

# Results for the 1st Quarter of Fiscal Year Ending March 31, 2018

August 9 , 2017  
Heiwa Corporation

Securities Code : 6412

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- Pachinko and Pachislot Machine Business
- Golf Business

### 【Pachinko and Pachislot Machine Business】

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- Number of Machines Sold / Titles Released in FY  
Ending March, 2018

### 【Golf Business】

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## Consolidated Results

- Net sales : 30.5 billion yen, -38.1% year on year
- Operating income : 4.2 billion yen, -68.3% year on year
  - In the pachinko and pachislot machine business, the number of units sold fell short of the same period in the previous fiscal year, which resulted in reduced income and profit

## Pachinko and pachislot machine business

- Net sales : 7.8 billion yen, -71.4% year on year
- Operating income : -0.0 billion yen, -% year on year
  - ✓ The number of Pachinko machines sold in 1Q: 18k units (-22k units YoY)
  - ✓ The number of Pachislot machines sold in 1Q: 1k units (-28k units YoY)

## Golf business

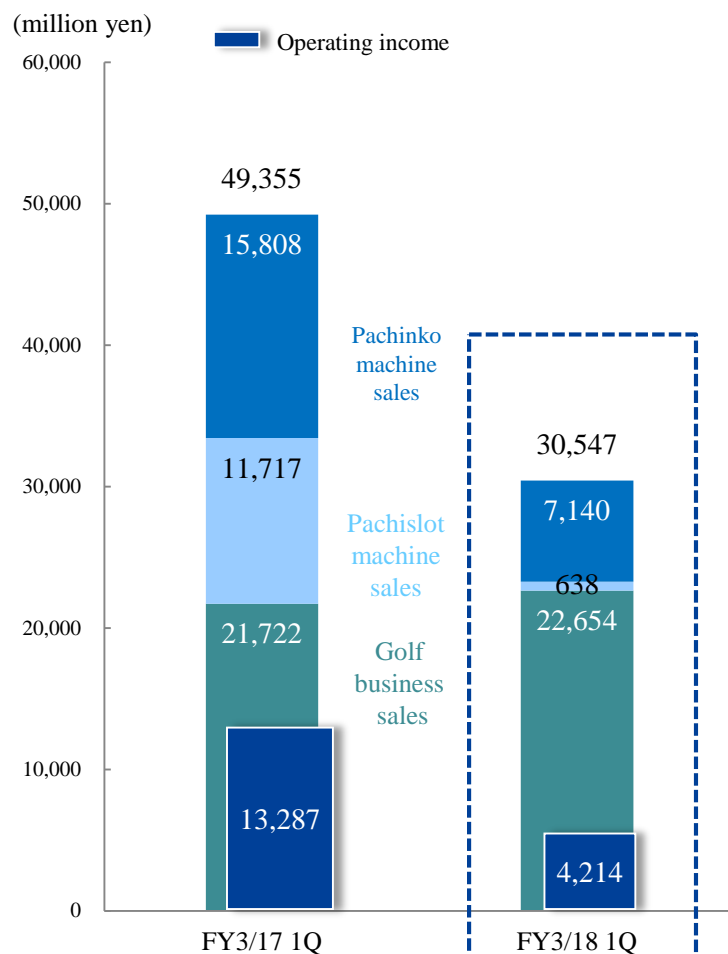
- Net sales : 22.6 billion yen, +4.3% year on year
- Operating income : 5.2 billion yen, +3.5% year on year
  - Golf courses acquired in fiscal 2015 or thereafter contributed
  - Results recovered from inclement weather in the same period of the previous fiscal year, and the 2016 Kumamoto Earthquake

# Results for the 1st Quarter of FY ending March 31, 2018

# Consolidated Statements of Income (Results)

## 1st Quarter Results

- Income and profit were down year on year (net sales -38.1% YoY and operating income -68.3% YoY).
  - In the pachinko and pachislot machine business, the number of units sold fell short of the same period in the previous fiscal year, which resulted in reduced income and profit



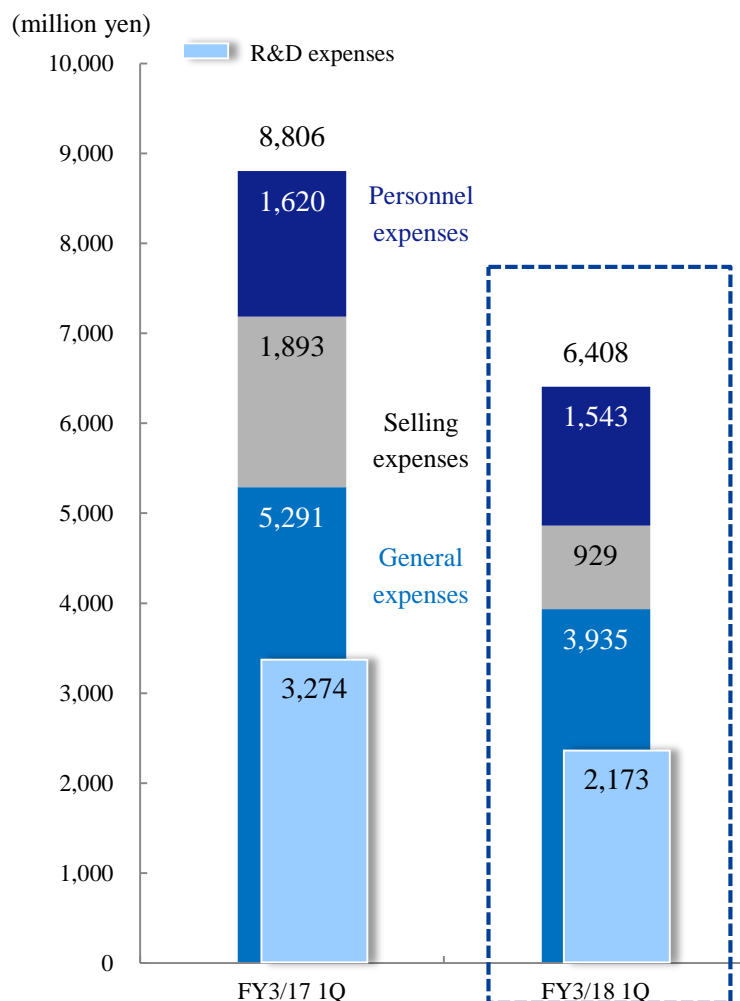
	(million yen)	FY 3/2017 1Q Results	FY 3/2018 1Q Results	YoY
Net sales		49,355	30,547	-38.1%
Pachinko and Pachislot machine business		27,632	7,892	-71.4%
Pachinko machines		15,808	7,140	-54.8%
Pachislot machines		11,717	638	-94.6%
Golf business		21,722	22,654	4.3%
Operating income		13,287	4,214	-68.3%
Pachinko and Pachislot machine business		9,222	-86	—
Pachinko machines		4,779	385	-91.9%
Pachislot machines		4,483	-492	—
Golf business		5,033	5,208	3.5%
Eliminations & corporate expenses		-969	-908	-6.3%
Operating income ratio		26.9%	13.8%	-13.1pt
Ordinary income		12,783	4,279	-66.5%
Profit attributable to owners of parent		7,649	2,403	-68.6%
EBITDA*		15,755	6,610	-58.0%

\* EBITDA = Operating income + depreciation + amortization

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

## 1st Quarter Results

- SGA expenses were down year on year (-27.2% YoY)
  - Under selling expenses, variable expenses such as sales commissions declined due to fewer units sold
  - General expenses decreased due to unused R&D expenses



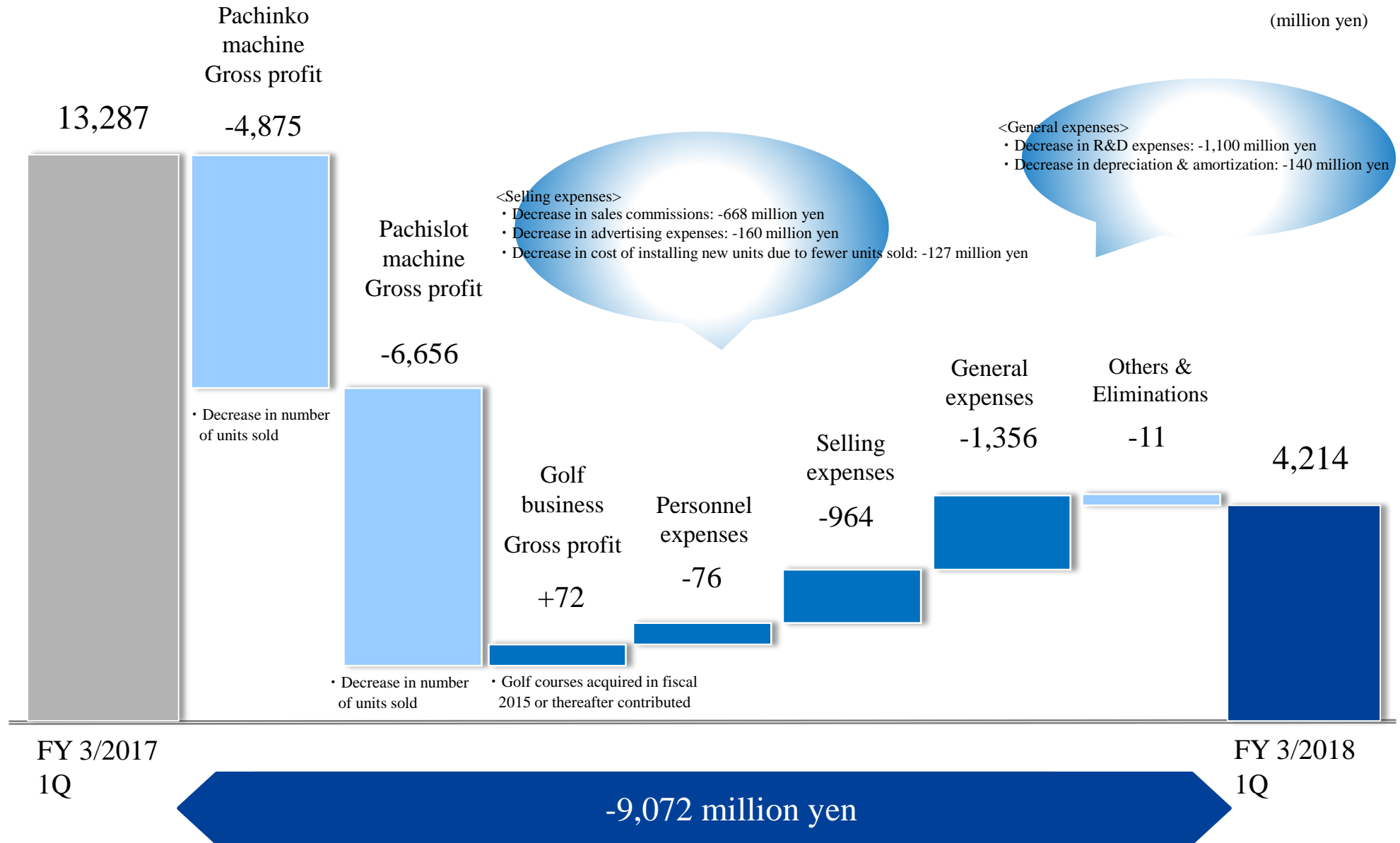
	(million yen)	FY 3/2017 1Q Results	FY 3/2018 1Q Results	YoY
SGA expenses		8,806	6,408	-27.2%
Personnel expenses		1,620	1,543	-4.7%
Selling expenses		1,893	929	-50.9%
Advertising expenses		578	417	-27.8%
Sales commissions		831	162	-80.4%
General expenses		5,291	3,935	-25.6%
R&D expenses		3,274	2,173	-33.6%

## Depreciation & Amortization / Capital Investment

	(million yen)	FY 3/2017 1Q Results	FY 3/2018 1Q Results	YoY
Depreciation & amortization		2,433	2,346	-3.6%
Capital investment		2,880	4,129	43.4%

# Factors contributing to change in operating income (consolidated basis)

1st Quarter Results



# Pachinko and Pachislot Machine Business (Machine Sales Results)

## 1st Quarter Results

(Units)	FY 3/2017 1Q Results	FY 3/2018 1Q Results	YoY
Number of machines sold	70,900	19,955	-50k units
Pachinko machines	41,001	18,557	-22k units
Number of titles released	2	2	-
Pachislot machines	29,899	1,398	-28k units
Number of titles released	1	1	-

GALAXY EXPRESS  
**銀河鉄道999**

Pachinko Machine  
*Galaxy Express 999*



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## Major pachinko titles

Titles	Sales (units)	Release
<i>Nangokusodachi: Hane</i>	3,969	Apr. 2017
<i>Galaxy Express 999</i>	8,318	Jun. 2017

PACHISLOT  
**黒神**  
THE ANIMATION

Pachislot Machine  
*Pachislot Kurokami  
The Animation*



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## Major pachislot titles

Titles	Sales (units)	Release
<i>Pachislot Kurokami The Animation</i>	1,387	May 2017



# Pachinko and Pachislot Machine Business (Results)



## 1st Quarter Results

### Pachinko

- The number of units sold fell short of the previous fiscal year, resulting in decreased income and profit
  - The market evaluation of machines with new standards was severe, and unit sales did not increase

### Pachislot

- The number of units sold fell short of the previous fiscal year, resulting in decreased income and profit
  - The market evaluation of machines with new standards was severe, and unit sales did not increase
  - One title that was scheduled for release will now be released in the second quarter or thereafter

### Total

- Income and profit were down year on year (net sales -71.4% YoY and operating income -% YoY).
  - Income and profit declined due to fewer units sold

(million yen)	FY 3/2017 1Q Results	FY 3/2018 1Q Results	YoY	Breakdown of machine sales			
				(Units)	FY 3/2017 1Q Results	FY 3/2018 1Q Results	YoY
Net sales	27,632	7,892	-71.4%				
Pachinko machines	15,808	7,140	-54.8%				
Pachislot machines	11,717	638	-94.6%				
Gross profit	15,433	3,891	-74.8%				
Pachinko machines	8,232	3,356	-59.2%				
Pachislot machines	7,155	499	-93.0%				
Gross profit ratio	55.9%	49.3%	-6.6pt				
Operating income	9,222	-86	-				
Pachinko machines	4,779	385	-91.9%				
Pachislot machines	4,483	-492	-				
Operating income ratio	33.4%	-1.1%	-34.5pt				
				Total	70,900	19,955	-50,945
				Pachinko machines	41,001	18,557	-22,444
				Body	30,236	14,308	-15,928
				Gauge board	10,765	4,249	-6,516
				Pachislot machines	29,899	1,398	-28,501
				Chassis	16,516	70	-16,446
				Combined unit	13,383	1,328	-12,055

## 1st Quarter Results

### ■ Status of M&A (4/1/2017 – 8/9/2017)

- 5/1/2017 Shiga Golf Club began operation (Koka City, Shiga Prefecture - 18H)
- 6/1/2017 Fukuoka Lakeside Country Club began operation (Iizuka City, Fukuoka Prefecture - 18H)
- 7/3/2017 Nanso Hills Country Club, formerly known as Angel Country Club began operation (Futtsu City, Chiba Prefecture - 27H)
- 7/6/2017 Real estate acquired through the auction of Nishinomiya Rokko Golf Club (Nishinomiya City, Hyogo Prefecture - 18H)
- 8/8/2017 Tokyo Bayside Golf Course, formerly known as Zuien Country Club Takeoka Course began operation (Futtsu City, Chiba Prefecture - 18H)

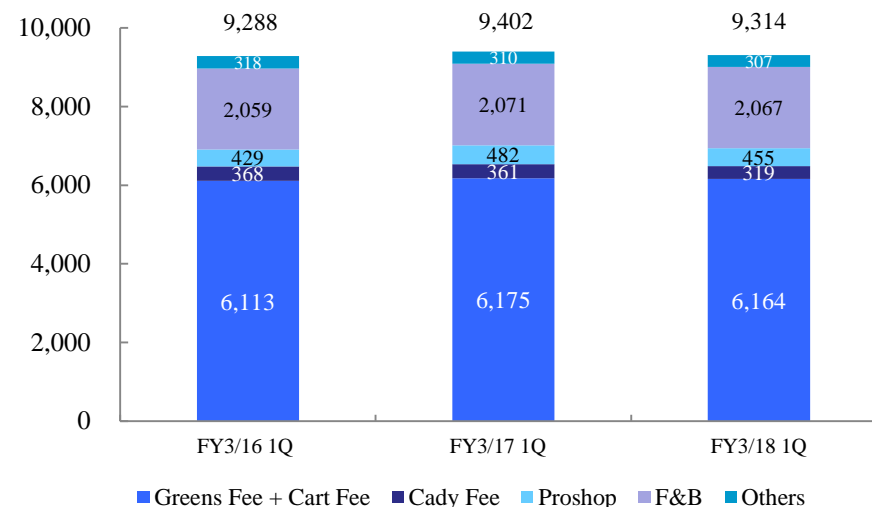
### ■ “GRAND PGM”

- Selected high-grade golf courses operated by PGM with both the opulence and elegance to be given the new brand of “GRAND PGM.” The new brand will be successively rolled out at eight golf courses around Japan from early July, 2017.

## Number of golf course users/Revenue per customer

【1Q (3 months)】	FY 3/2017 1Q Results	FY 3/2018 1Q Results	YoY
Number of golf course users (thousand people)	2,050	2,179	6.3%
Revenue per customer (yen)	9,402	9,314	-0.9%

## Breakdown of Revenue per Customer



\*Includes internal net sales

# Golf Business (Results)

## 1st Quarter Results

■ Income and profits were up year on year (net sales +4.3% YoY and operating income +3.5% YoY).

- Golf courses acquired in fiscal 2015 or thereafter contributed
- Results recovered from inclement weather in the same period of the previous fiscal year, and the 2016 Kumamoto Earthquake

(million yen)	FY 3/2017 1Q Results	FY 3/2018 1Q Results	YoY	Breakdown of Sales			
Net sales	21,722	22,654	4.3%	(million yen)	FY 3/2017 1Q Results	FY 3/2018 1Q Results	YoY
Net Sales before eliminations	21,724	22,660	4.3%	Revenue from golf course operation	19,275	20,299	5.3%
Eliminations	-2	-5	—	Membership-related sales	2,133	2,042	-4.3%
Gross profit	6,660	6,733	1.1%	Breakdown of Costs			
Gross profit ratio	30.7%	29.7%	-1.0pt	(million yen)	FY 3/2017 1Q Results	FY 3/2018 1Q Results	YoY
Operating income	5,033	5,208	3.5%	Cost of Sales	15,064	15,926	5.7%
Operating income ratio	23.2%	23.0%	-0.2pt	SGA expenses	1,626	1,524	-6.3%

# Consolidated Balance Sheets (Summary)

(million yen)	As of March 31, 2017	As of June 30, 2017	Change	Remarks
Current assets	145,449	121,209	-24,240	
Non-current assets	303,702	309,296	+5,593	<ul style="list-style-type: none"> <li>■ Decrease in cash and deposits</li> <li>■ Acquisition of golf courses</li> </ul>
Total assets	449,152	430,505	-18,647	
Current liabilities	75,176	61,497	-13,678	
Non-current liabilities	156,570	153,069	-3,501	<ul style="list-style-type: none"> <li>■ Repayment of loans payable</li> </ul>
Total liabilities	231,747	214,567	-17,179	
Total net assets	217,405	215,937	-1,467	
Total liabilities and net assets	449,152	430,505	-18,647	

(million yen)	As of March 31, 2017	As of June 30, 2017
Cash and deposits, and securities	106,576	87,371
Interest-bearing debt	132,917	128,339
Shareholders' equity	217,381	215,913
Shareholders' equity ratio	48.4%	50.2%

- D/E ratio (interest-bearing debt/shareholders' equity)  
61.1%→59.4%
- Net D/E ratio (net interest-bearing debt/shareholders' equity)  
12.1%→19.0%
- Shareholders' equity ratio (shareholders' equity/total asset)  
48.4%→50.2%

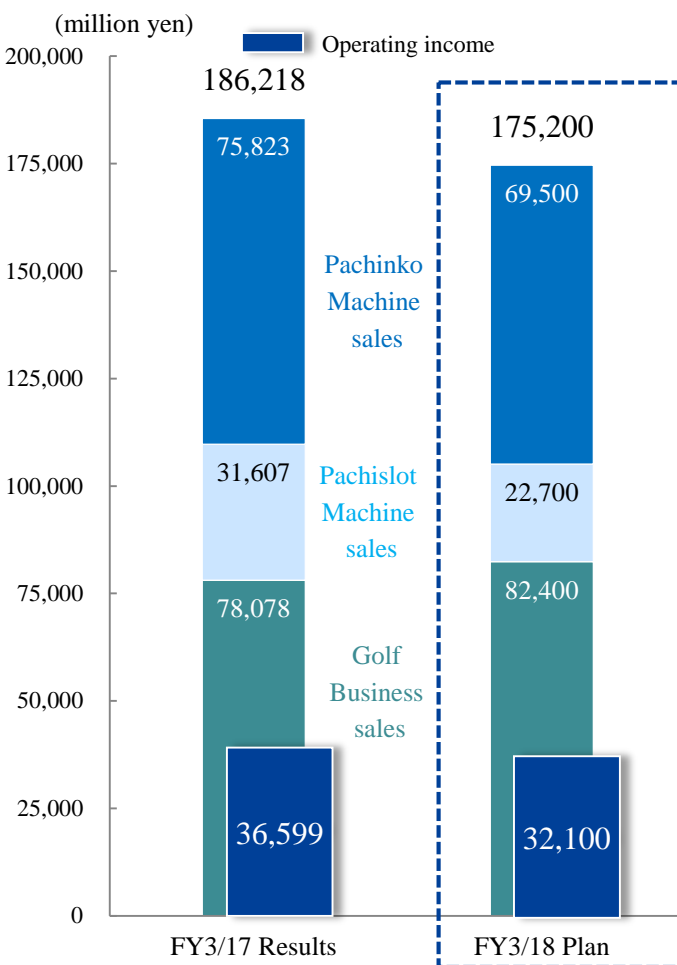
# Full-year Plan for FY ending March, 2018

# Consolidated Statements of Income (Plan)

FY3/18 Plan

■ Net sales are expected to decrease for the pachinko and pachislot machine business and income and profit are expected to decrease on a consolidated basis

- In the pachinko and pachislot machine business, there is expected to be a reduction in demand for pachinko and pachislot machines
- In the golf business, there is expected to be an increase in income and profit, due to contributions from the golf courses acquired from fiscal 2015 onwards



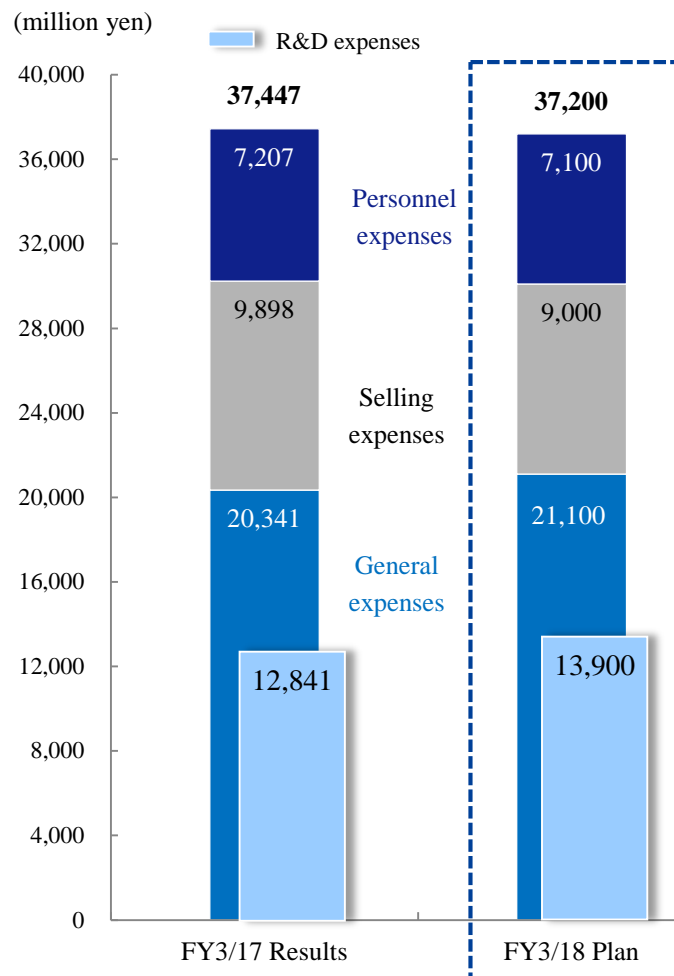
(million yen)	FY 3/2017 Full year Results	FY 3/2018			YoY
		1Q	2Q Cumulative	Full year Plan	
Net sales	186,218	30,547	83,200	175,200	-5.9%
Pachinko and Pachislot machine business	108,139	7,892	39,400	92,800	-14.2%
Pachinko machines	75,823	7,140	30,000	69,500	-8.3%
Pachislot machines	31,607	638	9,100	22,700	-28.2%
Golf business	78,078	22,654	43,800	82,400	5.5%
Operating income	36,599	4,214	15,500	32,100	-12.3%
Pachinko and Pachislot machine business	29,602	-86	9,100	24,300	-17.9%
Pachinko machines	17,609	385	6,300	16,200	-8.0%
Pachislot machines	11,869	-492	2,700	8,000	-32.6%
Golf business	10,935	5,208	8,300	11,700	7.0%
Eliminations & corporate expenses	-3,937	-908	-1,900	-3,900	-1.0%
Operating income ratio	19.7%	13.8%	18.6%	18.3%	-1.4pt
Ordinary income	35,655	4,279	14,900	30,700	-13.9%
Profit attributable to owners of parent	27,058	2,403	9,600	20,800	-23.1%
EBITDA*1	47,845	6,610	20,700	43,400	-9.3%

\* EBITDA = Operating income + depreciation + amortization

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

FY3/18 Plan

- SGA expenses to remain at the same level as fiscal year ended March 2017
  - Variable expenses, such as sales commissions, are expected to decline due to fewer units sold
  - Aim for well-modulated investment of R&D funds



(million yen)	FY 3/2017 Full year Results	FY 3/2018			YoY
		1Q	2Q Cumulative	Full year Plan	
SGA expenses	37,447	6,408	16,900	37,200	-0.7%
Personnel expenses	7,207	1,543	3,100	7,100	-1.5%
Selling expenses	9,898	929	4,000	9,000	-9.1%
Advertising expenses	2,842	417	1,500	3,400	19.6%
Sales commissions	2,858	162	1,000	2,400	-16.0%
General expenses	20,341	3,935	9,800	21,100	3.7%
R&D expenses	12,841	2,173	6,200	13,900	8.2%

## Depreciation & amortization / Capital investment

(million yen)	FY 3/2017 Full year Results	FY 3/2018			YoY
		1Q	2Q Cumulative	Full year Plan	
Depreciation & amortization	11,098	2,346	5,100	11,100	0.0%
Capital investment	14,050	4,129	7,400	13,300	-5.3%

# Pachinko and Pachislot machine Business (Machine Sales Plan)

## FY3/18 Plan

(Units)	FY 3/2017 Full year Results	FY 3/2018			Change the previous year
		1Q	2Q Cumulative	Full year Plan	
Number of machines sold	273,714	19,955	100,000	240,000	-33k units
Pachinko machines	192,761	18,557	76,000	180,000	-12k units
Number of titles released	7	2	5	9	+2
Pachislot machines	80,953	1,398	24,000	60,000	-20k units
Number of titles released	7	1	4	7	-



Pachinko Machine  
*Negotiator*



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## Titles to Release in the 1st half / Pachinko Machine

Title	Release Date
<i>Negotiator</i>	Sep. 2017

## Titles to Release in the 1st half/ Pachislot Machine

Title	Release Date
<i>Pachislot Girl Friend BETA: Seiougaku Memorial</i>	Jul. 2017
<i>Sengokuotome TYPE-A</i>	Aug. 2017
<i>Pachislot Ajin</i>	Sep. 2017



Pachislot Machine  
*Pachislot Ajin*



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# Supplementary Information

## 【Market Environment】

- Pachinko and Pachislot Machine Business
- Golf Business

## 【Pachinko and Pachislot Machine Business】

- Regulations on Pachinko Machine
- Regulations on Pachislot Machine
- Number of Machines Sold / Titles Released in FY Ending March, 2018

## 【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

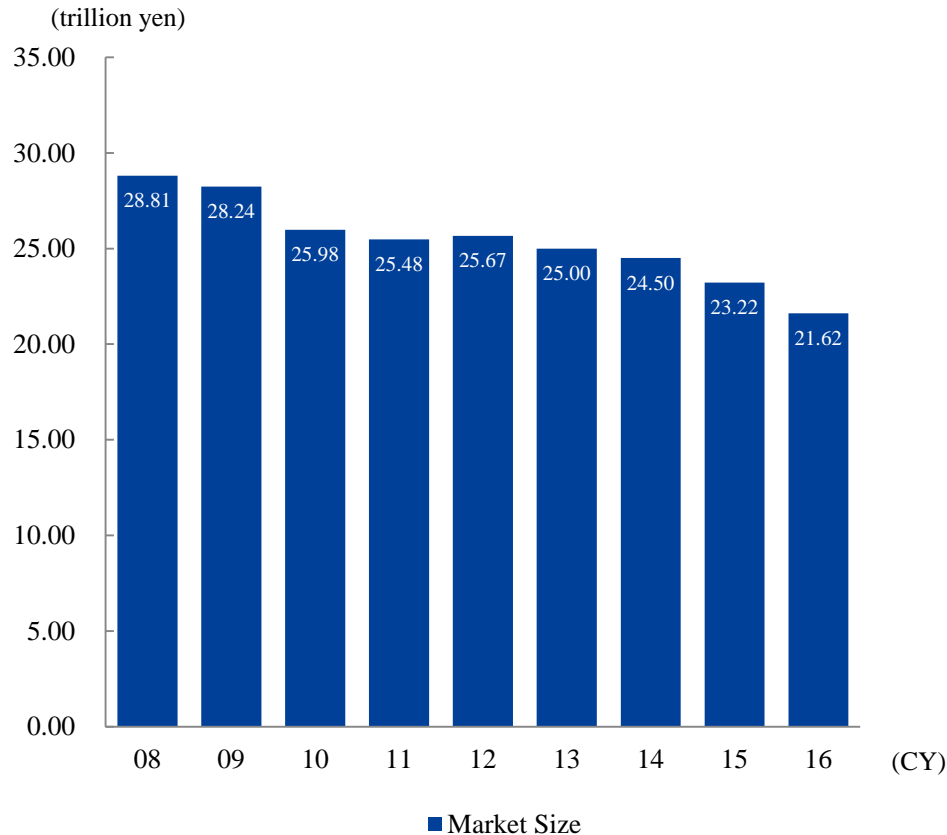
## 【Consolidated Results】

- Trends of Business Results
- Key Financial Indicators

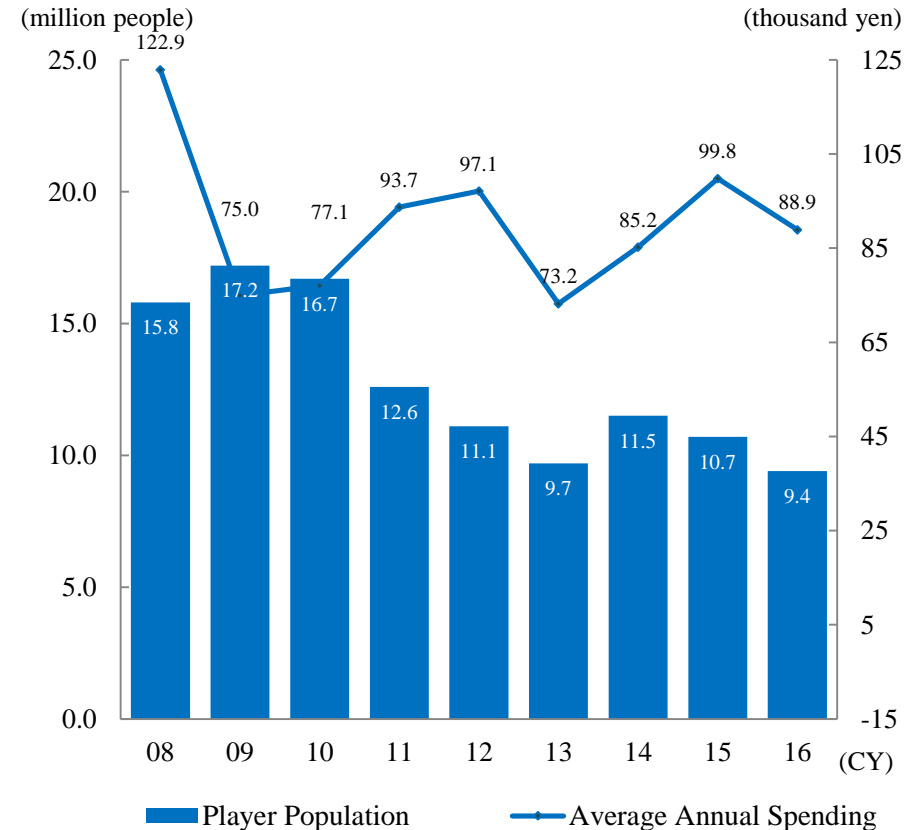
# Market Environment (Pachinko and Pachislot Machine Business) 1

Pachinko and Pachislot Machine Business

## Market size



## Player population and Average annual spending



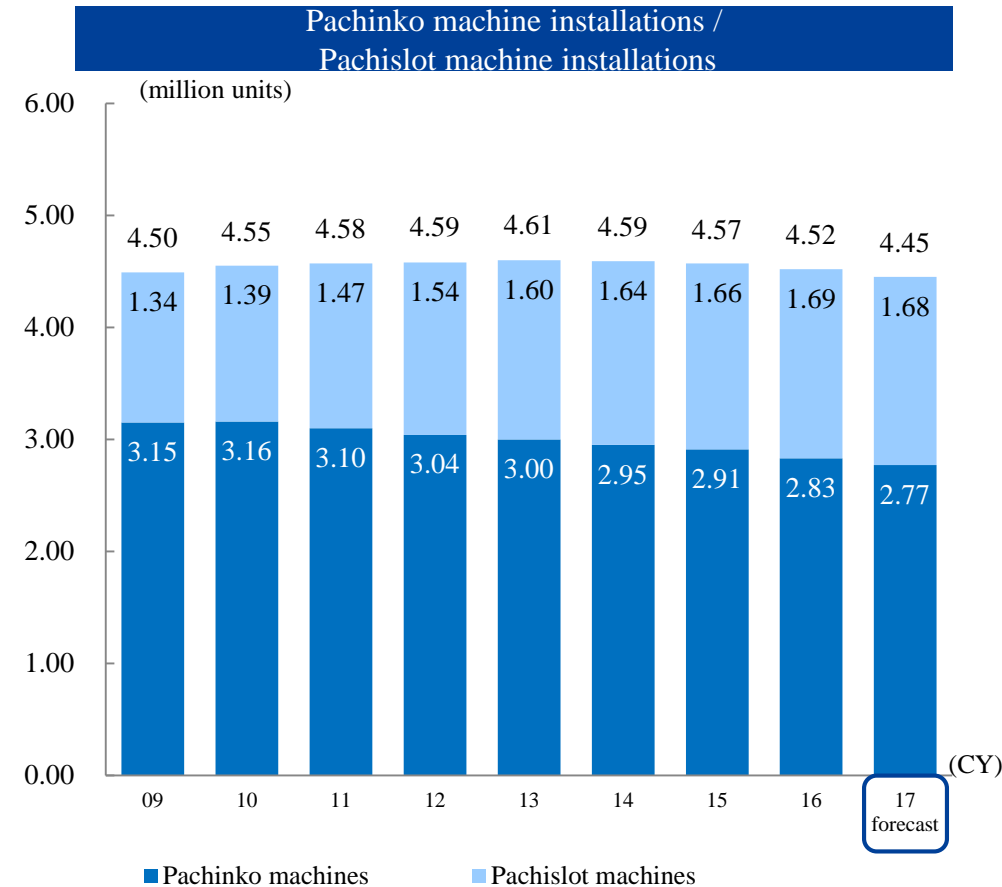
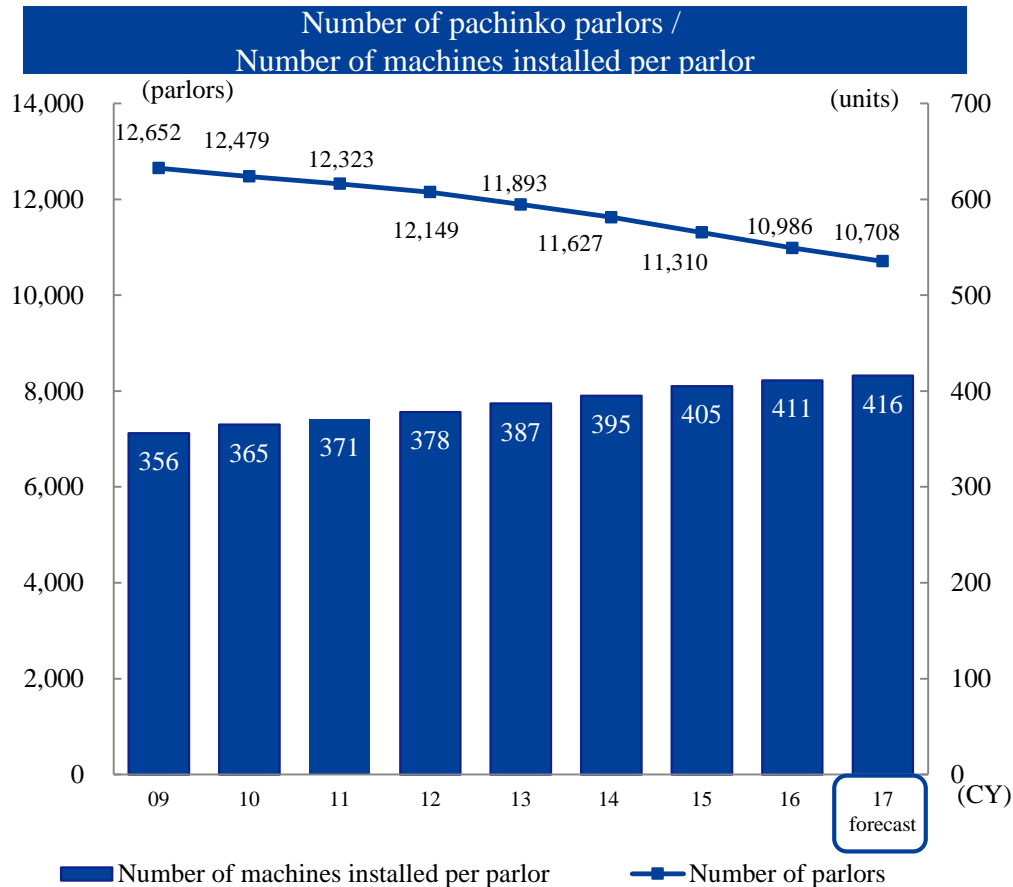
	2008	2009	2010	2011	2012	2013	2014	2015	2016
Market size (trillion yen)	28.81	28.24	25.98	25.48	25.67	25.00	24.50	23.22	21.62
Player population (million)	15.8	17.2	16.7	12.6	11.1	9.7	11.5	10.7	9.4
Average annual spending (thousand yen)	122.9	75.0	77.1	93.7	97.1	73.2	85.2	99.8	88.9

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



	2009	2010	2011	2012	2013	2014	2015	2016	2017 Forecast
Number of parlors	12,652	12,479	12,323	12,149	11,893	11,627	11,310	10,986	10,708
Number of machines installed per parlor (units)	356	365	371	378	387	395	405	411	416
Pachinko machine installations (million units)	3.15	3.16	3.10	3.04	3.00	2.95	2.91	2.83	2.77
Pachislot machine installations (million units)	1.34	1.39	1.47	1.54	1.60	1.64	1.66	1.69	1.68

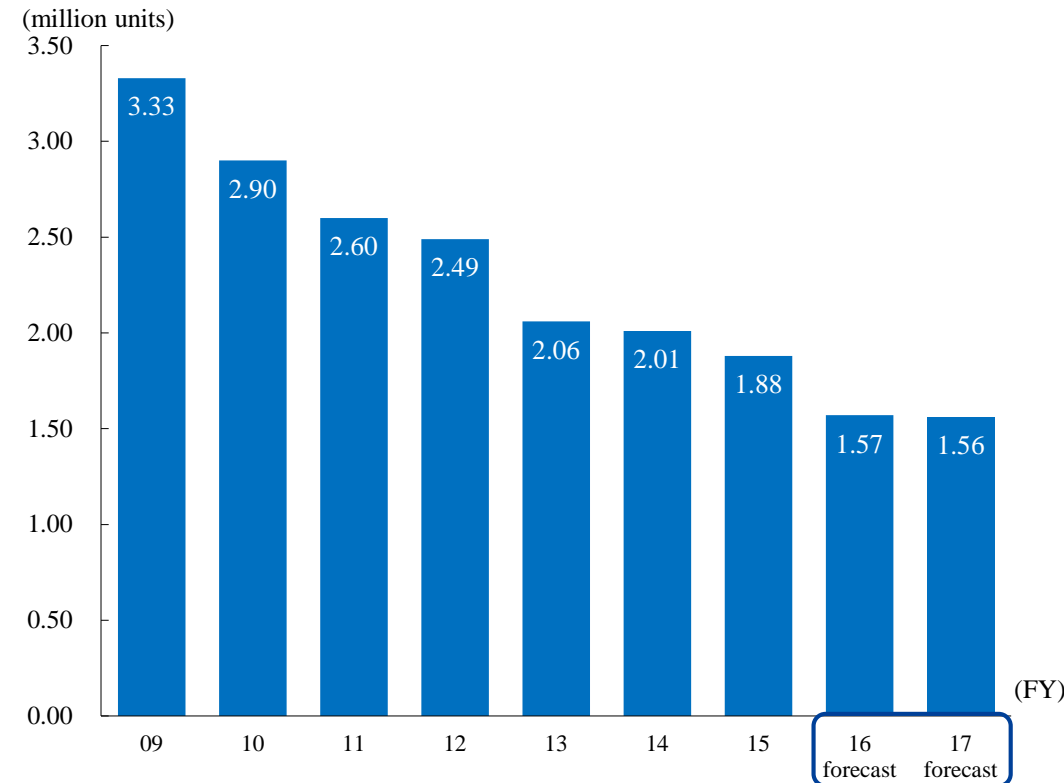
Note: Data source: National Police Agency. Data on a calendar year basis (from Jan to Dec). Figures for 2017 is the Company's estimates.

# Market Environment

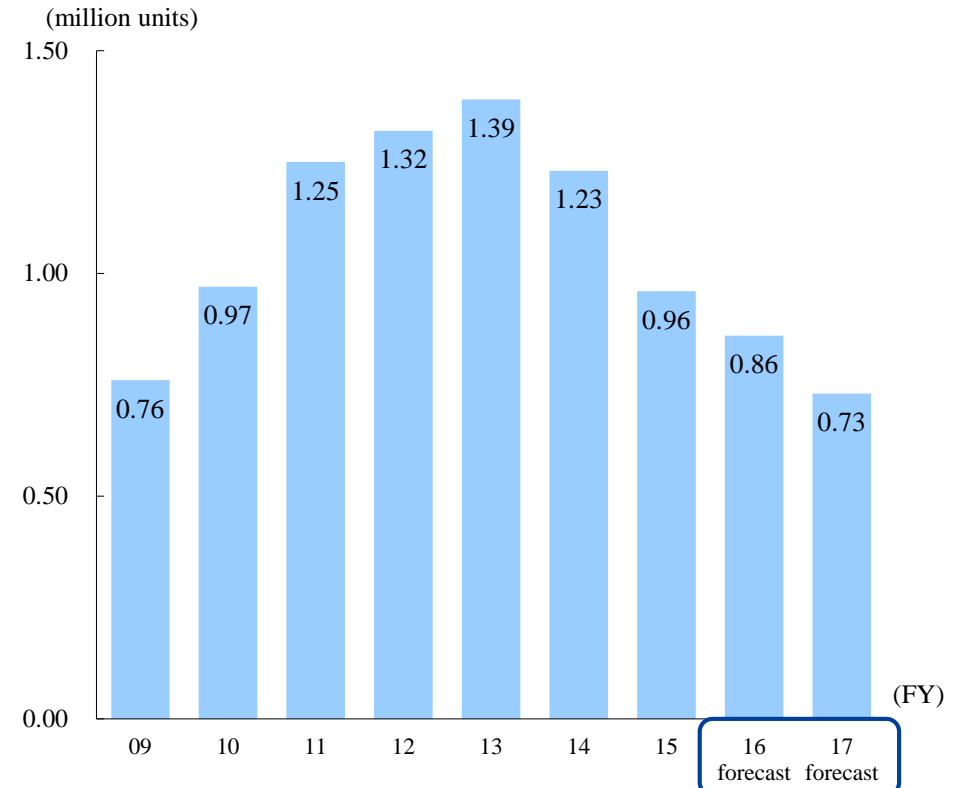
## (Pachinko and Pachislot Machine Business) 3

### Pachinko and Pachislot Machine Business

#### Pachinko machine sales



#### Pachislot machine sales



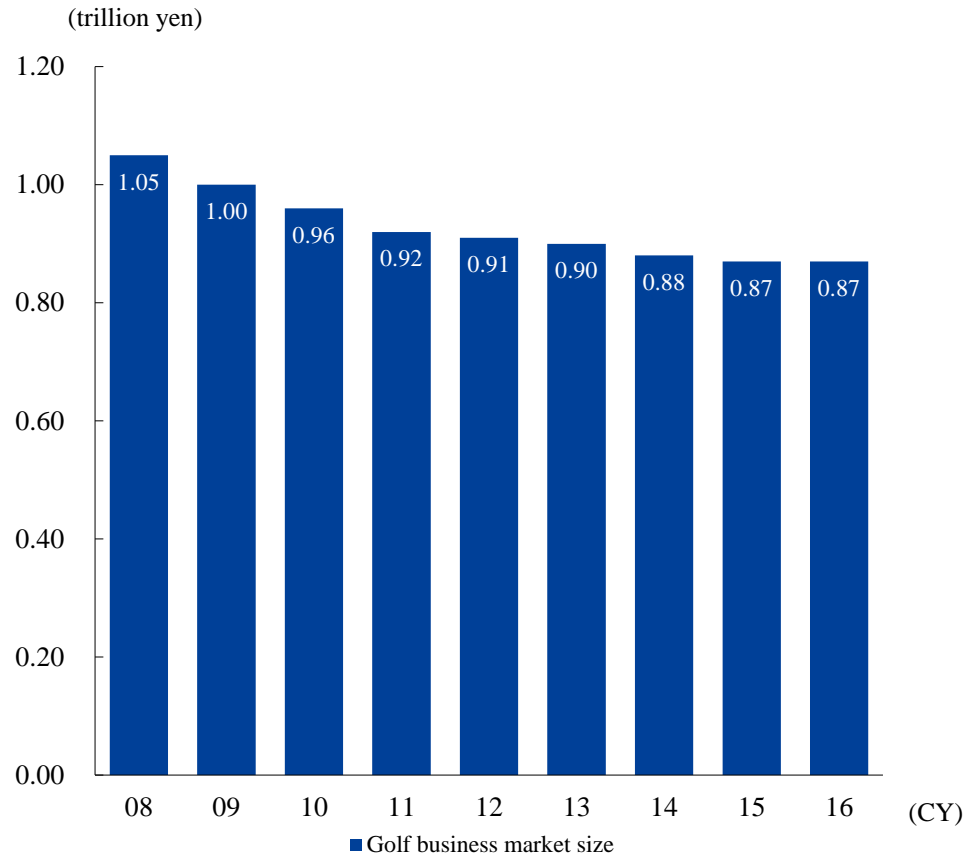
Number of machines sold (million units)	2009	2010	2011	2012	2013	2014	2015	2016 forecast	2017 forecast
Pachinko machines	3.33	2.90	2.60	2.49	2.06	2.01	1.88	1.57	1.56
Pachislot machines	0.76	0.97	1.25	1.32	1.39	1.23	0.96	0.86	0.73

Note: Data source: Yano Research Institute. Data on a fiscal year basis (from April to March of the next year). Data for 2016 and 2017 are the Company's forecast.

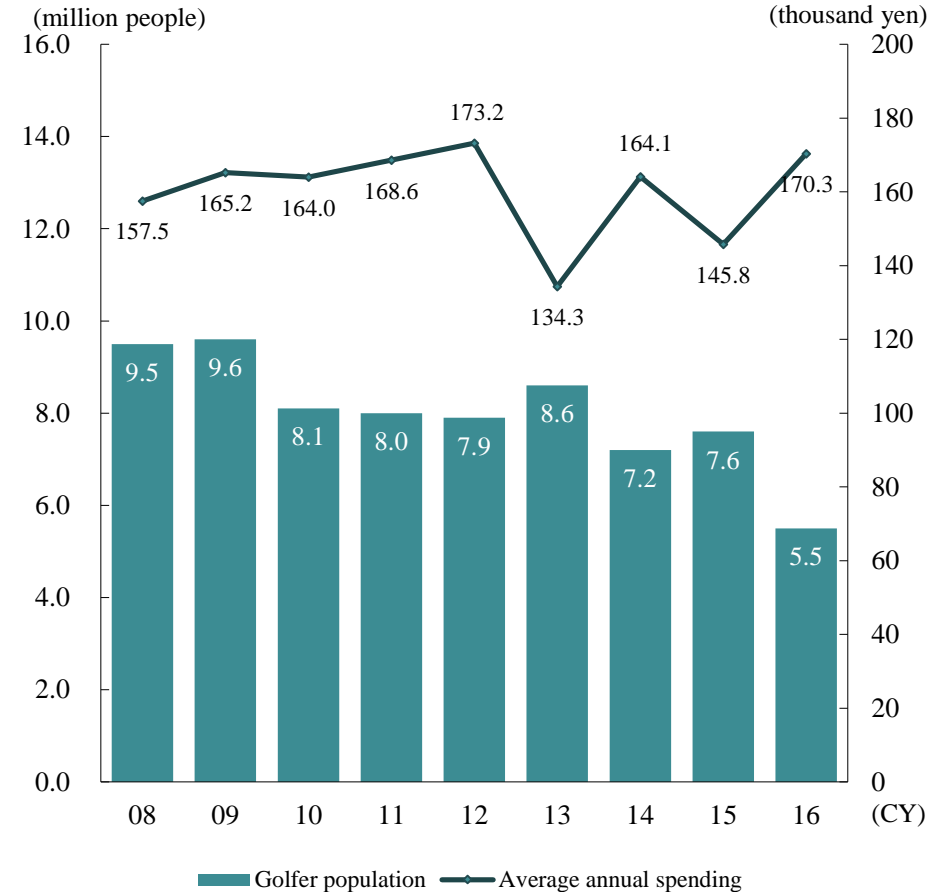
# Market Environment (Golf Business)

Golf Business

## Market size



## Golfer population / Average annual spending

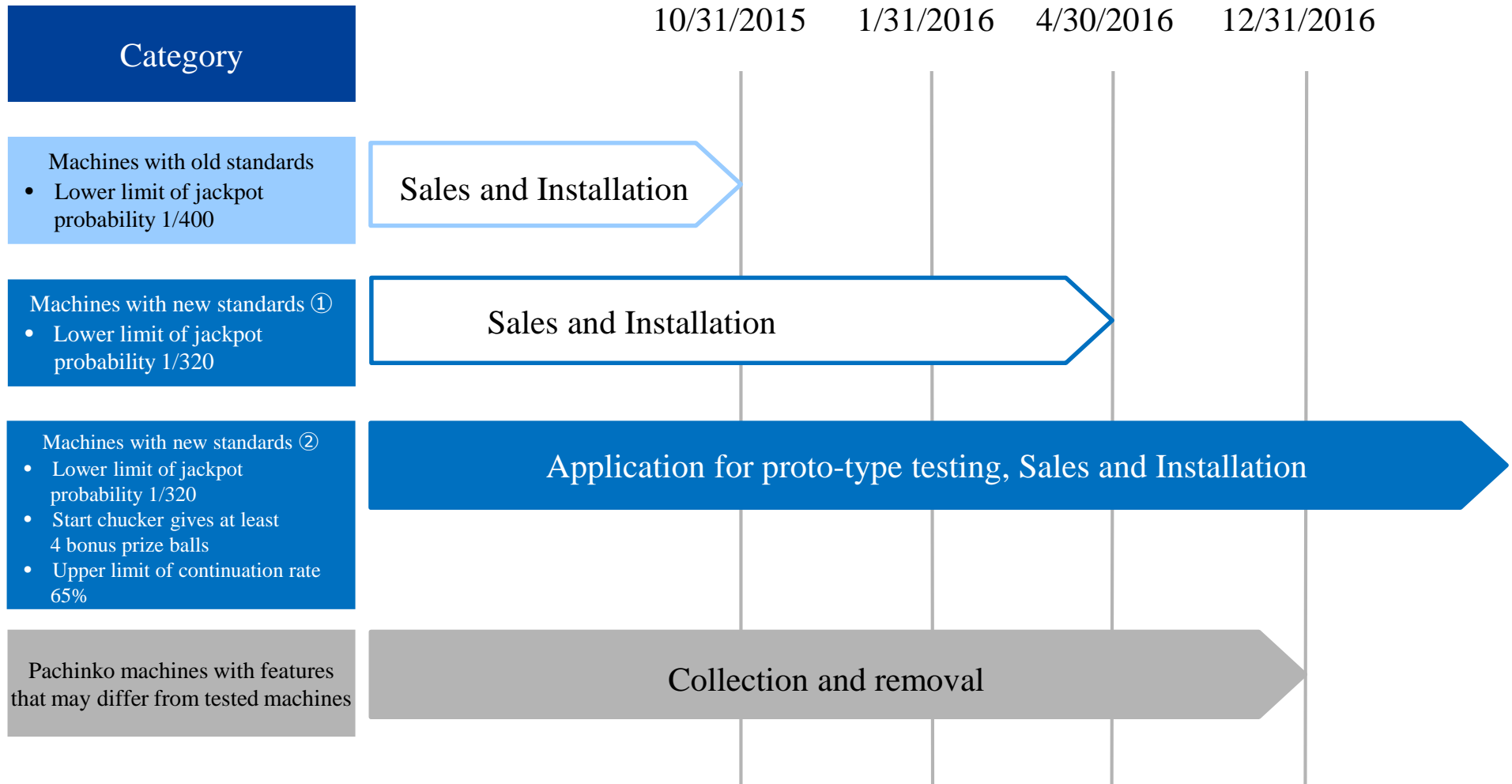


	2008	2009	2010	2011	2012	2013	2014	2015	2016
Market size (trillion yen)	1.05	1.00	0.96	0.92	0.91	0.90	0.88	0.87	0.87
Golfer population (million)	9.5	9.6	8.1	8.0	7.9	8.6	7.2	7.6	5.5
Average annual spending (thousand yen)	157.5	165.2	164.0	168.6	173.2	134.3	164.1	145.8	170.3

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

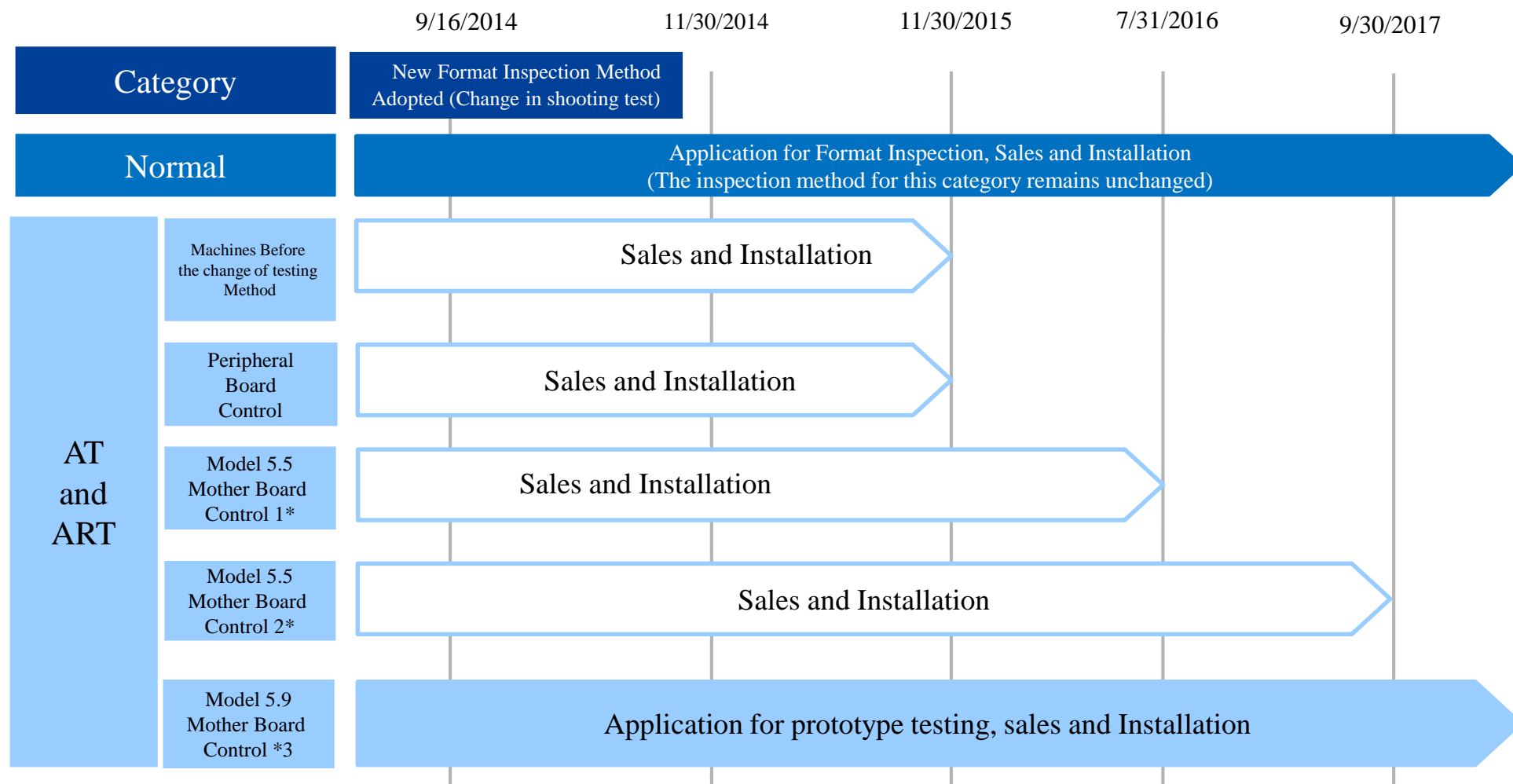
# Regulations on Pachinko Machine

\*It is expected that revisions will be made to the Enforcement Regulations of the Act on Control and Improvement of Amusement Business, etc., and the Regulations Concerning Authorization and Model Approval for Amusement Machines, with an enforcement date of February 1, 2018.



# Regulations on Pachislot Machine

\*It is expected that revisions will be made to the Enforcement Regulations of the Act on Control and Improvement of Amusement Business, etc., and the Regulations Concerning Authorization and Model Approval for Amusement Machines, with an enforcement date of February 1, 2018.



\* Mother Board Control 1:Payout ratio for small prize of simulation testing  $\geq 1$

\* Mother Board Control 2:Payout ratio for small prize of simulation testing  $< 1$  and a net increase of medals per game of less than 2.0 medals

\* Mother Board Control 3:Payout ratio for small prize of simulation testing  $< 1$  and a net increase of medals per game of less than 2.0 medals. ART maximum number of continuous plays is 1,500 games, with ART to account for up to 70% of total play time

# Number of Machines Sold

## Titles Released in FY ending March, 2018

Pachinko and Pachislot Machine Business

### Number of machines sold

(units)	FY3/2012	FY3/2013	FY3/2014	FY3/2015	FY3/2016	FY3/2017	FY3/2018
	Full year	2Q cumulative	Full year	2Q cumulative	Full year	1Q	1Q
Total	266,027	161,545	320,011	140,165	317,948	195,044	344,866
Pachinko machines	187,308	138,219	252,411	78,012	197,146	161,872	252,103
Body	99,030	126,159	179,430	22,251	128,059	142,895	200,813
Gauge board	88,278	12,060	72,981	55,761	69,087	18,977	51,290
Pachislot machines	78,719	23,326	67,600	62,153	120,802	33,172	92,763
Chassis	30,676	1,445	29,472	48,647	77,716	17,663	36,146
Combined unit	48,043	21,881	38,128	13,506	43,086	15,509	56,617

### Titles released in FY ending March, 2017

#### Pachinko

Release	Title	Units sold
1Q	<i>Nangokusodachi: Hane</i>	3,969
	<i>Galaxy Express 999</i>	8,318
	Total*	18,557

#### Pachislot

Release	Title	Units sold
1Q	<i>Pachislot Kurokami The Animation</i>	1,387
	Total*	1,398

\*Total includes units of titles released in FY 3/2017 (Pachinko:6,270 units Pachislot:11 units)



# Trends of Golf Course Users and Revenue per Customer 1

## Number of golf course users

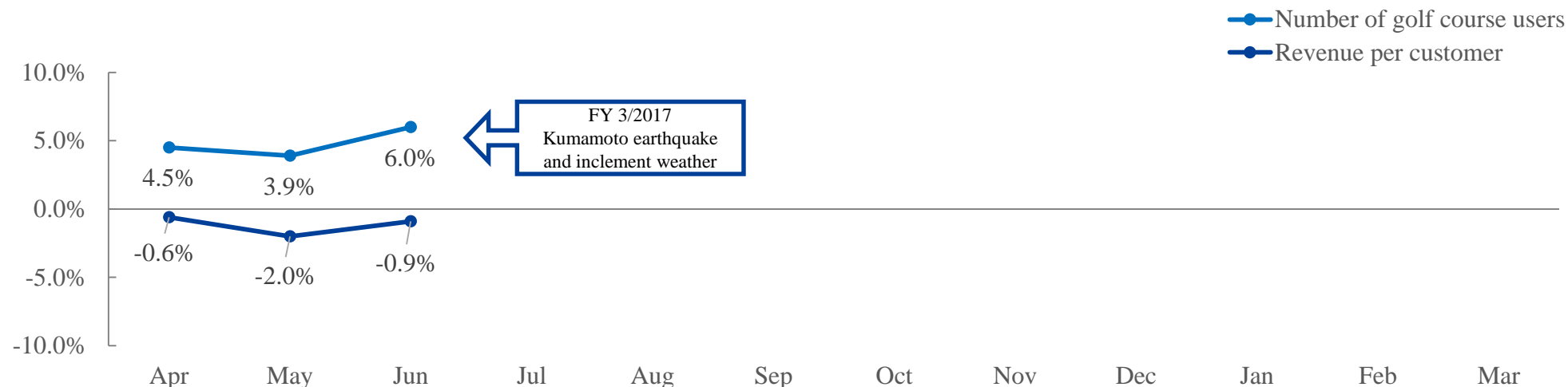
(persons)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
FY2012	500,025	601,959	574,666	625,432	606,561	571,119	631,035	599,343	527,390	413,787	332,607	502,389	6,486,313
FY2013	576,784	685,793	652,022	707,241	673,282	669,609	678,211	628,037	545,915	419,932	382,310	578,359	7,197,495
FY2014	581,377	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										2,179,372

## Revenue per customer

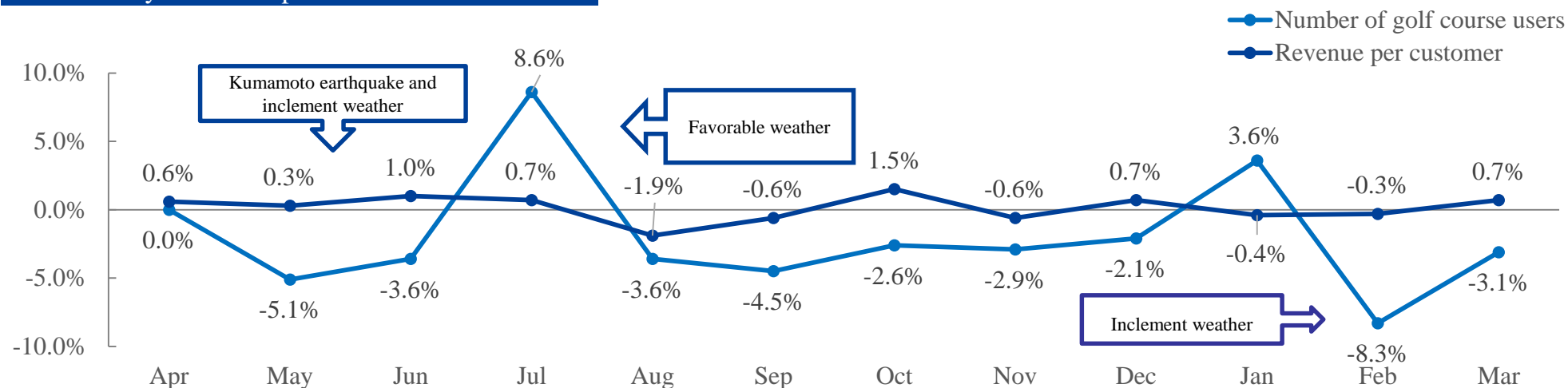
(yen)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
FY2012	9,188	9,666	9,483	9,269	8,543	9,356	10,114	10,266	9,899	9,002	8,509	9,288	9,429
FY2013	9,686	9,522	9,342	8,734	8,171	9,184	9,640	9,922	9,727	9,000	8,436	9,347	9,243
FY2014	9,468	9,527	9,531	8,664	8,143	8,853	9,456	10,033	9,516	8,552	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										9,314

# Trends of Golf Course Users and Revenue per Customer 2

## Monthly result comparison - 2018 vs 2017



## Monthly result comparison - 2017 vs 2016



\* Based on operating golf courses since previous year.

# Golf Course Portfolio

## Golf Business

	As of March 31, 2017		As of June 31, 2017	
	Courses	18H equivalent	Courses	18H equivalent
Owned Golf Courses	132	161.5	134	163.0
Leased Golf Courses	1	2.0	1	2.0
Contracted Golf Courses	2	2.5	2	2.5
<b>Total</b>	<b>135</b>	<b>166.0</b>	<b>137</b>	<b>167.5</b>
Hokkaido	6	9.5	6	9.5
Tohoku	9	11.5	9	11.5
Kanto	55	65.0	55	64.5
Chubu	15	19.0	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	16	21.5	17	22.5
<b>Total</b>	<b>135</b>	<b>166.0</b>	<b>137</b>	<b>167.5</b>

State of affairs in the fiscal year ending March 31, 2018

### 【Acquisition】

May 1, 2017	Shiga Golf Club (Koka City, Shiga Prefecture – 18H)
June 1, 2017	Fukuoka Lakeside Country Club (Iizuka City, Fukuoka Prefecture – 18H)
July 3, 2017	Nanso Hills Country Club (Futtsu City, Chiba Prefecture – 27H)
July 6, 2017	Real estate acquired through the auction of Nishinomiya Rokko Golf Club (Nishinomiya City, Hyogo Prefecture – 18H)
August 8, 2017	Tokyo Bayside Golf Course (Futtsu City, Chiba Prefecture – 18H)

### 【Management outsourcing】

None

### 【Sale】

None

# Financial Performance Trend

## Consolidated

(million yen)	FY3/2012	FY3/2013	FY3/2014	FY3/2015	FY3/2016	FY3/2017	FY3/2018
	Full year	2Q cumulative	Full year	2Q cumulative	Full year	2Q cumulative	1Q
Net sales	95,120	93,703	177,111	85,057	181,570	110,970	198,605
Pachinko and Pachislot machine Business	80,843	52,264	99,930	44,108	105,869	69,132	121,380
Pachinko machines	58,252	44,745	78,998	24,363	66,105	57,940	89,589
Pachislot machines	22,591	7,519	20,932	19,745	39,763	11,191	31,791
Golf Business	13,228	40,002	74,479	39,605	73,145	40,539	74,807
Other	1,048	1,436	2,700	1,343	2,555	1,299	2,417
Operating income	20,741	21,346	34,434	21,752	36,909	28,655	42,870
Pachinko and Pachislot machine Business	24,636	15,571	25,494	15,591	30,119	22,009	34,310
Pachinko machines	17,023	12,370	19,177	7,911	14,836	17,455	21,582
Pachislot machines	7,613	3,201	6,316	7,680	15,282	4,554	12,728
Golf Business	-910	7,542	12,200	7,425	9,911	8,250	12,127
Other	229	105	239	95	159	68	140
Eliminations & corporate expenses	-3,214	-1,873	-3,500	-1,359	-3,281	-1,672	-3,708
Operating income ratio	21.8%	22.8%	19.4%	25.6%	20.3%	25.8%	21.6%
Ordinary income	28,282	24,585	35,577	21,317	35,405	28,244	42,059
Profit attributable to owners of parent	20,516	16,835	20,123	12,578	20,361	18,069	26,235
SGA expenses	24,180	14,367	30,864	15,323	36,095	16,572	36,517
Personnel expenses	5,851	3,479	7,554	3,413	7,621	3,254	7,700
Selling expenses	6,448	3,497	7,884	4,082	8,994	4,294	8,632
Advertising expenses	2,841	1,443	3,197	1,633	3,856	1,496	3,560
Sales commissions	2,513	1,261	2,690	1,641	3,572	1,894	3,675
General expenses	11,880	7,390	15,425	7,827	19,478	9,023	20,184
R&D expenses	7,889	3,787	8,963	4,748	12,864	5,832	13,624
Depreciation & amortization	3,963	3,525	7,575	3,621	8,339	4,323	9,478
Capital investment	3,301	4,711	9,414	7,136	12,987	6,999	11,877

# Key Financial Indicators

## Consolidated

(million yen)	FY3/2012	FY3/2013	FY3/2014	FY3/2015	FY3/2016	FY3/2017	Formula
Net Sales	95,120	177,111	181,570	198,605	214,954	186,218	
Operating Income	20,741	34,434	36,909	42,870	38,967	36,599	
Ordinary Income	28,282	35,577	35,405	42,059	37,444	35,655	
Profit attributable to owners of parent	20,516	20,123	20,361	26,235	28,143	27,058	
Total Assets	406,875	417,057	438,506	447,833	450,715	449,152	
Cash, Deposits and Securities	83,492	95,552	105,051	122,259	106,503	106,576	
Interest Bearing Debt	174,220	172,232	168,506	156,213	141,935	132,917	
Net Assets	124,826	141,182	156,502	178,269	198,873	217,405	
Shareholders' Equity	112,792	128,467	142,772	163,116	198,841	217,381	
ROE	19.6%	16.7%	15.0%	17.2%	15.6%	13.0%	
Operating Income Ratio	21.8%	19.4%	20.3%	21.6%	18.1%	19.7%	Operating income/Net sales
Net Income Ratio	21.6%	11.4%	11.2%	13.2%	13.1%	14.5%	Net income/Net sales
Asset Turnover	0.34	0.43	0.42	0.45	0.48	0.41	Net sales/Total assets *1
Financial Leverage	2.65	3.42	3.15	2.90	2.48	2.16	Total assets/Shareholders' equity *1,2
Net Debt Equity Ratio	80.4%	65.7%	40.9%	20.8%	17.8%	12.1%	Net interest-bearing debt/Shareholders' equity
Shareholders' Equity Ratio	27.7%	30.8%	32.6%	36.4%	44.1%	48.4%	Shareholders' equity/Total assets

Heiwa Corporation acquired PGM Holdings K.K. on December 31, 2011 as deemed acquisition date.

\*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

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## Disclaimer

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