

3rd Quarter Results of Fiscal Year Ending March 31, 2016

**February 9, 2016
Heiwa Corporation**

Securities Code : 6412

■ Overview	• • • 3
■ 3rd Quarter Results of FY ending March 31, 2016	• • • 4
■ Full-year Plan for FY ending March 31, 2016	• • • 13

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, 2016

【Golf Business】

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

【Consolidation Results】

- Trends of Business Results
- Key Financial Indicators

Results

- ◆ Net sales : 173.3 billion yen, +14.9% year on year
- ◆ Operating income : 39.0 billion yen, +8.3% year on year
⇒ **Net sales and operating income increased in consolidated basis due to favorable performance in both Pachinko and pachislot machine business and golf business.**

Pachinko and pachislot machine business

- ◆ Net sales : 109.0 billion yen, +24.0% year on year
- ◆ Operating income : 28.3 billion yen, +9.4% year on year
- ✓ The number of Pachinko machines sold until 3Q : 195k units (-5k units yoy)
- ✓ The number of Pachislot machines sold until 3Q : 86k units (+37k units yoy)
⇒ **Net sales and operating income increased by robust Pachislot machine sales.**

Golf business

- ◆ Net sales : 62.4 billion yen, +2.4% year on year
- ◆ Operating income : 13.3 billion yen, +5.0% year on year
⇒ **Favorable weather in 3Q and enhanced membership recruitment contributed to the good results.**

3rd Quarter Results of FY ending March 31, 2016

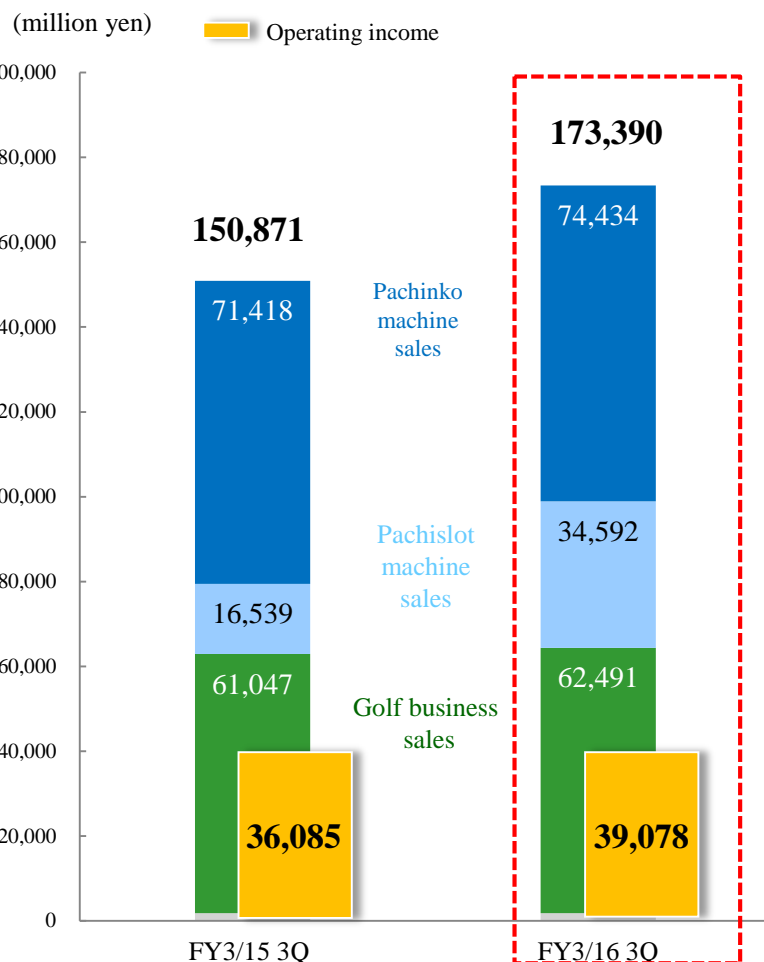
Consolidated Statements of Income (Results)

3rd Quarter Results

◆ Both net sales and operating income increased year on year. (Net sales +14.9% yoy, Operating income +8.3% yoy)

⇒ **Favorable performance in both Pachinko and pachislot machine business and Golf business**

Increase in number of Pachislot machines sold contributed the good result.

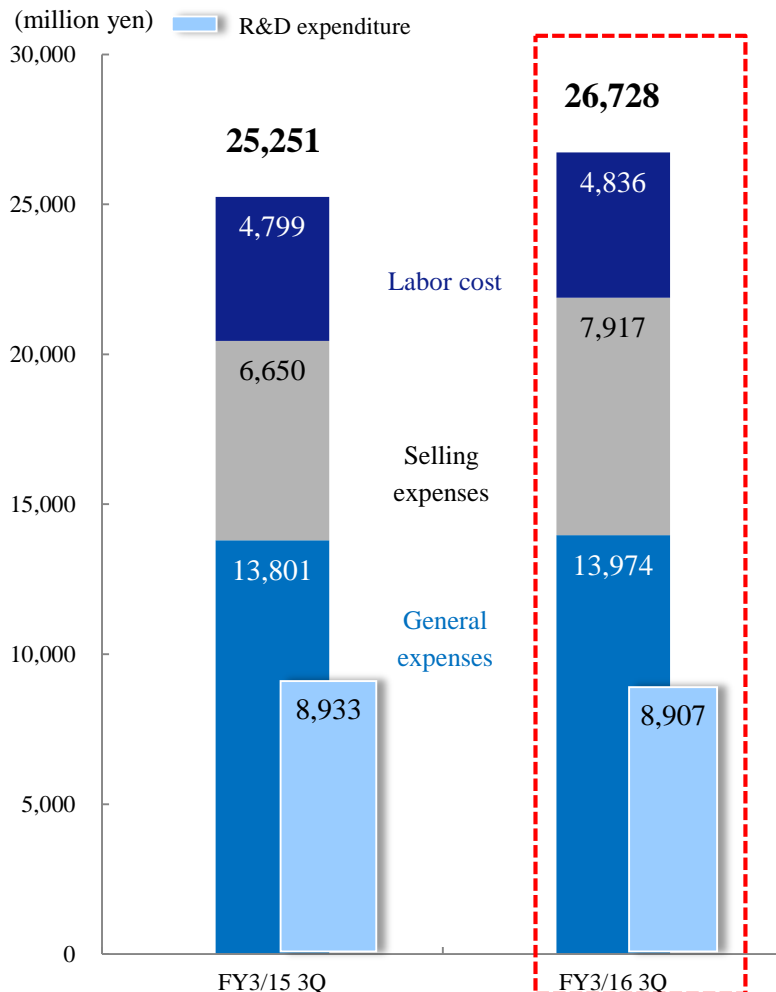


	(million yen)	FY 3/2015 3Q cumulative	FY 3/2016 3Q cumulative	YoY
Net sales		150,871	173,390	14.9%
Pachinko and Pachislot machine business		87,957	109,026	24.0%
Pachinko machines		71,418	74,434	4.2%
Pachislot machines		16,539	34,592	109.2%
Golf business		61,047	62,491	2.4%
Other		1,867	1,873	0.3%
Operating income		36,085	39,078	8.3%
Pachinko and Pachislot machine business		25,925	28,359	9.4%
Pachinko machines		19,690	17,505	-11.1%
Pachislot machines		6,235	10,854	74.1%
Golf business		12,705	13,344	5.0%
Other		92	92	0.1%
Eliminations & corporate expenses		-2,638	-2,718	-
Operating income ratio		23.9%	22.5%	-1.4pt
Ordinary income		35,367	38,280	8.2%
Net income*1		21,257	28,321	33.2%
EBITDA*2		42,771	46,235	8.1%

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

3rd Quarter Results

- ◆ SGA expenses increased year on year. (+5.9% yoy)
 - ⇒ Increase of sales commissions by robust Pachislot machine sales
 - ⇒ Expenses relating to shareholder benefit program increased.



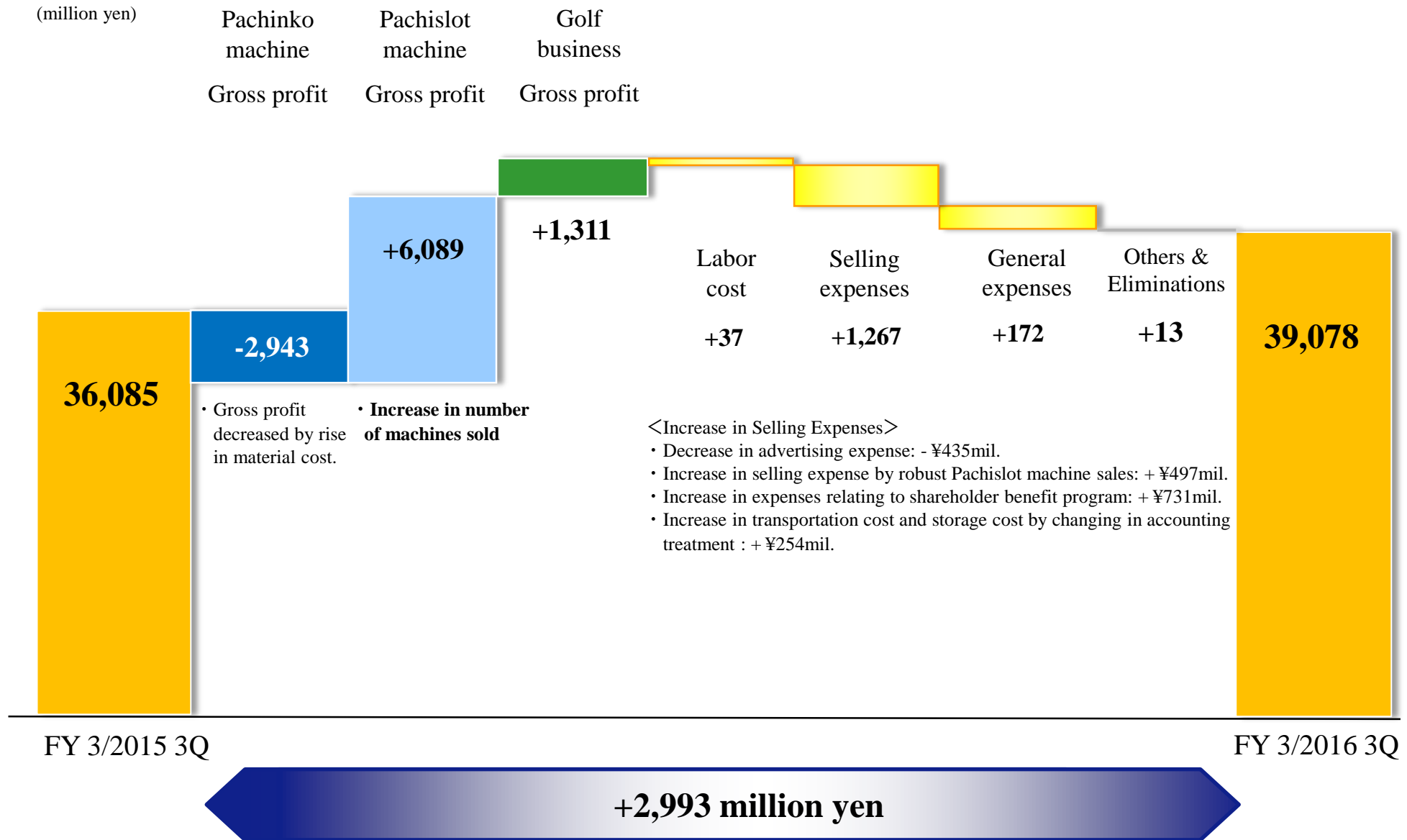
	(million yen)	FY 3/2015 3Q cumulative	FY 3/2016 3Q cumulative	YoY
SGA expenses		25,251	26,728	5.9%
Labor cost		4,799	4,836	0.8%
Selling expenses		6,650	7,917	19.1%
Advertising expenses		3,104	2,668	-14.0%
Sales commissions		2,458	2,955	20.2%
General expenses		13,801	13,974	1.3%
R&D expenditure		8,933	8,907	-0.3%

Depreciation & Amortization / Capital Investment

	(million yen)	FY 3/2015 3Q cumulative	FY 3/2016 3Q cumulative	YoY
Depreciation & amortization		6,777	7,182	6.0%
Capital investment		9,192	9,390	2.2%

Factors contributing to change in operating income (consolidated basis)

3rd Quarter Results



Pachinko and Pachislot Machine Business (Machine Sales Results)

3rd Quarter Results

(Units)	FY 3/2015 3Q cumulative	FY 3/2016 3Q cumulative	YoY
Number of machines sold	249,535	281,261	+31k units
Pachinko machines	200,584	195,069	-5k units
Number of titles released	8	6	-2
Pachislot machines	48,951	86,192	+37k units
Number of titles released	4	3	-1

Major pachinko titles

Titles	Sales (units)	Release
<i>Lupin The Third: I'm a super hero</i>	117,071	Jul. 2015
<i>TOKIO PREMIUM</i>	6,857	Nov. 2015
<i>Nekkyou! Otome Festival: Fan daikanshasai LIVE</i>	11,889	Dec. 2015

Major pachislot titles

Titles	Sales (units)	Release
<i>Devil Survivor2: Saigo no nanokakan</i>	24,829	Jun. 2015
<i>Lupin The Third: Royal Road Kinkai ni somaru ougonshinden</i>	38,944	Oct. 2015
<i>GIRLS und PANZER</i>	17,500	Nov. 2015



Pachinko machine
Lupin The Third
: I'm a super hero



©モンキー・パンチ/TMS・NTV



Pachislot machine
GIRLS und PANZER



©GIRLS und PANZER Projekt

Pachinko and Pachislot Machine Business (Results)



3rd Quarter Results

Pachinko

- ◆ Net sales increased year on year by sales price increase.
- ◆ Cost of goods sold increased because the Pachinko machine “Lupin the Third: I’m a super hero” was sold in 2Q with specialized machine frame that can be used only for it.

Pachislot

- ◆ **Both income and profit increased** due to rise of sales price and sales volume.
- ◆ Gross profit ratio decreased compare to the previous year because new machine frame was adopted in 3Q.

Total

- ◆ **Net sales increased year on year (Net sales+24.0% yoy, Operating income +9.4% yoy)**
 ⇒ **Compare to previous year, increase of profit from Pachislot machine sales exceeded the amount of profit decreased from Pachinko machine sales.**
 ⇒ Segment Gross profit ratio decreased by increase in cost of both Pachinko and Pachislot machine.

(million yen)	FY 3/2015 3Q cumulative	FY 3/2016 3Q cumulative	YoY
Net sales	87,957	109,026	24.0%
Pachinko machines	71,418	74,434	4.2%
Pachislot machines	16,539	34,592	109.2%
Gross profit	43,392	46,538	7.2%
Pachinko machines	31,845	28,901	-9.2%
Pachislot machines	11,547	17,636	52.7%
Gross profit ratio	49.3%	42.7%	-6.6pt
Operating income	25,925	28,359	9.4%
Pachinko machines	19,690	17,505	-11.1%
Pachislot machines	6,235	10,854	74.1%
Operating income ratio	29.5%	26.0%	-3.5pt

Breakdown of machine sales			
(Units)	FY 3/2015 3Q cumulative	FY 3/2016 3Q cumulative	YoY
Total	249,535	281,261	+31,726
Pachinko machines	200,584	195,069	-5,515
Body	158,472	162,969	+4,497
Gauge board	42,112	32,100	-10,012
Pachislot machines	48,951	86,192	+37,241
Chassis	21,461	66,313	+44,852
Combined unit	27,490	19,879	-7,611

Golf Business (Strategy progress and Revenue per Customer)

3rd Quarter Results

◆ Strengthen M&A

(Acquisition of 8 courses in 18H equivalent)

- 2015/5/1 Entrusted operation: Hiroshima Kouyou Country Club (Hiroshima-ken, 27H)
- 2015/5/15 Acquisition: Uchihara Country Club (Ibaraki-ken, 18H)
- 2015/9/1 Acquisition: Chiba Kokusai Country Club (Chiba-ken, 45H)
- 2015/10/1 Acquisition: Isehara Country Club (Kanagawa-ken, 27H)
- 2015/10/1 Acquisition: Ohatano Country Club (Kanagawa-ken, 18H)
- 2015/12/1 Acquisition: Fukuoka Kokusai Country Club (Fukuoka-ken, 36H)

• Revision of Golf Course Portfolio

- 2015/9/8 Sale: Forest Ichikawa Golf Club (Hyogo-ken, 18H)

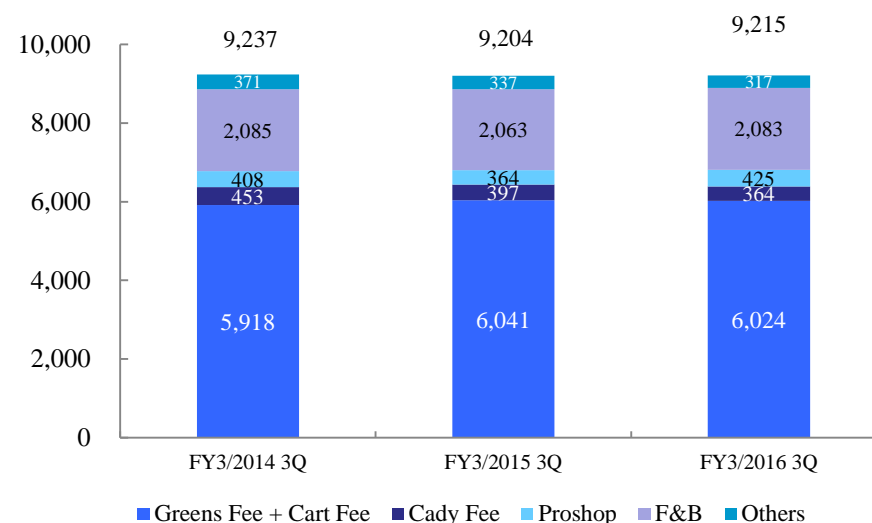


Chiba Kokusai Country Club

Number of golf course users/Revenue per customer

【3Q (9 months)】	FY 3/2015 3Q	FY 3/2016 3Q	YoY
Number of golf course users (thousand people)	5,987	6,037	0.8%
Revenue per customer (yen)	9,204	9,215	0.1%
【3Q (3 months)】	FY 3/2015 3Q	FY 3/2016 3Q	YoY
Number of golf course users (thousand people)	1,900	2,025	6.6%
Revenue per customer (yen)	9,698	9,668	-0.3%

Breakdown of Revenue per Customer



※ Data shown above is computed from the consolidated financial results of PGM Holdings K.K.

Golf Business (Results)

3rd Quarter Results

◆Net sales increased year on year (Net sales: +2.4% yoy, Operating income: +5.0% yoy)

⇒Number of visitors increased year on year due to favorable weather and warm winter.

⇒Acquired golf courses and enhanced membership recruitment contributed results.

⇒Cost of goods sold decreased because utility expenses decreased by lower oil price

⇒SGA expenses increased by recognizing provision for shareholder benefit program.

(million yen)	FY 3/2015 3Q cumulative	FY 3/2016 3Q cumulative	YoY
Net sales	61,047	62,491	2.4%
Net Sales before eliminations	61,107	62,510	2.3%
Eliminations	-60	-18	-
Gross profit	17,861	19,173	7.3%
Gross profit ratio	29.2%	30.7%	+1.5pt
Operating income	12,705	13,344	5.0%
Operating income ratio	20.8%	21.3%	+0.5pt

Breakdown of Sales

(million yen)	FY 3/2015 3Q cumulative	FY 3/2016 3Q cumulative	YoY
Revenue from golf course operation	55,111	55,637	1.0%
Membership revenue	5,410	6,266	15.8%

Breakdown of Costs

(million yen)	FY 3/2015 3Q cumulative	FY 3/2016 3Q cumulative	YoY
Cost of Sales	43,246	43,337	0.2%
SGA expenses	5,156	5,829	13.0%

SGA Expenses increased due to rise in expenses relating to shareholder benefit program.

Consolidated Balance Sheets (Summary)

(million yen)	3/2015	12/2015	Change	Remarks
Current assets	162,023	149,134	-12,889	◆ Decrease in cash and deposits
Noncurrent assets	285,810	299,301	+13,490	◆ Increase in fixed asset by acquisition of golf courses
Total assets	447,833	448,435	+601	
Current liabilities	68,299	90,772	+22,473	
Noncurrent liabilities	201,264	158,108	-43,156	◆ Decrease in income tax payable ◆ Repayment of debt
Total liabilities	269,564	248,881	-20,682	
Net assets	178,269	199,554	+21,284	
Liabilities and total net assets	447,833	448,435	+601	

(million yen)	3/2015	12/2015
Cash and deposits, and investment securities	122,259	101,186
Interest-bearing debt	156,213	144,728
Shareholders' equity	163,116	199,521
Shareholders' equity ratio	36.4%	44.5%

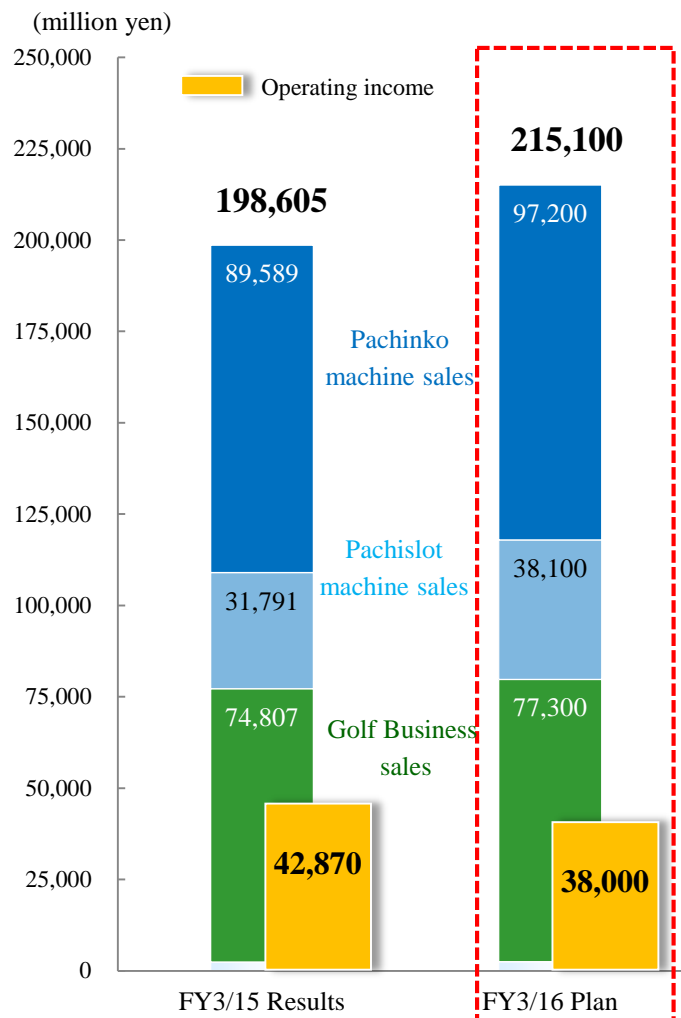
- ◆ D/E ratio (interest-bearing debt/shareholders' equity)
96%→73%
- ◆ Net D/E ratio (net interest-bearing debt/shareholders' equity)
21%→22%
- ◆ Shareholders' equity ratio increased 8.1 percentage points

Full-year Plan for FY ending March, 2016

Consolidated Statements of Income (Plan)

FY3/16 Plan

- ◆ Postponing sales of one Pachinko machine title to next fiscal year without revising earnings estimates
 - ⇒ Progress toward full-year plan is steady. (Net sales: 80.6% progress, Operating income: 102.8% progress)
 - ⇒ Taking unclear and unpredictable Pachinko and Pachislot market environment into consideration

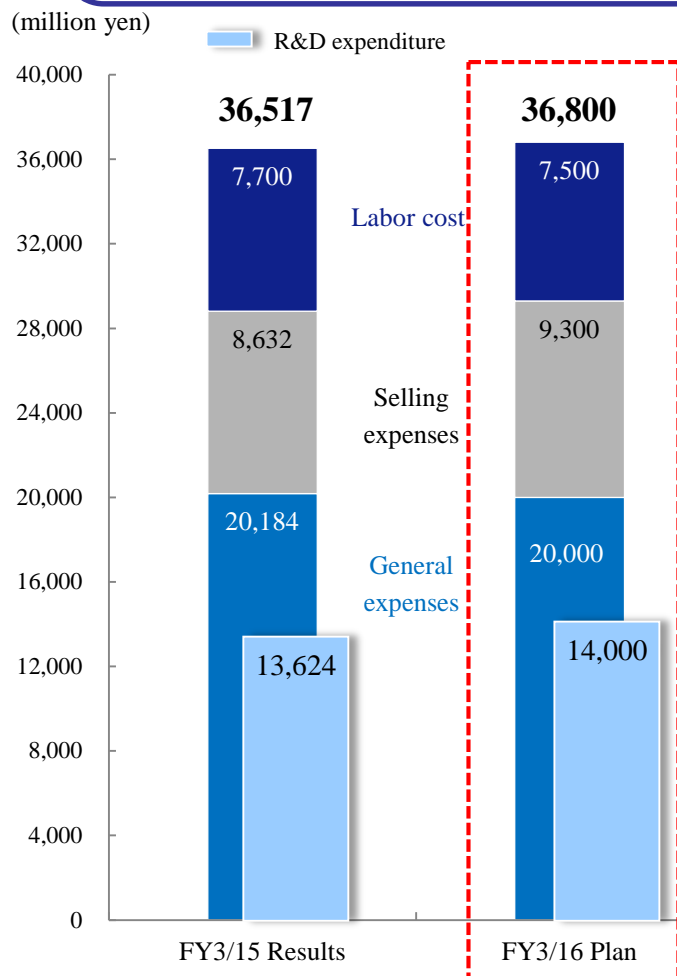


(million yen)	FY 3/2015 Full year Results	FY 3/2016		YoY	% Progress to the plan
		3Q Cumulative	Full year Plan		
Net sales	198,605	173,390	215,100	8.3%	80.6%
Pachinko and Pachislot machine business	121,380	109,026	135,300	11.5%	80.6%
Pachinko machines	89,589	74,434	97,200	8.5%	76.6%
Pachislot machines	31,791	34,592	38,100	19.8%	90.8%
Golf business	74,807	62,491	77,300	3.3%	80.8%
Other	2,417	1,873	2,500	3.4%	74.9%
Operating income	42,870	39,078	38,000	-11.4%	102.8%
Pachinko and Pachislot machine business	34,310	28,359	29,100	-15.2%	97.5%
Pachinko machines	21,582	17,505	19,500	-9.6%	89.8%
Pachislot machines	12,728	10,854	9,600	-24.6%	113.1%
Golf business	12,127	13,344	11,900	-1.9%	112.1%
Other	140	92	200	42.0%	46.3%
Not allocated	-3,708	-2,718	-3,200	-	-
Operating income ratio	21.6%	22.5%	17.7%	-3.9pt	-
Ordinary income	42,059	38,280	36,800	-12.5%	104.0%
Net income*1	26,235	28,321	22,400	-14.6%	126.4%
EBITDA*2	52,219	46,235	48,600	-6.9%	95.1%

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

FY3/16 Plan

- ◆ No change is made on the original plan.
- ◆ SGA expenses stayed at the same level as previous year.
⇒R&D expenditure, showing slow progress, is expected to be consumed to the plan by 4Q.



(million yen)	FY 3/2015 Full year Results	FY 3/2016		YoY	% Progress to the plan
		3Q cumulative	Full year Plan		
SGA expenses	36,517	26,728	36,800	0.8%	72.6%
Labor cost	7,700	4,836	7,500	-2.6%	64.5%
Selling expenses	8,632	7,917	9,300	7.7%	85.1%
Advertising expenses	3,560	2,668	3,800	6.7%	70.2%
Sales commissions	3,675	2,955	3,400	-7.5%	86.9%
General expenses	20,184	13,974	20,000	-0.9%	69.9%
R&D expenditure	13,624	8,907	14,000	2.8%	63.6%

Depreciation & amortization / Capital investment

(million yen)	FY 3/2015 Full year Results	FY 3/2016		YoY	% progress to the plan
		3Q cumulative	Full year Plan		
Depreciation & amortization	9,478	7,182	10,700	12.9%	67.1%
Capital investment	11,877	9,390	13,800	16.2%	68.0%

Pachinko and Pachislot machine Business (Machine Sales Plan)

FY3/16 Plan

(Units)	FY 3/2015	FY 3/2016		Change from the previous year
	Full-year results	3Q cumulative	Full-year plan	
Number of machines sold	344,866	281,261	360,000	+15k units
Pachinko machines	252,103	195,069	260,000	+7k units
Number of titles released	10	6	8→7	-2→-3
Pachislot machines	92,763	86,192	100,000	+7k units
Number of titles released	6	3	5	-1

Titles to Release in 4Q/ Pachinko Machine

Title	Release Date
<i>Lupin The Third: I'm a super hero Fujiko ni Omakase 99.9ver.</i>	Jan. 2016
<i>JAWS: it's a SHARK PANIC 319ver., 99.9ver.</i>	Jan. 2016, Feb. 2016
<i>Nekkyou! Otome Festival: Fan daikanshasai LIVE 99.9ver.</i>	Feb. 2016
<i>Ace Attorney</i>	Mar. 2016

Titles to Release in 4Q / Pachislot Machine

Title	Release Date
<i>Sengoku Otome2: Shinen ni Kagayaku Kedakaki Shousei</i>	Jan. 2016
<i>Nangoku Monogatari</i>	Mar. 2016



Pachinko Machine
Ace Attorney



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Pachislot machine
Sengoku Otome2
: *Shinen ni Kagayaku Kedakaki Shousei*



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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, 2016

【Golf Business】

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

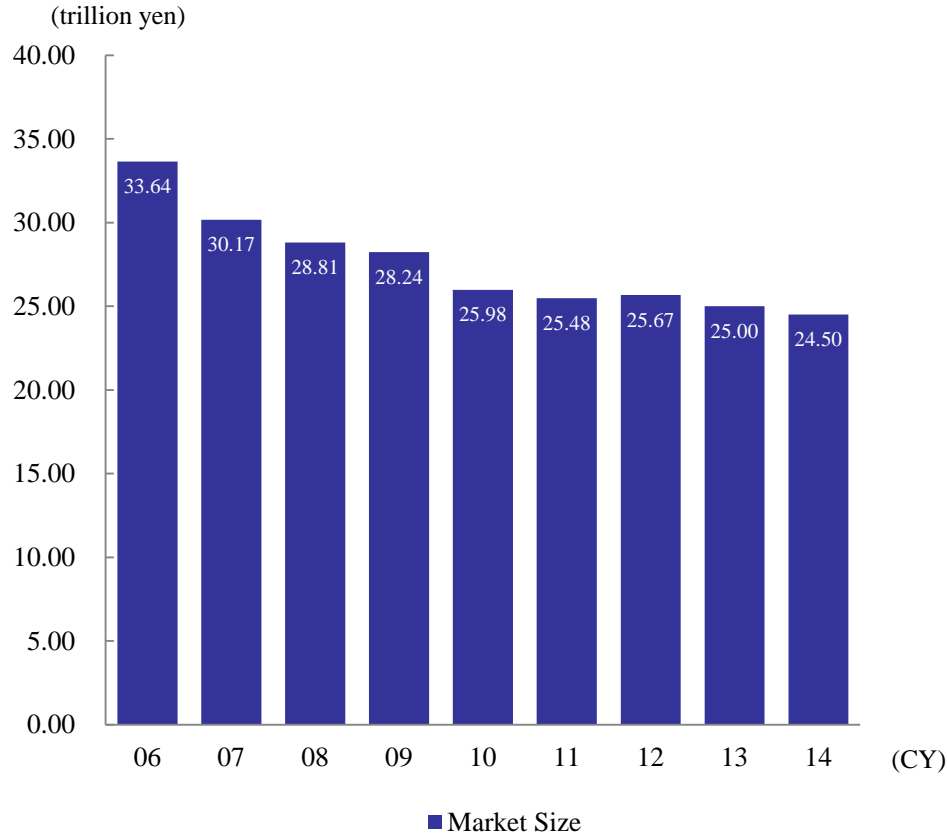
【Consolidated Results】

- Trends of Business Results
- Key Financial Indicators

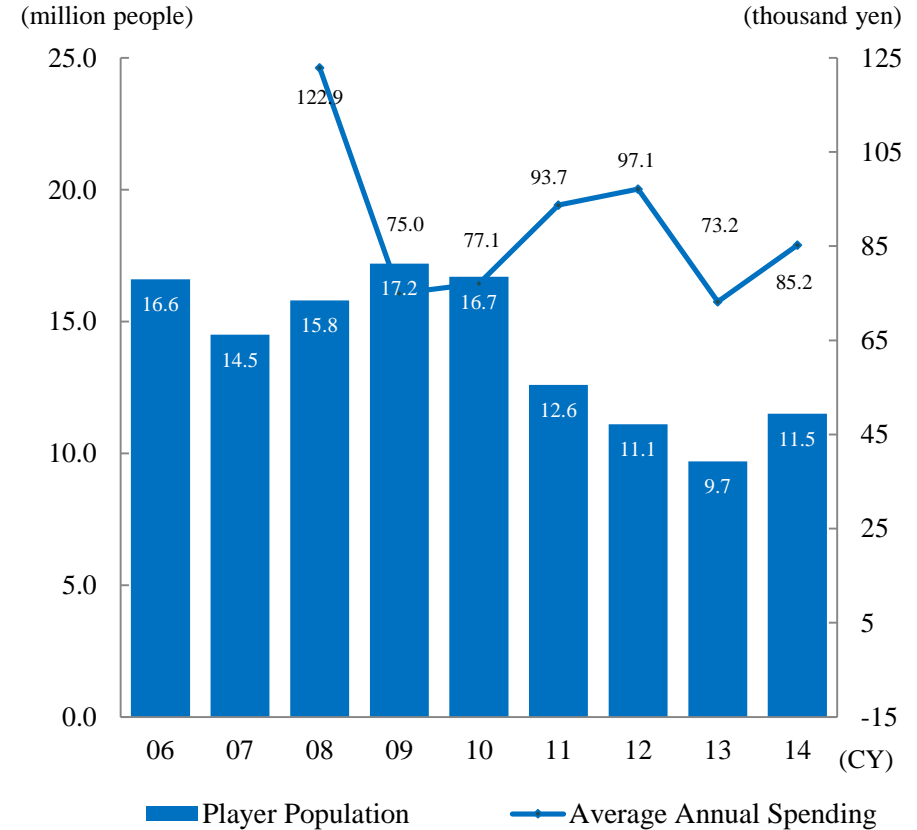
Market Environment (Pachinko and Pachislot Machine Business) 1

Pachinko and Pachislot Machine Business

Market size



Player population and Average annual spending



	2006	2007	2008	2009	2010	2011	2012	2013	2014
Market size (trillion yen)	33.64	30.17	28.81	28.24	25.98	25.48	25.67	25.00	24.50
Player population (million)	16.6	14.5	15.8	17.2	16.7	12.6	11.1	9.7	11.5
Average annual spending (thousand yen)	-	-	122.9	75.0	77.1	93.7	97.1	73.2	85.2

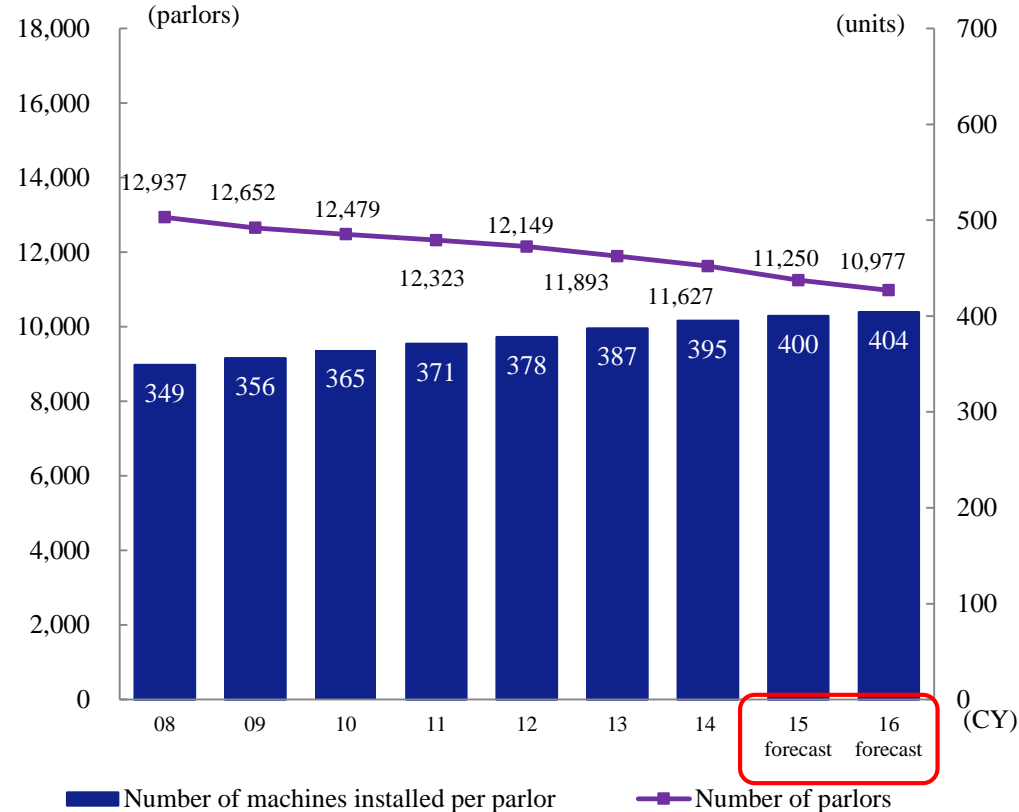
*Data shown in above table are statistics from *White Paper on Leisure 2015* issued by Japan Productivity Center, and based on calendar year. The organization modified estimation method and revised statistics retroactively. “-” indicates statistics not available in the source document.

Market Environment

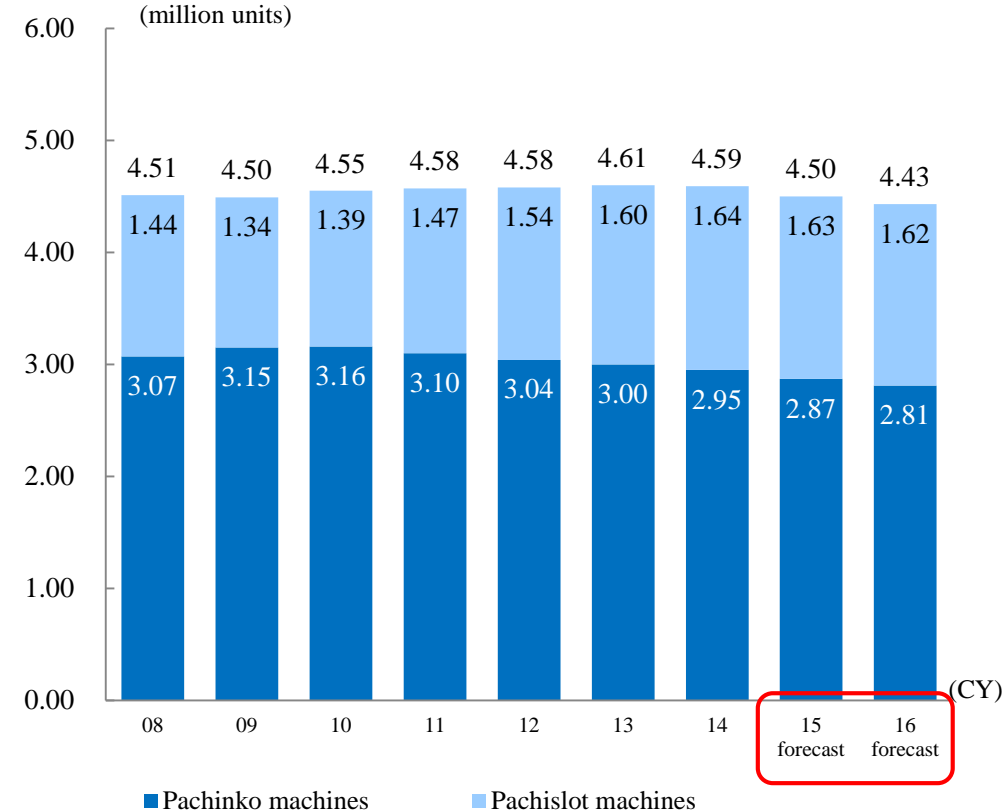
(Pachinko and Pachislot Machine Business) 2

Pachinko and Pachislot Machine Business

Number of pachinko parlors /
Number of machines installed per parlor



Pachinko machine installations /
Pachislot machine installations



	2008	2009	2010	2011	2012	2013	2014	2015 forecast	2016 Forecast
Number of parlors	12,937	12,652	12,479	12,323	12,149	11,893	11,627	11,250	10,977
Number of machines installed per parlor (units)	349	356	365	371	378	387	395	400	404
Pachinko machine installations (million units)	3.07	3.15	3.16	3.10	3.04	3.00	2.95	2.87	2.81
Pachislot machine installations (million units)	1.44	1.34	1.39	1.47	1.54	1.60	1.64	1.63	1.62

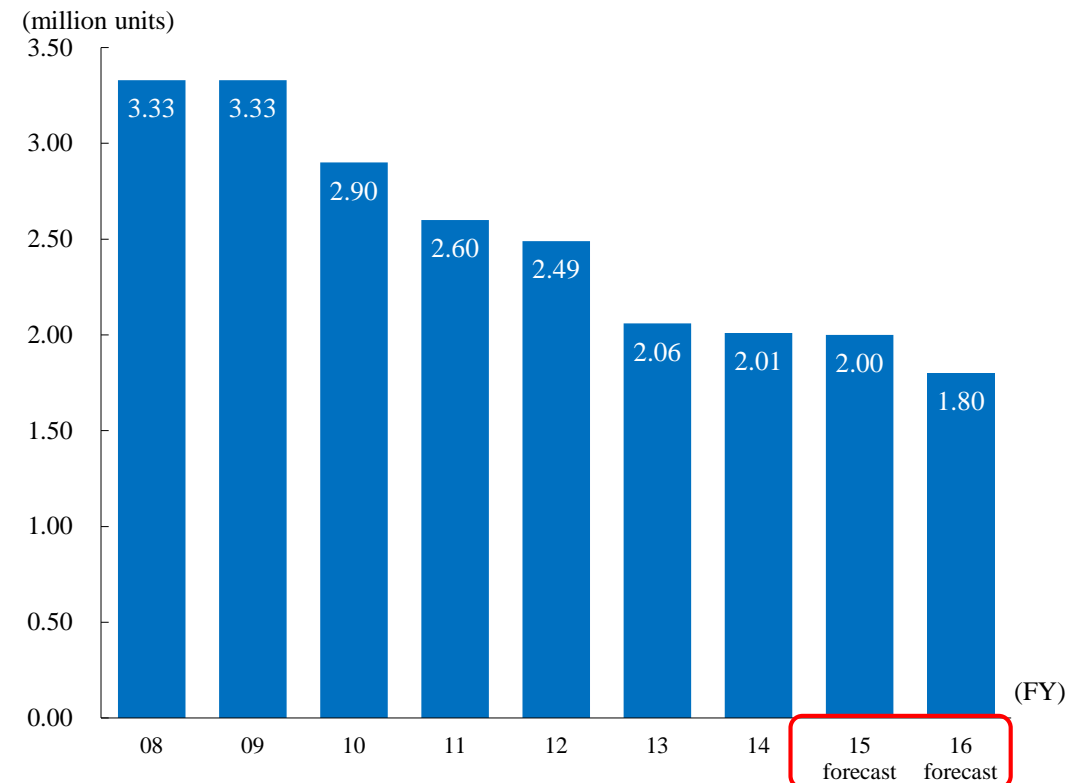
Note: Data source: National Police Agency. Data on a calendar year basis (from Jan to Dec) Figures for 2015 and 2016 are the Company's estimates.

Market Environment

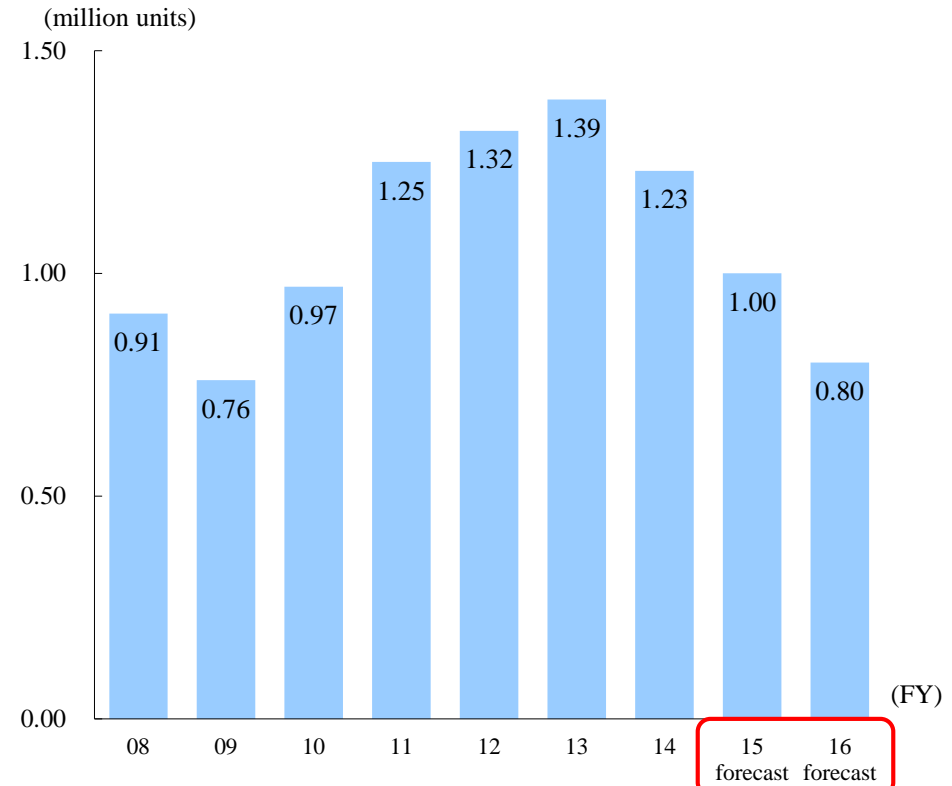
(Pachinko and Pachislot Machine Business) 3

Pachinko and Pachislot Machine Business

Pachinko machine sales



Pachislot machine sales



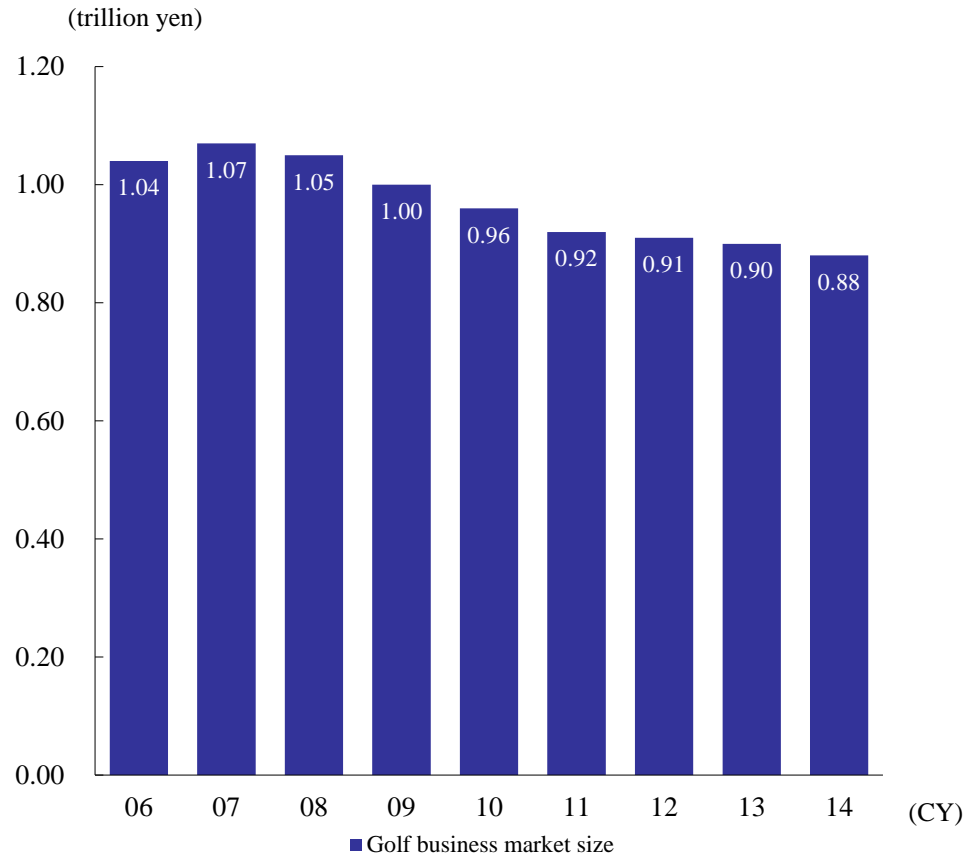
Number of machines sold (million units)	2008	2009	2010	2011	2012	2013	2014	2015 forecast	2016 forecast
Pachinko machines	3.33	3.33	2.90	2.60	2.49	2.06	2.01	2.00	1.80
Pachislot machines	0.91	0.76	0.97	1.25	1.32	1.39	1.23	1.00	0.80

Note: Data source: Yano Research Institute. Data on a fiscal year basis (from April to March of the next year). Data for 2015 and 2016 are the Company's forecast.

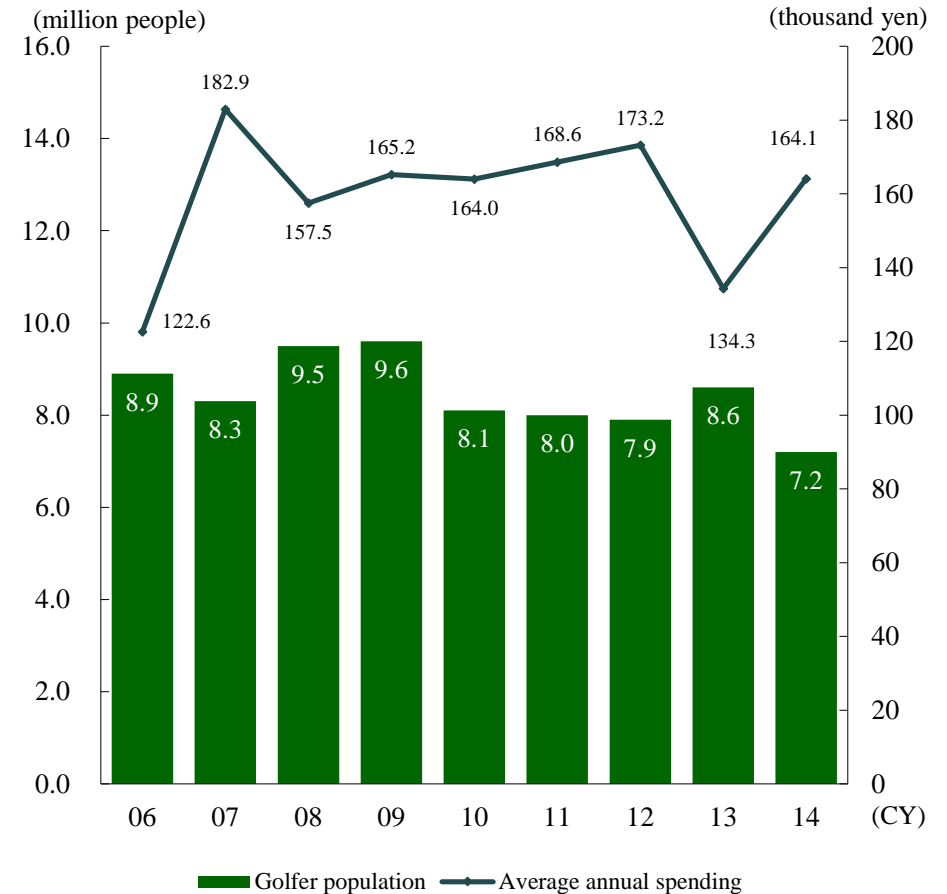
Market Environment (Golf Business)

Golf Business

Market size



Golfer population / Average annual spending



	2006	2007	2008	2009	2010	2011	2012	2013	2014
Market size (trillion yen)	1.04	1.07	1.05	1.00	0.96	0.92	0.91	0.90	0.88
Golfer population (million)	8.9	8.3	9.5	9.6	8.1	8.0	7.9	8.6	7.2
Average annual spending (thousand yen)	122.6	182.9	157.5	165.2	164.0	168.6	173.2	134.3	164.1

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

Regulations on Pachinko Machine

10/30/2015

1/31/2016

4/30/2016

Category

Machines with old standards

Lower limit of jackpot
probability 1/400

Sales and Installation

Machines with new standards ①

Lower limit of jackpot
probability 1/320

Sales and Installation

Application deadline
for
proto-type testing

Machines with new standards ②

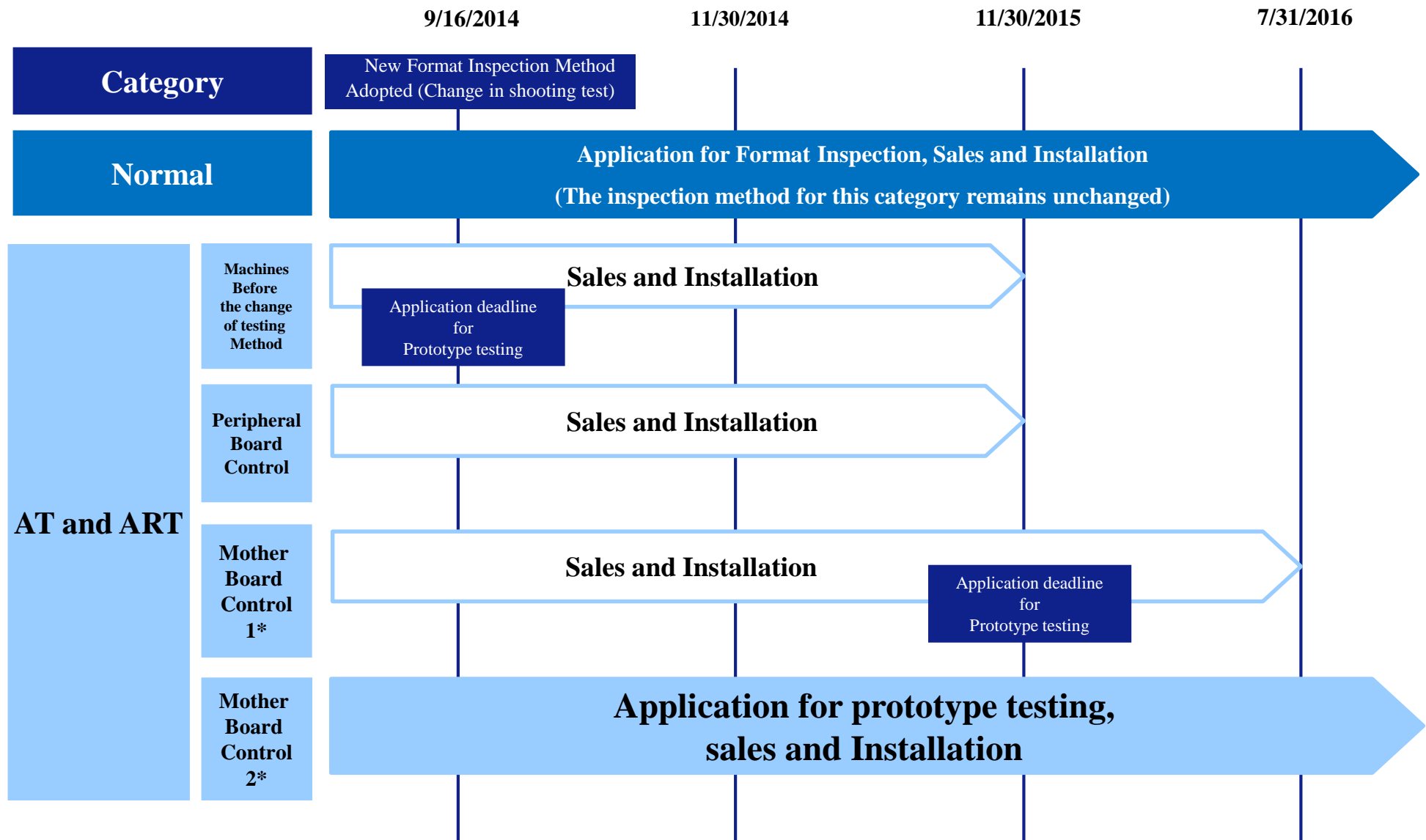
Lower limit of jackpot
probability 1/320
Upper limit of the chance to
continue jackpot 65%

Application for proto-type testing, Sales and Installation

Machines with new standards①

Expected retrievable number of balls from series of jackpots are changed depends on each category (loop/ST) of Pachinko machine. (the change is from “expected retrievable number of balls from jackpots including initial jackpot” to “expected retrievable number of balls from Jackpots excluding initial jackpot.”)

Schedule of Transitional Period to the New Format Inspection Method (Pachislot Machine)



*Mother Board Control 1: Payout ratio for small prize of simulation testing ≥ 1

*Mother Board Control 2: Payout ratio for small prize of simulation testing < 1

Number of Machines Sold

Titles Released in FY ending March, 2016



Pachinko and Pachislot Machine Business

Number of machines sold

(units)	FY3/2011	FY3/2012	FY3/2013		FY3/2014			FY3/2015				FY3/2016				
	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	3Q cumulative
Total	279,310	145,772	266,027	161,545	320,011	72,908	140,165	209,892	317,948	118,785	195,044	249,535	344,866	70,736	204,078	281,261
Pachinko machines	168,219	93,358	187,308	138,219	252,411	35,422	78,012	141,100	197,146	92,234	161,872	200,584	252,103	42,532	173,596	195,069
Body	107,611	38,652	99,030	126,159	179,430	7,717	22,251	78,200	128,059	92,194	142,895	158,472	200,813	30,265	152,835	162,969
Gauge board	60,608	54,706	88,278	12,060	72,981	27,705	55,761	62,900	69,087	40	18,977	42,112	51,290	12,267	20,761	32,100
Pachislot machines	111,091	52,414	78,719	23,326	67,600	37,486	62,153	68,792	120,802	26,551	33,172	48,951	92,763	28,204	30,482	86,192
Chassis	61,512	26,445	30,676	1,445	29,472	37,471	48,647	50,081	77,716	15,239	17,663	21,461	36,146	8,960	10,604	66,313
Combined unit	49,579	25,969	48,043	21,881	38,128	15	13,506	18,711	43,086	11,312	15,509	27,490	56,617	19,244	19,878	19,879

Titles released in FY ending March, 2016

Pachinko

Release	Title	Units sold
1Q	<i>Mahjong Monogatari2: Mezase! "Jong-Dol" Ketteisen!</i>	21,513
	<i>Cat's Eye</i>	23,320
2Q	<i>Lupin The Third: I'm a super hero</i>	117,071
	<i>JAWS: it's a SHARK PANIC</i>	7,087
3Q	<i>TOKIO PREMIUM</i>	6,857
	<i>Nekkyou! Otome Festival: Fan daikanshasai LIVE</i>	11,889
Total*		195,069

Pachislot

Release	Title	Units sold
1Q	<i>Devil Survivor2: Saigo no nanokakan</i>	24,829
3Q	<i>Lupin The Third: Royal Road Kinkai ni somaru ougonshinden</i>	38,944
	<i>GIRLS und PANZER</i>	17,500
Total*		86,192

*Total includes units of titles released in FY 3/2015
(Pachinko:7,332units Pachislot:4,919units)

Trends of Golf Course Users and Revenue per Customer 1

Number of golf course users

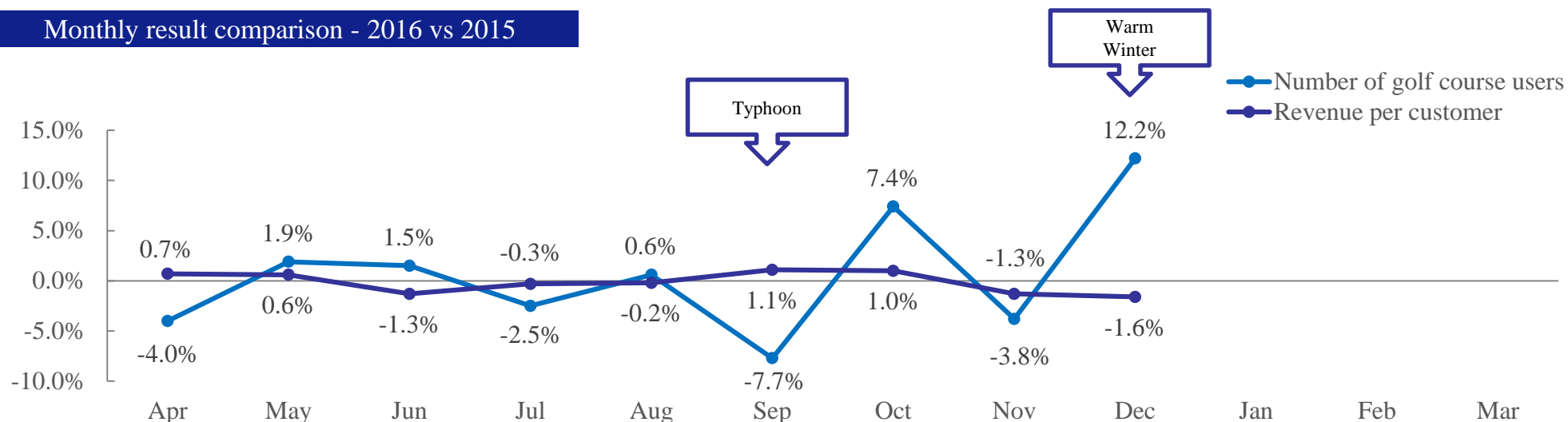
(persons)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
FY2011	577,676	707,672	621,424	647,456	644,965	624,328	670,049	659,787	564,698	410,224	367,659	392,263	6,888,201
FY2012	500,025	601,959	574,666	625,432	606,561	571,119	631,035	599,343	527,390	413,787	332,607	502,389	6,486,313
FY2013	576,784	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				6,037,146

Revenue per customer

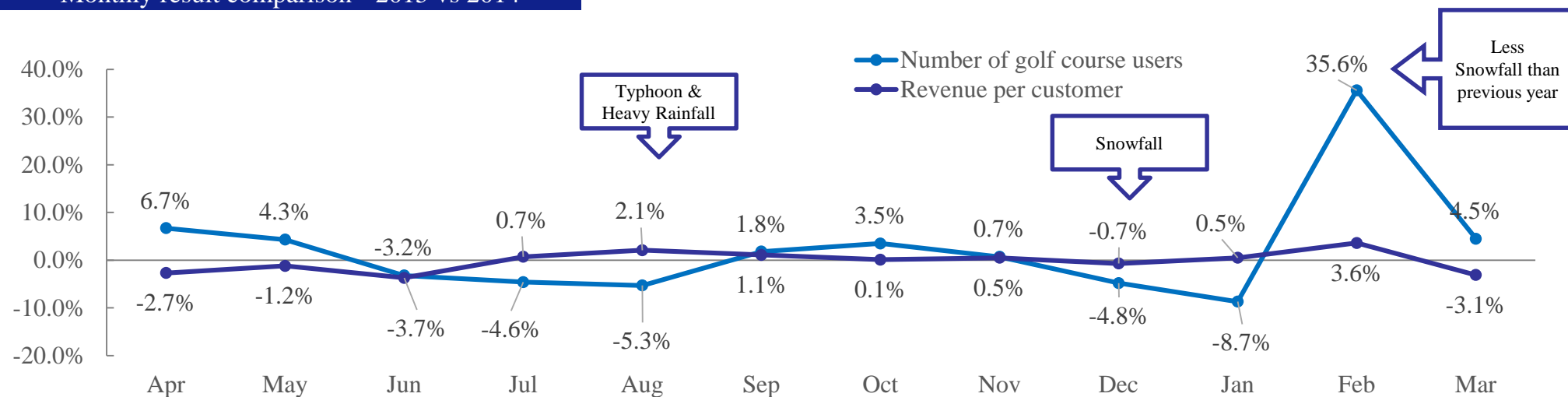
(yen)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
FY2011	10,128	10,198	9,804	9,468	8,778	9,399	10,027	10,228	9,875	9,092	8,504	8,773	9,605
FY2012	9,188	9,666	9,483	9,269	8,543	9,356	10,114	10,266	9,899	9,002	8,509	9,288	9,429
FY2013	9,686	9,522	9,342	8,734	8,171	9,184	9,640	9,922	9,727	9,000	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				9,215

Trends of Golf Course Users and Revenue per Customer 2

Monthly result comparison - 2016 vs 2015



Monthly result comparison - 2015 vs 2014



※Based on operating golf courses since previous year.

Golf Course Portfolio

Golf Business

	3/2015		12/2015	
	Courses	18H equivalent	Courses	18H equivalent
Owned Golf Courses	126	152.5	130	159.5
Leased Golf Courses	1	2.0	1	2.0
Contracted Golf Courses	1	1.0	2	2.5
Total	128	155.5	133	164.0
Hokkaido	6	9.5	6	9.5
Tohoku	9	11.5	9	11.5
Kanto	50	58.0	54	64.0
Chubu	14	18.0	14	18.0
Kansai	17	20.0	16	19.0
Chugoku	10	11.5	11	13.0
Shikoku	7	7.5	7	7.5
Kyusyu	15	19.5	16	21.5
Total	128	155.5	133	164.0

【Commencement of acquired golf courses operation】

May 15, 2015	Uchihara Country Club (Ibaraki-ken, 18H)
September 1, 2015	Chiba Kokusai Country Club (Chiba-ken, 45H)
October 1, 2015	Isehara Country Club (Kanagawa-ken, 27H)
October 1, 2015	Ohatano Country Club (Kanagawa-ken, 18H)
December 1, 2015	Fukuoka Kokusai Country Club (Fukuoka-ken, 36H)

【Commencement of entrusted operation】

May 1, 2015	Hirosima Kouyou Country Club (Hiroshima-ken, 27H)
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【Sale】

September 8, 2015	Forest Ichikawa Golf Club (Hyogo-ken, 18H)
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Financial Performance Trend

Consolidated

	FY3/2011	FY3/2012	FY3/2013		FY3/2014			FY3/2015				FY3/2016				
(million yen)	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	3Q cumulative
Net sales	85,880	44,779	95,120	93,703	177,111	44,375	85,057	130,410	181,570	63,868	110,970	150,871	198,605	47,538	119,620	173,390
Pachinko and Pachislot machine Business	84,717	44,504	80,843	52,264	99,930	23,197	44,108	68,633	105,869	42,118	69,132	87,957	121,380	25,366	77,683	109,026
Pachinko machines	52,106	29,119	58,252	44,745	78,998	11,121	24,363	46,838	66,105	33,236	57,940	71,418	89,589	15,539	66,955	74,434
Pachislot machines	32,610	15,385	22,591	7,519	20,932	12,076	19,745	21,795	39,763	8,881	11,191	16,539	31,791	9,826	10,728	34,592
Golf Business	—	—	13,228	40,002	74,479	20,549	39,605	59,818	73,145	21,161	40,539	61,047	74,807	21,584	40,669	62,491
Other	1,162	274	1,048	1,436	2,700	628	1,343	1,958	2,555	588	1,299	1,867	2,417	588	1,267	1,873
Operating income	15,276	15,198	20,741	21,346	34,434	12,291	21,752	29,032	36,909	19,290	28,655	36,085	42,870	11,453	26,446	39,078
Pachinko and Pachislot machine Business	17,688	16,449	24,636	15,571	25,494	8,587	15,591	20,508	30,119	15,067	22,009	25,925	34,310	7,153	20,164	28,359
Pachinko machines	8,726	10,169	17,023	12,370	19,177	3,803	7,911	12,738	14,836	10,269	17,455	19,690	21,582	3,128	17,047	17,505
Pachislot machines	8,962	6,279	7,613	3,201	6,316	4,783	7,680	7,770	15,282	4,798	4,554	6,235	12,728	4,024	3,117	10,854
Golf Business	—	—	-910	7,542	12,200	4,441	7,425	10,685	9,911	5,010	8,250	12,705	12,127	5,216	7,955	13,344
Other	556	134	229	105	239	25	95	130	159	25	68	92	140	32	82	92
Not allocated	-2,968	-1,384	-3,214	-1,873	-3,500	-763	-1,359	-2,292	-3,281	-813	-1,672	-2,638	-3,708	-949	-1,755	-2,718
Operating income ratio	17.8%	33.9%	21.8%	22.8%	19.4%	27.7%	25.6%	22.3%	20.3%	30.2%	25.8%	23.9%	21.6%	24.1%	22.1%	22.5%
Ordinary income	24,687	20,079	28,282	24,585	35,577	12,202	21,317	28,380	35,405	19,085	28,244	35,367	42,059	11,268	25,896	38,280
Net income	20,451	13,525	20,516	16,835	20,123	7,111	12,578	15,782	20,361	11,360	18,069	21,257	26,235	6,003	19,248	28,321
SGA expenses	23,875	10,579	24,180	14,367	30,864	7,904	15,323	24,763	36,095	8,391	16,572	25,251	36,517	8,426	17,573	26,728
Labor cost	4,407	1,976	5,851	3,479	7,554	1,747	3,413	5,261	7,621	1,656	3,254	4,799	7,700	1,602	3,234	4,836
Selling expenses	6,488	3,534	6,448	3,497	7,884	2,191	4,082	6,315	8,994	2,274	4,294	6,650	8,632	2,232	5,133	7,917
Advertising expenses	2,612	1,588	2,841	1,443	3,197	918	1,633	3,271	3,856	758	1,496	3,104	3,560	627	1,383	2,668
Sales comissions	2,931	1,502	2,513	1,261	2,690	937	1,641	2,224	3,572	1,224	1,894	2,458	3,675	813	1,819	2,955
General expenses	12,978	5,067	11,880	7,390	15,425	3,965	7,827	13,186	19,478	4,460	9,023	13,801	20,184	4,590	9,204	13,974
R&D	9,774	3,444	7,889	3,787	8,963	2,502	4,748	8,138	12,864	2,812	5,832	8,933	13,624	2,888	5,913	8,907
Depreciation & amortization	3,362	1,152	3,963	3,525	7,575	1,760	3,621	5,923	8,339	2,112	4,323	6,777	9,478	2,174	4,619	7,182
Capital investment	2,202	760	3,301	4,711	9,414	3,233	7,136	10,039	12,987	3,558	6,999	9,192	11,877	3,013	5,920	9,390

Key Financial Indicators

Consolidated

(million yen)	FY3/2011	FY3/2012	FY3/2013	FY3/2014	FY3/2015	Formula
Net Sales	85,880	95,120	177,111	181,570	198,605	
Operating Income	15,276	20,741	34,434	36,909	42,870	
Ordinary Income	24,687	28,282	35,577	35,405	42,059	
Net Income	20,451	20,516	20,123	20,361	26,235	
Total Asset	148,783	406,875	417,057	438,506	447,833	
Cash, Deposits and Short-term Investment	63,977	83,492	95,552	105,051	122,259	
Interest Bearing Debt	7,641	174,220	172,232	168,506	156,213	
Net Asset	96,717	124,826	141,182	156,502	178,269	
Capital Equity	96,614	112,792	128,467	142,772	163,116	
ROE	21.2%	19.6%	16.7%	15.0%	17.2%	
Operating Income Ratio	17.8%	21.8%	19.4%	20.3%	21.6%	Operating income/Net sales
Net Income Ratio	23.8%	21.6%	11.4%	11.2%	13.2%	Net income/Net sales
Asset Turnover	0.56	0.34	0.43	0.42	0.45	Net sales/Total asset※1
Financial Leverage	1.58	2.65	3.42	3.15	2.90	Total asset/Capital equity※1,2
Net Debt Equity Ratio	▲58.3%	80.4%	65.7%	40.9%	20.8%	Net interest-bearing debt/Capital equity
Equity Ratio	64.9%	27.7%	30.8%	32.6%	36.4%	Capital equity/total asset

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

※1 Total Asset = (Total Asset, beginning of period+ Total Asset, end of period) /2

※2 Equity Capital = (Equity Capital, beginning of period+ Equity Capital, end of period) /2

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