

# Results for the 2nd Quarter of Fiscal Year Ending March 31, 2022

November 12, 2021

Heiwa Corporation

Securities Code : 6412

■ Overview	• • • 3
■ Results for the 2nd Quarter of FY ending March 31, 2022	• • • 4
■ Full-year Plan for FY ending March 31, 2022	• • • 13

## Supplementary Information

### 【Market Environment】

- Pachinko and Pachislot Machine Business
- Golf Business

### 【Pachinko and Pachislot Machine Business】

- Regulations on Pachinko and Pachislot Machines
- Number of Machines Sold

### 【Golf Business】

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

### 【Consolidated Results】

- Financial Performance Trend
- Key Financial Indicators

## Consolidated results

- Net sales: 58.7 billion yen, +55.5% year on year
- Operating income: 4.7 billion yen (operating loss of 4.6 billion yen in the same period of the previous fiscal year)
  - Compared to the same period of the previous fiscal year, when a nationwide state of emergency was in effect, income and profit rose thanks to factors such as an increase in the number of units sold in the pachinko and pachislot machine business and an increase in the number of golf course users in the golf business.

## Pachinko and pachislot machine business

- Net sales: 15.2 billion yen, +427.4% year on year
- Operating loss: 1.4 billion yen (operating loss of 5.7 billion yen in the same period of the previous fiscal year)
  - ✓ The number of Pachinko machines sold in 2Q: 29k units (+24k units YoY)
  - ✓ The number of Pachislot machines sold in 2Q: 9k units (+ 5k units YoY)

## Golf business

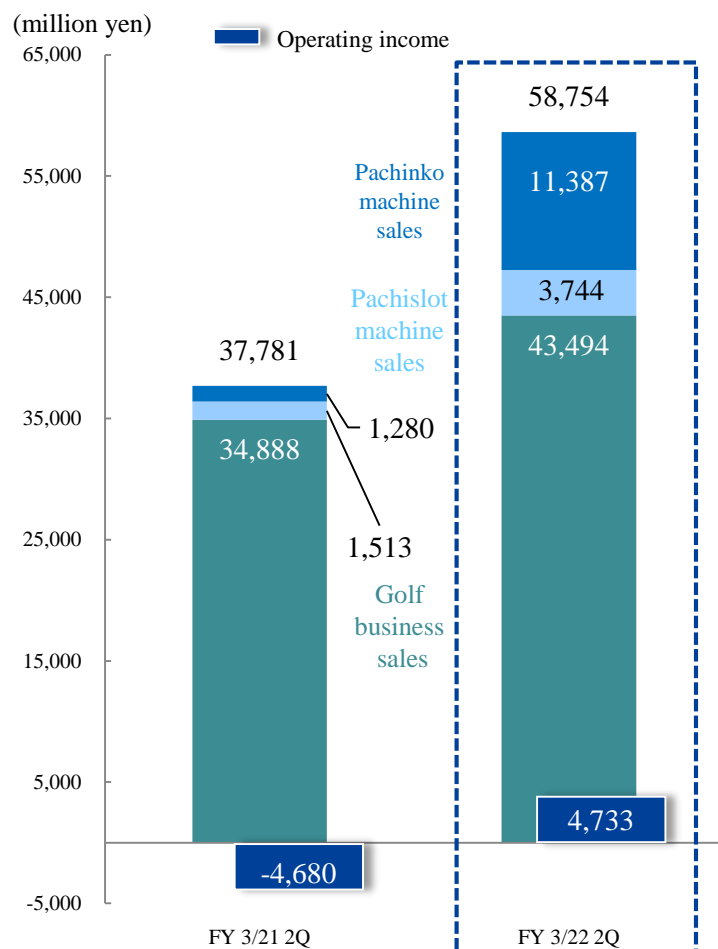
- Net sales: 43.4 billion yen, +24.7% year on year
- Operating income: 7.4 billion yen, +201.9% year on year
  - ✓ Number of golf course users in 2Q: 4,605 thousand people (+721 thousand people YoY)
  - ✓ Revenue per customer in 2Q: 8,505 yen (+632 yen YoY)

# Results for the 2nd Quarter of FY ending March 31, 2022

# Consolidated Statements of Income (Results)

## 2nd Quarter Results

- Income and profit were up year on year (net sales +55.5% YoY and operating income in comparison with operating loss in the same period of the previous fiscal year).
  - Compared to the same period of the previous fiscal year, when a nationwide state of emergency was in effect, income and profit rose thanks to factors such as an increase in the number of units sold in the pachinko and pachislot machine business and an increase in the number of golf course users in the golf business.



	(million yen)	FY 3/2021 2Q Results	FY 3/2022 2Q Results	YoY
Net sales		37,781	58,754	55.5%
Pachinko and Pachislot machine business		2,893	15,260	427.4%
Pachinko machines		1,280	11,387	789.6%
Pachislot machines		1,513	3,744	147.4%
Golf business		34,888	43,494	24.7%
Operating income		-4,680	4,733	-
Pachinko and Pachislot machine business		-5,795	-1,495	-
Pachinko machines		-4,837	-1,360	-
Pachislot machines		-968	-157	-
Golf business		2,460	7,429	201.9%
Eliminations & corporate expenses		-1,346	-1,199	-10.9%
Operating income ratio		-12.4%	8.1%	+20.5pt
Ordinary income		-4,694	4,844	-
Profit attributable to owners of parent		-6,179	2,543	-
EBITDA*		-554	9,680	-

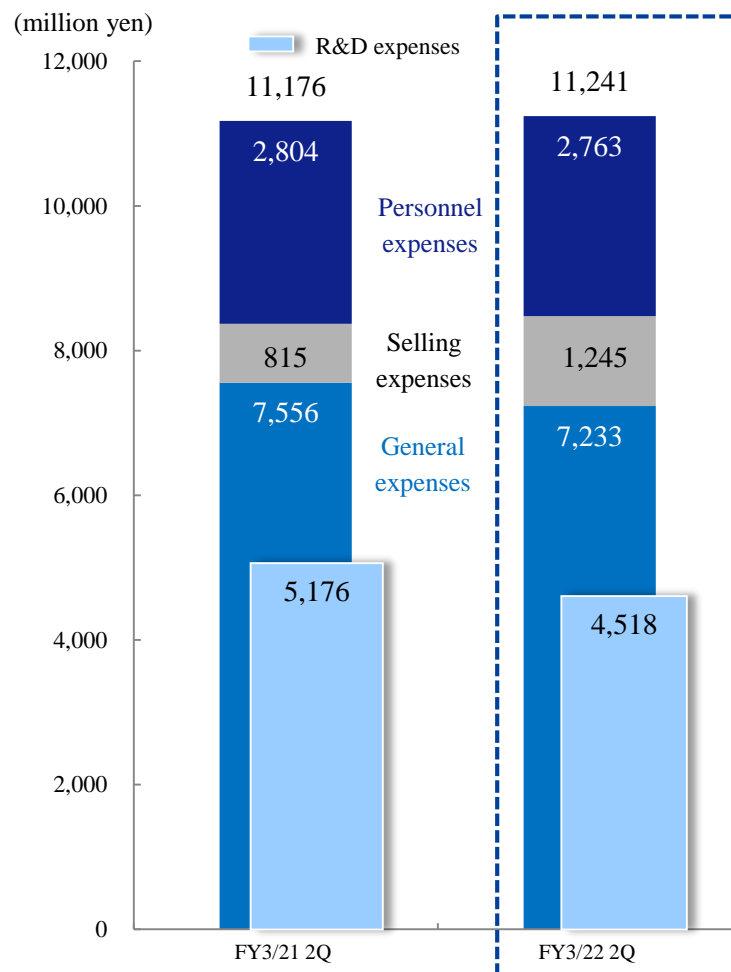
\* EBITDA = Operating income + depreciation + amortization of goodwill

# SGA Expenses / Depreciation & Amortization / Capital Investment (Results)

## 2nd Quarter Results

■ SGA expenses were flat year on year (+0.6% YoY).

- In selling expenses, variable expenses such as sales commissions rose in line with an increase in the number of units sold.
- General expenses fell due to a delay in the timing of recording of R&D expenses.



	(million yen)	FY 3/2021 2Q Results	FY 3/2022 2Q Results	YoY
SGA expenses		11,176	11,241	0.6%
Personnel expenses		2,804	2,763	-1.5%
Selling expenses		815	1,245	52.7%
Advertising expenses		338	361	6.8%
Sales commissions		104	347	233.4%
General expenses		7,556	7,233	-4.3%
R&D expenses		5,176	4,518	-12.7%

## Depreciation & Amortization / Capital Investment

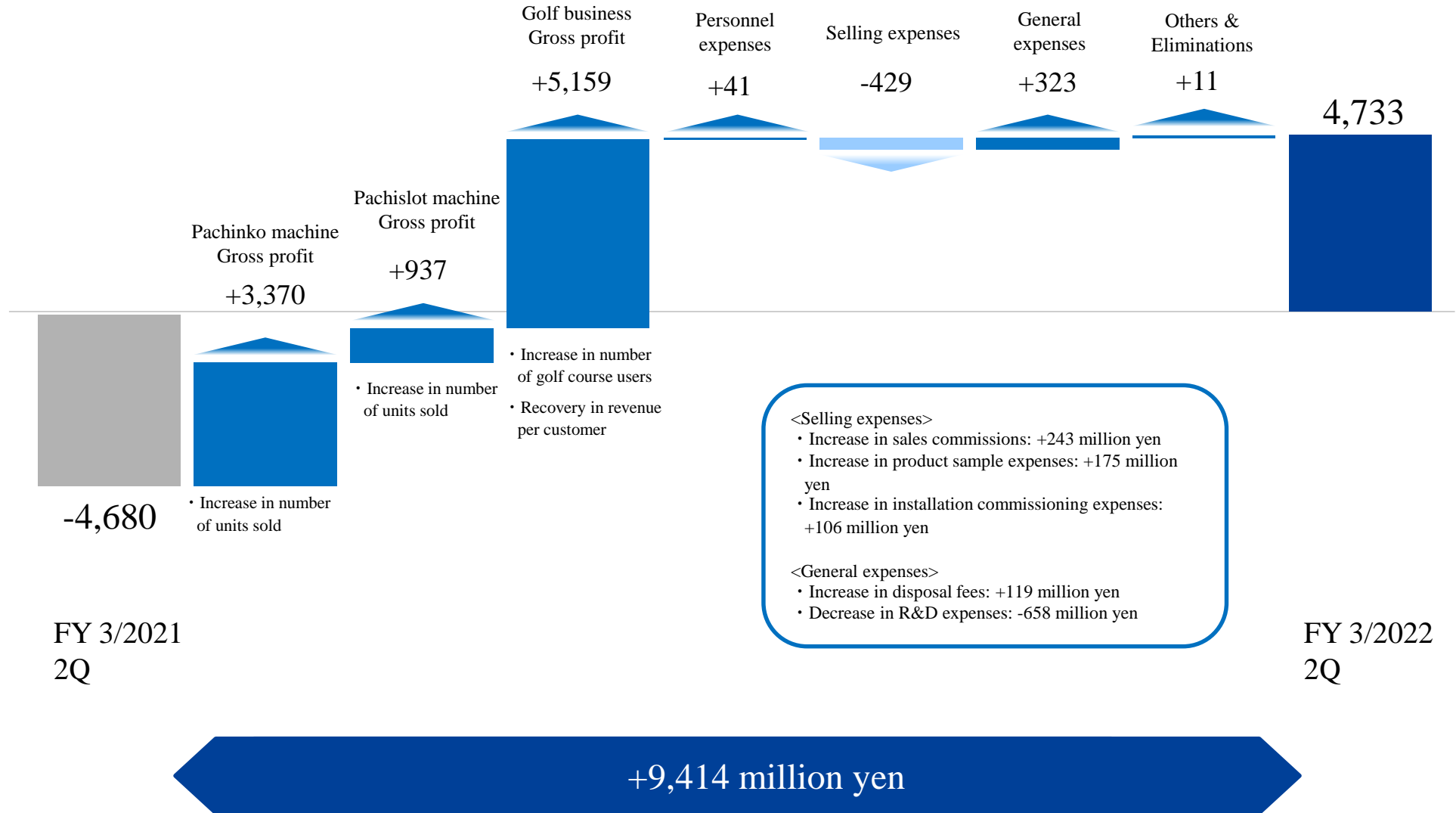
	(million yen)	FY 3/2021 2Q Results	FY 3/2022 2Q Results	YoY
Depreciation & amortization		4,052	4,830	19.2%
Capital investment		4,167	5,024	20.6%

# Factors Contributing to Change in Operating Income (Consolidated Basis)

2nd Quarter Results



(million yen)



# Pachinko and Pachislot Machine Business (Machine Sales Results)

## 2nd Quarter Results

	(Units)	FY 3/2021 2Q Results	FY 3/2022 2Q Results	YoY
Number of machines sold		8,379	38,269	+29k units
Pachinko machines		4,410	29,113	+24k units
Number of titles released		-	5	+5
Pachislot machines		3,969	9,156	+5k units
Number of titles released		1	2	+1

\* Total includes units of titles released in FY 3/2021

### Major pachinko titles

Titles	Sales (units)	Release
<i>Maison Ikkoku: Wedding Story</i>	4,650	Jul. 2021
<i>Shin Onimusha</i>	4,314	Aug. 2021

### Major pachislot titles

Titles	Sales (units)	Release
<i>Pachislot Mahjong Monogatari4</i>	2,389	Sep. 2021



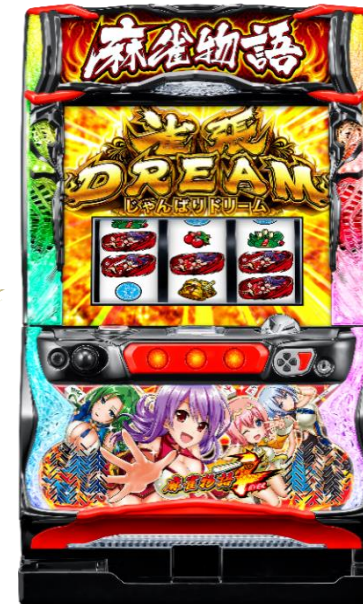
Pachinko Machine  
*Shin Onimusha*

©CAPCOM CO., LTD. ALL RIGHTS RESERVED.



Pachislot Machine  
*Pachislot Mahjong Monogatari4*

©HEIWA





# Pachinko and Pachislot Machine Business (Results)



## 2nd Quarter Results

### Total

- Income and profit were up year on year (net sales +427.4% YoY and operating income in comparison with operating loss in the same period of the previous fiscal year).
  - Compared to 2Q of FY 3/2021, when only one new title was released, income grew this quarter thanks to an increase in the number of units sold.
  - The deficit was reduced because the number of units sold exceeded the previous fiscal year.

### Pachinko

- The number of units sold exceeded the previous fiscal year, resulting in increased income and a reduced deficit.
  - Income grew thanks to an increase in the number of units sold.
  - The deficit was reduced by condensation of development costs and a delay in the timing of recording under R&D expenses.

### Pachislot

- The number of units sold exceeded the previous fiscal year, resulting in increased income and a reduced deficit.
  - Income grew and the deficit was reduced thanks to an increase in the number of units sold.

(million yen)	FY 3/2021 2Q Results	FY 3/2022 2Q Results	YoY
Net sales	2,893	15,260	427.4%
Pachinko machines	1,280	11,387	789.6%
Pachislot machines	1,513	3,744	147.4%
Gross profit	1,576	5,896	274.0%
Pachinko machines	622	3,993	541.2%
Pachislot machines	931	1,869	100.7%
Gross profit ratio	54.5%	38.6%	-15.9Pt
Operating income	-5,795	-1,495	-
Pachinko machines	-4,837	-1,360	-
Pachislot machines	-968	-157	-
Operating income ratio	-200.3%	-9.8%	+190.5pt

### Breakdown of Machine Sales

(Units)	FY 3/2021 2Q Results	FY 3/2022 2Q Results	YoY
Total	8,379	38,269	+29,890
Pachinko machines	4,410	29,113	+24,703
Body	585	27,351	+26,766
Gauge board	3,825	1,762	-2,063
Pachislot machines	3,969	9,156	+5,187
Chassis	914	9,093	+8,179
Combined unit	3,055	63	-2,992

## 2nd Quarter Results

- The number of golf course users increased.
  - The number of golf course users grew thanks to recognition of golf as a sport with a low risk of COVID-19 infection as well as the contribution of golf courses acquired in the previous fiscal year.
  - The pace of growth in the number of golf course users became sluggish due to the impact of rainfall caused by conditions such as a prolonged rainy season in western Japan and typhoons in August.
- Revenue per customer is on a recovery trend.
  - Although revenue per customer was lower than usual as competition demand failed to recover, it increased year on year.

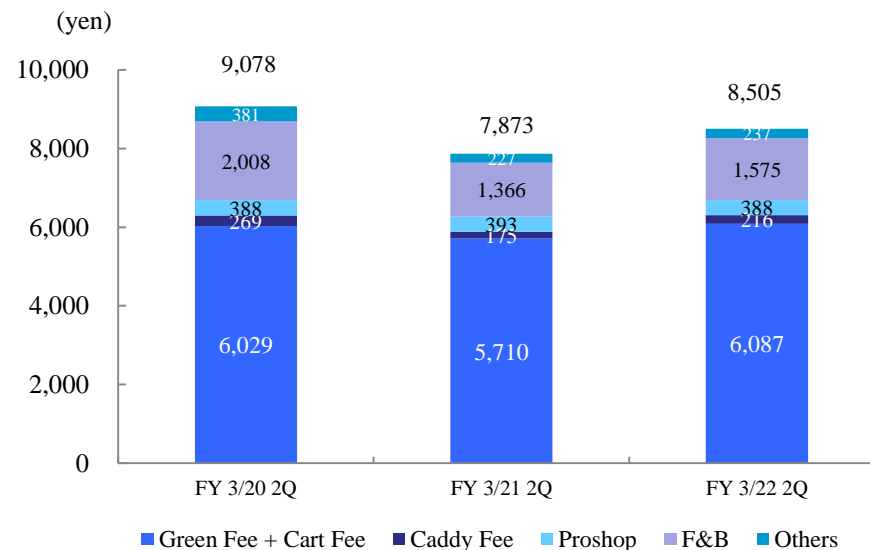
### Number of Golf Course Users / Revenue per Customer

【2Q cumulative (6 months)】	FY 3/2020 Results	FY 3/2021 Results	FY 3/2022 Results	YoY
Number of golf course users (thousand people)	4,359	3,883	4,605	18.6%
Revenue per customer (yen)	9,078	7,873	8,505	8.0%

【2Q (3 months)】	FY 3/2020 Results	FY 3/2021 Results	FY 3/2022 Results	YoY
Number of golf course users (thousand people)	2,091	2,177	2,228	2.3%
Revenue per customer (yen)	8,722	8,097	8,262	2.0%

### Breakdown of Revenue per Customer



\*Includes internal net sales

# Golf Business (Results)

## 2nd Quarter Results

- Income and profit were up year on year (net sales +24.7% YoY and operating income +201.9% YoY).
  - Revenue from golf course operation grew thanks to an increase in the number of golf course users and recovery in revenue per customer.
  - Profit increased as well thanks to higher net sales.

(million yen)	FY 3/2020 2Q Results	FY 3/2021 2Q Results	FY 3/2022 2Q Results	YoY
Net sales	44,342	34,888	43,494	24.7%
Net sales before eliminations	44,347	34,888	43,494	24.7%
Eliminations	-4	-0	-0	-
Gross profit	11,120	4,919	10,079	104.9%
Gross profit ratio	25.1%	14.1%	23.2%	+9.1pt
Operating income	7,194	2,460	7,429	201.9%
Operating income ratio	16.2%	7.1%	17.1%	+10.0pt

Breakdown of Sales				
(million yen)	FY 3/2020 2Q Results	FY 3/2021 2Q Results	FY 3/2022 2Q Results	YoY
Revenue from golf course operation	39,579	30,579	39,172	28.1%
Membership-related sales	4,196	3,999	3,977	-0.6%

Breakdown of Costs				
(million yen)	FY 3/2020 2Q Results	FY 3/2021 2Q Results	FY 3/2022 2Q Results	YoY
Cost of Sales	33,226	29,969	33,415	11.5%
SGA expenses	3,925	2,458	2,650	7.8%

# Consolidated Balance Sheets (Summary)

(million yen)	As of March 31, 2021	As of September 30, 2021	Change	Remarks
Current assets	101,184	86,593	-14,590	■ Decrease in cash and deposits, etc.
Non-current assets	328,886	327,527	-1,358	■ Decrease in notes and accounts receivable - trade
Total assets	430,070	414,121	-15,949	■ Decrease in securities
Current liabilities	66,864	67,588	723	
Non-current liabilities	136,963	124,556	-12,406	■ Repayment of loans payable
Total liabilities	203,827	192,145	-11,682	
Total net assets	226,242	221,976	-4,266	
Total liabilities and net assets	430,070	414,121	-15,949	

(million yen)	As of March 31, 2021	As of September 30, 2021	
Cash and deposits, and securities	70,083	62,962	■ D/E ratio (interest-bearing debt/shareholders' equity) 53.7%→52.1%
Interest-bearing debt	121,454	115,588	■ Net D/E ratio (net interest-bearing debt/shareholders' equity) 22.7%→23.7%
Shareholders' equity	226,242	221,976	
Shareholders' equity ratio	52.6%	53.6%	

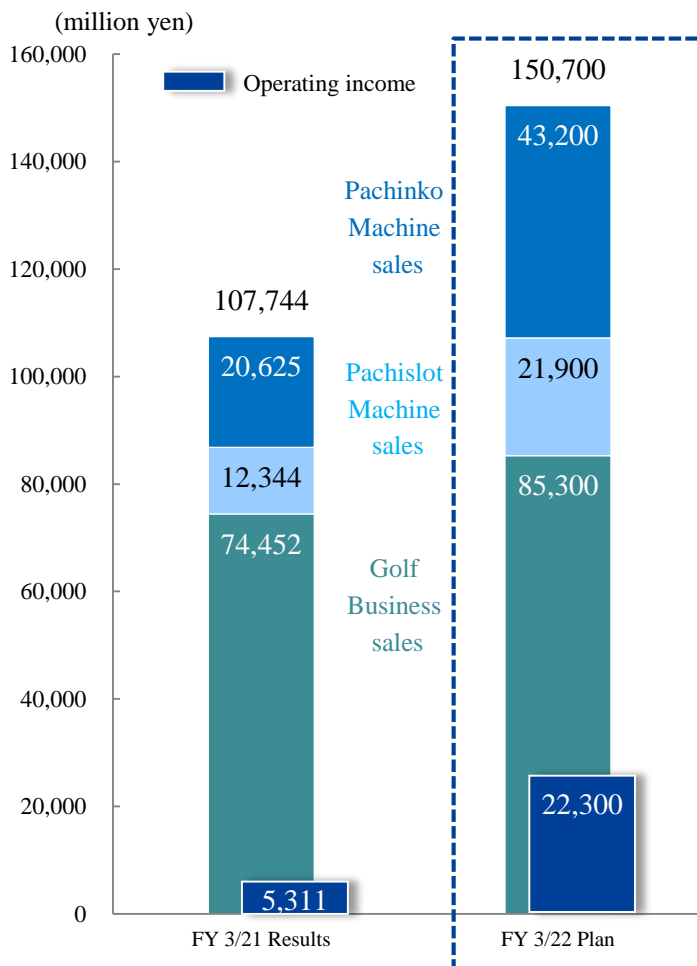
# Full-year Plan for FY ending March 31, 2022

# Consolidated Statements of Income (Plan)

FY 3/22 Plan

■ No change to full-year plans.

- Although the pachinko and pachislot machine business remains sluggish compared to full-year plans, key titles are scheduled to be released in the 2nd half.
- Progress in the golf business is as planned. We will continue to operate golf courses with thorough implementation of measures against COVID-19 infections.



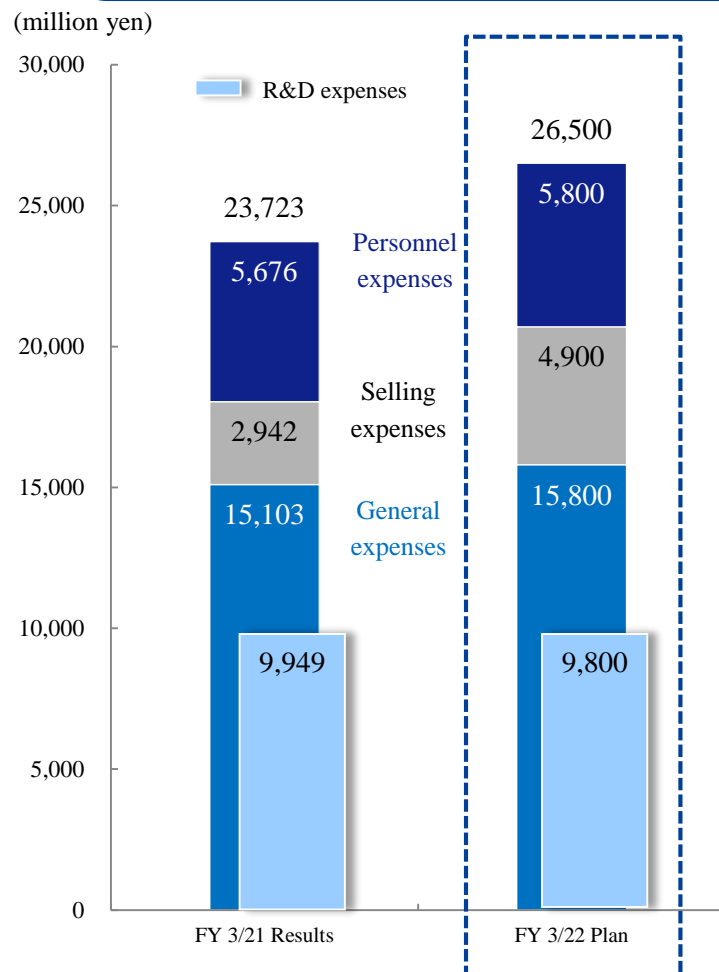
(million yen)	FY 3/2021 Results	FY 3/2022		YoY
		2Q Results	Plan	
Net sales	107,744	58,754	150,700	39.9%
Pachinko and Pachislot machine business	33,292	15,260	65,400	96.4%
Pachinko machines	20,625	11,387	43,200	109.4%
Pachislot machines	12,344	3,744	21,900	77.4%
Golf business	74,452	43,494	85,300	14.6%
Operating income	5,311	4,733	22,300	319.8%
Pachinko and Pachislot machine business	287	-1,495	13,000	-
Pachinko machines	-2,332	-1,360	6,900	-
Pachislot machines	2,570	-157	6,100	137.3%
Golf business	7,624	7,429	12,300	61.3%
Eliminations & corporate expenses	-2,600	-1,199	-3,000	15.4%
Operating income ratio	4.9%	8.1%	14.8%	9.9pt
Ordinary income	5,799	4,844	21,400	269.0%
Profit attributable to owners of parent	865	2,543	13,900	-
EBITDA*	14,496	9,680	33,000	127.6%

\* EBITDA = Operating income + depreciation + amortization

# SGA Expenses / Depreciation & Amortization / Capital Investment (Plan)

FY 3/22 Plan

- No change to full-year plans.
  - Although the rate of progress in SGA expenses is low, they are expected to be absorbed as planned because key titles are scheduled to be released in the 2nd half.
  - Under general expenses, R&D expenses are expected to be absorbed according to plan thanks to smooth progress in the development of titles for the next period and later.



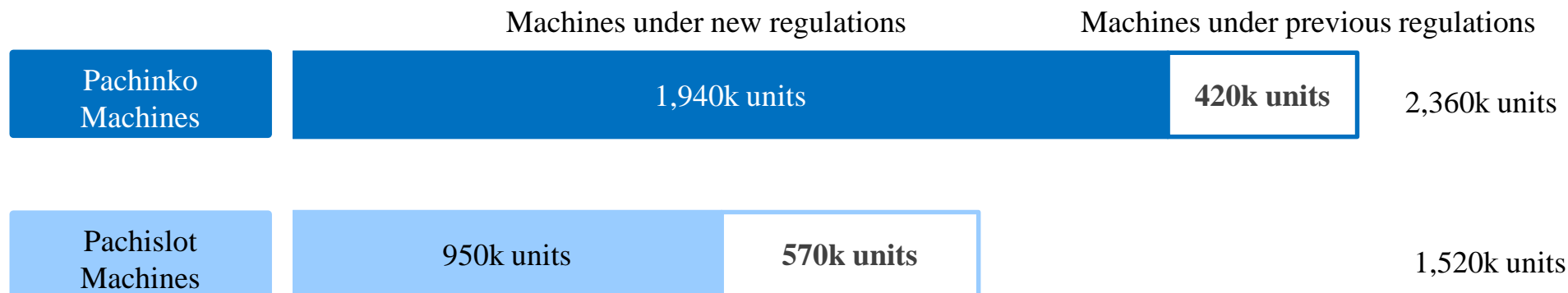
(million yen)	FY 3/2021 Results	FY 3/2022		YoY
		2Q Results	Plan	
SGA expenses	23,723	11,241	26,500	11.7%
Personnel expenses	5,676	2,763	5,800	2.2%
Selling expenses	2,942	1,245	4,900	66.5%
Advertising expenses	795	361	1,600	101.2%
Sales commissions	921	347	1,600	73.5%
General expenses	15,103	7,233	15,800	4.6%
R&D expenses	9,949	4,518	9,800	-1.5%

## Depreciation & Amortization / Capital Investment

(million yen)	FY 3/2021 Results	FY 3/2022		YoY
		2Q Results	Plan	
Depreciation & amortization	9,016	4,830	10,500	16.5%
Capital investment	6,921	5,024	9,900	43.0%

# Pachinko and Pachislot Machine Business (Market Trends & Company's Response)

## Ratio of Installations



\*Company estimates as of October 31, 2021

## Market Trends

- Operation of pachinko parlors has only recovered to about 70-80% of levels prior to the declaration of a state of emergency.
- Full-scale removal of machines under the previous regulations will start in 3Q.

## Response

- Key titles are scheduled to be released in the 2nd half, when greater demand is expected.
- TV commercials will be aired for key titles to increase recognition among players as well as inclination to purchase among parlors.



# Pachinko and Pachislot Machine Business (Machine Sales Plan)

## FY 3/22 Plan

(Units)	FY 3/2021 Results	FY 3/2022		Change from the previous year
		2Q Results	Plan	
Number of machines sold	85,283	38,269	160,000	+74k units
Pachinko machines	49,890	29,113	108,000	+58k units
Number of titles released	4	5	8	+4
Pachislot machines	35,393	9,156	52,000	+16k units
Number of titles released	6	2	5	-1

### Titles to Release / Pachinko Machine

Title	Release Date
<i>Umaibo</i>	Oct. 2021
<i>BAKI</i>	Nov. 2021
<i>Lupin the Third 2000 carat no Namida</i>	Feb. 2022

### Titles to Release / Pachislot Machine

Title	Release Date
<i>Pachislot Sengokuutome: Akatsuki no Sekigahara DARKNESS</i>	Nov. 2021
<i>Pachislot Umaibo</i>	Dec. 2021
<i>Shuyaku ha Zenigata3</i>	Dec. 2021



Pachinko Machine  
*Lupin the Third 2000 carat no  
Namida*

©モンキー・パンチ/TMS・NTV



Pachislot Machine  
*Shuyaku ha Zenigata3*

©モンキー・パンチ/TMS・NTV

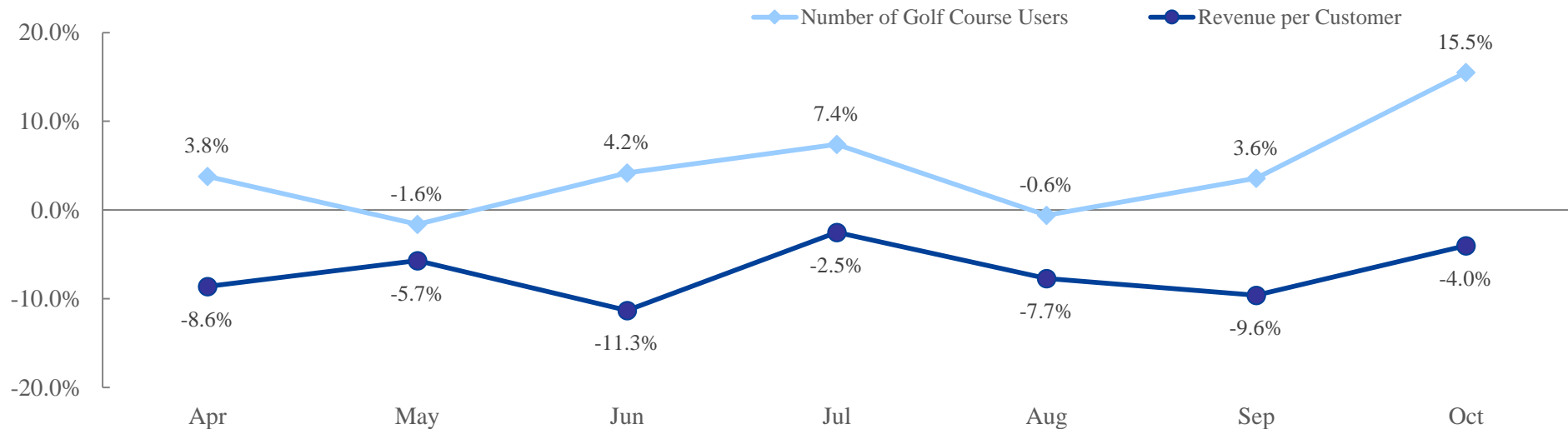


# Golf Business (Market Trend & New Acquisition)

## FY 3/2020 vs. FY 3/2022 Comparison of Number of Golf Course Users & Revenue per Customer

2020/3 vs 2022/3

\* Based on operating golf courses since FY 3/20.



### Market Trend

- The number of golf course users is on an upward trend compared to FY 3/2020 but is reaching a peak.
- Revenue per customer is not expected to return to FY 3/2020 levels in the immediate future due to a decline in competition demand, etc.
- Membership sales have been strong thanks to easier bookings of tee times and lower green fees than visitors.

### Acquisition of a new golf course

- One new golf course was acquired and commenced operation on October 1.
  - Old Orchard Golf Club commenced operation on October 1, 2021 (Higashiibaraki District, Ibaraki Prefecture – 18H)

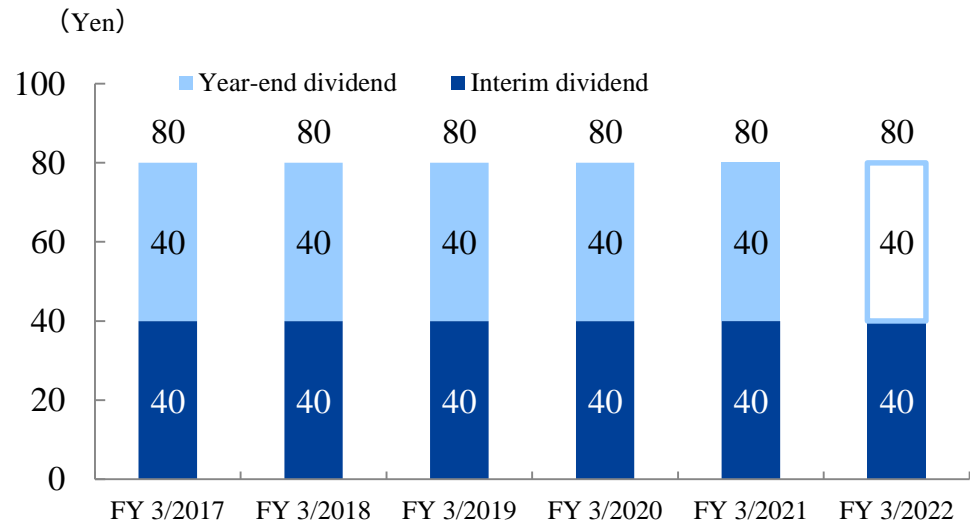
## Dividend policy

- 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 3/2022 (Plan)

Interim dividend	40 yen
Year-end dividend	40 yen
Total	80 yen

## 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.

# Supplementary Information

## 【Market Environment】

- Pachinko and Pachislot Machine Business
- Golf Business

## 【Pachinko and Pachislot Machine Business】

- Regulations on Pachinko and Pachislot Machines
- Number of Machines Sold

## 【Golf Business】

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

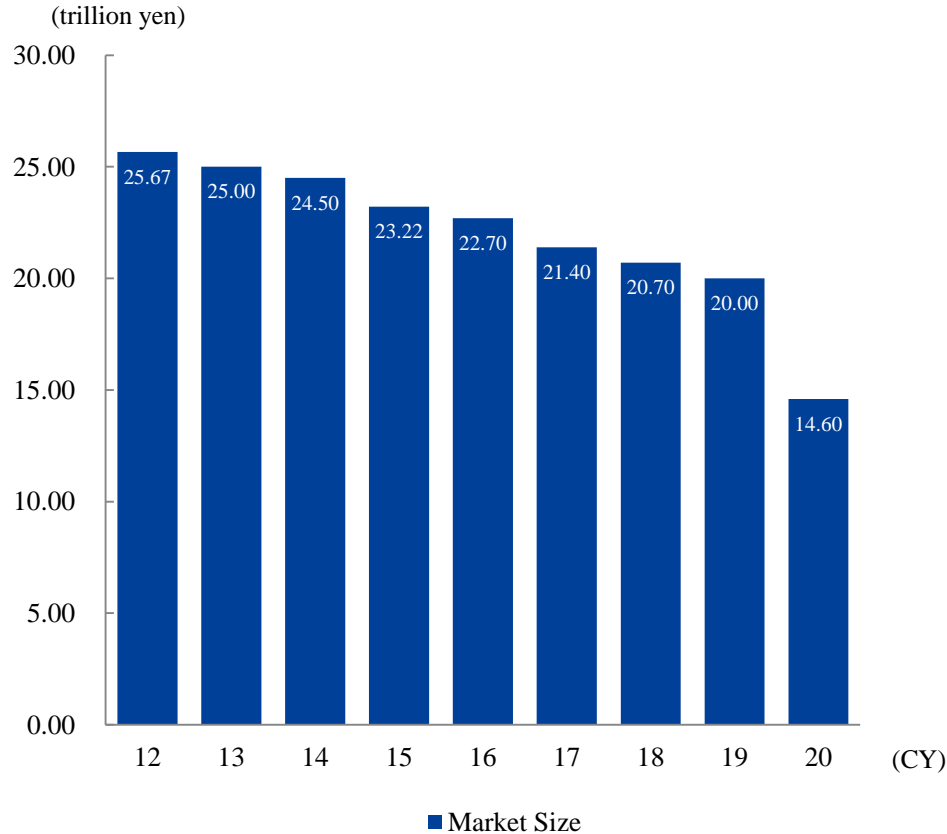
## 【Consolidated Results】

- Financial Performance Trend
- Key Financial Indicators

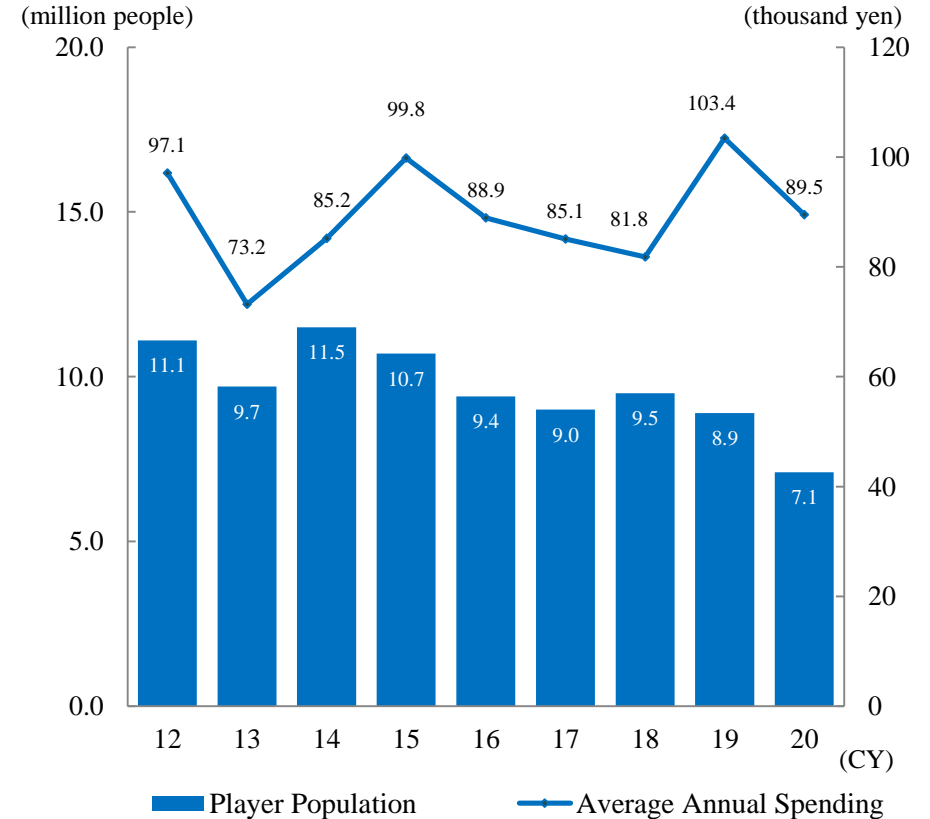
# Market Environment (Pachinko and Pachislot Machine Business) 1

## Pachinko and Pachislot Machine Business

### Market Size



### Player Population and Average Annual Spending



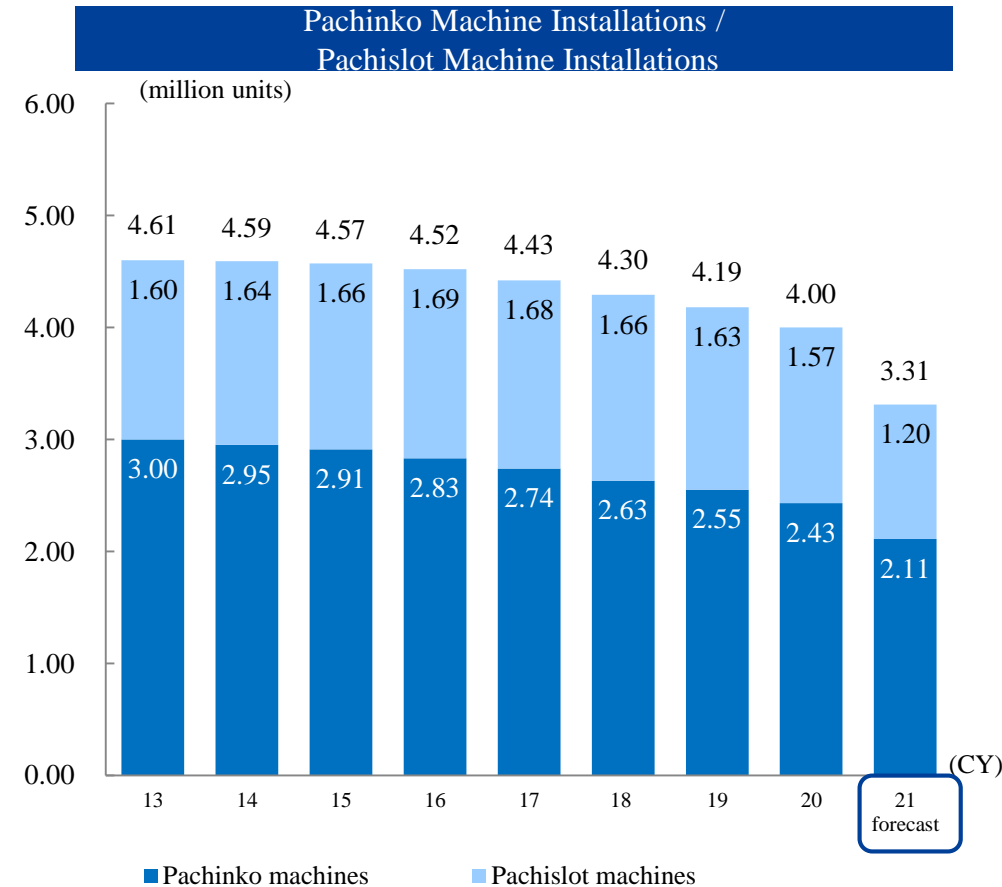
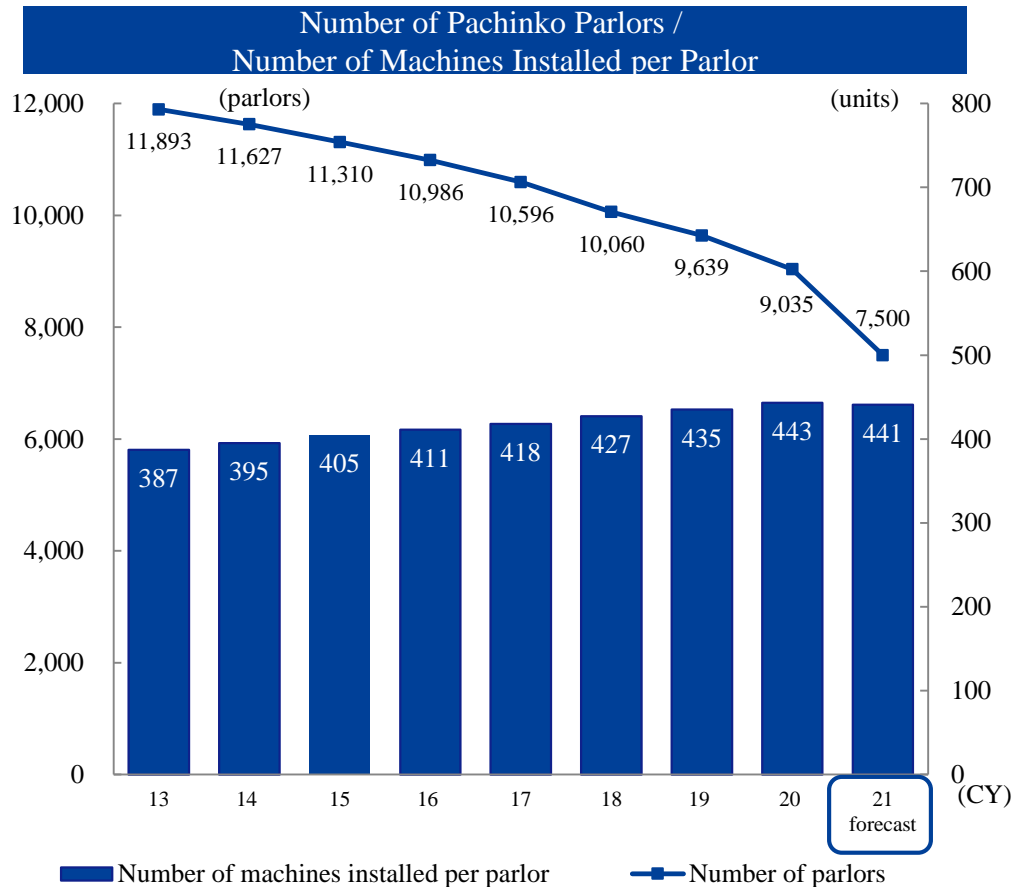
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Market size (trillion yen)	25.67	25.00	24.50	23.22	22.70	21.40	20.70	20.00	14.60
Player population (million)	11.1	9.7	11.5	10.7	9.4	9.0	9.5	8.9	7.1
Average annual spending (thousand yen)	97.1	73.2	85.2	99.8	88.9	85.1	81.8	103.4	89.5

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

# Market Environment

## (Pachinko and Pachislot Machine Business) 2

### Pachinko and Pachislot Machine Business



	2013	2014	2015	2016	2017	2018	2019	2020	2021 forecast
Number of parlors	11,893	11,627	11,310	10,986	10,596	10,060	9,639	9,035	7,500
Number of machines installed per parlor (units)	387	395	405	411	418	427	435	443	441
Pachinko machine installations (million units)	3.00	2.95	2.91	2.83	2.74	2.63	2.55	2.43	2.11
Pachislot machine installations (million units)	1.60	1.64	1.66	1.69	1.68	1.66	1.63	1.57	1.20

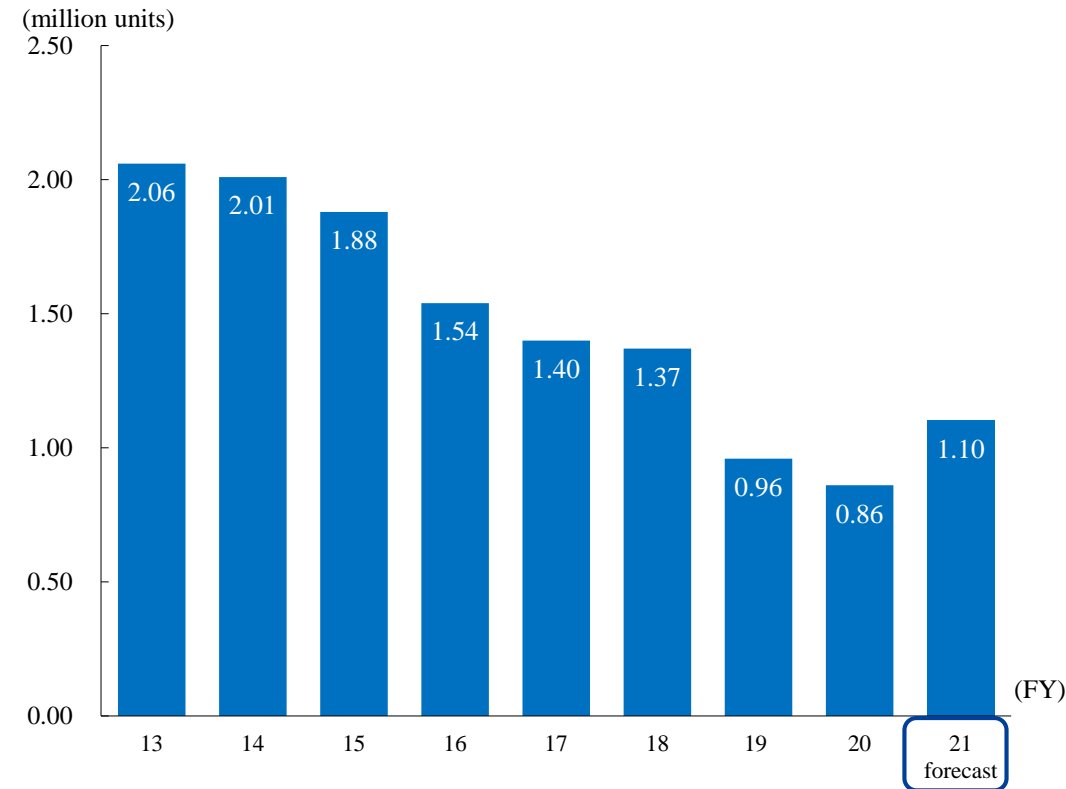
Note: Data source: National Police Agency. Data on a calendar year basis (from Jan to Dec). Figures for 2021 is the Company's estimates.

# Market Environment

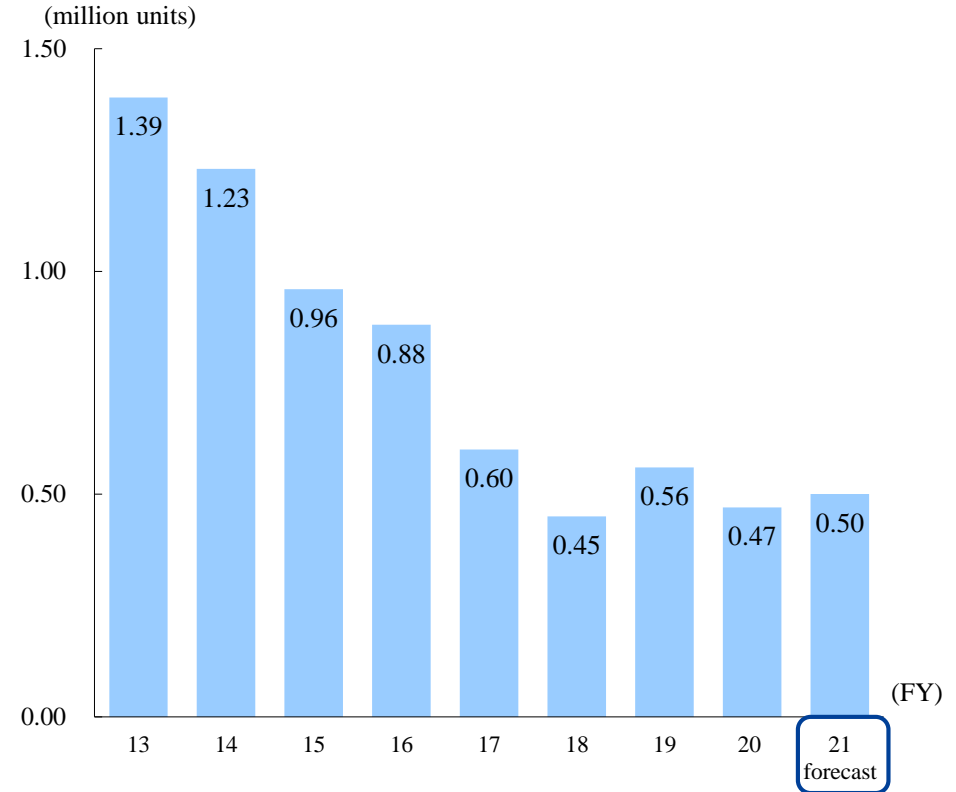
## (Pachinko and Pachislot Machine Business) 3

### Pachinko and Pachislot Machine Business

#### Pachinko machine sales



#### Pachislot machine sales



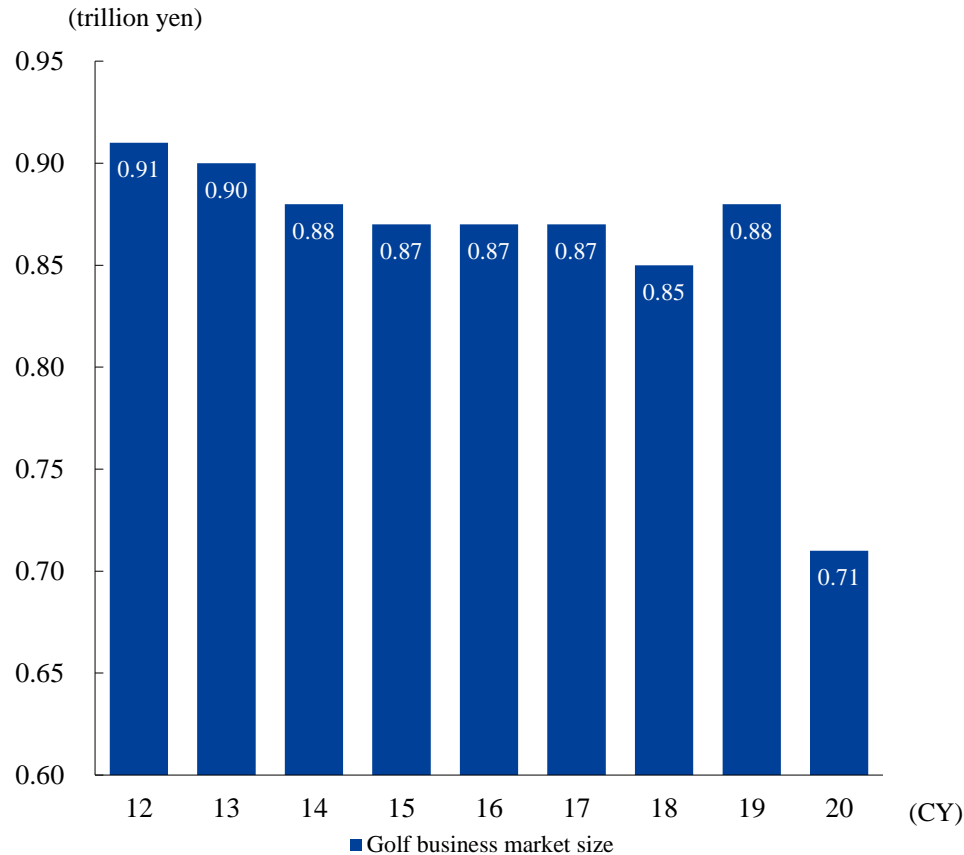
Number of machines sold (million units)	2013	2014	2015	2016	2017	2018	2019	2020	2021 Forecast
Pachinko machines	2.06	2.01	1.88	1.54	1.40	1.37	0.96	0.86	1.10
Pachislot machines	1.39	1.23	0.96	0.88	0.60	0.45	0.56	0.47	0.50

Note: Data source: Yano Research Institute. Data on a fiscal year basis (from April to March of the next year). Data for 2021 is the Company's forecast.

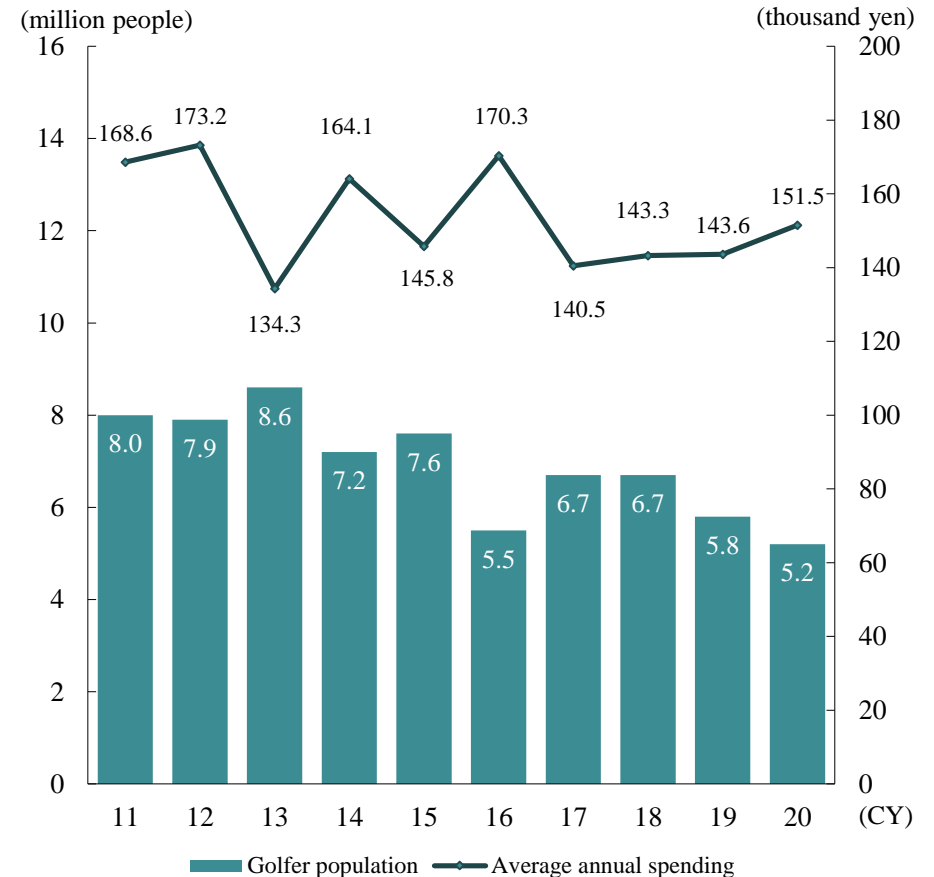
# Market Environment (Golf Business)

Golf Business

## Market Size



## Golfer Population / Average Annual Spending



	2012	2013	2014	2015	2016	2017	2018	2019	2020
Market size (trillion yen)	0.91	0.90	0.88	0.87	0.87	0.87	0.85	0.88	0.71
Golfer population (million)	7.9	8.6	7.2	7.6	5.5	6.7	6.7	5.8	5.2
Average annual spending (thousand yen)	173.2	134.3	164.1	145.8	170.3	140.5	143.3	143.6	151.5

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



# Main Standards, etc. after Revision of Regulations for Pachinko & Pachislot Machines

	Pachinko	Pachislot
2018	<b>■ New Standard (Apply : 11/2018~)</b> <ul style="list-style-type: none"> <li>• Removal of upper limit on probability change continuation rate</li> </ul>	<b>■ Model 6.0 (Apply : 4/2018~)</b> <ul style="list-style-type: none"> <li>• Advantageous section: 1,500 games</li> <li>• Removal of the upper limit on the number of net increase of medals per game</li> <li>• Enable to develop “AT”</li> </ul>
2019	<b>■ New Standard (Apply : 5/2019~)</b> <ul style="list-style-type: none"> <li>• Removal of lower limit on number of prize balls and “bases”</li> </ul>	<b>■ Model 6.1 (Apply : 12/2019~)</b> <ul style="list-style-type: none"> <li>• Advantageous section: 1,500 games</li> <li>• Relaxation of penalty regulations</li> <li>• Relaxation of restrictions on effects using start levers/buttons, etc.</li> <li>• Relaxation of restrictions on video reel effects</li> </ul>
2020	<b>■ Change to “Interpretive Criteria for Technical Standards” (Apply : 1/2020~)</b> <ul style="list-style-type: none"> <li>• Removal of 100-time upper limit on frequency of time reductions, etc. “Yu- Time”</li> </ul>	
2021		<b>■ Model 6.2 (Apply : 5/2021~)</b> <ul style="list-style-type: none"> <li>• Relaxation of the upper limit of advantageous section (1,500 games→3,000 games)</li> </ul> <b>■ Model 6.3 (Apply : 10/2021~)</b> <ul style="list-style-type: none"> <li>• Abolishment of advantageous section (Applies only to smart pachislot)</li> </ul> <b>■ Model 6.4 (Apply : 11/2021~)</b> <ul style="list-style-type: none"> <li>• Abolishment of advantageous section lamp (Compatible with conventional pachislot machines)</li> </ul>

# Number of Machines Sold

## Titles Released in FY ending March 31, 2022

### Pachinko and Pachislot Machine Business

#### Number of machines sold

	(units)	FY 3/2017	FY 3/2018	FY 3/2019	FY 3/2020			FY 3/2021			FY 3/2022				
		Full year	Full year	2Q cumulative	Full year	1Q	2Q cumulative	3Q cumulative	Full year	1Q	2Q cumulative	Full year	Full year	1Q	2Q cumulative
Total		273,714	138,626	97,832	166,124	34,929	77,851	124,148	164,400	2,644	8,379	42,613	85,283	23,211	38,269
Pachinko machines		192,761	117,774	58,482	118,880	26,724	45,182	63,381	95,483	1,235	4,410	37,867	49,890	16,542	29,113
Body		167,951	72,185	39,541	60,946	12,024	23,060	31,996	41,887	267	585	33,121	39,455	15,752	27,351
Gauge board		24,810	45,589	18,941	57,934	14,700	22,122	31,385	53,596	968	3,825	4,746	10,435	790	1,762
Pachislot machines		80,953	20,852	39,350	47,244	8,205	32,669	60,767	68,917	1,409	3,969	4,746	35,393	6,669	9,156
Chassis		36,001	1,344	11,213	14,093	588	4,337	25,255	29,288	587	914	1,042	27,423	6,606	9,093
Combined unit		44,952	19,508	28,137	33,151	7,617	28,332	35,512	39,629	822	3,055	3,704	7,970	63	63

#### Titles released in FY ending March 31, 2022

##### Pachinko

Release	Title	Units sold
1Q	<i>GIRLS und PANZER der FILM</i>	6,988
	<i>NEW TOKIO</i>	4,814
2Q	<i>Maison Ikkoku: Wedding Story</i>	4,650
	<i>Shin Onimusha</i>	4,314
Total*		29,113

##### Pachislot

Release	Title	Units sold
1Q	<i>Pachislot GIRLS und PANZER der FILM</i>	4,500
2Q	<i>Pachislot Mahjong Monogatari4</i>	2,389
Total*		9,156

\*Total includes units of titles released in FY 3/2021 (Pachinko: 8,347 units, Pachislot: 2,267 units)

# Trends of Golf Course Users and Revenue per Customer 1

## Number of Golf Course Users

(persons)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
FY 3/2017	639,909	751,256	658,871	726,699	649,334	631,137	726,674	662,099	626,216	471,345	413,167	595,830	7,552,537
FY 3/2018	675,659	792,244	711,469	750,806	704,955	715,606	647,910	730,972	644,083	447,133	403,933	614,892	7,839,662
FY 3/2019	720,160	792,127	718,087	654,188	663,134	642,742	757,904	735,408	647,213	519,678	453,613	659,749	7,964,003
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						5,434,435

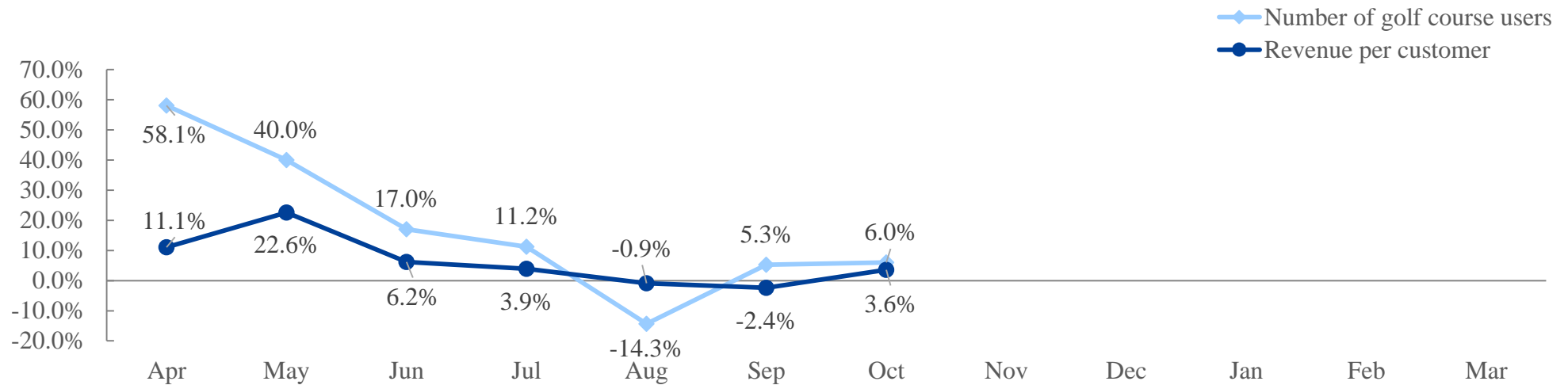
## Revenue per Customer

(yen)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
FY 3/2017	9,397	9,572	9,213	8,792	8,176	9,050	9,781	10,014	9,429	8,545	8,011	8,868	9,129
FY 3/2018	9,363	9,408	9,162	8,871	8,241	9,045	9,721	9,993	9,590	8,953	8,372	9,143	9,188
FY 3/2019	9,458	9,548	9,446	8,804	8,313	9,319	9,623	9,915	9,639	8,631	8,046	9,149	9,218
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						8,616

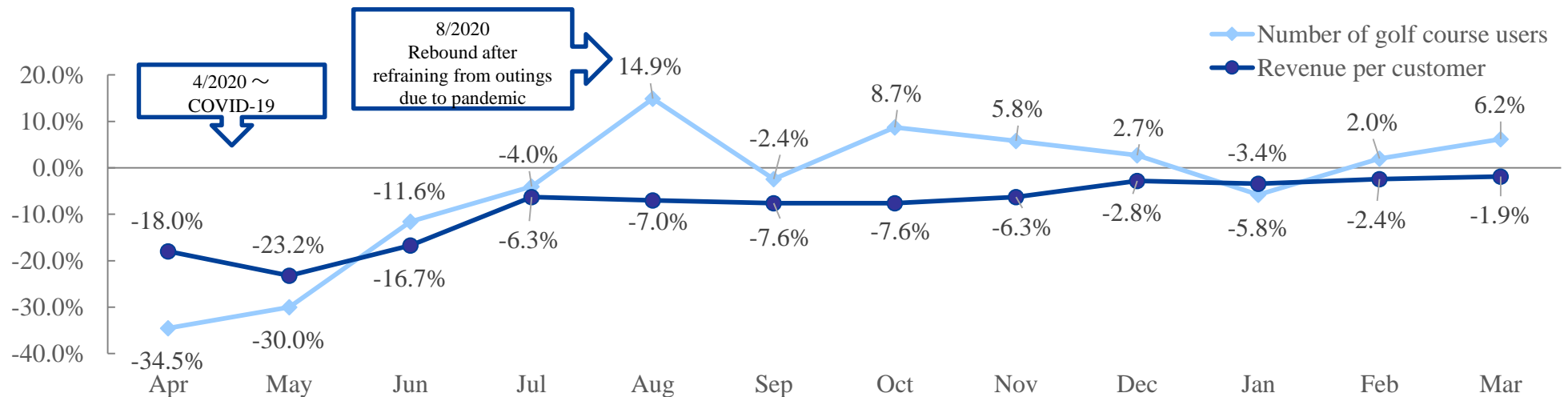
# Trends of Golf Course Users and Revenue per Customer 2

Golf Business

## Monthly result comparison – FY 3/2022 vs FY 3/2021



## Monthly result comparison – FY 3/2021 vs FY 3/2020



\* Based on operating golf courses since previous year.

# Golf Course Portfolio

## Golf Business

	As of March 31, 2021		As of September 30, 2021	
	Courses	18H equivalent	Courses	18H equivalent
Owned Golf Courses	144	175.0	144	175.0
Leased Golf Courses	1	2.0	1	2.0
Contracted Golf Courses	0	0	0	0
<b>Total</b>	<b>145</b>	<b>177.0</b>	<b>145</b>	<b>177.0</b>
Hokkaido	6	9.5	6	9.5
Tohoku	8	10.0	8	10.0
Kanto, Koushinetsu	65	76.5	65	76.5
Tokai, Hokuriku	12	13.0	12	13.0
Kansai	21	27.5	21	27.5
Chugoku	10	11.5	10	11.5
Shikoku	6	6.5	6	6.5
Kyusyu, Okinawa	17	22.5	17	22.5
<b>Total</b>	<b>145</b>	<b>177.0</b>	<b>145</b>	<b>177.0</b>

State of affairs in the fiscal year ending March 31, 2022

### 【Acquisition】

10/1/2021      Old Orchard Golf Club commenced operation  
(Higashiibaraki District, Ibaraki Prefecture – 18H)

### 【Stock transfer agreement】

None

### 【Sponsorship agreements】

None

### 【Sale】

None

# Financial Performance Trend

Consolidated

(million yen)	FY 3/2017	FY 3/2018	FY 3/2019	FY 3/2020				FY 3/2021				FY 3/2022		
	Full year	Full year	2Q cumulative	Full year	1Q	2Q cumulative	3Q cumulative	Full year	1Q	2Q cumulative	3Q cumulative	Full year	1Q	2Q cumulative
Net sales	186,218	132,765	80,211	144,980	36,809	73,911	114,334	144,573	16,173	37,781	76,109	107,744	32,051	58,754
Pachinko and Pachislot machine Business	108,139	51,552	37,027	62,407	13,021	29,568	47,542	61,658	1,171	2,893	18,263	33,292	9,116	15,260
Pachinko machines	75,823	44,428	22,199	45,569	9,861	17,243	24,227	35,357	479	1,280	16,303	20,625	6,378	11,387
Pachislot machines	31,607	6,702	14,639	16,509	3,098	12,189	23,129	26,059	637	1,513	1,740	12,344	2,683	3,744
Golf Business	78,078	81,213	43,183	82,573	23,788	44,342	66,791	82,914	15,001	34,888	57,845	74,452	22,934	43,494
Operating income	36,599	13,931	20,743	28,014	8,102	13,550	22,805	23,551	-4,415	-4,680	1,853	5,311	4,367	4,733
Pachinko and Pachislot machine Business	29,602	7,149	15,666	20,791	3,294	7,946	14,075	17,450	-3,301	-5,795	-3,999	287	77	-1,495
Pachinko machines	17,609	7,025	8,585	15,260	2,127	1,874	2,212	5,120	-2,442	-4,837	-2,434	-2,332	-229	-1,360
Pachislot machines	11,869	26	7,057	5,474	1,150	6,037	11,844	12,293	-859	-968	-1,601	2,570	296	-157
Golf Business	10,935	9,930	6,761	10,599	5,661	7,194	11,153	9,286	-503	2,460	7,864	7,624	4,796	7,429
Eliminations & corporate expenses	-3,937	-3,147	-1,684	-3,376	-853	-1,590	-2,423	-3,185	-611	-1,346	-2,010	-2,600	-507	-1,199
Operating income ratio	19.7%	10.5%	25.9%	19.3%	22.0%	18.3%	19.9%	16.3%	-27.3%	-12.4%	2.4%	4.9%	13.6%	8.1%
Ordinary income	35,655	13,105	20,350	27,451	8,172	13,532	22,590	23,278	-4,491	-4,694	2,388	5,799	4,331	4,844
Profit attributable to owners of parent	27,058	6,799	13,489	16,341	5,857	9,407	15,296	15,872	-5,813	-6,179	-2,528	865	2,633	2,543
SGA expenses	37,447	30,652	12,939	27,822	6,716	16,698	24,686	32,760	5,552	11,176	17,401	23,723	5,509	11,241
Personnel expenses	7,207	6,211	3,052	6,356	1,423	2,864	4,288	5,985	1,395	2,804	4,199	5,676	1,361	2,763
Selling expenses	9,898	6,928	3,680	7,294	928	3,544	5,570	7,803	179	815	1,659	2,942	508	1,245
Advertising expenses	2,842	2,368	742	2,179	288	698	1,699	1,950	107	338	569	795	174	361
Sales commissions	2,858	1,135	1,131	1,660	316	886	1,529	1,885	38	104	352	921	230	347
General expenses	20,341	17,512	6,207	14,171	4,363	10,290	14,827	18,972	3,948	7,556	11,592	15,103	3,639	7,233
R&D expenses	12,841	10,832	2,972	7,881	2,815	7,303	10,268	12,680	2,806	5,176	7,627	9,949	2,212	4,518
Depreciation & amortization	11,098	10,740	4,773	9,868	2,016	4,171	6,428	8,745	1,958	4,052	6,424	9,016	2,373	4,830
Capital investment	14,050	14,166	4,038	7,091	2,943	5,360	7,257	9,667	2,631	4,167	5,495	6,921	2,762	5,024

# Key Financial Indicators

Consolidated

(million yen)	FY 3/2016	FY 3/2017	FY 3/2018	FY 3/2019	FY 3/2020	FY 3/2021	Formula
Net Sales	214,954	186,218	132,765	144,980	144,573	107,744	
Operating Income	38,967	36,599	13,931	28,014	23,551	5,311	
Ordinary Income	37,444	35,655	13,105	27,451	23,278	5,799	
Profit attributable to owners of parent	28,143	27,058	6,799	16,341	15,872	865	
Total Assets	450,715	449,152	430,287	442,845	436,762	430,070	
Cash, Deposits and Securities	106,503	106,576	86,245	93,180	83,296	70,083	
Interest Bearing Debt	141,935	132,917	123,116	120,756	115,834	121,454	
Net Assets	198,873	217,405	216,701	225,052	232,575	226,242	
Shareholders' Equity	198,841	217,381	216,690	225,052	232,575	226,242	
ROE	15.6%	13.0%	3.1%	7.4%	6.9%	0.4%	
Operating Income Ratio	18.1%	19.7%	10.5%	19.3%	16.3%	4.9%	Operating income/Net sales
Net Income Ratio	13.1%	14.5%	5.1%	11.3%	11.0%	0.8%	Net income/Net sales
Asset Turnover	0.48	0.41	0.30	0.33	0.33	0.25	Net sales/Total assets *1
Financial Leverage	2.48	2.16	2.03	1.98	1.92	1.89	Total assets/Shareholders' equity *1,2
Net Debt Equity Ratio	17.8%	12.1%	17.0%	12.3%	14.0%	22.7%	Net interest-bearing debt/Shareholders' equity
Shareholders' Equity Ratio	44.1%	48.4%	50.4%	50.8%	53.2%	52.6%	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

## Contact

Management Planning Group, Heiwa Corporation

TEL: +81-3-3839-0701

Website: <https://www.heimanet.co.jp>

## Disclaimer

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.