4,373	4,442	1.6%
Pachinko and Pachislot machine business	606	460	-24.1%
Golf business	3,766	3,982	5.7%
Capital Investment	7,187	10,529	46.5%
Pachinko and Pachislot machine business	494	944	91.0%
Golf business	6,692	9,585	43.2%

Factors Contributing to Change in Operating Income (Results)

Operating income increased by 3,233 million yen year on year.



Pachinko and Pachislot Machine Business (Machine Sales Results)

■ The number of machines sold increase slightly year on year (+5k units YoY).

- ✓ For pachinko, sales of machines equipped with Lucky Trigger (LT) were strong.
- ✓ For pachislot, sales of Smart Pachislot were strong, and *L ToLOVE Ru Darkness* sold additional units.

		FY 3/2024 2Q	FY 3/2025 2Q	YoY
Number of machine sold		41,190	46,388	+5k units
Pachinko machine	Number of titles released	3	3	-
	Number of machine sold	16,672	23,180	6k units
	Body	6,840	4,308	-2k units
	Gauge board	9,832	18,872	+9k units
Pachislot machine	Number of titles released	2	2	-
	Number of machine sold	24,518	23,208	-1k units
	Chassis	24,518	22,360	-2k units
	Combined units	0	848	+0k units



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Major title in the 2Q

P Lupin the Third: Zenigatakara no Shoutaijyou 77 Sweet Ver.

- ✓ Release Date: Sep. 2024
- ✓ Units sold: Approx. 6,900 units



■ Income and profit were up year on year (net sales +18.4% YoY and operating income +145.9% YoY).

- ✓ Although sales of pachislot machines declined slightly year on year, income grew thanks to increased sales of pachinko machines.
- ✓ Profit grew thanks to increased net sales and growth in sales of high-margin gauge boards for pachinko machines, as well as efforts to reduce costs, mainly via reuse of pachislot machines.

(million yen)	FY 3/2024 2Q	FY 3/2025 2Q	YoY
Net sales	17,043	20,184	18.4%
Pachinko machines	5,964	8,923	49.6%
Pachislot machines	11,060	11,240	1.6%
Gross profit	8,858	12,167	37.4%
Pachinko machines	2,882	4,556	58.1%
Pachislot machines	5,959	7,599	27.5%
Gross profit ratio	52.0%	60.3%	+8.3pt
Operating income	2,160	5,311	145.9%
Pachinko machines	-747	969	-%
Pachislot machines	2,890	4,329	49.8%
Operating income ratio	12.7%	26.3%	+13.6pt



■ The number of golf course users increased, and revenue per customer grew year on year.

- ✓ Despite record-setting heat and heavy rain as well as typhoons, various measures showed certain results, causing the number of golf course users to increase.
- ✓ Revenue per customer continued to rise thanks to pricing based on demand.

■ Number of golf course users / Revenue per customer

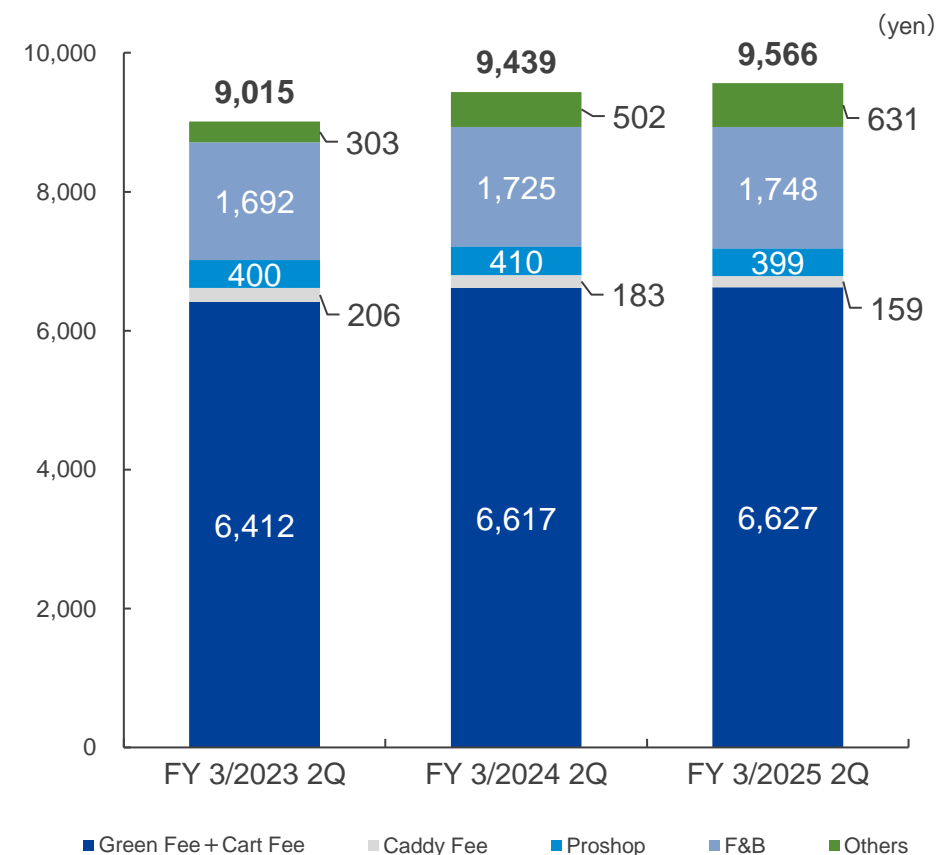
2Q cumulative (6months)	FY 3/2023	FY 3/2024	FY 3/2025	YoY
Number of golf course users (thousand people)	4,765	4,769	4,908	2.9%
Revenue per customer (yen)	9,015	9,439	9,566	1.3%

2Q (3months)	FY 3/2023	FY 3/2024	FY 3/2025	YoY
Number of golf course users (thousand people)	2,317	2,357	2,390	1.4%
Revenue per customer (yen)	8,754	9,213	9,340	1.4%

■ (Reference) Number of golf courses owned/operated

Fiscal year	FY 3/2023	FY 3/2024	FY 3/2025 2Q	YoY
Number of golf course	147	148	148	-

■ Breakdown of Revenue per Customer





■ Income and profit were up year on year (net sales +3.9% YoY and operating income +0.4% YoY).

- ✓ Despite the impact of factors such as rising prices of raw materials and utility costs, as well as higher labor costs due to wage increases and increased expenses involved in golf-course acquisition, the increase in net sales exceeded the increase in costs, resulting in higher income and profit.
- ✓ A golf course acquired in the previous fiscal year (Mukonodai Golf Course) contributed. Membership-related sales were also solid.

(million yen)	FY 3/2023 2Q	FY 3/2024 2Q	FY 3/2025 2Q	YoY
Net sales	47,478	49,672	51,606	3.9%
Gross profit	12,426	14,019	14,146	0.9%
Gross profit ratio	26.2%	28.2%	27.4%	-0.8pt
Operating income	9,720	11,376	11,421	0.4%
Operating income ratio	20.5%	22.9%	22.1%	-0.8pt

Breakdown of Sales

(million yen)	FY 3/2023 2Q	FY 3/2024 2Q	FY 3/2025 2Q	YoY
Revenue from golf course operation	42,965	45,024	46,960	4.3%
Membership-related sales	4,056	4,084	4,128	1.1%

Consolidated Balance Sheets (Summary)

(million yen)	As of March 31, 2024	As of September 30, 2024	Change	Remarks
Current assets	97,406	97,600	194	✓ Increase in property, plant and equipment such as motor vehicles and transport equipment
Non-current assets	330,623	335,716	5,092	
Total assets	428,029	433,317	5,287	
Current liabilities	50,978	45,751	-5,227	✓ Decrease in short-term payables
Non-current liabilities	137,865	142,095	4,230	
Total liabilities	188,843	187,846	-996	
Total net assets	239,185	245,470	6,284	
Total liabilities and net assets	428,029	433,317	5,287	

(million yen)	As of March 31, 2024	As of September 30, 2024	
Cash and deposits, and securities	57,713	57,755	✓ D/E ratio (interest-bearing debt/shareholders' equity) 44.7% → 46.8%
Interest-bearing debt	106,847	114,893	✓ Net D/E ratio (net interest-bearing debt/shareholders' equity) 20.5% → 23.3%
Shareholders' equity	239,185	245,470	
Shareholders' equity ratio	55.9%	56.6%	



Full-year Plan for FY Ending March 31, 2025

■ Income and profit are expected to increase from the previous fiscal year (net sales +16.0% YoY and operating income +28.0% YoY).

- ✓ In the pachinko and pachislot machine business, the number of units sold is expected to be maximized by proactively releasing key titles for LT-equipped machines, for which operating conditions have been favorable, and Smart Pachislot, which is now at the center of market operations. Accordingly, plans have been left unchanged.
- ✓ In the golf business, the number of golf course users is expected to remain steady, and revenue per customer is expected to be at the same level as in the previous fiscal year due to pricing based on demand. In addition, differentiation from competitors will be further promoted through measures such as expanding nighttime operation. Accordingly, plans have been left unchanged.

(million yen)	FY 3/2024 Results	FY 3/2025		YoY
		2Q Results	Plan	
Net Sales	136,381	71,790	158,200	16.0%
Pachinko and Pachislot machine business	40,156	20,184	59,400	47.9%
Golf Business	96,225	51,606	98,800	2.7%
Operating income	23,430	15,404	30,000	28.0%
Pachinko and Pachislot machine business	6,917	5,311	13,000	87.9%
Golf Business	19,250	11,421	20,000	3.9%
Eliminations & Corporate expenses	-2,736	-1,328	-3,000	9.6%
Operating income ratio	17.2%	21.5%	19.0%	+1.8pt
Ordinary income	22,746	15,292	29,200	28.4%
Profit attributable to owners of parent	16,611	10,415	20,000	20.4%
EBITDA*	32,705	19,993	39,600	21.1%

* EBITDA = Operating income + depreciation + amortization



■ SG & A expenses are expected to increase from the previous fiscal year (+19.4% YoY).

- ✓ Advertising expenses are expected to be absorbed as planned due to the release of key titles and golf-related events scheduled in the second half.
- ✓ Sales commissions are expected to be absorbed as planned due to greater numbers of units sold.
- ✓ R&D expenses are expected to be absorbed as planned thanks to smooth progress in the development of titles for the next fiscal year and beyond.
- ✓ Depreciation/amortization and capital investment are expected to be absorbed as planned.

(million yen)	FY 3/2024 Results	FY 3/2025		YoY
		2Q Results	Plan	
SG & A expenses	23,365	10,909	27,900	19.4%
Advertising expenses	1,554	590	2,200	41.5%
Sales commissions	1,233	497	1,600	29.7%
R&D expenses	9,071	4,330	10,800	19.1%
Depreciation & Amortization	9,004	4,442	9,300	3.3%
Pachinko and Pachislot machine business	1,353	460	1,200	-11.4%
Golf business	7,650	3,982	8,100	5.9%
Capital Investment	12,972	10,529	20,300	56.5%
Pachinko and Pachislot machine business	921	944	2,600	182.1%
Golf business	12,051	9,585	17,700	46.9%

■ The number of machines sold is planned to increase year on year (+45k units YoY).

		FY 3/2024 Results	FY 3/2025		YoY
			2Q Results	Plan	
Number of machine sold		94,233	46,388	140,000	+45k units
Pachinko machine	Number of titles released	6	3	6	-
	Number of machine sold	28,799	23,180	63,000	+34k units
	Body	13,405	4,308	20,800	+7k units
	Gauge board	15,394	18,872	42,200	+26k units
Pachislot machine	Number of titles released	5	2	6	+1
	Number of machine sold	65,434	23,208	77,000	+11k units
	Chassis	65,434	22,360	67,600	+2k units
	Combined units	-	848	9,400	+9k units

Title to Release / Pachinko Machine

Title	Release Date
<i>P Lupin the Third: ONE COLLECTION</i>	Oct. 2024
<i>P Love-jo :Gokujo no Harem Taiken 129ver.</i>	Nov. 2024
<i>P ToLOVE Ru Darkness 199ver.</i>	Dec. 2024
<i>P Sengokuotome7 Syuuen no Sekigahara</i>	Jan. 2025

Title to Release / Pachislot Machine

Title	Release Date
<i>L BanG Dream!</i>	Nov. 2024
<i>L Lupin the Third: Daikoukaisya no Hihou</i>	Dec. 2024

Pachinko machine

1Q



ラッキーリガー
LIT
P BIOHAZARD RE:2
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P BIOHAZARD RE:2
LTver.



P Love-jo :Gokujo no
Harem Taiken

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P ToLOVE Ru Darkness

2Q



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P Lupin the Third:
Zenigata kara no
Shoutaiyou
77Sweet Ver.

©BanG Dream! Project

P BanG Dream!

3Q



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P Lupin the Third: ONE COLLECTION 199ver.



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P ToLOVE Ru Darkness

P Love-jo :Gokujo no
Harem Taiken 129ver.

4Q



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Character design by SHIROGUMI INC.

P Sengokuotome7:Shuuen no Sekigahara

Pachislot machine

1Q



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L ToLOVE Ru Darkness

2Q



S Bahama30



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Pachislot L Koumonchama Ten

3Q



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L BanG Dream!



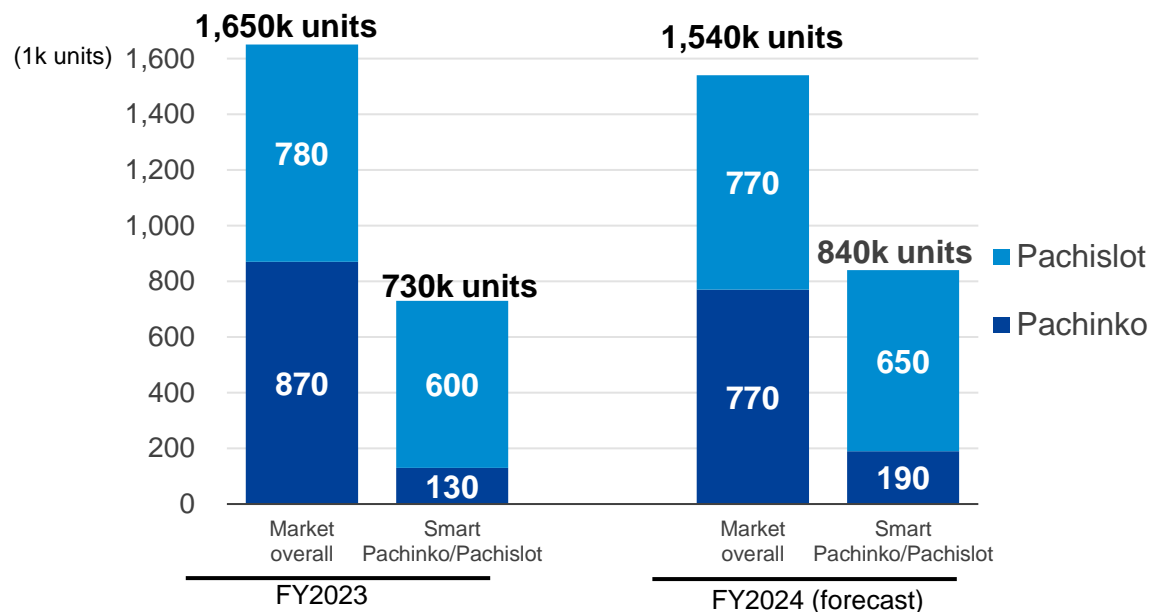
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L Lupin the Third: Daikoukaisya no Hihou

Current Market Outlook

- ✓ Operations in the market overall remain centered on Smart Pachislot, and the shift toward Smart Pachinko/Pachislot is expected to proceed steadily.
- ✓ In pachinko, operating conditions for LT-equipped machines and Smart Pachinko machines accommodating changes to internal regulations have been relatively favorable, and the pachinko market is gradually showing signs of a recovery. Incremental changes to internal regulations, etc. planned in the future are expected to help promote the shift toward Smart Pachinko.

Market and Smart Pachinko/Pachislot Unit Sales



Notes:

• Market unit sales are the Company's estimates.

• Smart Pachinko/Pachislot unit sales are based on in-house research using P-World.



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Character design by SHIROGUMI INC.
P Sengokuotome7: Shuen no Sekigahara

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L Lupin the Third: Daikokaisha no Hiho

Company's Response

- ✓ The Company plans to steadily increase unit sales with a mix of titles featuring new IP and existing titles, focusing mainly on Smart Pachislot, which currently leads the market.
- ✓ For pachinko, LT-equipped machines, which are at the center of the market, will be sold proactively.
- ✓ Titles featuring the Company's main content, *Lupin the Third* and *Sengokuotome*, will also be sold sequentially in the second half.

- Strategies for differentiation from competitors have yielded success, and diversifying demand is being captured steadily.

1. Maximization of earnings

- ✓ Further promotion of strategies for differentiation from competitors
 - “Cool Cart” was increased from 1,000 to 4,000 carts and introduced at 147 golf courses nationwide.
 - Hananoki Golf Club (Mizunami City, Gifu Prefecture) began operating as “GRAND PGM” on July 1, 2024. This will be extended to 17 golf courses nationwide.
 - Two golf courses, PGM Golf Resort Okinawa (Kunigami District, Okinawa Prefecture) and Tajimi Kita Golf Club (Tajimi City, Gifu Prefecture), began operating at night from August 1, 2024, onwards. Nighttime operation will be further expanded in the future.



2. Establishment of organizational framework to support sustainable growth

- ✓ Proactive implementation of efforts to improve operational efficiency and productivity through digital transformation
- ✓ Continued enhancement of efforts to address the SDGs and climate change



3. Systematic promotion of new business

- ✓ Ichishi Golf Club (Tsu City, Mie Prefecture) commenced operation on October 1, 2024.
- ✓ PGM Hotel Resort Okinawa: Construction is progressing smoothly (scheduled to open in 2026).



Ichishi Golf Club (Tsu City, Mie Prefecture / 18H)



“Action to Implement Management That Is Conscious of Cost of Capital and Stock Price”

■ Achievement of ROE above the cost of shareholders’ equity and enhancement of initiatives aimed at sustainable growth

Improvement of profitability

ROE↑

×

Sustainable growth

PER↑

=

Enhancement of corporate value

PBR↑

✓ While we recognize that ROE is currently above the cost of shareholders’ equity, we believe that it is still below the level desired by shareholders. **Positioning the turnaround of performance in the pachinko and pachislot machine business as our top priority**, we will proactively implement **improvements to asset efficiency** and **investment for growth**.

✓ With PBR currently below 1, we will work toward **the enhancement of appropriate information disclosure**, including **stepping up IR activities** to obtain adequate understanding of sustainable growth from investors, as well as the **active promotion of sustainability management**, and facilitate dialogue with stakeholders.

Improvement of ROE	Specific initiatives	Improvement of PER	Specific initiatives
Enhancement of earning power in existing businesses	<ul style="list-style-type: none"> Strengthened R&D investment to enhance product appeal in the pachinko and pachislot machine business Implementation of differentiation strategies to increase the number of golf course users and revenue per customer in the golf business 	Enhancement of appropriate information disclosure	<ul style="list-style-type: none"> New establishment of “IR/Public Relations Team” to step up IR activities (April 1, 2023) Implementation of active dialogue with shareholders/investors and feedback to management Enrichment of information posted to IR website Enhancement of disclosures in English Publication of integrated reports
Improvement of asset efficiency	<ul style="list-style-type: none"> Greater efficiency of assets, including sale and disposal of non-business assets Adjustment of inventory Review of golf course portfolio 		
Investment for growth	<ul style="list-style-type: none"> Investment in PGM Hotel Resort Okinawa, which has a good prospect for long-term tourism demand Proactive acquisition of golf courses in the suburbs of 4 large metropolitan areas Improvement of productivity through enhanced investment in human capital 	Promotion of sustainability management	<ul style="list-style-type: none"> Establishment of Sustainability Committee (February 27, 2024) Deepening of efforts to achieve goals of materialities

(For details, please refer to pages 36-38.)

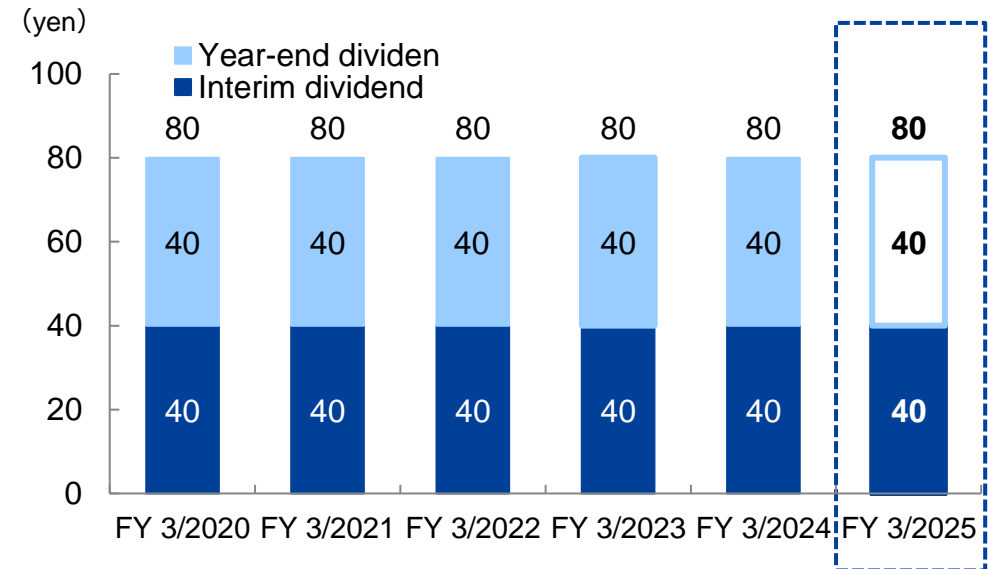
Dividend policy

- Stable dividends are paid, giving consideration to the totality of the business plan, financial conditions, and operating results, etc.
- Internal reserves are allocated to investment in enhancement of research and development capabilities, plant and equipment, and M&A of golf courses, etc.

FY 3/2025 (Plan)

Interim dividend	40yen
Year-end dividend	40yen
<hr/>	
Total	80yen

Trend of dividend per share



Shareholder return is a key management issue.

We will do our utmost to maintain a high level of dividend payment.



【Market Environment】

- Pachinko and Pachislot Machine Business
- Golf Business

【Pachinko and Pachislot Machine Business】

- Number of Machines Sold / Title Released in FY Ending March 31, 2025

【Golf Business】

- Trends of Golf Users and Revenue per Customer 1
- Trends of Golf Users and Revenue per Customer 2
- Golf Course Portfolio

【Consolidated Results】

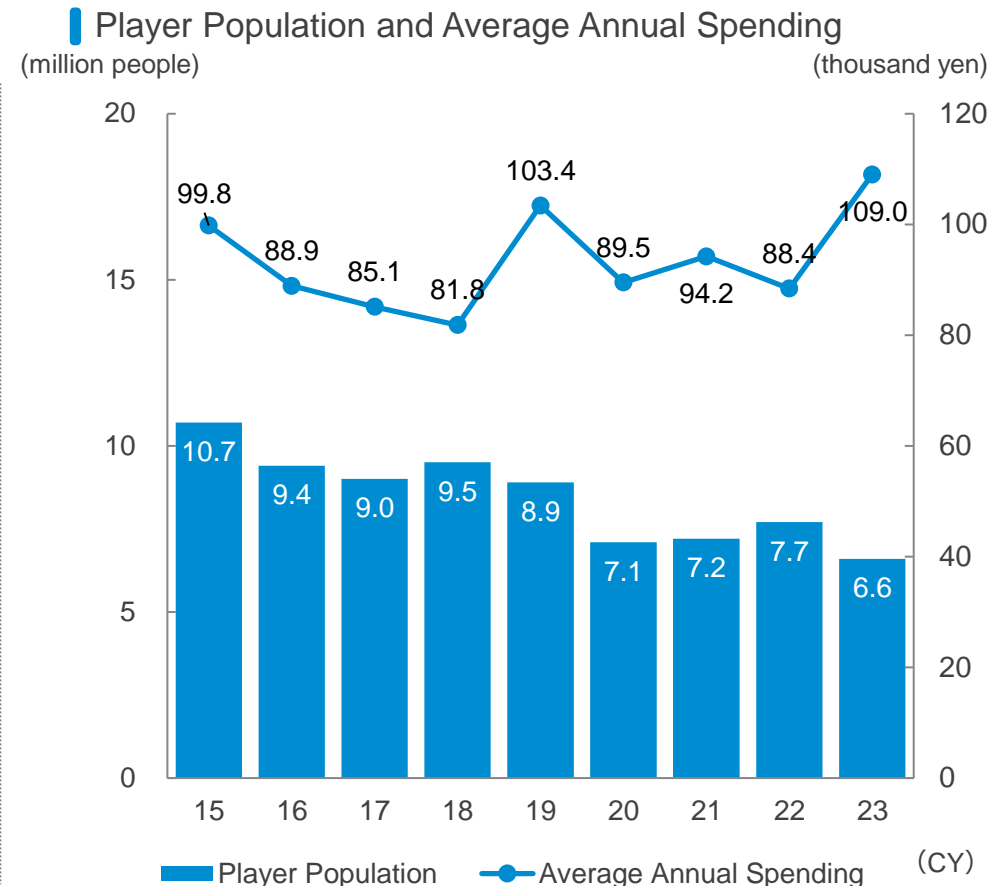
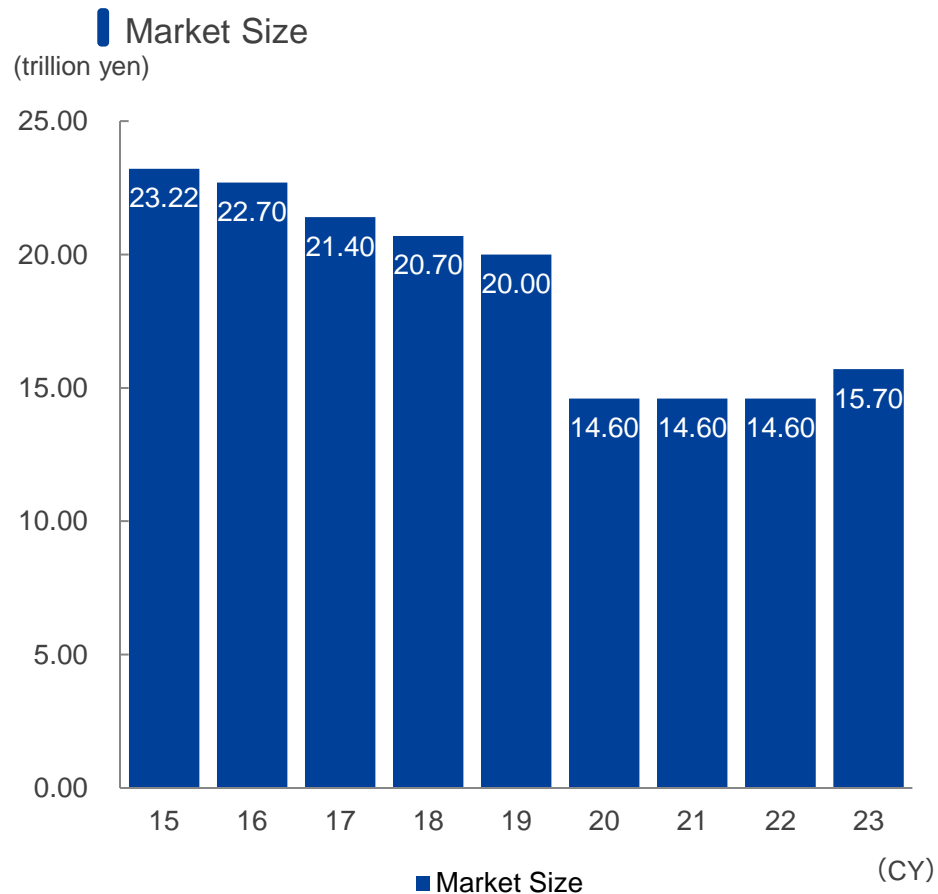
- Financial Performance Trend
- Key Financial Indicators

【Others】

- Pachinko and Pachislot Machine Business (Policies for This Fiscal Year)
- Golf Business (Market Trends)
- Other

Market Environment (Pachinko and Pachislot Machine Business) 1

Pachinko and Pachislot Machine business

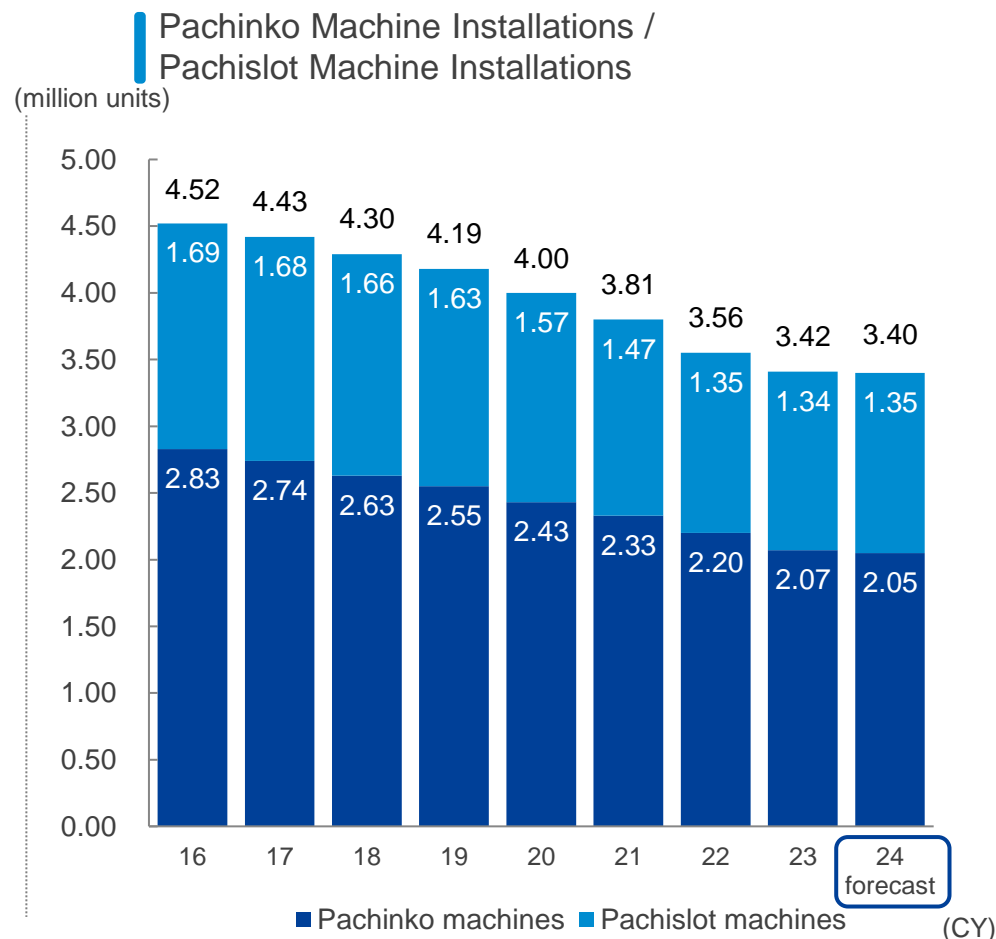
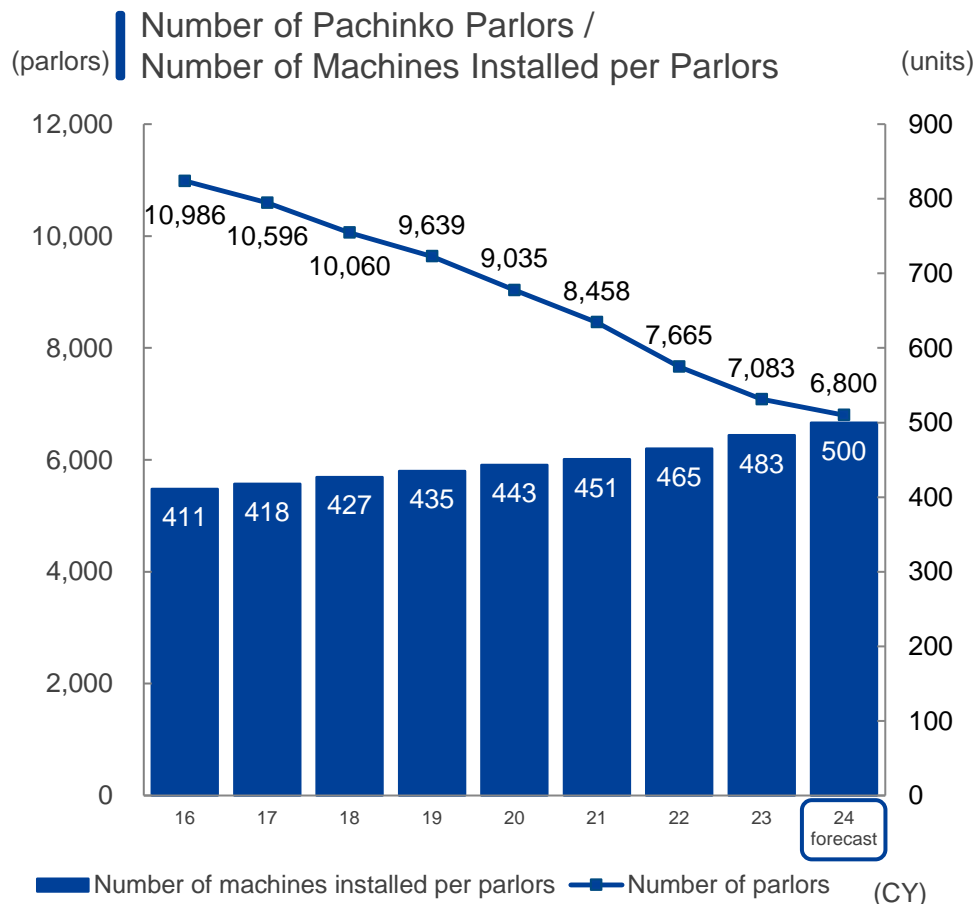


	2015	2016	2017	2018	2019	2020	2021	2022	2023
Market Size (trillion yen)	23.22	22.70	21.40	20.70	20.00	14.60	14.60	14.60	15.70
Player Population (million people)	10.7	9.4	9.0	9.5	8.9	7.1	7.2	7.7	6.6
Average annual spending (thousand yen)	99.8	88.9	85.1	81.8	103.4	89.5	94.2	88.4	109.0

Note: Date source: Japan Productivity Center. Date on a calendar year basis (from January to December).

Market Environment (Pachinko and Pachislot Machine Business) 2

Pachinko and Pachislot Machine business



	2016	2017	2018	2019	2020	2021	2022	2023	2024 forecast
Number of parlors	10,986	10,596	10,060	9,639	9,035	8,458	7,665	7,083	6,800
Number of machines installed per parlors (units)	411	418	427	435	443	451	465	483	500
Pachinko machine installations (million units)	2.83	2.74	2.63	2.55	2.43	2.33	2.20	2.07	2.05
Pachislot machine installations (million units)	1.69	1.68	1.66	1.63	2.02	1.47	1.35	1.34	1.35

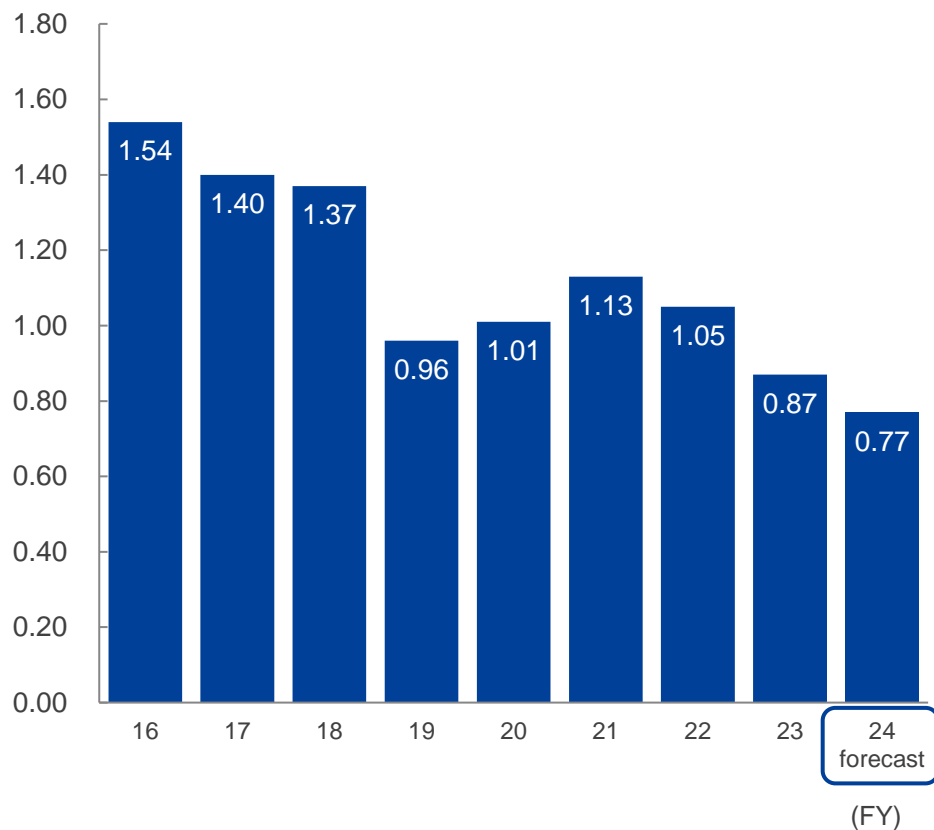
Note: Date source: National Police Agency. Date on a calendar year basis (from January to December). Figures for 2023 are the Company's estimates.

Market Environment (Pachinko and Pachislot Machine Business) 3

Pachinko and Pachislot Machine business

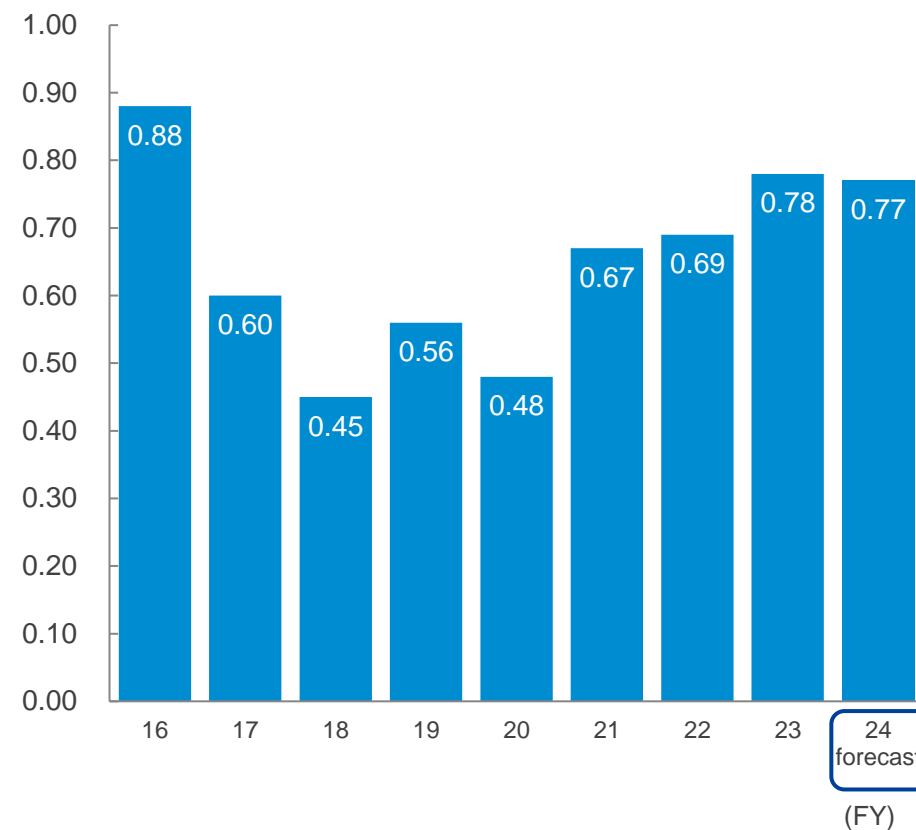
Pachinko machine sales

(million units)



Pachislot machine sales

(million units)

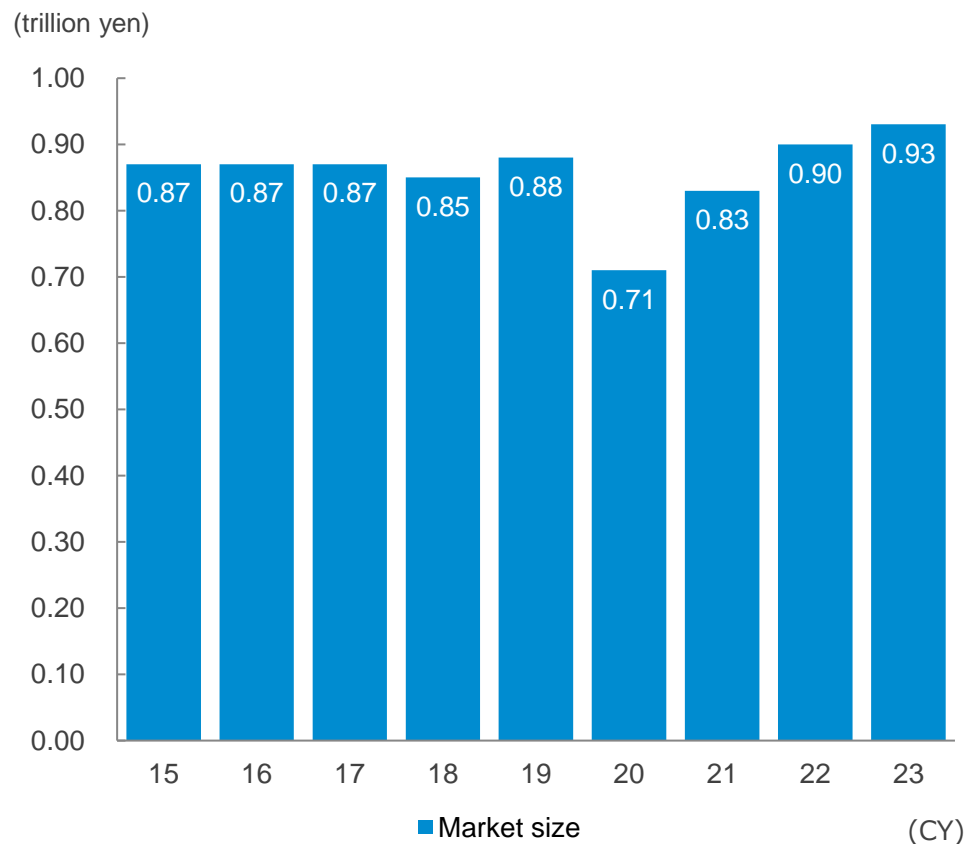


Number of machines sold (million units)	2016	2017	2018	2019	2020	2021	2022	2023	2024 forecast
Pachinko machines	1.54	1.40	1.37	0.96	1.01	1.13	1.05	0.87	0.77
Pachislot machines	0.88	0.60	0.45	0.56	0.48	0.67	0.69	0.78	0.77

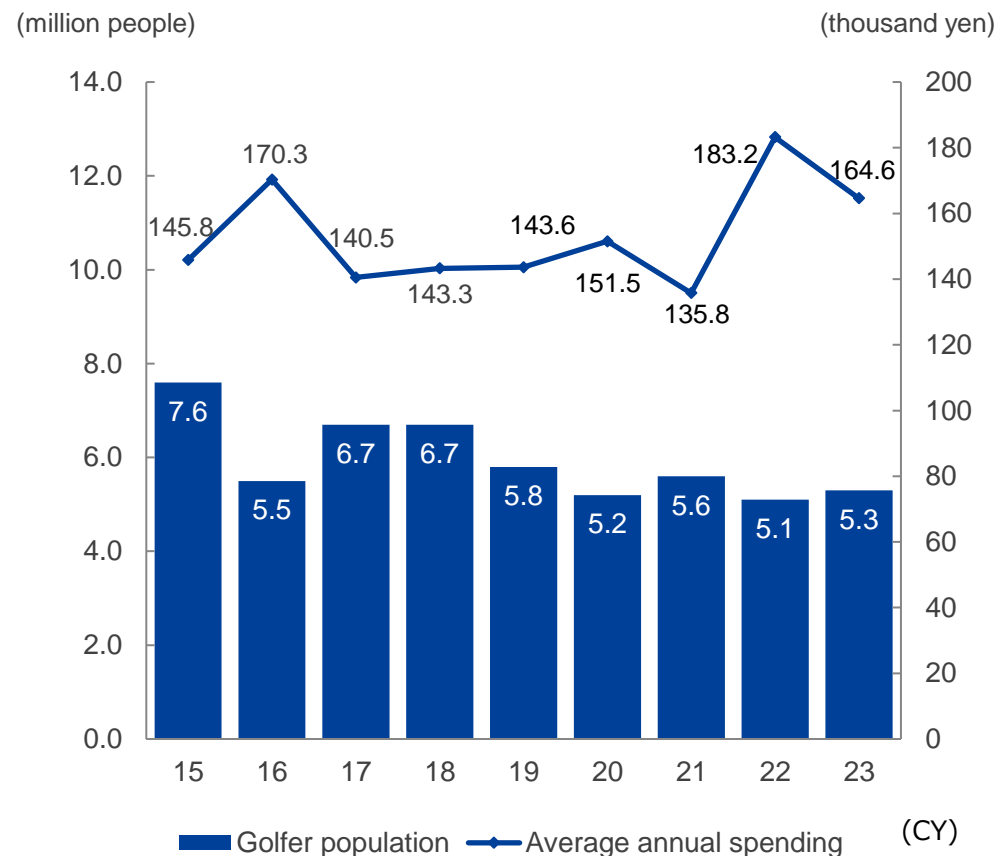
Note: Date source: Yano Research Institute. Date on a fiscal year basis (from April to March of the next year). Figures for 2023 and 2024 are the company's forecasts.

Golf business

Market Size



Golfer Population / Average Annual Spending



	2015	2016	2017	2018	2019	2020	2021	2022	2023
Market size (trillion yen)	0.87	0.87	0.87	0.85	0.88	0.71	0.83	0.90	0.93
Golfer population (million people)	7.6	5.5	6.7	6.7	5.8	5.2	5.6	5.1	5.3
Average annual spending (thousand yen)	145.8	170.3	140.5	143.3	143.6	151.5	135.8	183.2	164.6

Note: Date source: Japan Productivity Center. Date on a calendar basis (From January to December).

Number of Machines Sold Title Released in FY Ended March 31, 2025



Pachinko and Pachislot Machine business

Number of machines sold

(units)	FY 3/2020		FY 3/2021			FY 3/2022			FY 3/2023			FY 3/2024			FY 3/2025		
	Full year	2Q cumulative	Full year	1Q	2Q cumulative	3Q cumulative	Full year	1Q	2Q cumulative	3Q cumulative	Full year	1Q	2Q cumulative	3Q cumulative	Full year	1Q	2Q cumulative
	Total	164,400	8,379	85,283	23,211	38,269	63,030	92,826	23,578	59,124	106,153	126,894	22,070	41,190	61,998	94,233	19,722
Pachinko machines	95,483	4,410	49,890	16,542	29,113	40,228	63,095	17,497	38,970	61,923	80,322	10,531	16,672	23,272	28,799	10,934	23,180
Body	41,887	585	39,455	15,752	27,351	36,124	49,040	14,305	24,865	42,462	49,385	5,446	6,840	11,882	13,405	2,126	4,308
Gauge board	53,596	3,825	10,435	790	1,762	4,104	14,055	3,192	14,105	19,461	30,937	5,085	9,832	11,390	15,394	8,808	18,872
Pachislot machines	68,917	3,969	35,393	6,669	9,156	22,802	29,731	6,081	20,154	44,230	46,572	11,539	24,518	38,726	65,434	8,788	23,208
Chassis	29,288	914	27,423	6,606	9,093	22,736	29,663	5,754	19,697	43,773	46,115	11,539	24,518	38,726	65,434	8,788	22,360
Combined units	39,629	3,055	7,970	63	63	66	68	327	457	457	457	0	0	0	0	0	848

Title to Release / Pachinko machine

Release	Title	Units sold
1Q	<i>P Love-jo :Gokujo no Harem Taiken</i>	4,740
	<i>P ToLOVE Ru Darkness</i>	3,450
2Q	<i>P BanG Dream!</i>	3,491
	<i>Others</i>	11,499
	Total	23,180

Title to Release / Pachislot machine

Release	Title	Units sold
1Q	<i>L ToLOVE Ru Darkness</i>	12,431
2Q	<i>Pachislot L Koumonchama Ten</i>	9,555
	<i>Others</i>	1,222
	Total	23,208



Golf business

Number of Golf Course Users

(persons)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
FY 3/2020	713,508	825,693	729,264	692,419	683,759	715,039	694,209	737,238	674,769	529,682	538,524	620,360	8,154,464
FY 3/2021	470,829	582,920	652,979	673,184	796,668	707,324	759,748	785,017	714,772	515,600	568,067	675,789	7,902,897
FY 3/2022	761,654	834,763	780,948	764,810	700,529	762,862	828,869	800,196	723,229	573,250	505,763	698,958	8,735,831
FY 3/2023	766,822	877,193	804,575	784,392	775,846	756,848	856,293	796,767	694,303	576,008	551,558	717,917	8,958,522
FY 3/2024	784,626	857,337	770,513	825,046	744,248	788,109	858,402	820,305	731,903	624,665	549,208	700,351	9,054,711
FY 3/2025	809,927	874,192	833,948	818,412	746,644	825,669							4,908,792

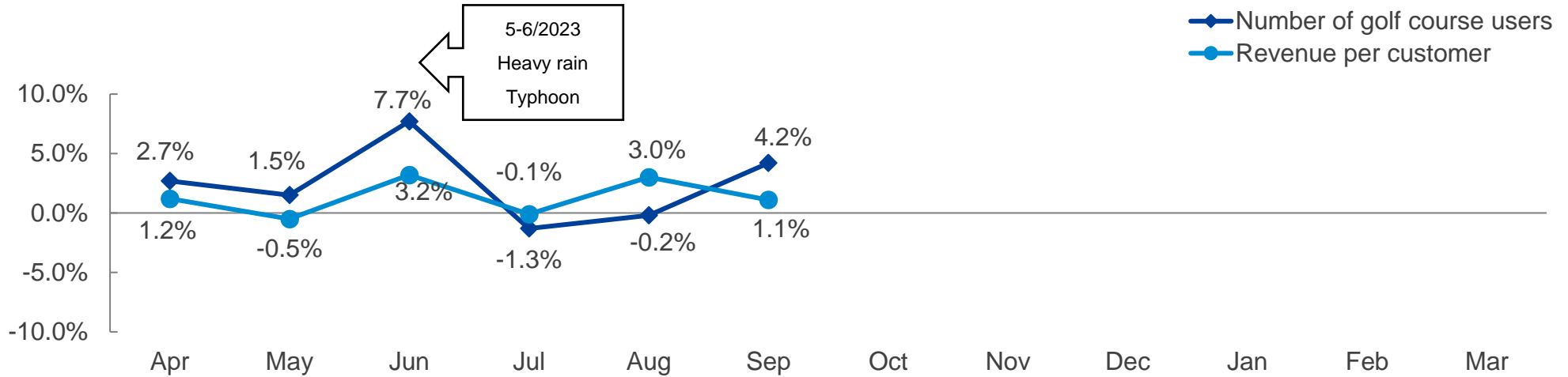
Revenue per Customer

(yen)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
FY 3/2020	9,463	9,438	9,314	8,588	8,515	9,051	9,448	9,981	9,344	8,544	8,123	8,310	9,057
FY 3/2021	7,768	7,245	7,761	8,037	7,913	8,362	8,741	9,362	9,193	8,340	8,028	8,290	8,301
FY 3/2022	8,768	9,021	8,390	8,495	7,970	8,296	9,234	9,618	9,422	8,636	8,160	8,792	8,764
FY 3/2023	9,264	9,523	8,977	8,844	8,444	8,977	9,782	9,899	9,764	8,989	8,533	9,076	9,198
FY 3/2024	9,617	9,933	9,399	9,212	8,865	9,543	9,988	10,397	10,056	9,121	8,784	9,843	9,597
FY 3/2025	9,734	9,893	9,708	9,205	9,135	9,658							9,566

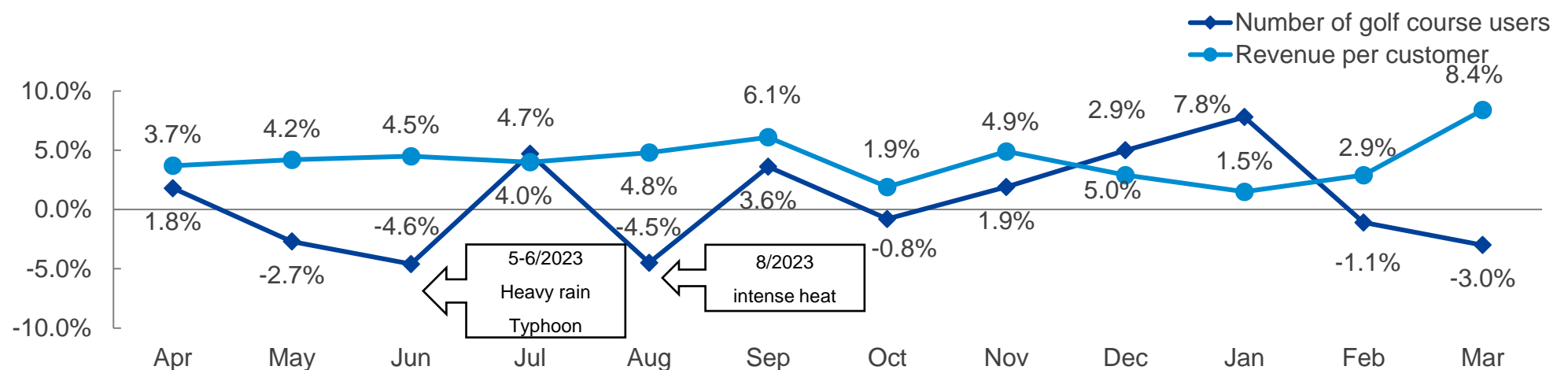


Golf business

Monthly result comparison – FY 3/2025 vs FY 3/2024



Monthly result comparison – FY 3/2024 vs FY 3/2023



* Based on operating golf course since previous year.



Golf Course Portfolio

Golf business

	As of March 31, 2024		As of September 30, 2024	
	Courses	18H Equivalent	Courses	18H equivalent
Owned Golf Courses	147	178.0	147	178.0
Leased Golf Courses	1	2.0	1	2.0
Total	148	180.0	148	180.0
Hokkaido	6	9.5	6	9.5
Tohoku	8	10.0	8	10.0
Kanto, Koushinetsu	66	77.5	66	77.5
Tokai, Hokuriku	13	14.0	13	14.0
Kansai	22	28.5	22	28.5
Chugoku	10	11.5	10	11.5
Shikoku	6	6.5	6	6.5
Kyusyu, Okinawa	17	22.5	17	22.5
Total	148	180.0	148	180.0

State of affairs in the fiscal year ending March 31, 2025

【Acquisition】

10/1/2024
Commenced operation

Ichishi Golf Club (Tsu City, Mie Prefecture/18H)

【Stock transfer agreement】

None

【Sponsorship agreement】

None

【Sale】

None



Financial Performance Trend



Consolidated

(million yen)	FY 3/2020		FY 3/2021		FY 3/2022			FY 3/2023				FY 3/2024				FY 3/2025	
	Full year	2Q cumulative	Full year	1Q	2Q cumulative	3Q cumulative	Full year	1Q	2Q cumulative	3Q cumulative	Full year	1Q	2Q cumulative	3Q cumulative	Full year	1Q	2Q cumulative
Net sales	144,573	37,781	107,744	32,051	58,754	92,376	121,558	34,731	70,930	116,253	142,290	34,942	66,715	102,804	136,381	35,586	71,790
Pachinko and Pachislot machine Business	61,658	2,893	33,292	9,116	15,260	24,482	36,249	9,785	23,451	43,382	50,678	9,304	17,043	26,322	40,156	8,608	20,184
Golf Business	82,914	34,888	74,452	22,934	43,494	67,893	85,308	24,945	47,478	72,871	91,611	25,638	49,672	76,481	96,225	26,977	51,606
Operating income	23,551	-4,680	5,311	4,367	4,733	9,957	10,235	7,855	15,337	28,161	26,905	7,491	12,171	19,314	23,430	8,654	15,404
Pachinko and Pachislot machine Business	17,450	-5,795	287	77	-1,495	-1,666	-607	2,332	6,957	15,140	15,155	1,519	2,160	2,617	6,917	2,272	5,311
Golf Business	9,286	2,460	7,624	4,796	7,429	13,405	13,280	6,252	9,720	15,167	14,582	6,655	11,376	18,685	19,250	7,082	11,421
Eliminations & corporate expenses	-3,185	-1,346	-2,600	-507	-1,199	-1,781	-2,437	-728	-1,340	-2,147	-2,833	-683	-1,364	-1,989	-2,736	-700	-1,328
Operating income ratio	16.3%	-12.4%	4.9%	13.6%	8.1%	10.8%	8.4%	22.6%	21.6%	24.2%	18.9%	21.4%	18.2%	18.8%	17.2%	24.3%	21.5%
Ordinary income	23,278	-4,694	5,799	4,331	4,844	9,876	10,467	7,827	15,136	27,793	26,631	7,436	11,447	18,546	22,746	8,725	15,292
Profit attributable to owners of parent	15,872	-6,179	865	2,633	2,543	4,604	2,193	5,355	10,798	20,506	20,685	4,943	7,436	11,609	16,611	5,628	10,415
SG & A Expenses	32,760	11,176	23,723	5,509	11,241	16,999	23,163	4,869	10,077	16,048	22,408	5,024	10,705	16,327	23,365	5,173	10,909
Advertising expenses	1,950	338	795	174	361	609	952	196	607	1,465	2,046	218	562	892	1,554	241	590
Sales commissions	1,885	104	921	230	347	681	954	208	570	1,065	1,191	236	462	764	1,233	207	497
R&D expenses	12,680	5,176	9,949	2,212	4,518	6,833	9,091	1,725	3,267	4,949	7,009	1,966	4,141	6,562	9,071	2,044	4,330
Depreciation & amortization	8,745	4,052	9,016	2,373	4,830	7,369	10,082	1,996	4,161	6,426	8,801	2,141	4,373	6,663	9,004	2,180	4,442
Pachinko and Pachislot machine Business	1,946	816	2,476	630	1,389	2,240	3,187	305	694	1,170	1,691	309	606	963	1,353	214	460
Golf Business	6,798	3,235	6,539	1,743	3,441	5,129	6,894	1,690	3,466	5,255	7,110	1,831	3,766	5,699	7,650	1,965	3,982
Capital investment	9,667	4,167	6,921	2,762	5,024	6,332	8,095	2,162	5,041	6,236	8,424	2,717	7,187	8,854	12,972	5,239	10,529
Pachinko and Pachislot machine Business	3,578	887	1,653	369	612	798	984	381	732	947	1,117	172	494	573	921	207	944
Golf Business	6,089	3,279	5,267	2,393	4,411	5,534	7,110	1,780	4,308	5,288	7,306	2,544	6,692	8,281	12,051	5,031	9,585



Key Financial Indicators

Consolidated

	(million yen)	FY 3/2019	FY 3/2020	FY 3/2021	FY 3/2022	FY 3/2023	FY 3/2024	Formula
Net Sales		144,980	144,573	107,744	121,558	142,290	136,381	
Operating Income		28,014	23,551	5,311	10,235	26,905	23,430	
Ordinary Income		27,451	23,278	5,799	10,467	26,631	22,746	
Profit attributable to owners of parent		16,341	15,872	865	2,193	20,685	16,611	
Total Assets		442,845	436,762	430,070	417,066	423,727	428,029	
Cash, Deposits and Securities		93,180	83,296	70,083	67,052	67,716	57,713	
Interest Bearing Debt		123,234	117,868	123,153	114,416	108,645	106,847	
Net Assets		225,052	232,575	226,242	217,186	231,005	239,185	
Shareholders' Equity		225,052	232,575	226,242	217,186	231,005	239,185	
ROE		7.4%	6.9%	0.4%	1.0%	9.2%	7.1%	
Operating Income Ratio		19.3%	16.3%	4.9%	8.4%	18.9%	17.2%	Operating income/Net sales
Net Income Ratio		11.3%	11.0%	0.8%	1.8%	14.5%	12.2%	Net income/Net sales
Asset Turnover		0.33	0.33	0.25	0.29	0.34	0.32	Net sales/Total assets *1
Financial Leverage		1.98	1.92	1.89	1.91	1.88	1.81	Total assets/Shareholders' equity *1,2
Net Debt Equity Ratio		13.4%	14.9%	23.5%	21.8%	17.7%	20.5%	Net interest-bearing debt/Shareholders' equity
Shareholders' Equity Ratio		50.8%	53.2%	52.6%	52.1%	54.5%	55.9%	Shareholders' equity/Total assets

*1 Total Assets = (Total Assets at beginning of period+ Total Assets at end of period) /2

*2 Shareholders' Equity = (Shareholders' Equity at beginning of period+ Shareholders' Equity at end of period) /2



■ Aim to expand sales share by offering pachinko and pachislot machines with product appeal

1. Development of mechanisms for offering pachinko and pachislot machines with product appeal that meet market needs
2. Human resource and organizational development
3. Promotion of sustainability



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Character design by SHIROGUMI INC.



Aim to expand sales share by offering pachinko and pachislot machines with product appeal

- ✓ Establishment of an advanced development framework and enhancement of both in-company and external communication to respond quickly to market changes
- ✓ Creation of a foundation for digital transformation to adapt to changing conditions in existing business and further boost competitiveness

Development of mechanisms for offering pachinko and pachislot machines with product appeal that meet market needs

- ✓ Establishment of a framework for accurately grasping rapidly changing market needs in a timely manner and rapidly reflecting trends in machine development
- ✓ Enhancement of proposals in the development process
- ✓ Pursuit of development of high-quality finished products

Enhancement of corporate value

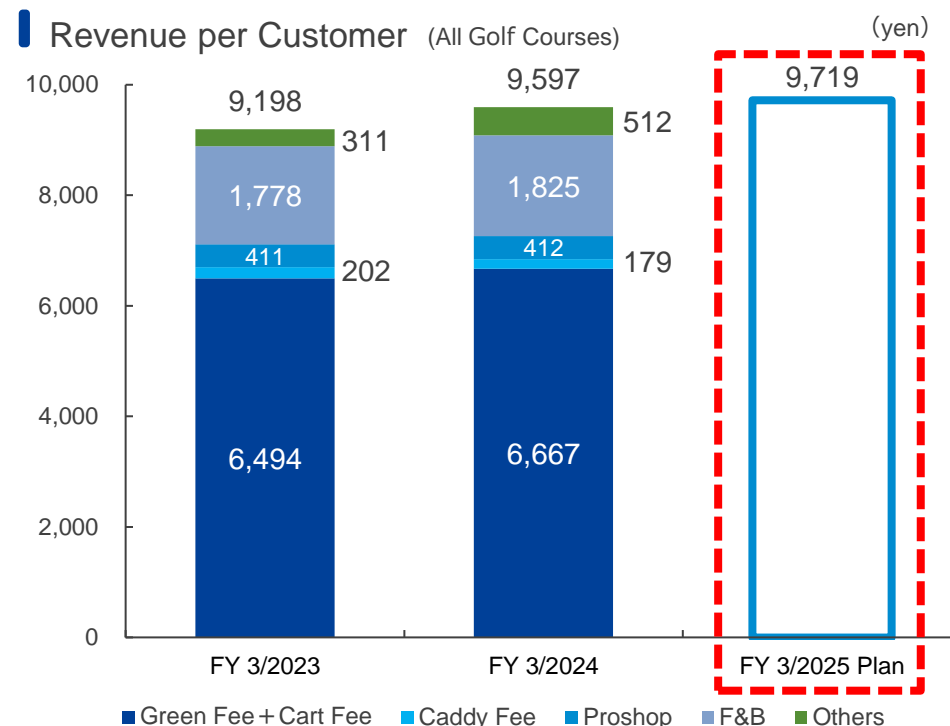
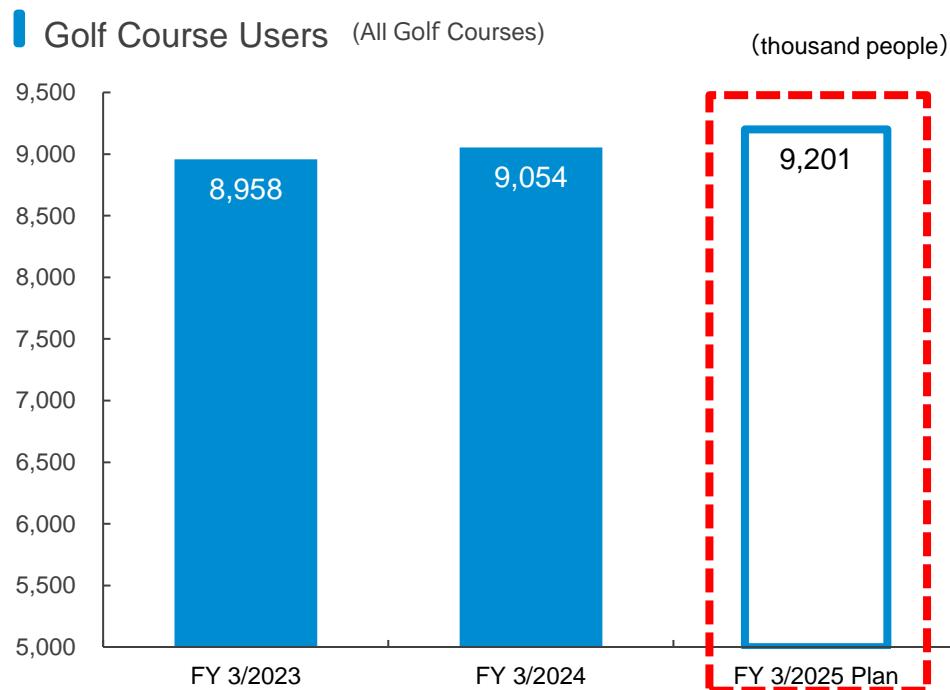
**Human resource development
Organizational development**

- ✓ Promotion of the 3Rs
- ✓ Efforts toward a decarbonized society
- ✓ Establishment of a sustainability promotion framework

Promotion of sustainability



■ Demand for playing golf remains robust.



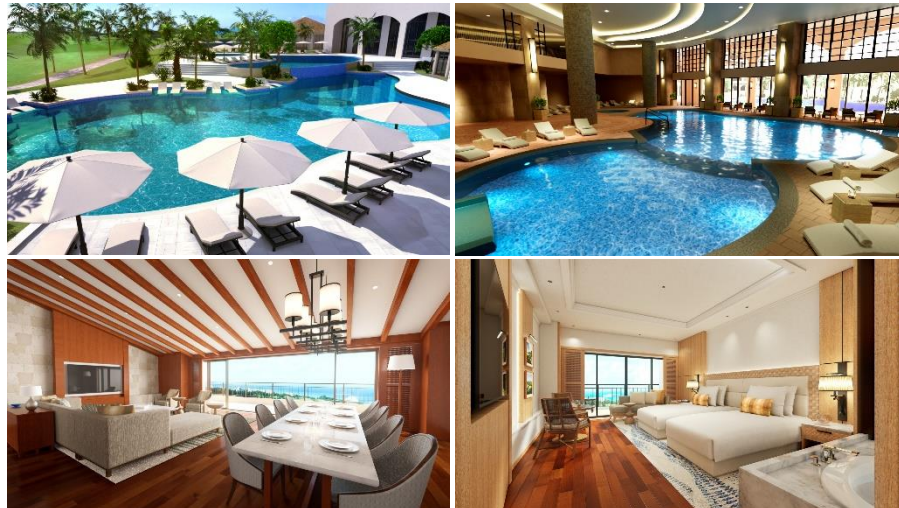
Market Trends

- ✓ The robust demand for playing golf spurred by the Covid-19 pandemic is projected to continue, and numbers of golf course users and revenue per customer are expected to remain strong.
- ✓ At the same time, now that the pandemic has ended, there are fears that customers will slip away to other leisure activities. We will need to become customers' company of choice by improving our services and implementing measures to incorporate diversifying customer needs.
- ✓ Although golf courses continue to operate at nearly full capacity on weekends and national holidays, operating rates on weekdays still have room to grow.

■ A luxurious integrated resort facility offering “a paradise where guests can encounter new excitement with each visit”



- ✓ To be a hotel where guests can enjoy the extraordinary feeling of a resort with spectacular scenery of Okinawa
- ✓ Consisting mainly of approximately 45-square-meter standard rooms, the 200 rooms will also include rooms featuring baths with a view. Facilities will include pools that the whole family can enjoy, buffet-style all-day dining, and a bar and beauty salon for luxurious moments, as well as a golf academy where students can play simulated golf utilizing PGM’s expertise.



Overview of Hotel	
Location	Kouchibaru 1390, Fuchaku, Onnason, Kunigamigun, Okinawa 904-0413
No. of rooms	200
Facilities	All-day dining, bar, chapel, beauty salon, pools (indoor/outdoor), golf academy, gym, etc.
Site area	47,045 square meters
Scale	10 floors above ground, 1 basement level
Start of construction	Spring 2023
Opening date	2026 (tentative)

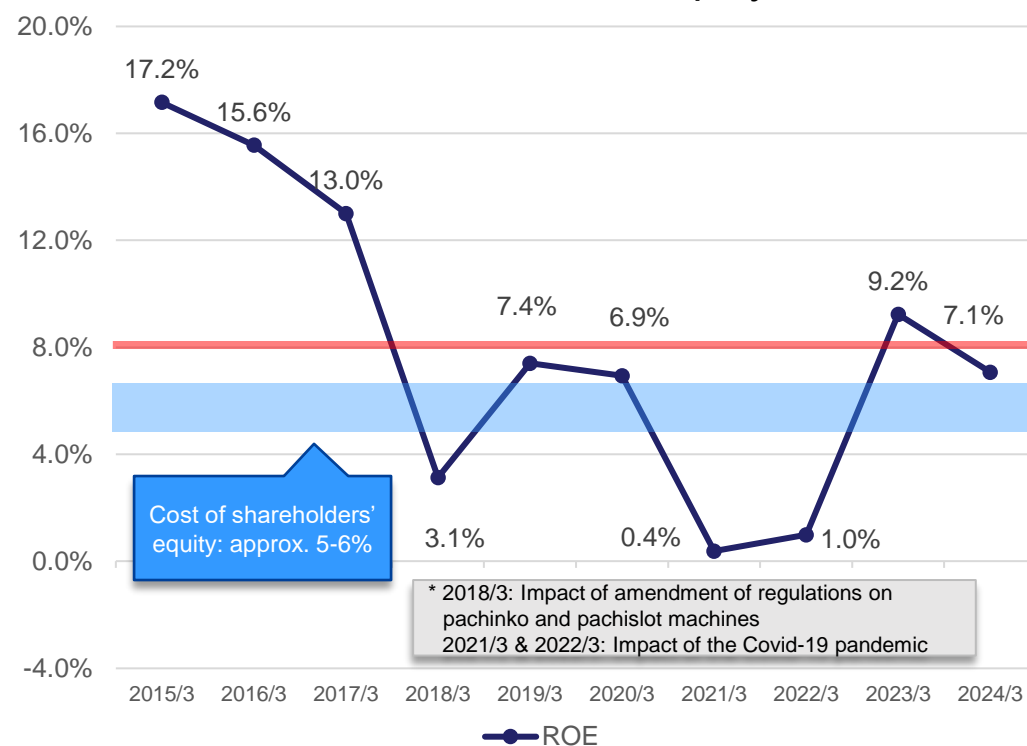


“Action to Implement Management that is Conscious of Cost of Capital and Stock Price”

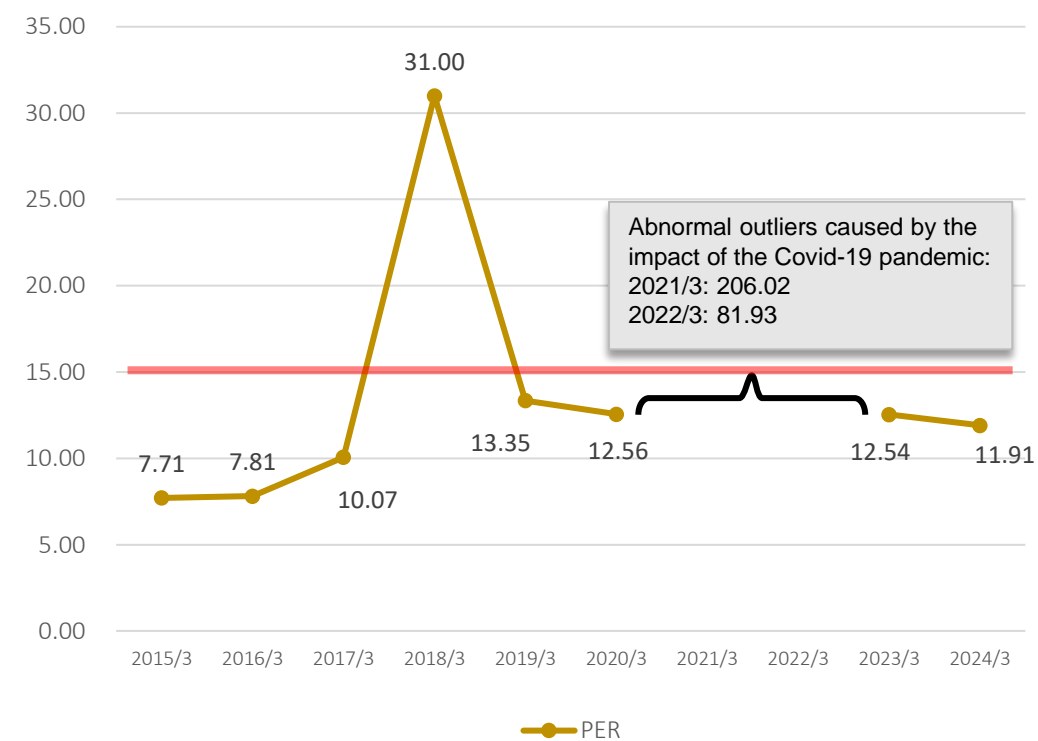
■ Cost of shareholders' equity recognized as 5–6% and ROE targeting investors' guideline of 8% or more

- ✓ While ROE has remained above our estimated cost of shareholders' equity for the past 10 years, excluding fiscal years with special factors*, we recognize that the level is low.
- ✓ As factors behind PBR below 1, we have identified sluggish ROE as well as low PER due to inadequate understanding of sustainable growth by investors (PER below the guideline of 15).

ROE and cost of shareholders' equity



PER





“Action to Implement Management that is Conscious of Cost of Capital and Stock Price”

■ Initiatives aimed at improving PBR

Improvement of ROE	Specific initiatives
Enhancement of earning power in existing businesses	<ul style="list-style-type: none"> ▪ Strengthened R&D investment to enhance product appeal in the pachinko and pachislot machine business ▪ Implementation of differentiation strategies to increase the number of golf course users and revenue per customer in the golf business
Improvement of asset efficiency	<ul style="list-style-type: none"> ▪ Greater efficiency of assets, including sale and disposal of non-business assets ▪ Adjustment of inventory ▪ Review of golf course portfolio
Investment for growth	<ul style="list-style-type: none"> ▪ Investment in PGM Hotel Resort Okinawa, which has a good prospect for long-term tourism demand ▪ Proactive acquisition of golf courses in the suburbs of 4 large metropolitan areas ▪ Improvement of productivity through enhanced investment in human capital



“Action to Implement Management that is Conscious of Cost of Capital and Stock Price”

■ Initiatives aimed at improving PBR

Improvement of PER	Specific initiatives
Enhancement of appropriate information disclosure	<ul style="list-style-type: none">▪ New establishment of “IR/Public Relations Team” to step up IR activities (April 1, 2023)▪ Implementation of active dialogue with shareholders/investors and feedback to management▪ Enrichment of information posted to IR website▪ Enhancement of disclosures in English▪ Publication of integrated reports
Promotion of sustainability management	<ul style="list-style-type: none">▪ Establishment of Sustainability Committee (February 27, 2024)▪ Deepening of efforts to achieve goals of materialities

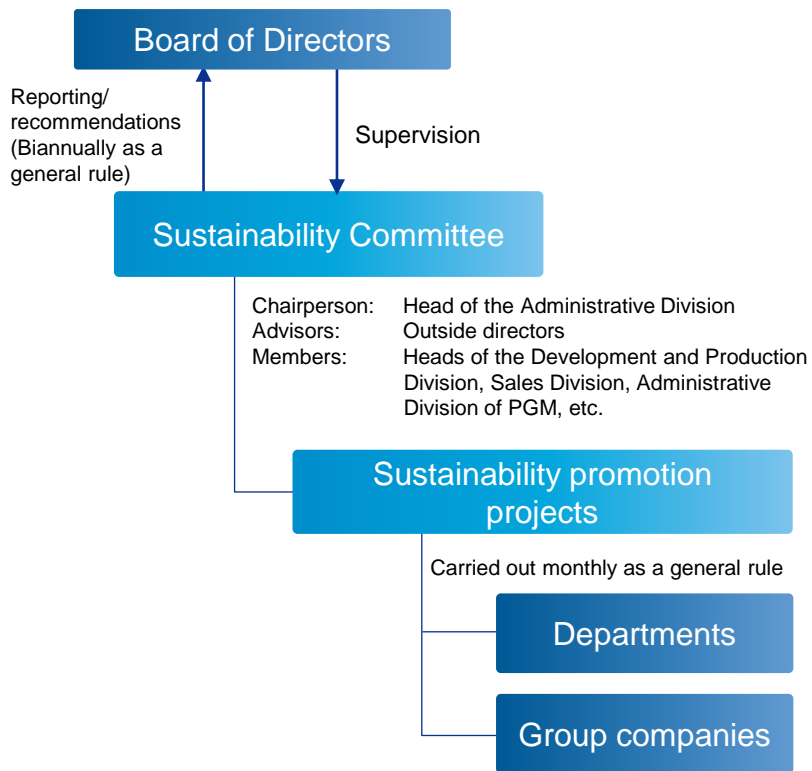


Basic Policy on Sustainability

The Heiwa Group aims to create a prosperous future through recreation.

Through recreational activities such as pachinko and pachislot as well as golf, the Heiwa Group will contribute to the establishment of a society in which the values of various people are respected and create a more enjoyable and prosperous future.

Sustainability Promotion Framework



Materialities of the Heiwa Group

Materiality

Contributing to a sustainable global environment

Creating a prosperous future by growing together with stakeholders

Key Topics

- Pursuit of the 3Rs
- Efforts toward a decarbonized society
- Sustainable use of water resources
- Support for the active participation and growth of human resources
- Ensuring diversity including gender equality
- Balancing the provision of prosperous lifestyles with social contribution

Relevant SDGs





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1. These materials are not for the purpose of soliciting investment.
2. These materials contain statements about the future, such as plans, outlooks, targets, and forecast figures; however said statements are based on judgements and assumptions that are based on information that is currently available, and do not account for latent risks and uncertainties. Therefore, please be aware that actual future results may differ greatly from the aforementioned statements about the future due to the future business environment, economic conditions, financial market conditions, and a number of other factors.
3. The Company will not update these materials, even if the future outlook is revised.