

Results for the 2nd Quarter of Fiscal Year Ending March 31, 2019

November 16, 2018

Heiwa Corporation

Securities Code : 6412

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- Pachinko and Pachislot Machine Business
- Golf Business

【Pachinko and Pachislot Machine Business】

- Regulations on Pachinko and Pachislot Machine
- Number of Machines Sold / Titles Released in the FY
Ending March, 2019

【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

【Consolidation Results】

- Trends of Business Results
- Key Financial Indicators

Consolidated results

- Net sales : 80.2 billion yen, +29.0% year on year
- Operating income : 20.7 billion yen, +299.0% year on year
 - In the pachinko and pachislot machine business, the number of machines sold exceeded the same period in the previous fiscal year, which resulted in increased income and profit

Pachinko and pachislot machine business

- Net sales : 37.0 billion yen, +102.2% year on year
- Operating income : 15.6 billion yen, — % year on year (Operating loss of 0.7 billion yen YoY)
 - ✓ The number of Pachinko machines sold in 2Q: 58k units (+21k units YoY)
 - ✓ The number of Pachislot machines sold in 2Q: 39k units (+28k units YoY)

Golf business

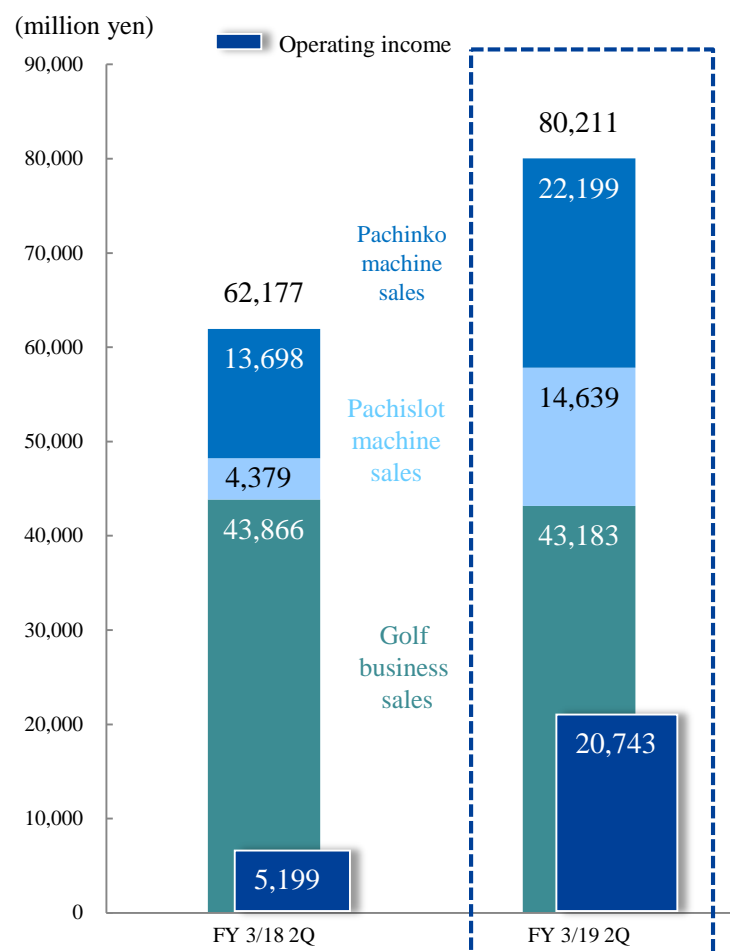
- Net sales : 43.1 billion yen, -1.6% year on year
- Operating income : 6.7 billion yen, -10.2% year on year
 - The number of golf course users was down from the same period in the previous fiscal year, and income and profit decreased due to the impact of natural disasters such as the July 2018 floods in western Japan.

Results for the 2nd Quarter of FY ending March 31, 2019

Consolidated Statements of Income (Results)

2nd Quarter Results

- Income and profit were up year on year (net sales +29.0% YoY and operating income +299.0% YoY).
 - In the pachinko and pachislot machine business, the number of machines sold exceeded the same period in the previous fiscal year, which resulted in increased income and profit



	(million yen)	FY 3/2018 2Q Results	FY 3/2019 2Q Results	YoY
Net sales		62,177	80,211	29.0%
Pachinko and Pachislot machine business		18,310	37,027	102.2%
Pachinko machines		13,698	22,199	62.1%
Pachislot machines		4,379	14,639	234.3%
Golf business		43,866	43,183	-1.6%
Operating income		5,199	20,743	299.0%
Pachinko and Pachislot machine business		-749	15,666	-
Pachinko machines		-1,278	8,585	-
Pachislot machines		486	7,057	1,350.2%
Golf business		7,530	6,761	-10.2%
Eliminations & corporate expenses		-1,580	-1,684	6.5%
Operating income ratio		8.4%	25.9%	17.5pt
Ordinary income		5,009	20,350	306.2%
Profit attributable to owners of parent		2,122	13,489	535.6%
EBITDA*		10,321	25,633	148.3%

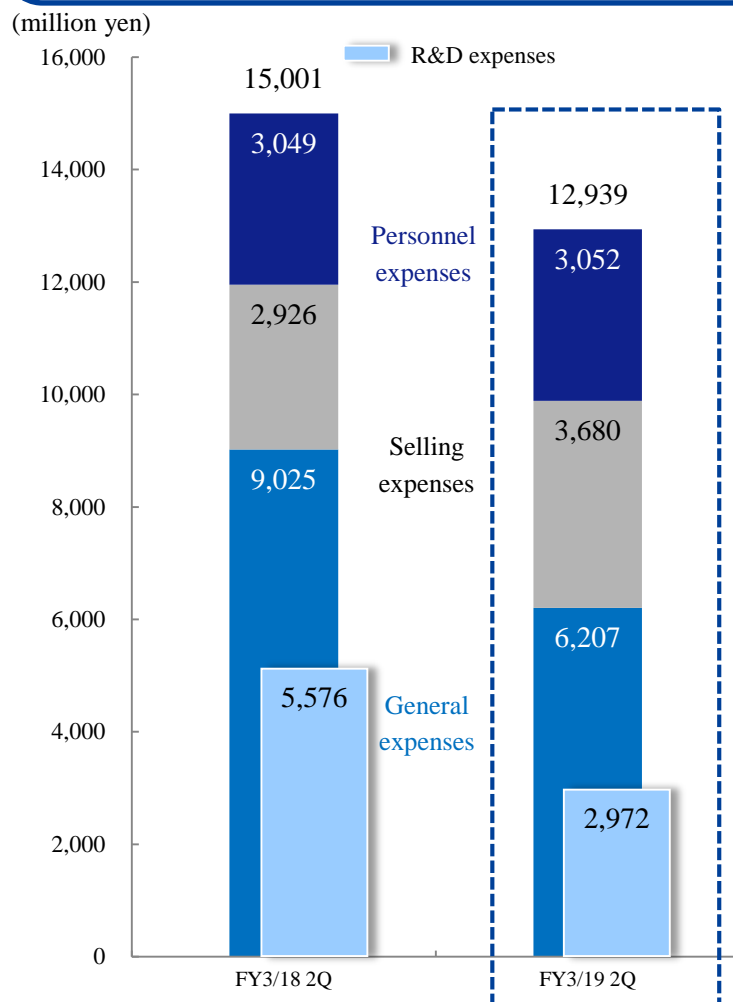
* EBITDA = Operating income + depreciation + amortization

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

2nd Quarter Results

■ SGA expenses were down year on year (-13.7% YoY)

- Under selling expenses, variable expenses, such as sales commissions, increased due to more machines being sold
- General expenses decreased due to lower R&D expenses, etc.



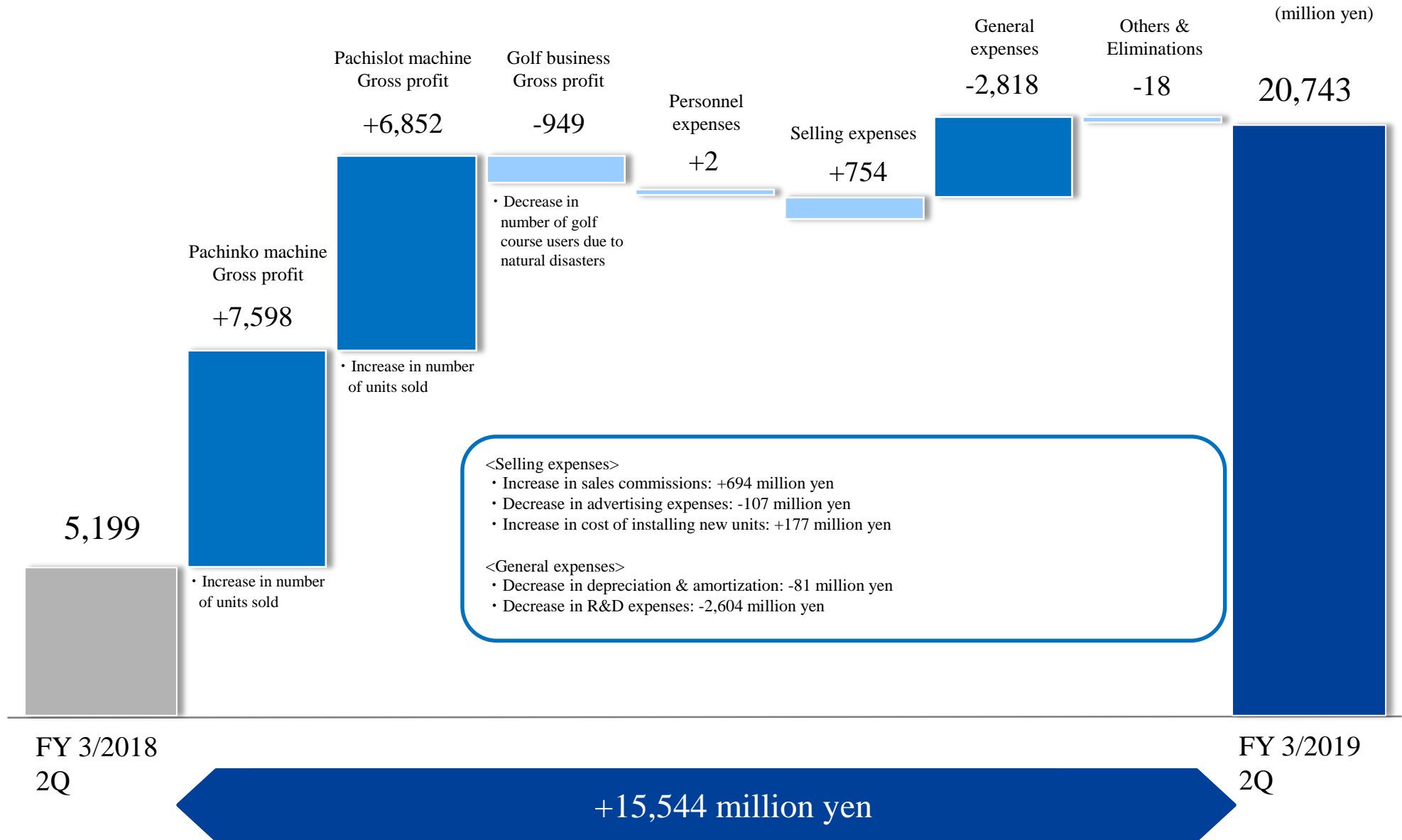
	(million yen)	FY 3/2018 2Q Results	FY 3/2019 2Q Results	YoY
SGA expenses		15,001	12,939	-13.7%
Personnel expenses		3,049	3,052	0.1%
Selling expenses		2,926	3,680	25.8%
Advertising expenses		849	742	-12.6%
Sales commissions		436	1,131	159.1%
General expenses		9,025	6,207	-31.2%
R&D expenses		5,576	2,972	-46.7%

Depreciation & Amortization / Capital Investment

	(million yen)	FY 3/2018 2Q Results	FY 3/2019 2Q Results	YoY
Depreciation & amortization		5,017	4,773	-4.9%
Capital investment		10,044	4,038	-59.8%

Factors Contributing to Change in Operating Income (Consolidated Basis)

2nd Quarter Results



Pachinko and Pachislot Machine Business (Machine Sales Results)

2nd Quarter Results

(Units)	FY 3/2018 2Q Results	FY 3/2019 2Q Results	YoY
Number of machines sold	47,867	97,832	+49k units
Pachinko machines	36,557	58,482	+21k units
Number of titles released	4	5	+1
Pachislot machines	11,310	39,350	+28k units
Number of titles released	4	4	-

Major pachinko titles

Titles	Sales (units)	Release
<i>JAWS Sairin SHARK PANIC AGAIN</i>	16,502	May 2018
<i>Tsunatori Monogatari: Yokozuna 7sen Zenryoku</i>	5,702	Jul. 2018
<i>Sengoku Otome5: 10th Anniversary</i>	13,131	Aug. 2018

Major pachislot titles

Titles	Sales (units)	Release
<i>Pachislot Fujiko TYPE A+</i>	11,091	Apr. 2018
<i>Pachislot Koumon Chama V</i>	8,200	Jun. 2018
<i>Pachislot Lupin the Third: Sekai Kaibou</i>	16,356	Aug. 2018



Pachinko Machine
Sengoku Otome5: 10th Anniversary



Pachislot Machine
*Pachislot Lupin the Third:
Sekai Kaibou*



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Pachinko and Pachislot Machine Business (Results)



2nd Quarter Results

Pachinko

- The number of machines sold exceeded the same period of the previous fiscal year, resulting in increased income and profit
 - The number of machines sold was favorable in comparison to the same period of the previous fiscal year in which there was a marked downturn

Pachislot

- The number of machines sold exceeded the same period of the previous fiscal year, resulting in increased income and profit
 - The number of machines sold was favorable in comparison to the same period of the previous fiscal year in which there was a marked downturn
 - Income and profit rebounded sharply over the previous fiscal year, with sales of major titles

Total

- Income and profit were up year on year (net sales +102.2% YoY and operating income -% YoY)
 - Income and profit increased due to an increase in machines sold

(million yen)	FY 3/2018 2Q Results	FY 3/2019 2Q Results	YoY	Breakdown of Machine Sales			
				(Units)	FY 3/2018 2Q Results	FY 3/2019 2Q Results	YoY
Net sales	18,310	37,027	102.2%				
Pachinko machines	13,698	22,199	62.1%				
Pachislot machines	4,379	14,639	234.3%				
Gross profit	8,607	23,039	167.7%				
Pachinko machines	5,224	12,822	145.4%				
Pachislot machines	3,313	10,166	206.8%				
Gross profit ratio	47.0%	62.2%	15.2pt				
Operating income	-749	15,666	-				
Pachinko machines	-1,278	8,585	-				
Pachislot machines	486	7,057	1,350.2%				
Operating income ratio	-4.1%	42.3%	46.4pt				
				Total	47,867	97,832	+49,965
				Pachinko machines	36,557	58,482	+21,925
				Body	26,858	39,541	+12,683
				Gauge board	9,699	18,941	+9,242
				Pachislot machines	11,310	39,350	+28,040
				Chassis	1,032	11,213	+10,181
				Combined unit	10,278	28,137	+17,859

Golf Business (M&A Status and Revenue per Customer)

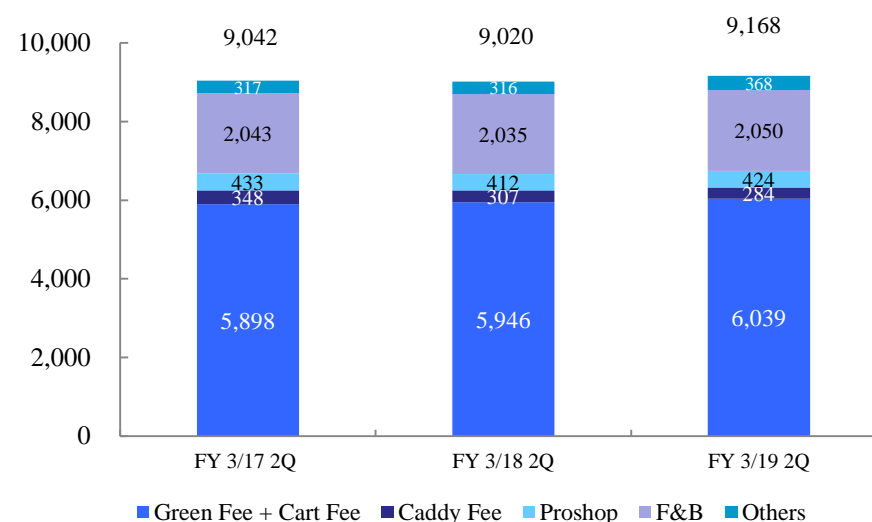
2nd Quarter Results

- 2 new golf courses were added and GRAND PGM was rolled out at 11 golf courses around Japan
 - Katsura Golf Club 6/1/2018 Commencement of operation (Tomakomai City, Hokkaido Prefecture 18H)
 - Rifu Golf Club 6/1/2018 Commencement of operation (Miyagi District, Miyagi Prefecture 18H)
 - (Ibaraki Kokusai Golf Club 3/1/2018 Commencement of operation (Ibaraki City, Osaka Prefecture 27H))
- Opening of PGM's first indoor golf facility
 - PGM GOLF ACADEMY GINZA 10/2018 Grand opening (Chuo-ku, Tokyo)
- The number of golf course users decreased, but revenue per customer increased.
 - The number of golf course users decreased due to the impact of natural disasters such as the July 2018 floods in western Japan, an extreme summer heat wave, typhoons, and the 2018 Hokkaido Eastern Iburi earthquake.
 - Although revenue from caddy fees fell due to an increase in playing without a caddy, revenue per customer increased thanks to greater revenue from green fees, etc.

Number of Golf Course Users / Revenue per Customer

	FY 3/2018 Results	FY 3/2019 Results	YoY
【2Q(6 months)】			
Number of golf course users (thousand people)	4,350	4,190	-3.7%
Revenue per customer (yen)	9,020	9,168	1.6%
【2Q(3 months)】			
Number of golf course users (thousand people)	2,171	1,960	-9.7%
Revenue per customer (yen)	8,724	8,807	1.0%

Breakdown of Revenue per Customer



*Includes internal net sales

Golf Business (Results)

2nd Quarter Results

- Income and profits were down year on year (net sales -1.6% YoY and operating income -10.2% YoY)
 - Despite the contribution of golf courses acquired in FY 2017, revenue from golf course operation decreased, mainly due to the impact of natural disasters such as the July 2018 floods in western Japan.
 - Membership-related sales were strong.

(million yen)	FY 3/2018 2Q Results	FY 3/2019 2Q Results	YoY
Net sales	43,866	43,183	-1.6%
Net sales before eliminations	43,872	43,188	-1.6%
Eliminations	-5	-5	-
Gross profit	11,594	10,645	-8.2%
Gross profit ratio	26.4%	24.7%	-1.8pt
Operating income	7,530	6,761	-10.2%
Operating income ratio	17.2%	15.7%	-1.5pt

Breakdown of Sales

(million yen)	FY 3/2018 2Q Results	FY 3/2019 2Q Results	YoY
Revenue from golf course operation	39,243	38,420	-2.1%
Membership-related sales	3,981	4,253	6.8%

Breakdown of Costs

(million yen)	FY 3/2018 2Q Results	FY 3/2019 2Q Results	YoY
Cost of Sales	32,277	32,543	0.8%
SGA expenses	4,064	3,883	-4.4%

Consolidated Balance Sheets (Summary)

(million yen)	As of March 31, 2018	As of September 30, 2018	Change	Remarks
Current assets	118,209	120,282	+2,072	
Non-current assets	312,077	311,005	-1,072	<ul style="list-style-type: none"> ■ Decrease in cash and deposits ■ Increase in securities
Total assets	430,287	431,288	+1,000	
Current liabilities	67,787	59,581	-8,206	
Non-current liabilities	145,798	145,408	-390	<ul style="list-style-type: none"> ■ Decrease in loans payable
Total liabilities	213,586	204,989	-8,596	
Total net assets	216,701	226,298	+9,597	
Total liabilities and net assets	430,287	431,288	+1,000	<ul style="list-style-type: none"> ■ Increase in retained earnings

(million yen)	As of March 31, 2018	As of September 30, 2018	
Cash and deposits, and securities	86,245	89,688	
Interest-bearing debt	123,116	116,957	
Shareholders' equity	216,690	226,298	
Shareholders' equity ratio	50.4%	52.5%	

- D/E ratio (interest-bearing debt/shareholders' equity)
56.8%→51.7%
- Net D/E ratio (net interest-bearing debt/shareholders' equity)
17.0%→12.0%

*The partial revision of the Accounting Standards Relating to Tax Effect Accounting, etc. applies retroactively from the beginning of the consolidated first quarter under review.

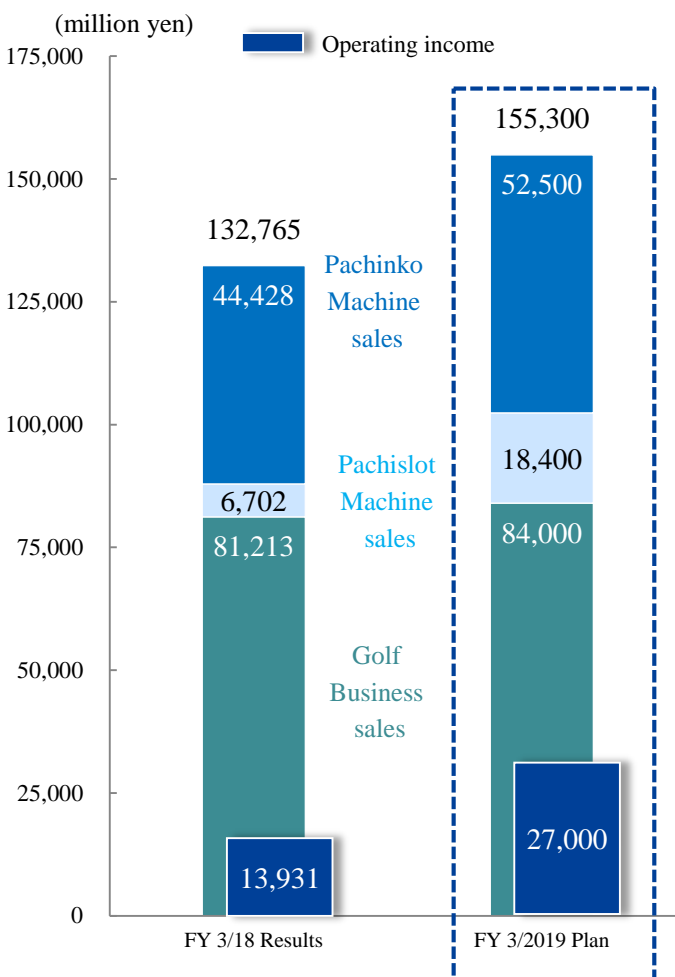
Full-year Plan for FY ending March, 2019

Consolidated Statements of Income (Plan)

FY 3/19 Plan

■ No change to Full-year plans

- The pachinko and pachislot machine business will remain strong. The pachinko machine *Lupin the Third: LAST GOLD* will be released in the fourth quarter.
- Weak progress is expected in the golf business due to the impact of natural disasters, but it will remain steady for the near future.



(million yen)	FY 3/2018 Results	FY 3/2019		YoY
		2Q Results	Plan	
Net sales	132,765	80,211	155,300	17.0%
Pachinko and Pachislot machine business	51,552	37,027	71,300	38.3%
Pachinko machines	44,428	22,199	52,500	18.2%
Pachislot machines	6,702	14,639	18,400	174.5%
Golf business	81,213	43,183	84,000	3.4%
Operating income	13,931	20,743	27,000	93.8%
Pachinko and Pachislot machine business	7,149	15,666	19,300	170.0%
Pachinko machines	7,025	8,585	13,900	97.8%
Pachislot machines	26	7,057	5,400	20466.8%
Golf business	9,930	6,761	11,300	13.8%
Eliminations & corporate expenses	-3,147	-1,684	-3,600	14.4%
Operating income ratio	10.5%	25.9%	17.4%	+6.9pt
Ordinary income	13,105	20,350	26,300	100.7%
Profit attributable to owners of parent	6,799	13,489	17,400	155.9%
EBITDA*	24,888	25,633	37,200	49.5%

* EBITDA = Operating income + depreciation + amortization

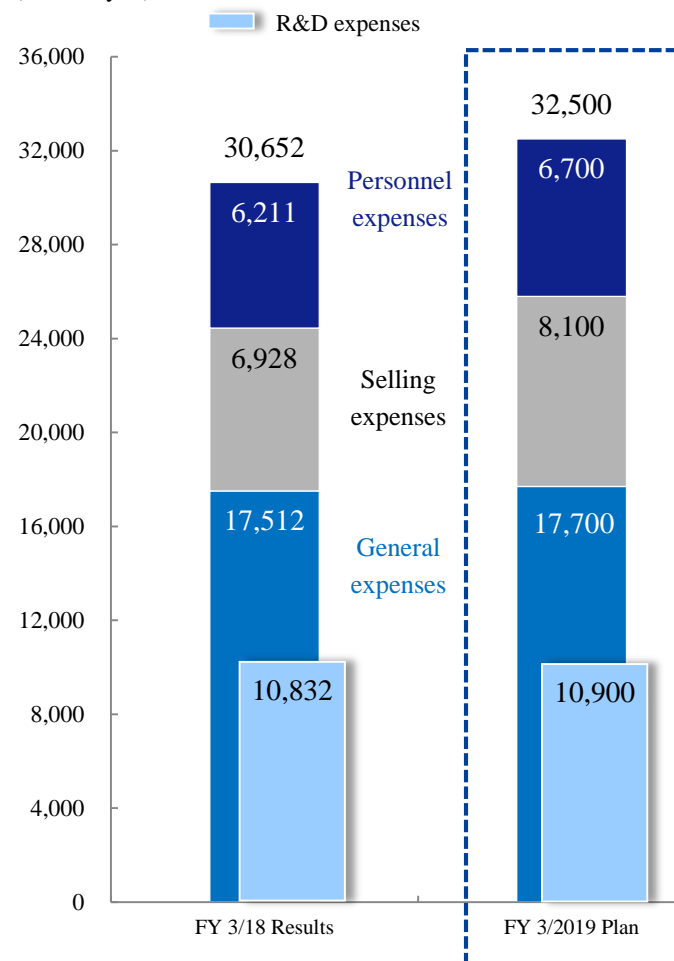
SGA Expenses / Depreciation & Amortization / Capital Investment (Plan)

FY 3/19 Plan

■ No change to Full-year plans

- The weak rate of progression is expected to be absorbed in the second half.

(million yen)



(million yen)	FY 3/2018 Results	FY 3/2019		YoY
		2Q Results	Plan	
SGA expenses	30,652	12,939	32,500	6.0%
Personnel expenses	6,211	3,052	6,700	7.9%
Selling expenses	6,928	3,680	8,100	16.9%
Advertising expenses	2,368	742	2,500	5.5%
Sales commissions	1,135	1,131	1,700	49.7%
General expenses	17,512	6,207	17,700	1.1%
R&D expenses	10,832	2,972	10,900	0.6%

Depreciation & Amortization / Capital Investment

(million yen)	FY 3/2018 Results	FY 3/2019		YoY
		2Q Results	Plan	
Depreciation & amortization	10,740	4,773	9,900	-7.8%
Capital investment	14,166	4,038	9,100	-35.8%

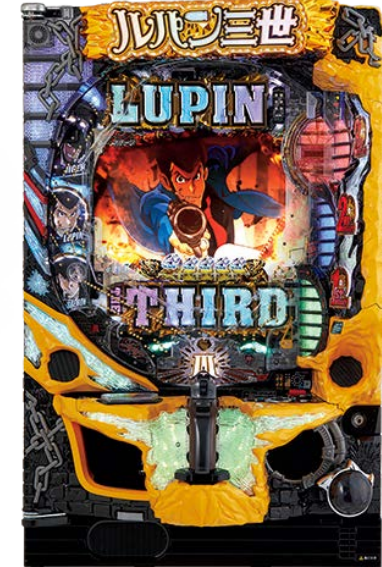
Pachinko and Pachislot machine Business (Machine Sales Plan)

FY 3/19 Plan

(Units)	FY 3/2018 Results	FY 3/2019		Change the previous year
		2Q Results	Plan	
Number of machines sold	138,626	97,832	185,000	+46k units
Pachinko machines	117,774	58,482	135,000	+17k units
Number of titles released	8	5	6	-2
Pachislot machines	20,852	39,350	50,000	+29k units
Number of titles released	6	4	7	+1



Pachinko Machine
Lupin the Third: LAST GOLD



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Titles to Release in the 2nd half / Pachinko Machine

Title	Release Date
<i>Lupin the Third: LAST GOLD</i>	Jan. 2019

Titles to Release in the 2nd half / Pachislot Machine

Title	Release Date
<i>Pachislot Sengoku Otome TYPE A+</i>	Nov. 2018
<i>Pachislot Shimamusuko</i>	Jan. 2019



Pachislot Machine
Pachislot Shimamusuko



Pachinko and Pachislot machine Business (Revised Regulations)

Overview of revised regulations

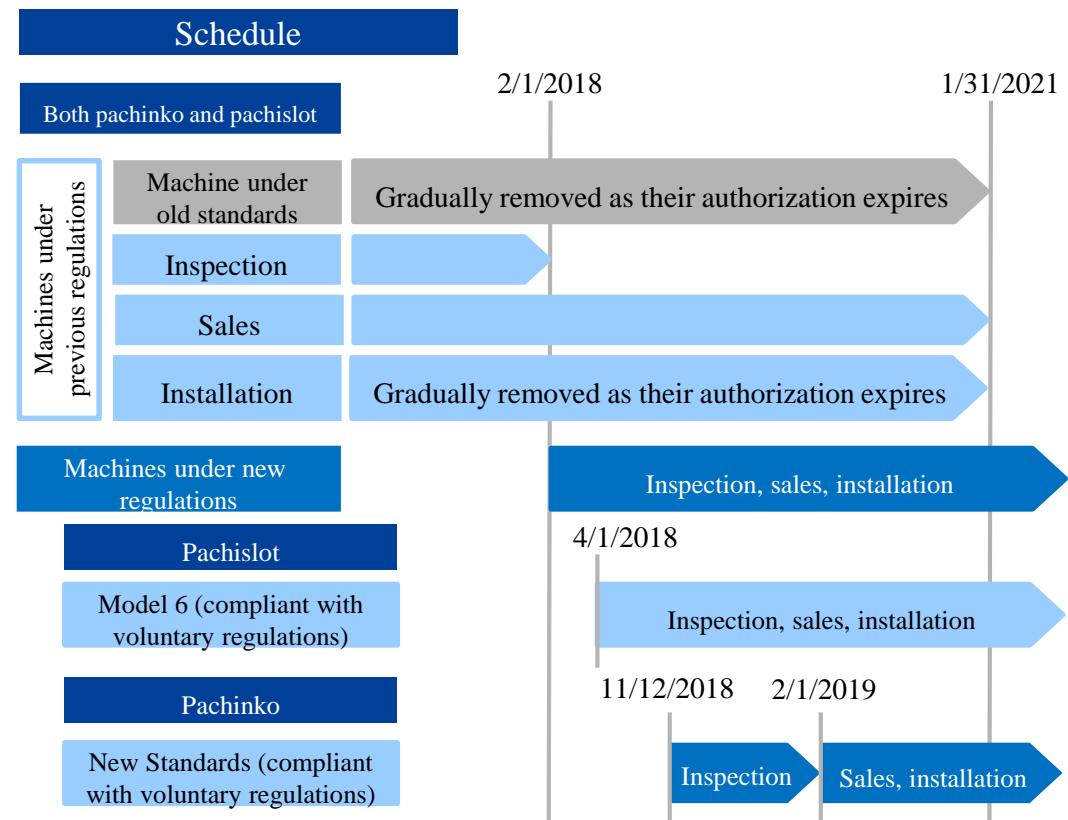
Enforcement date: February 1, 2018

Overview of revised regulations

- Regulations for pachinko and pachislot machine manufacturers
 - Payout regulations (tightening payout regulations, reinforcement of regulations on payout per jackpot)
 - Addition of specifications for machines enabling payout information to be easily verified
 - Introduction of settings for pachinko machines
- Regulations for pachinko halls
 - Additional operations for managers

Market outlook for this fiscal year

- Machines under the old standards that are highly utilized are expected to remain in place until as late as January 31, 2021.
- The trend whereby demand is concentrated on machines from specific series will continue.
- Although pachinko and pachislot machines will be replaced due to the expiration of accreditation of machines under the old regulations, the demand caused by the replacement is expected to be limited.
- The new voluntary regulations will allow for more diverse machine development.



■ Increasing the golf service value

- GRAND PGM
 - “Making Japan’s golf experience more opulent and elegant”
 - Golf courses are selected from among those operated by PGM throughout Japan with the dignity and grandeur expected from high-grade golf courses.
 - This service is now offered at eleven golf courses nationwide.
- Operating indoor golf facilities
 - Grand opening of “PGM Golf Academy Ginza” in October 2018



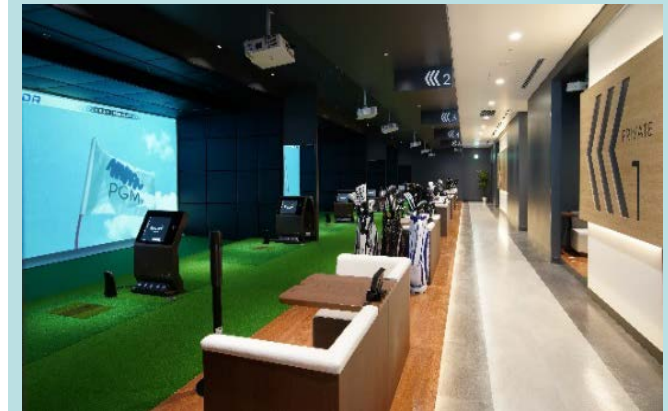
GRAND PGM

“GRAND PGM” Two new golf courses added

Katsura Golf Club (Tomakomai City, Hokkaido Prefecture 18H)
Rifu Golf Club (Miyagi District, Miyagi Prefecture 18H)

■ Stable management from a medium to long-term perspective

- Status of M&A (18H equivalent of three courses to be acquired)
 - 11/6/2018 Conclusion of stock transfer agreement
 - Lakewood Sohsei Country Club
(Narita City, Chiba Prefecture – 27H)
 - Lakewood Otaki Country Club
(Isumi District, Chiba Prefecture – 27H)



“PGM Golf Academy Ginza”
(Chuo-ku, Tokyo)

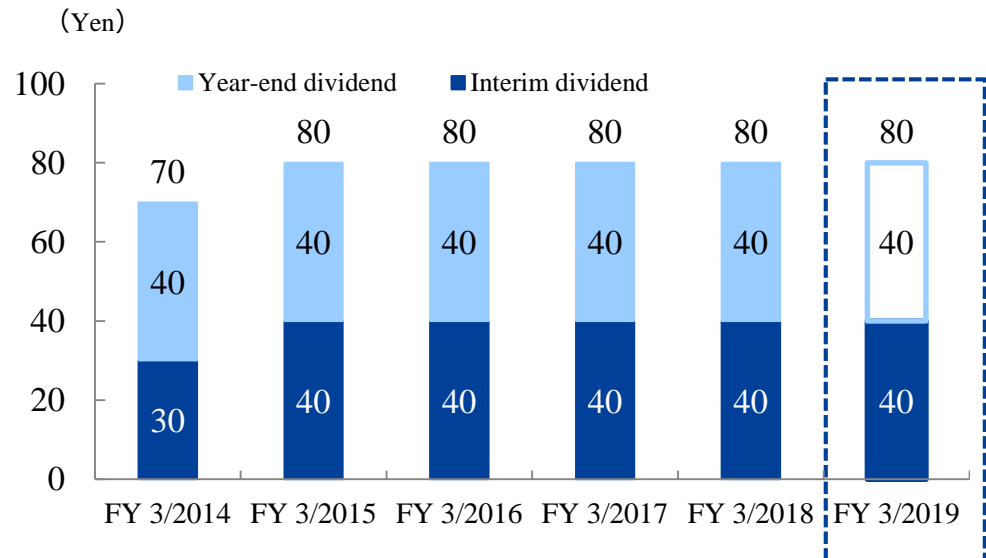
Dividend policy

- 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 2019 (Plan)

Interim dividend	40 yen
Year-end dividend	40 yen (plan)
Total	80 yen

Trend of dividend per share



**Distributing profits to shareholders 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
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【Pachinko and Pachislot Machine Business】

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- Number of Machines Sold / Titles Released in FY Ending March, 2019

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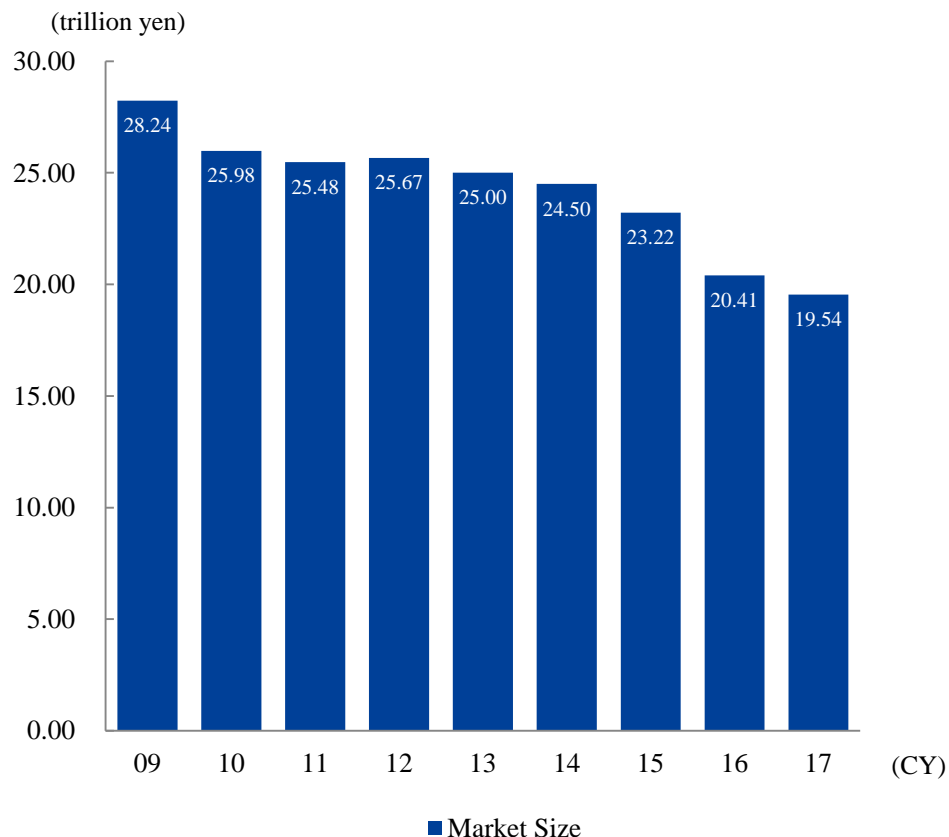
【Consolidated Results】

- Trends of Business Results
- Key Financial Indicators

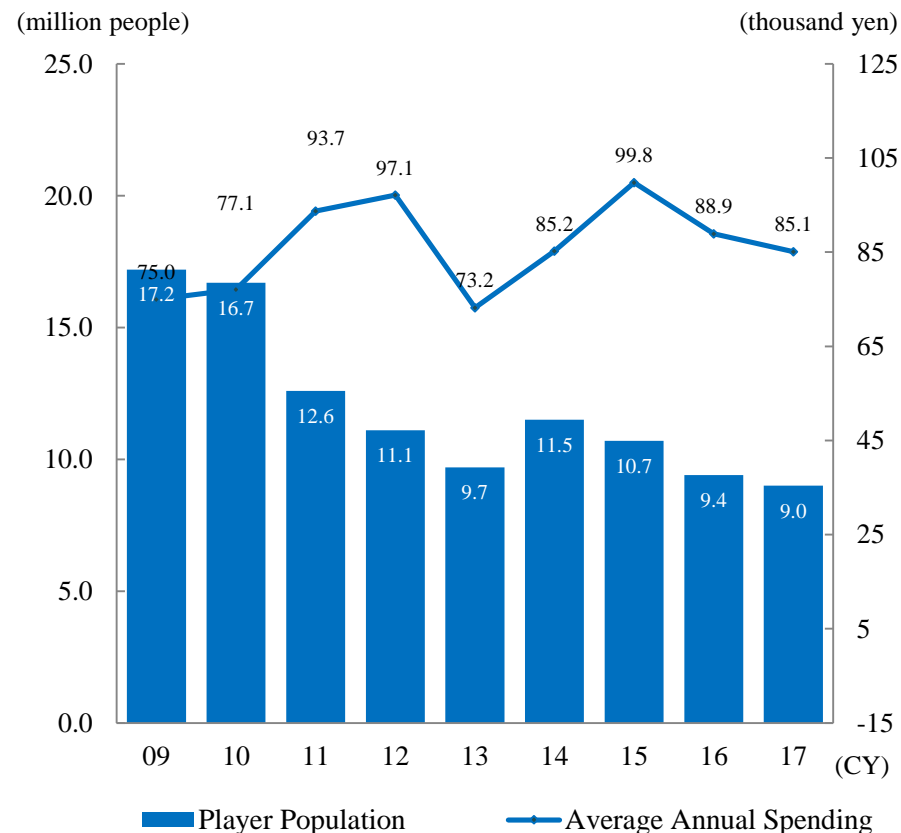
Market Environment (Pachinko and Pachislot Machine Business) 1

Pachinko and Pachislot Machine Business

Market Size



Player Population and Average Annual Spending



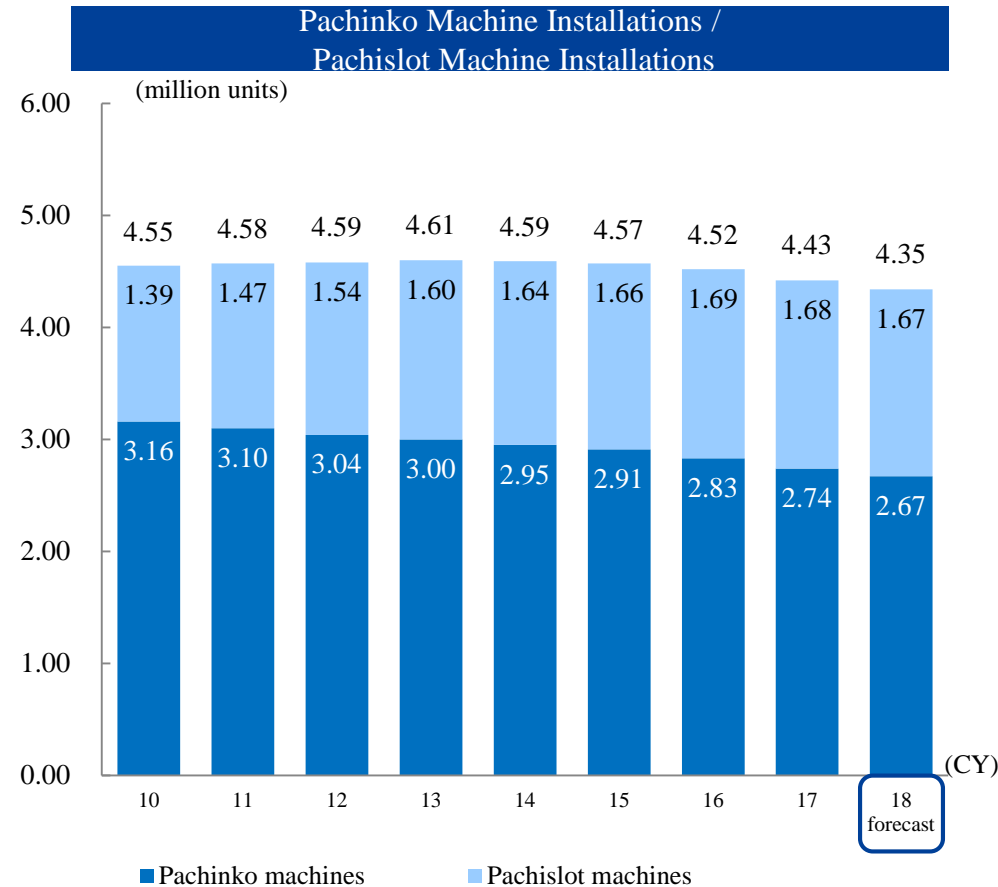
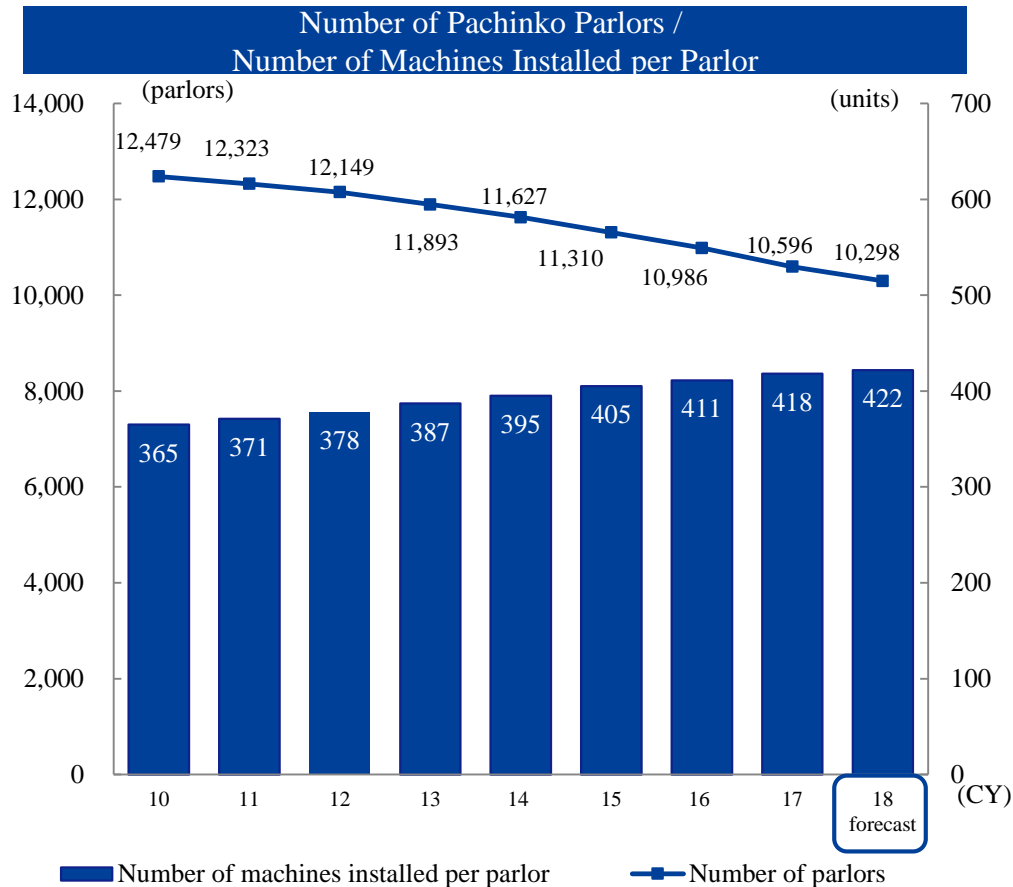
	2009	2010	2011	2012	2013	2014	2015	2016	2017
Market size (trillion yen)	28.24	25.98	25.48	25.67	25.00	24.50	23.22	20.41	19.54
Player population (million)	17.2	16.7	12.6	11.1	9.7	11.5	10.7	9.4	9.0
Average annual spending (thousand yen)	75.0	77.1	93.7	97.1	73.2	85.2	99.8	88.9	85.1

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



	2010	2011	2012	2013	2014	2015	2016	2017	2018 Forecast
Number of parlors	12,479	12,323	12,149	11,893	11,627	11,310	10,986	10,596	10,298
Number of machines installed per parlor (units)	365	371	378	387	395	405	411	418	422
Pachinko machine installations (million units)	3.16	3.10	3.04	3.00	2.95	2.91	2.83	274	267
Pachislot machine installations (million units)	1.39	1.47	1.54	1.60	1.64	1.66	1.69	168	167

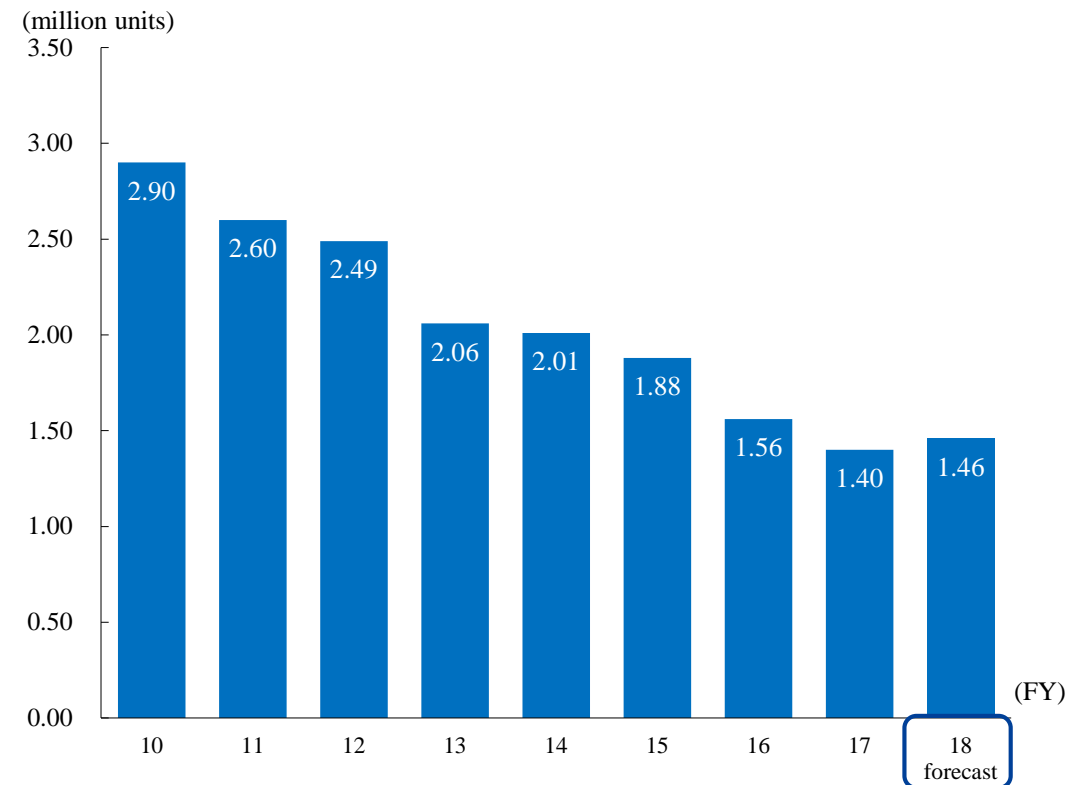
Note: Data source: National Police Agency. Data on a calendar year basis (from Jan to Dec). Figures for 2018 is the Company's estimates.

Market Environment

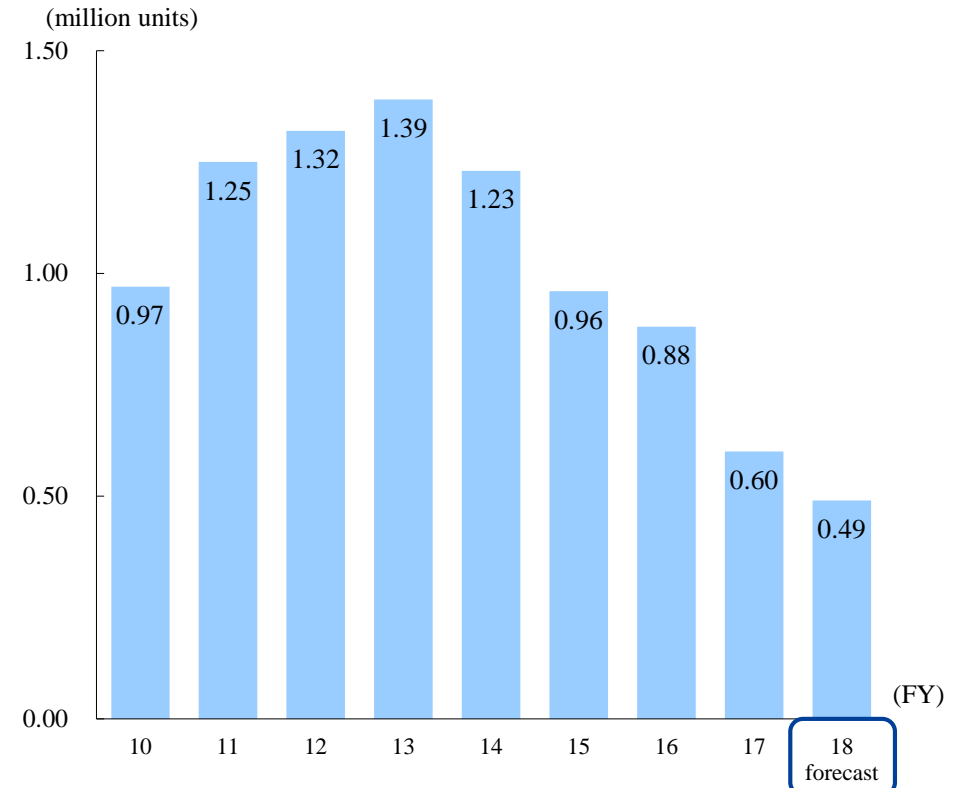
(Pachinko and Pachislot Machine Business) 3

Pachinko and Pachislot Machine Business

Pachinko machine sales



Pachislot machine sales



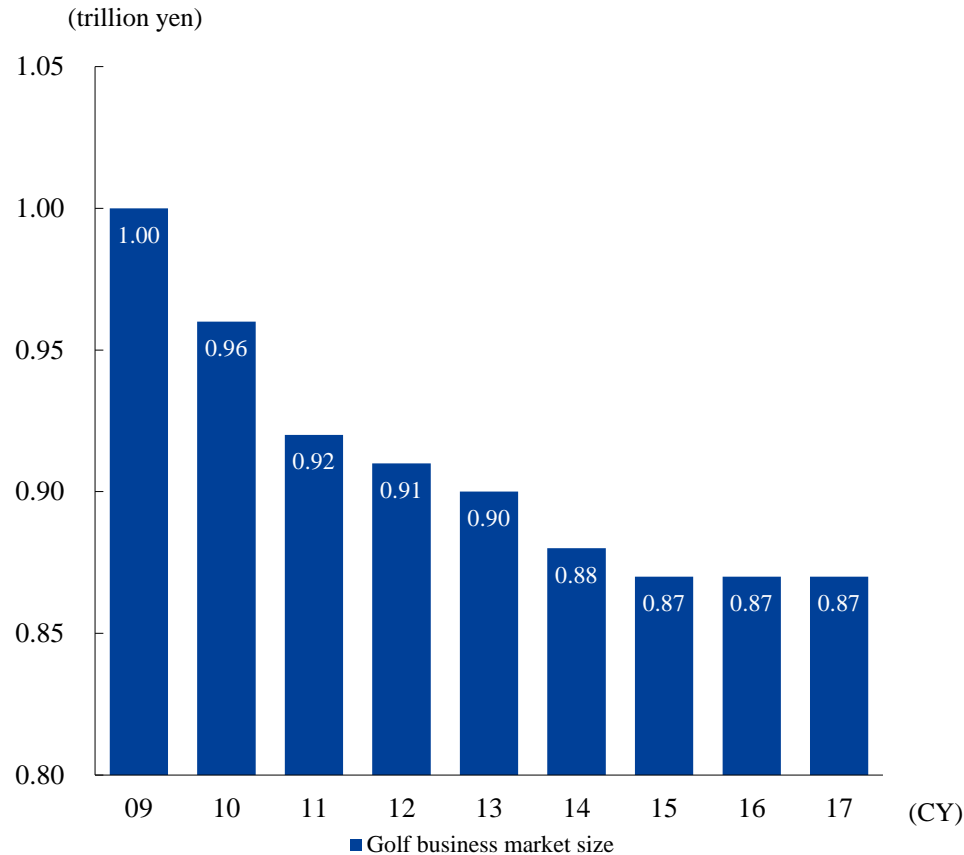
Number of machines sold (million units)	2010	2011	2012	2013	2014	2015	2016	2017	2018 forecast
Pachinko machines	2.90	2.60	2.49	2.06	2.01	1.88	1.54	1.40	1.46
Pachislot machines	0.97	1.25	1.32	1.39	1.23	0.96	0.88	0.60	0.49

Note: Data source: Yano Research Institute. Data on a fiscal year basis (from April to March of the next year). Data for 2018 is the Company's forecast.

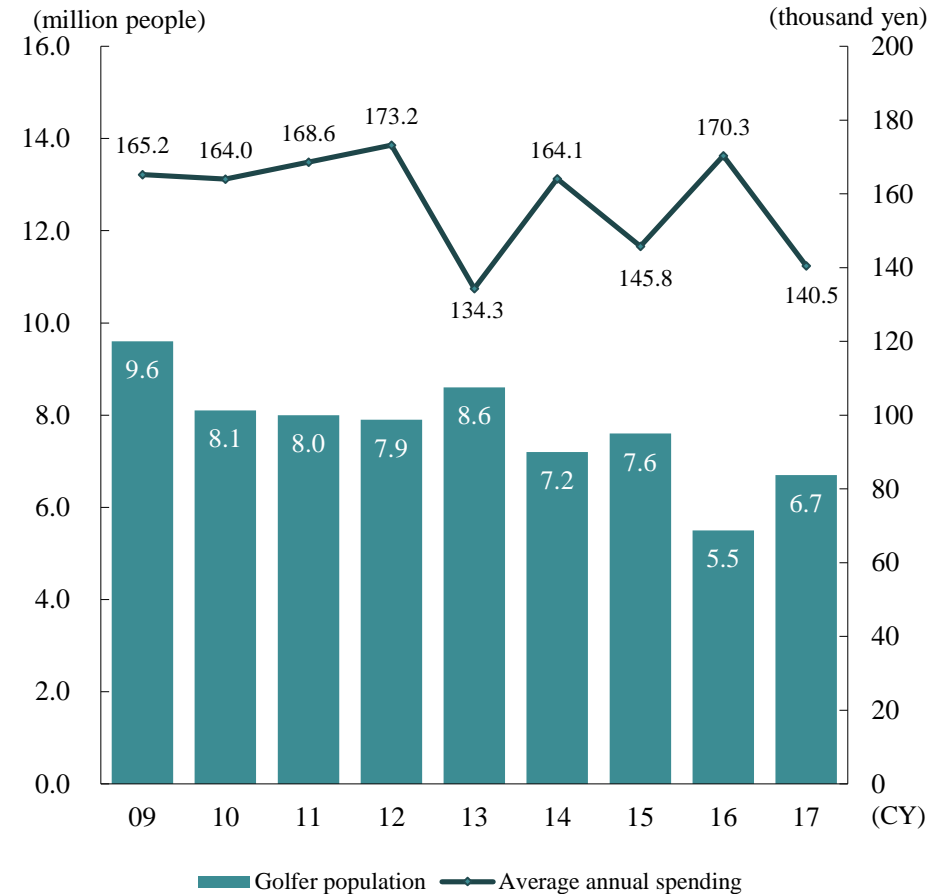
Market Environment (Golf Business)

Golf Business

Market Size



Golfer Population / Average Annual Spending



	2009	2010	2011	2012	2013	2014	2015	2016	2017
Market size (trillion yen)	1.00	0.96	0.92	0.91	0.90	0.88	0.87	0.87	0.87
Golfer population (million)	9.6	8.1	8.0	7.9	8.6	7.2	7.6	5.5	6.7
Average annual spending (thousand yen)	165.2	164.0	168.6	173.2	134.3	164.1	145.8	170.3	140.5

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

Regulations on Pachinko and Pachislot Machines

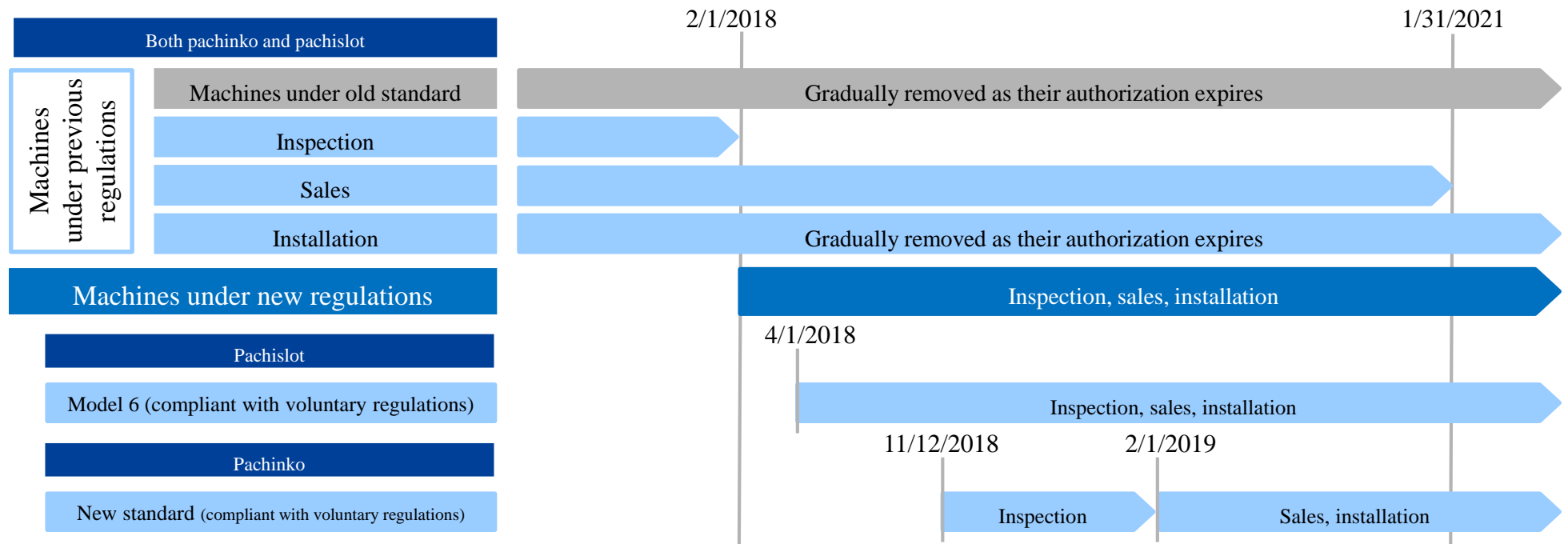
Overview of revised regulations

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 - Payout regulations (tightening payout regulations, reinforcement of regulations on payout per jackpot)
 - Addition of specifications for machines enabling payout information to be easily verified
 - Introduction of settings for pachinko machines
- Regulations for pachinko halls
 - Additional operations for managers

Schedule



Number of Machines Sold

Titles Released in FY ended March, 2018

Pachinko and Pachislot Machine Business

Number of machines sold

	FY 3/2013	FY 3/2014	FY 3/2015	FY 3/2016		FY 3/2017			FY 3/2018				FY 3/2019			
(units)	Full year	Full year	2Q cumulative	Full year	2Q cumulative	Full year	1Q	2Q cumulative	3Q cumulative	Full year	1Q	2Q cumulative	3Q cumulative	Full year	1Q	2Q cumulative
Total	320,011	317,948	195,044	344,866	204,078	348,613	70,900	133,904	216,964	273,714	19,955	47,867	90,793	138,626	48,059	97,832
Pachinko machines	252,411	197,146	161,872	252,103	173,596	234,616	41,001	70,550	153,488	192,761	18,557	36,557	79,475	117,774	28,774	58,482
Body	179,430	128,059	142,895	200,813	152,835	179,197	30,236	55,214	134,334	167,951	14,308	26,858	38,890	72,185	22,549	39,541
Gauge board	72,981	69,087	18,977	51,290	20,761	55,419	10,765	15,336	19,154	24,810	4,249	9,699	40,585	45,589	6,225	18,941
Pachislot machines	67,600	120,802	33,172	92,763	30,482	113,997	29,899	63,354	63,476	80,953	1,398	11,310	11,318	20,852	19,285	39,350
Chassis	29,472	77,716	17,663	36,146	10,604	89,453	16,516	34,458	34,462	36,001	70	1,032	1,032	1,344	2,742	11,213
Combined unit	38,128	43,086	15,509	56,617	19,878	24,544	13,383	28,896	29,014	44,952	1,328	10,278	10,286	19,508	16,543	28,137

Titles released in FY ended March, 2019

Pachinko

Release	Title	Units sold
1Q	<i>TOKIO Special</i>	4,996
	<i>JAWS Sairin SHARK PANIC AGAIN</i>	16,502
2Q	<i>Tsunatori Monogatari: Yokozuna 7sen Zenryoku</i>	5,702
	<i>Sengoku Otome5: 10th Anniversary</i>	13,131
	<i>Hyakka Ryoran Samurai Bride</i>	5,063
Total*		58,482

Pachislot

Release	Title	Units sold
1Q	<i>Pachislot Fujiko TYPE A+</i>	11,091
	<i>Pachislot Koumon Chama V</i>	8,200
2Q	<i>Pachislot Lupin the Third: Sekai Kaibou</i>	16,356
	<i>Pachislot Nangokusodachi Chouchou ver.</i>	3,700
Total*		39,350

*Total includes units of titles released in FY 3/2018 (Pachinko: 13,088 units Pachislot: 3 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
FY2013	576,784	685,793	652,022	707,241	673,282	669,609	678,211	628,037	545,915	419,932	382,310	578,359	7,197,495
FY2014	581,377	695,817	652,238	673,318	660,019	654,753	641,042	669,488	568,476	465,157	294,507	541,624	7,097,816
FY2015	651,067	757,367	659,662	670,460	652,429	695,852	671,206	681,167	548,032	430,098	403,316	569,843	7,390,499
FY2016	619,519	765,614	672,004	655,011	657,753	641,672	732,172	668,507	624,894	447,276	441,305	603,777	7,529,504
FY2017	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
FY2018	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
FY2019	720,160	792,127	718,087	654,188	663,134	642,742							4,190,438

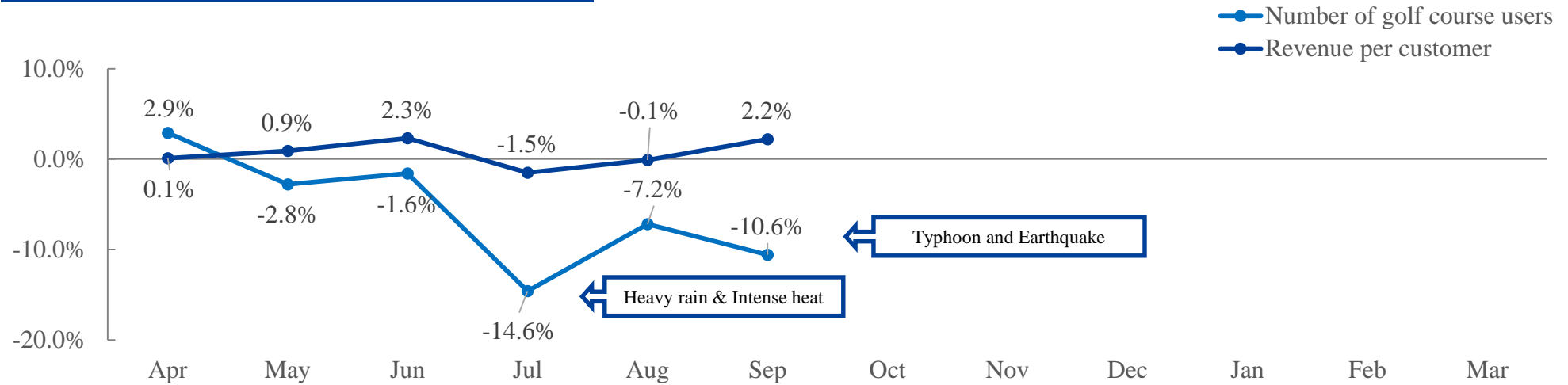
Revenue per Customer

(yen)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
FY2013	9,686	9,522	9,342	8,734	8,171	9,184	9,640	9,922	9,727	9,000	8,436	9,347	9,243
FY2014	9,468	9,527	9,531	8,664	8,143	8,853	9,456	10,033	9,516	8,552	7,813	9,100	9,123
FY2015	9,215	9,422	9,180	8,703	8,300	8,964	9,477	10,122	9,440	8,591	8,077	8,797	9,076
FY2016	9,278	9,485	9,071	8,668	8,279	9,073	9,609	10,038	9,343	8,556	8,002	8,780	9,070
FY2017	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
FY2018	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
FY2019	9,458	9,548	9,446	8,804	8,313	9,319							9,168

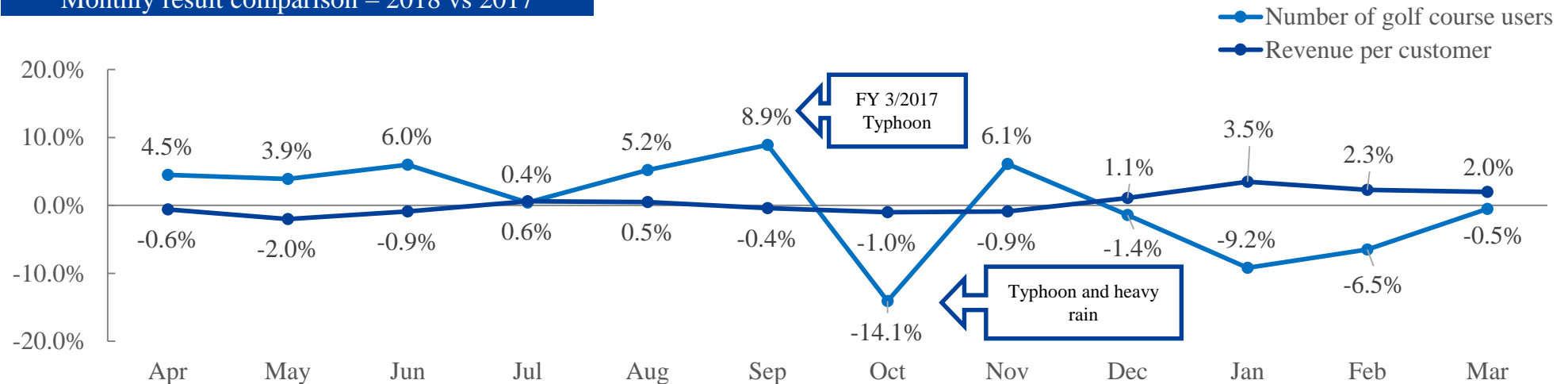
Trends of Golf Course Users and Revenue per Customer 2

Golf Business

Monthly result comparison - 2018 vs 2017



Monthly result comparison - 2018 vs 2017



* Based on operating golf courses since previous year.

Golf Course Portfolio

Golf Business

	As of March 31, 2018		As of September 30, 2018	
	Courses	18H equivalent	Courses	18H equivalent
Owned Golf Courses	137	166.5	137	166.5
Leased Golf Courses	1	2.0	1	2.0
Contracted Golf Courses	1	1.5	1	1.5
Total	139	170.0	139	170.0
Hokkaido	6	9.5	6	9.5
Tohoku	9	11.5	9	11.5
Kanto, Koushinetsu	57	67.0	57	67.0
Tokai, Hokuriku	16	20.0	16	20.0
Kansai	16	19.0	16	19.0
Chugoku	11	13.0	11	13.0
Shikoku	7	7.5	7	7.5
Kyusyu, Okinawa	17	22.5	17	22.5
Total	139	170.0	139	170.0

State of affairs in the fiscal year ending March 31, 2019

【Acquisition】

November 6, 2018 Conclusion of stock transfer agreement with Lakewood Sohsei Country Club (Narita City, Chiba Prefecture – 27H)
Conclusion of stock transfer agreement with Lakewood Otaki Country Club (Isumi District, Chiba Prefecture – 27H)

【Management outsourcing】

None

【Sale】

None

Financial Performance Trend

Consolidated

(million yen)	FY 3/2013	FY 3/2014	FY 3/2015	FY 3/2016		FY 3/2017			FY 3/2018				FY 3/2019			
	Full year	Full year	2Q cumulative	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	177,111	181,570	110,970	198,605	119,620	214,954	49,355	93,633	149,502	186,218	30,547	62,177	100,233	132,765	41,628	80,211
Pachinko and Pachislot machine Business	99,930	105,869	69,132	121,380	77,683	135,388	27,632	52,243	86,115	108,139	7,892	18,310	34,132	51,552	17,979	37,027
Pachinko machines	78,998	66,105	57,940	89,589	66,955	89,200	15,808	26,737	60,383	75,823	7,140	13,698	29,434	44,428	10,752	22,199
Pachislot machines	20,932	39,763	11,191	31,791	10,728	46,188	11,717	25,113	25,166	31,607	638	4,379	4,388	6,702	7,148	14,639
Golf Business	74,479	73,145	40,539	74,807	40,669	77,071	21,722	41,390	63,386	78,078	22,654	43,866	66,100	81,213	23,649	43,183
Other	2,700	2,555	1,299	2,417	1,267	2,494	-	-	-	-	-	-	-	-	-	-
Operating income	34,434	36,909	28,655	42,870	26,446	38,967	13,287	23,275	35,834	36,599	4,214	5,199	12,252	13,931	12,240	20,743
Pachinko and Pachislot machine Business	25,494	30,119	22,009	34,310	20,164	30,088	9,222	17,754	26,569	29,602	-86	-749	3,106	7,149	7,523	15,666
Pachinko machines	19,177	14,836	17,455	21,582	17,047	16,467	4,779	7,184	16,771	17,609	385	-1,278	3,327	7,025	4,077	8,585
Pachislot machines	6,316	15,282	4,554	12,728	3,117	13,620	4,483	10,518	9,718	11,869	-492	486	-286	26	3,420	7,057
Golf Business	12,200	9,911	8,250	12,127	7,955	12,427	5,033	7,449	12,155	10,935	5,208	7,530	11,494	9,930	5,593	6,761
Other	239	159	68	140	82	151	-	-	-	-	-	-	-	-	-	-
Eliminations & corporate expenses	-3,500	-3,281	-1,672	-3,708	-1,755	-3,699	-969	-1,928	-2,891	-3,937	-908	-1,580	-2,349	-3,147	-875	-1,684
Operating income ratio	19.4%	20.3%	25.8%	21.6%	22.1%	18.1%	26.9%	24.9%	24.0%	19.7%	13.8%	8.4%	12.2%	10.5%	29.4%	25.9%
Ordinary income	35,577	35,405	28,244	42,059	25,896	37,444	12,783	22,819	35,370	35,655	4,279	5,009	11,649	13,105	12,219	20,350
Profit attributable to owners of parent	20,123	20,361	18,069	26,235	19,248	28,143	7,649	14,758	23,417	27,058	2,403	2,122	5,920	6,799	8,190	13,489
SGA expenses	30,864	36,095	16,572	36,517	17,573	39,873	8,806	17,843	26,551	37,447	6,408	15,001	23,090	30,652	5,945	12,939
Personnel expenses	7,554	7,621	3,254	7,700	3,234	7,334	1,620	3,261	4,841	7,207	1,543	3,049	4,548	6,211	1,531	3,052
Selling expenses	7,884	8,994	4,294	8,632	5,133	10,241	1,893	4,716	7,166	9,898	929	2,926	4,706	6,928	1,364	3,680
Advertising expenses	3,197	3,856	1,496	3,560	1,383	3,155	578	1,192	2,421	2,842	417	849	2,022	2,368	366	742
Sales comissions	2,690	3,572	1,894	3,675	1,819	3,701	831	1,679	2,271	2,858	162	436	737	1,135	543	1,131
General expenses	15,425	19,478	9,023	20,184	9,204	22,297	5,291	9,865	14,543	20,341	3,935	9,025	13,835	17,512	3,049	6,207
R&D expenses	8,963	12,864	5,832	13,624	5,913	15,590	3,274	6,015	8,762	12,841	2,173	5,576	8,712	10,832	1,338	2,972
Depreciation & amortization	7,575	8,339	4,323	9,478	4,619	11,027	2,433	5,070	7,891	11,098	2,346	5,017	7,831	10,740	2,270	4,773
Capital investment	9,414	12,987	6,999	11,877	5,920	13,354	2,880	6,127	10,139	14,050	4,129	10,044	12,181	14,166	2,006	4,038

Key Financial Indicators

Consolidated

(million yen)	FY 3/2013	FY 3/2014	FY 3/2015	FY 3/2016	FY 3/2017	FY 3/2018	Formula
Net Sales	177,111	181,570	198,605	214,954	186,218	132,765	
Operating Income	34,434	36,909	42,870	38,967	36,599	13,931	
Ordinary Income	35,577	35,405	42,059	37,444	35,655	13,105	
Profit attributable to owners of parent	20,123	20,361	26,235	28,143	27,058	6,799	
Total Assets	417,057	438,506	447,833	450,715	449,152	430,287	
Cash, Deposits and Securities	95,552	105,051	122,259	106,503	106,576	86,245	
Interest Bearing Debt	172,232	168,506	156,213	141,935	132,917	123,116	
Net Assets	141,182	156,502	178,269	198,873	217,405	216,701	
Shareholders' Equity	128,467	142,772	163,116	198,841	217,381	216,690	
ROE	16.7%	15.0%	17.2%	15.6%	13.0%	3.1%	
Operating Income Ratio	19.4%	20.3%	21.6%	18.1%	19.7%	10.5%	Operating income/Net sales
Net Income Ratio	11.4%	11.2%	13.2%	13.1%	14.5%	5.1%	Net income/Net sales
Asset Turnover	0.43	0.42	0.45	0.48	0.41	0.30	Net sales/Total assets *1
Financial Leverage	3.42	3.15	2.90	2.48	2.16	2.03	Total assets/Shareholders' equity *1,2
Net Debt Equity Ratio	65.7%	40.9%	20.8%	17.8%	12.1%	17.0%	Net interest-bearing debt/Shareholders' equity
Shareholders' Equity Ratio	30.8%	32.6%	36.4%	44.1%	48.4%	50.4%	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

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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.
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