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[Document title]	Annual securities report
[Clause of stipulation]	Financial Instruments and Exchange Act, article 24, paragraph 1
[Place of filing]	Director, Kanto Local Finance Bureau
[Filing date]	June 22, 2022
[Fiscal year]	34th fiscal year (from April 1, 2021 to March 31, 2022)
[Company name]	FIELDS CORPORATION
[Company name in English]	FIELDS CORPORATION
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[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Part I [Company information]

[1][Overview of company]

1. [Key financial data]

(1) Key financial data of group

Fiscal term		30th	31st	32nd	33rd	34th
Fiscal year-end		2018 Mar.	2019 Mar.	2020 Mar.	2021 Mar.	2022 Mar.
Net sales	(Millions of yen)	61,055	50,755	66,587	38,796	94,900
Ordinary profit (loss)	(Millions of yen)	(5,204)	(1,864)	939	(2,032)	3,634
Profit (loss) attributable to owners of parent	(Millions of yen)	(7,691)	(614)	490	(3,452)	2,471
Comprehensive income	(Millions of yen)	(5,049)	(704)	(27)	(3,214)	3,046
Net assets	(Millions of yen)	35,509	34,638	34,279	30,443	31,551
Total assets	(Millions of yen)	72,336	67,450	64,317	52,370	70,001
Net assets per share	(Yen)	1,054.99	1,031.63	1,018.63	921.80	939.42
Basic earnings (loss) per share	(Yen)	(231.77)	(18.52)	14.79	(105.78)	76.43
Diluted earnings per share	(Yen)	-	-	-	-	76.18
Equity-to-asset ratio	(%)	48.4	50.8	52.6	56.9	43.4
Rate of return on equity	(%)	(19.9)	(1.8)	1.4	(10.9)	8.2
Price-earnings ratio	(Times)	(5.0)	(39.1)	19.2	(5.4)	11.8
Cash flows from operating activities	(Millions of yen)	(1,094)	2,178	(2,427)	3,692	7,980
Cash flows from investing activities	(Millions of yen)	4,399	3,217	876	(1,072)	(1,586)
Cash flows from financing activities	(Millions of yen)	(2,021)	(962)	(2,537)	(2,835)	1,385
Cash and cash equivalents at end of year	(Millions of yen)	24,373	28,807	24,725	24,510	32,304
Number of employees [average number of temporary employees]	(Persons)	1,514 [795]	1,342 [911]	1,341 [646]	1,266 [547]	1,193 [357]

(Note) 1. Diluted earnings per share is not presented because there were no dilutive shares for the 30th to 31st fiscal periods and it is a basic loss per share. The 32nd fiscal period is not presented because there are no dilutive shares. Although there are dilutive shares in the 33rd fiscal period, they are not stated because they are basic loss per share.

2. Figures for the 31st fiscal period are reflected revisions to the account settlement for past fiscal years.

3. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the 34th fiscal period. Major management indicators, etc. of the 34th fiscal period are indicators after applying the said accounting standard, etc.

(2) Key financial data of reporting company

Fiscal term		30th	31st	32nd	33rd	34th
Fiscal year-end		2018 Mar.	2019 Mar.	2020 Mar.	2021 Mar.	2022 Mar.
Net sales	(Millions of yen)	50,570	42,571	57,515	29,723	83,604
Ordinary profit (loss)	(Millions of yen)	(6,430)	(2,243)	1,516	(3,497)	1,512
Profit (loss)	(Millions of yen)	(6,239)	(2,363)	1,091	(4,120)	1,595
Share capital	(Millions of yen)	7,948	7,948	7,948	7,948	7,948
Total number of issued shares	(Shares)	34,700,000	34,700,000	34,700,000	34,700,000	34,700,000
Net assets	(Millions of yen)	36,851	34,246	34,417	29,779	29,735
Total assets	(Millions of yen)	67,518	64,656	61,316	49,614	63,874
Net assets per share	(Yen)	1,110.53	1,032.02	1,037.18	920.86	918.83
Dividend paid per share	(Yen)	30	10	10	10	20
(interim dividend paid per share)	(Yen)	(25)	(-)	(-)	(-)	(-)
Basic earnings (loss) per share	(Yen)	(188.04)	(71.24)	32.88	(126.21)	49.35
Diluted earnings per share	(Yen)	-	-	-	-	49.19
Equity-to-asset ratio	(%)	54.6	53.0	56.1	60.0	46.5
Rate of return on equity	(%)	(15.8)	(6.6)	3.2	(12.8)	5.4
Price-earnings ratio	(Times)	(6.2)	(10.2)	8.6	(4.6)	18.2
Payout ratio	(%)	-	-	30.4	-	40.5
Number of employees [average number of temporary employees]	(Persons)	728 [48]	535 [32]	510 [35]	527 [28]	505 [21]
Total shareholder return	(%)	103.4	66.1	28.9	55.0	84.8
(Comparative indicator: TOPIX total return index)	(%)	(115.9)	(110.0)	(99.6)	(141.5)	(144.3)
Highest stock price	(Yen)	1,308	1,247	805	636	1,008
Lowest stock price	(Yen)	1,088	631	260	507	427

(Note) 1. Diluted earnings per share is not presented because there were no dilutive shares for the 30th to 31st fiscal periods and it is a basic loss per share. The 32nd fiscal period is not presented because there are no dilutive shares. Although there are dilutive shares in the 33rd fiscal period, they are not stated because they are basic loss per share.

2. The payout ratio for the 30th to 31st and 33rd fiscal periods is not stated because the Company recorded a loss.

3. Figures for the 31st fiscal period are reflected revisions to the account settlement for past fiscal years.

4. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the 34th fiscal period. Major management indicators, etc. related to the 34th fiscal period are indicators after applying the said accounting standard, etc.

5. The highest and lowest stock prices are those listed on the First Section of the Tokyo Stock Exchange.

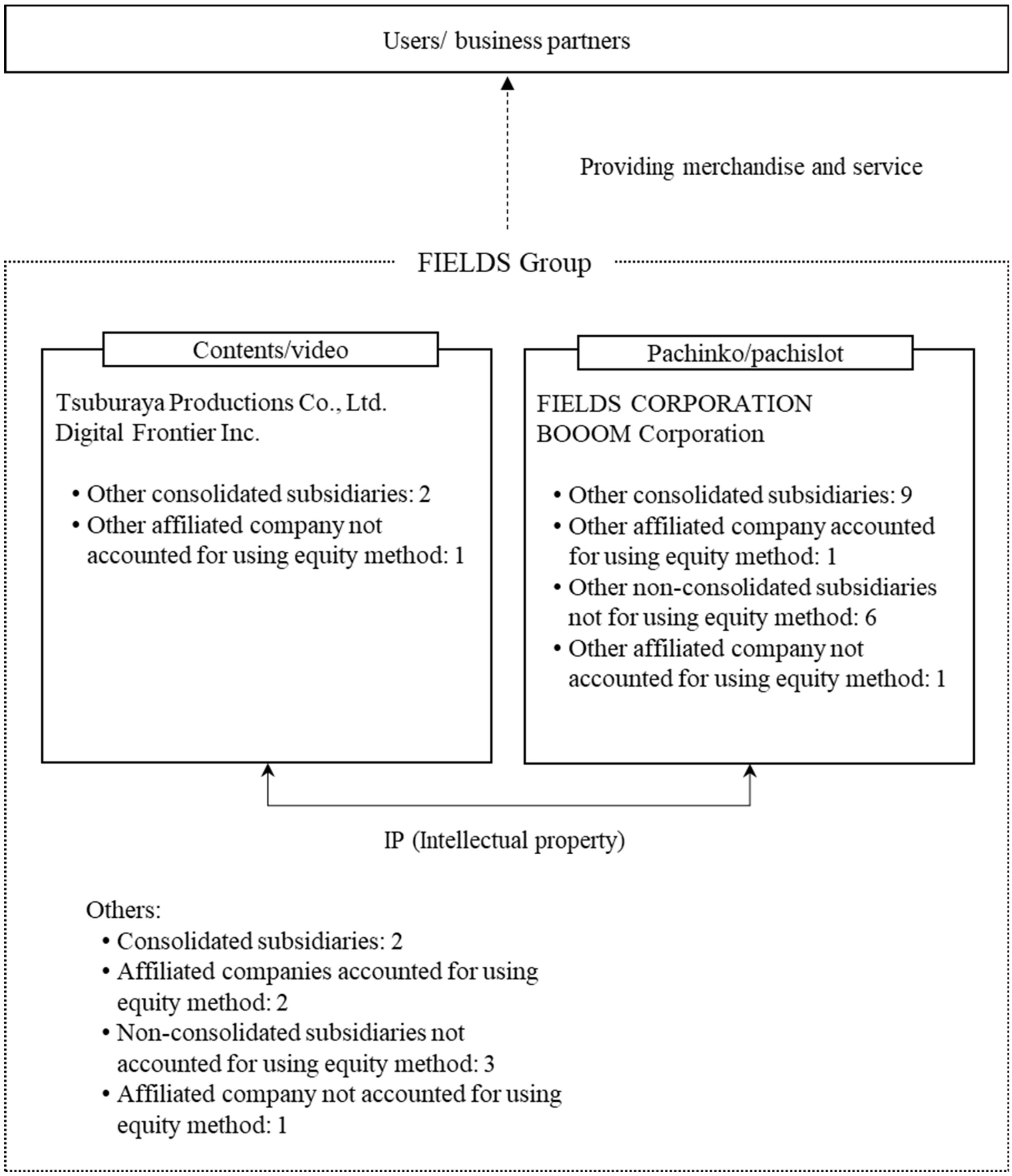
2. [History]

Date	History
Jun. 1988	Established Toyo Shoji Co., Ltd. in Midori-ku, Nagoya City in Aichi Prefecture for the purpose of selling pachinko/pachislot machines and selling steel materials
Jan. 1999	Obtained ISO 9002 certification (Sales Division) (transition to ISO9001 from December 2002)
Jun. 2001	Began operating "Total Workout" fitness clubs
Oct. 2001	Split up company (incorporation-type company split) and moved steel material business to new company (Toyo Shoji Co., Ltd.)
	Rename to FIELDS CORPORATION and moved the headquarters to Minato-ku, Tokyo
Mar. 2002	Made Cerio Ltd. (currently Fields Jr. Corporation) a subsidiary through a stock acquisition
Jan. 2003	Established Digital Load Corporation (currently LUCENT, INC.) as a subsidiary
Mar. 2003	Listed in the JASDAQ
Nov. 2003	Signed a basic distribution agreement with a pachinko/pachislot machine manufacturer Daido Co., Ltd. (currently Bisty Co., Ltd.)
Jun. 2004	Raised capital to ¥7,948 million through public offering
Jul. 2004	Moved the headquarters to Shibuya-ku, Tokyo
Dec. 2004	Listed shares on Japan Securities Dealers Association Quotation System (JASDAQ)
	Began selling pachinko/pachislot machines in the *Evangelion* series
Oct. 2005	Opened the G&E BUSINESS SCHOOL
Oct. 2006	Established FutureScope Corp. as a subsidiary
Jan. 2008	Made Shinnichi Technology Co., Ltd., a subsidiary through a stock acquisition
Feb. 2008	Signed business tie-up with KYORAKU SANGYO
May 2009	Established F Corporation (currently BOOOM Corporation) as a subsidiary
Nov. 2009	Signed basic agreement on distribution with Enterrise Co., Ltd. of CAPCOM Group
Apr. 2010	Made Tsuburaya Productions Co., Ltd. a subsidiary through a stock acquisition
	Made Digital Frontier Inc. a subsidiary through a stock acquisition
Jan. 2011	Made MICROCABIN CORP. a subsidiary through a stock acquisition
May 2011	Established Total Workout premium management Inc. as a subsidiary
Nov. 2011	Published monthly comic *HERO'S* Monthly with Shogakukan Creative INC.
Apr. 2013	Signed business alliance agreement with D-light Co., Ltd. of Daiichi Group
Jan. 2014	Made NANASHOW Corporation an affiliate through Fields' underwriting of a capital increase through a third-party allotment of new shares
Apr. 2014	Signed business alliance agreement with NANASHOW Corporation
Feb. 2015	Signed basic agreement on distribution with OK CO., Ltd. of KYORAKU Group
Apr. 2015	Shares listing moved to the First section of the Tokyo Stock Exchange
May 2015	Made K.K. Aristocrat Technologies (currently K.K. CROSSALPHA) a subsidiary through a stock acquisition
	Made Spiky Corporation a subsidiary through a stock acquisition of K.K. Aristocrat Technologies
Jun. 2015	Signed business alliance agreement with Daiichi Shokai Co., Ltd.
Feb. 2018	Established Japan Premium Broadcast Inc. (currently PachinkoPachislot Information Station, Inc.) as a subsidiary with Amusement Press Japan Inc. and adcircle
Oct. 2018	Made NANASHOW Corporation a subsidiary through a stock acquisition by K.K. CROSSALPHA
Apr. 2022	Transitioned from the First Section of the Tokyo Stock Exchange to the Prime Market by reviewing the market

3. [Description of business]

Our group (FIELDS CORPORATION and its affiliated companies) consists of FIELDS CORPORATION, 25 subsidiaries and six affiliated companies.

The positioning of the group's businesses and the organizational diagram of its businesses are shown below.



The main distribution methods and the method of recording sales, etc. in the main business of PS (hereinafter, PS) are as follows.

1. “Distributor sales” and “agency sales”

Regarding the sale of PS machines, there is a “distributor sales” method, in which we sell machines directly to pachinko halls through the sales activities of our branches, and an “agency sales” method, in which we intermediate sales.

In distributor sales, we purchase PS machines from manufacturers and sell them to pachinko halls. We mainly had transacted distributor sales in pachislot machine sales. In the year ended March 31, 2015, we also began sales for some pachinko machines to distributors to develop our products more flexibly and efficiently.

In agency sales, we earn agency commissions from manufacturers by acting as a sales agent (sales intermediary) for manufacturers, including (a) agency services for the preparation of purchase and sale contracts between halls and manufacturers, (b) collection of sales proceeds, (c) agency services related to overall preparations for opening of pachinko halls, and (d) agency services related to after-sales services.

In some cases, both distributor and agency sales are sold further through our agencies (secondary sales intermediary secondary). In terms of logistics, both distributor and agency sales, PS machines are delivered directly to pachinko halls by manufacturers. In addition to reducing our logistics costs and prevent improper modifications of PS machines, distributors also use this method to distribute PS machines by designated carriers of manufacturers.

2. Method of recording sales, etc.

Revenues from PS machine sales arising from contracts between we and our customers are mainly derived from the sale of PS machines to pachinko halls. In the purchase and sale agreement with pachinko halls, the risk of loss is transferred to pachinko halls when the PS machine is shipped to halls. Therefore, we have determined that the delivery of the PS machine to the pachinko halls, which is our performance obligation, will be completed at that time.

For transactions in which we are the sole distributor, i.e., transactions in which we exclusively sell the PS machines manufactured by manufacturers, we have determined that it is our performance obligation to provide such machines ourselves, and therefore we recognize as revenue the payments we sold the PS machines to pachinko halls at the time we ship the machines to pachinko halls which are our customer.

For transactions in which we are not the sole distributor, i.e., transactions in which some PS machines manufactured by manufacturers is sold on behalf of manufacturers, we have determined that it is our performance obligation and an agent to arrange for such machines to be provided by the PS machine manufacturer, and therefore we recognize as revenue the amount of the agency commission received from manufacturers, which are our customer, when the machines are shipped to pachinko halls.

4. [Subsidiaries and other affiliated entities]

Name	Address	Share capital (millions of yen)	Main business	Holding ratio of voting rights (indirect ownership) (%)	Details of relationship
(Consolidated Subsidiaries) Fields Jr. Corporation	Shibuya-ku, Tokyo	10	Maintenance of PS machine, etc.	100	Outsourcing the installation of PS machine Financial assistance
Shinnichi Technology Co., Ltd.	Shibuya-ku, Tokyo	10	Development and manufacturing of PS machine	100 [100]	Development PS machine Manufacturing consignment
BOOOM Corporation	Shibuya-ku, Tokyo	10	Planning and development of PS machine	100	Two concurrent board members Borrowing of funds Outsourcing of planning
MICROCABIN CORP.	Yokkaichi-shi. Mie	10	Planning and developing software for PS machine	100	Outsourcing the development of PS machine
K.K. CROSSALPHA	Shibuya-ku, Tokyo	10	Develop and manufacture PS machine	100	Outsourced development and manufacturing of PS machine Financial assistance
Spiky Corporation	Shibuya-ku, Tokyo	100	Develop and manufacture PS machine	100 [100]	Outsourced development and manufacturing of PS machine Financial assistance
F Corp.	Shibuya-ku, Tokyo	5	Develop and manufacture PS machine	100 [100]	Outsourced development and manufacturing of PS machine Financial assistance
Total Workout premium management Inc.	Shibuya-ku, Tokyo	5	Management and operation of fitness gym	100	A concurrent board member Outsourcing of operations related to store management
LUCENT, INC	Shibuya-ku, Tokyo	10	Leasing, management, trading and asset management of real estate	99.89	A concurrent board member Debt guarantees Lease of real estate
FutureScope Corp.	Shibuya-ku, Tokyo	60	Providing of information service through the Internet	94.40	A concurrent board member Outsourcing of planning
Digital Frontier Inc.	Shibuya-ku, Tokyo	31	Computer graphics Planning and production, etc.	86.95	A concurrent board member Outsourcing of planning
PachinkoPachislot Information Station, Inc.	Shibuya-ku, Tokyo	10	Operation of information distribution services	60.00	Financial assistance
NANASHOW Corporation (Note 2)	Shibuya-ku, Tokyo	40	Planning, developing, manufacturing, and selling PS machine	66.67 [27.78]	Financial assistance Purchasing PS machine Sales of merchandise rights
Tsuburaya Productions Co., Ltd.	Shibuya-ku, Tokyo	310	Planning and production of movie/TV Planning, production and sales of character goods	51.00	Purchase of merchandise rights Financial assistance
(Two other companies)	-	-	-	-	-
(Subsidiaries and affiliates accounted for using the equity method) SOUGOU MEDIA INC.	Shibuya-ku, Tokyo	10	Planning and production regarding sales promotions	35.00	A concurrent board member
SPO Entertainment Inc.	Chuo-ku, Tokyo	100	Management of movie theaters Import/ export and sales of right of films, TV dramas and others Planning, developing and operating media services etc.	31.81	-
(Other company)	-	-	-	-	-

(Note) 1. Figures in [] in the percentage of holding ratio of voting rights (indirect ownership) column are indirect ownership.
2. Falls under the category of specified subsidiaries.

* PS: pachinko/pachislot machine

5. [Employees]

(1) Information about group

As of March 31, 2022

Number of employees of group
1,193 [357]

(Note) 1. The number of employees is the number of employed people (excluding those seconded from our group to outside our group and including those seconded from outside our group to our group). The number of temporary employees (including part-time, temporary, and contract employees, and excluding dispatched employees) is the average number of employees for the year stated [].

2. Since our group is a single segment, it is not included in relation to the segment information.

(2) Information about reporting company

As of March 31, 2022

Number of employees (people)	Average age (years)	Average length of service (years)	Average annual salary (thousand yen)
505 [21]	40.3	13.4	6,698

(Note) 1. The number of employees is the number of employed people (excluding those seconded from the Company to outside and including those seconded from outside to the Company). The number of temporary employees (including part-time, temporary, and contract employees, and excluding dispatched employees) is the average number of employees for the year stated [].

2. Average annual salary includes bonuses and non-base wages.

3. Since the Company is a single segment, it is not included in relation to the segment information.

(3) Union Information

The labor union is not formed, but the labor-management relationship is good, and there are no noteworthy matters.

[2] [Overview of business]

1. [Management policy, business environment, issues to address]

Forward-looking statements in the text are judgments made by our Group as of the end of the fiscal year under review.

(1) Basic management policies

To realize our corporate philosophy of "The Greatest Leisure for All People," the Group acquires, holds, and creates high-value-added IP (intellectual property), and through its diversified deployment, cultivates commercially high-value content. Furthermore, we are expanding our business domains into the entertainment field, starting with IP, and striving to provide products and services that enrich people around the world in each field.

In conjunction with these business developments, we will firmly maintain our basic management policy of emphasis on shareholders and aim to optimize the allocation of management resources to improve corporate value and return profits to shareholders.

(2) Issues to be addressed

On May 11, 2022, we announced a medium-term management plan aimed at further growth in the three-year period from April 1, 2022 to March 31, 2025. Based on this plan, we will continue to work on enhancing shareholder value with growth potential and profitability as the two pillars.

The initiatives of each business and group company in the next fiscal year are as follows.

In Tsuburaya Productions Co., Ltd. (hereinafter, "TPC"), which is responsible for the Group's growth strategy, Netflix *ULTRAMAN* season 2 which was launched globally in April, has been well received and the movie *SHIN ULTRAMAN* was released on May 13. Going forward, we expected to gain broad support of customers and see further increase in the value of *Ultraman*. Domestic and overseas merchandising (hereinafter, "MD")　is expected to grow, particularly in China. In addition, as triggered by the 2018 U.S. lawsuit winning ruling (finalized in 2020), it will newly focus on developing MD license market in North America.

Digital Frontier Inc. (hereinafter, "DF") is expected to make stable earnings, with steady orders for domestic video projects and others.

Furthermore, the creation of massive new markets using metaverse and other virtual spaces as well as NFT has been drawing attention in recent years. In response to this business opportunity, we will work to develop digital domain businesses by combining IP, CG/ digital technologies, and other technologies possessed by TPC and DF.

In the PS business, which is responsible for the Group's profitability, we expect it to be the year we enable to bring PS machines that satisfy pachinko halls and fans into the marketplace and are preparing a lineup to increase unit sales.

In addition, we will expand our digital communications business to support the PS machine industry. We plan to launch the services such as *PS Information Station*, a media for halls *Optimize*, a web advertising distribution to support for attracting customers to pachinko halls, and *Net-pachi.com*, a media for fans. In August, we plan to launch *Pachinko.com*, a website for used machine distribution that aims to revitalize the market for the industry.

We will strive to maximize the Group's corporate value through these initiatives.

(Note) Merchandise names in this report are trademarks or registered trademarks of each company.

(3) Medium-to-long-term management strategy

Since its foundation, FIELDS Corp. has adopted a management policy based on our corporate philosophy of "The Greatest Leisure for All People" placing the content business as a pillar of our growth strategy. In 2010, we have acquired Tsuburaya Productions Co., Ltd. (hereinafter, "TPD"), which owns a large number of Intellectual Property (IP), including *Ultraman*, and Digital Frontier Inc., which engages in one of the largest CG/VFX video businesses in Japan. We strategically invested in the creation and development of globally-competitive IP and business in digital businesses.

TPD's *Ultraman* IP business is growing not only domestically but also in the Asian region, where royalty income has almost tripled compared to the previous year. In response to the strong performance of Japanese IP merchandising in the North American market, TPD will aggressively develop *Ultraman* IP worldwide from now on. Furthermore, with the advancement of digital technologies, it is anticipated that businesses utilizing metaverse and other virtual spaces and NFT will become mainstream in the future. Under these conditions, our group, which is a leading IP holder and possesses the know-how of digital video production, will shift to a holding company structure in order to position the "content × digital" business as a pillar of our growth strategy and to proactively and innovatively evolve its business. Details of the medium-term management strategy are presented in the report on May 11, 2022, "Financial results for the fiscal year ended March 31, 2022 and Medium-term management plan (FY2022 -

FY2024).”

2. [Business risks]

The following are risks that we recognize may affect the operating results of our Group (the Company and its consolidated subsidiaries; the same hereafter). In addition, other than the risks described below, if risks that exceed our Group’s expectations materialize, our Group’s operating results, etc. may be affected. Unless otherwise indicated, forward-looking statements in the text are based on our judgment at the present time.

(1) Overall management

Risk item	Summary	Main measures
Compliance and legal violations	・Failure of our and our Group’s officers and employees to comply with current or future laws and regulations could result in damage to our Group’s social reputation and brand image and damages claims	・Establish compliance guidelines, establish a compliance promotion system, and implement education and awareness-raising for directors and employees in an effort to further improve corporate ethics and comply with laws and regulations
Information security	・Impairment or temporary suspension of business activities may affect the Group’s performance due to cyber-attacks or unauthorized access from external sources, intrusion of viruses or malware, or malfunction of information systems ・External leaks of personal information, etc. may damage the creditworthiness of our Group and result in damages claims	・Strengthen information security measures, educate executives and employees, and ensure thorough information management
Investments, etc.	・Our inability to achieve our intended objectives, including strategic objectives and planned increases in business revenues, in connection with joint ventures with third parties or acquisitions or IP acquisitions, which could have an impact on our Group’s results of operations	・When making decisions, take into account the profitability of the investment in the future and conduct sufficient deliberations to avoid risks
Disasters, etc.	・Uncertain factors, such as the impact on domestic and overseas economic activities and consumer activities associated with the global spread of coronavirus disease (COVID-19), may affect the Group’s performance ・Damage to offices, facilities, employees and their families due to natural disasters such as earthquakes, fires, floods, etc. may have a direct or indirect impact on our Group	・Efforts will be made to strengthen companywide measures to prevent infectious diseases, to collaborate with allied manufacturer in the PS division, to strengthen collaboration between the distribution and development divisions, and to improve merchandise capabilities ・Efforts will be made to establish and maintain an immediate response system in the event of a disaster, such as the preparation of disaster response manuals and business continuity plans (BCPs) and the establishment of a system for confirming the safety of employees

(2) Legal and market conditions in the pachinko/pachislot machine industry

In planning, developing, and selling pachinko/pachislot (hereinafter, “PS”) machine, which our Group are engaged in, our Group are required to strictly enforce legal regulations, including the “Act on Control and Improvement of Amusement Businesses, etc. (the Amusement Business Act)” and the Public Safety Commission’s “regulations for the verification of licenses, formats, and other aspects of PS machines.” Significant changes in these laws and regulations may affect the Group’s sales and operating results.

For this reason, our Group is promoting initiatives for the sound development of the PS machine industry by strictly implementing PS machine in accordance with various legal regulations and standards. In addition, through thorough marketing utilizing our nationwide sales network, we are accurately grasping the potential needs of the world and working to realize the merchandise and services that customers want to wait for.

3 [Management analysis of financial position, operating results and cash flows]

(1) Overview of business results, etc.

Our Group has adopted a corporate philosophy of "The Greatest Leisure for All People." To realize this, we strive to plan, develop, and provide products and services that enrich people's minds, with the aim of achieving sustainable growth.

During the fiscal year under review (April 2021 to March 2022), we worked to increase shareholder value based on the twin pillars of growth and profitability.

The following is a summary of the financial position, results of operations and cash flows (hereinafter "results of operations, etc.") of our Group (FIELDS CORPORATION, consolidated subsidiaries, and equity-method affiliates) during the fiscal year under review.

The Company adopts the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter, the "Accounting Standard for Revenue Recognition") and the "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021) from the beginning of the current fiscal year. For more information on the impact of the adoption of the Accounting Standard for Revenue Recognition and other standards on the Company's financial position and results of operations, please refer to "Notes to consolidated financial statements (changes in accounting policies), Consolidated financial statements, etc., "Part V [Financial information]."

I) Financial Condition

(Assets)

Current assets increased by ¥17,551 million from the end of the previous fiscal year to ¥56,698 million. This was mainly due to an increase in trade receivables.

Property, plant and equipment increased by ¥266 million from the end of the previous fiscal year to ¥4,538 million. This was mainly due to an increase in land.

Intangible assets decreased by ¥146 million from the end of the previous fiscal year to ¥2,482 million. This was mainly due to a decrease in goodwill.

Investments and other assets decreased by ¥40 million from the end of the previous fiscal year to ¥6,282 million. This was mainly due to a decrease in leasehold and guarantee deposits.

Consequently, assets increased by ¥17,630 million from the end of the previous fiscal year to ¥70,001 million.

(Liabilities)

Current liabilities increased by ¥16,968 million from the end of the previous fiscal year to ¥27,864 million. This was mainly due to an increase in trade payables.

Non-current liabilities decreased by ¥446 million from the end of the previous fiscal year to ¥10,584 million. This was mainly due to a decrease in long-term borrowings.

Consequently, liabilities increased by ¥16,522 million from the end of the previous fiscal year to ¥38,449 million

(Net assets)

Net assets increased by ¥1,108 million from the end of the previous fiscal year to ¥31,551 million. This was mainly due to an increase in retained earnings and an increase in non-controlling interests.

II) Business results

(Net sales)

Net sales for the fiscal year under review amounted to ¥9,490 billion (up 144.6% YoY).

(Cost of sales)

Cost of sales for the fiscal year under review amounted to ¥7,911.6 billion (up 174.1% YoY).

(Selling, general and administrative expenses)

Selling, general and administrative expenses for the fiscal year under review amounted to ¥1,233.9 billion (up 1.4% YoY).

(Non-operating income and expenses)

Non-operating income for the fiscal year under review decreased by ¥21 million from the previous fiscal year to ¥365 million.

In addition, non-operating expenses for the fiscal year under review decreased by ¥2 million from the previous fiscal year to ¥176 million.

(Extraordinary income (loss))

Extraordinary income for the fiscal year under review amounted to ¥541 million. This was mainly due to a ¥304 million gain on sales of shares of subsidiaries and associates.

In addition, extraordinary losses for the fiscal year under review amounted to ¥234 million. This was mainly due to a loss on business liquidation of ¥105 million.

III) Cash flows

Cash and cash equivalents (hereinafter, “funds”) at the end of the fiscal year under review increased by ¥7,793 million from the end of the previous fiscal year to ¥32,304 million.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥7,980 million (¥3,692 million provided in the same period of the previous fiscal year). This was mainly due to a profit before income taxes of ¥3,941 million, an increase in trade payables of ¥9,433 million, an increase in trade receivables of ¥7,644 million, a decrease in inventories of ¥864 million, a depreciation of ¥737 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥1,586 million (¥1,072 million used in the same period of the previous fiscal year). This was mainly due to payments for investments in capital of ¥1,475 million, purchase of non-current assets of ¥1,187 million, proceeds from sale of shares of subsidiaries and associates of ¥502 million, and proceeds from sale of investment securities of ¥492 million.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥1,385 million (¥2,835 million used in the same period of the previous fiscal year). This was mainly due to proceeds from long-term borrowings of ¥4,858 million, repayments of long-term borrowings of ¥4,063 million, an increase in short-term borrowings of ¥946 million, and payments of dividends of ¥322 million.

VI) Status of production, orders received and sales performance

As the Groupis a single segment, it is not included in relation to the segment information.

a) Production results

Production results for the fiscal year under review area follows.

Classification	Production (millions of yen)	YoY (%)
All group companies	10,276	(3.5)
Total	10,276	(3.5)

(Note) Amounts are based on manufacturing costs.

b) Orders received

Orders received in the fiscal year under review are as follows.

Classification	Orders received (millions of yen)	YoY (%)	Order backlog (millions of yen)	YoY (%)
All group companies	11,388	38.8	2,691	122.5
Total	11,388	38.8	2,691	122.5

(Note) There was a significant change in the results of orders received during the fiscal year under review. This was mainly due to an increase in orders received in the imaging products business at consolidated subsidiaries.

c) Sales performance

Sales results for the fiscal year under review are as follows.

Classification	Sales (millions of yen)	YoY (%)
All group companies	94,900	144.6
Total	94,900	144.6

(Note) 1. Information regarding major customers is omitted because the ratio to total sales results is less than 10/100.

2. There was a significant change in sales performance during the fiscal year under review. This was mainly due to an increase in PS machine sales in the PS distribution business.

d) Product purchasing results

Product purchasing during the fiscal year under review are as follows.

Classification	Purchases (millions of yen)	YoY (%)
All group companies	64,354	332.4
Total	64,354	332.4

(Note) 1. Amounts are based on purchase prices.

2. There were significant changes in purchase results during the fiscal year under review. This was mainly due to an increase in PS machine sales in the PS distribution business.

(2) Analysis and consideration of the status of operating results, etc. from the management's perspective

Recognition, analysis, and consideration of the status of the Group's operating results, etc. from the management's perspective is as follows. Please note that forward-looking statements contained in these risk item descriptions are as assessed by the Company as of the end of the fiscal year under review.

I) Details of analysis and consideration of the status of operating results, etc. for the current consolidated fiscal year

Since our founding in line with our corporate philosophy of "The Greatest Leisure for All People", we have worked on increasing shareholder's value based on the twin pillars of growth and profitability. The initiatives of each business and group company in the fiscal year under review are as follows. Tsuburaya Productions Co., Ltd. (hereinafter, "TPC"), which is responsible for dynamic promotion of our growth potential, has benefited from the increasing value of Ultraman brand globally. As shown in Table 1 below, the merchandising (MD) in the domestic and overseas markets has performed well, and in particular, MD growth in China and other Asian regions has been remarkable, contributing significantly to earnings.

[Table 1: Trends in TPC's MD and licensing revenue] (Unit: millions of yen)

	Current fiscal year (ended March 31, 2022)	Previous fiscal year (ended March 31, 2021)	YoY change
Domestic MD and license revenue	1,386	713	+94.2%
Overseas MD and license revenue	2,087	959	+117.5%
China	1,547	524	+195.3%
Total MD and licensing revenue	3,473	1,673	+107.6%
Imaging business revenue	1,429	1,011	+41.4%

In Digital Frontier Inc. (hereinafter, "DF"), CG video production, mainly by major domestic gaming companies, and VFX video production with Netflix remained firm as in the previous fiscal year.

In the content and digital business, operating profit was ¥1,467 million (up 220.4% YoY), ordinary profit was ¥1,466 million (up 230.3% YoY), and profit was ¥1,060 million (up 475.9% YoY). TPC's non-consolidated results were operating profit of ¥1,272 million (up 238.7% YoY), ordinary profit of ¥1,255 million (up 232.9% YoY), and profit of ¥923 million (up 474.5% YoY).

In FIELDS CORPORATION (hereinafter, "FIELDS"), which is responsible for a central role for our profitability, new machine sales in the fiscal year under review were strong, as shown in table 2 below. In the PS market, we have emerged from the slump since regulatory amendment/ revised regulations in 2018, and PS machine which meets the expectations of fans centered on pachinko has been highly regarded. As a result, total sales in the market have reached approximately 1,820,000 units, the highest number in the past three years (up 618,000 units YoY). Manufacturers are finally coming out of the slump, and pachinko machines have bounced back while pachislot machines are not far behind.

[Table 2: Trends in FIELDS's sales of new machine]

		Current fiscal year (ended March 31, 2022)	Previous fiscal year (ended March 31, 2021)	YoY change
Pachinko	Sales titles	Six titles	Three titles	-
	Units sold	140,000 units	50,000 units	+90,000 units
Pachislot	Sales titles	Seven titles	Eight titles	-
	Units sold	51,000 units	46,000 units	+5,000 units
Total	Units sold	191,000 units	96,000 units	+95,000 units

In the PS business, operating profit was ¥1,750 million (up ¥5,284 million YoY), ordinary profit was ¥1,883 million (up ¥5,779 million YoY), and profit was ¥1,706 million (up ¥6,239 million YoY).

The performance of other Group companies also progressed steadily.

Consequently, consolidated results for the fiscal year under review were net sales ¥94,900 million (up 144.6% YoY), operating profit ¥3,444 million (up ¥5,686 million YoY), ordinary profit ¥3,634 million (up ¥5,666 million YoY), and profit attributable to owners of parent ¥2,471 million (up ¥5,923 million YoY).

(Notes) 1. All figures in this report are based on our estimates.

2. Merchandise names in this report are trademarks or registered trademarks of each company.

3. The results of Contents and digital and PS businesses are calculated by considering the elimination of intra-group transactions from the simple sum of the figures within the respective businesses.

II) Analysis and consideration of cash flows status and information on capital resources and fund liquidity

Our group's cash flows for the current fiscal year are described in"III) Cash flows , (1) Overview of Business Results, etc., 3 [Management analysis of financial position, operating result and cash flows] , [2] [Overview of business]"

Our Group's main capital requirements are for working capital and capital expenditures. In addition to cash flow from operating activities and own funds, the Group plans to meet these funding requirements by procuring funds from borrowings from financial institutions.

Regarding working capital on hand, we and some of our consolidated subsidiaries have introduced cash management services (CMS) to concentrate excess funds at each company on us and to conduct centralized management to improve fund efficiency. In addition, we prepare for liquidity risk by entering into overdraft agreements in response to sudden funding requirements.

III) Significant accounting estimates and assumptions

The accompanying consolidated financial statements of the Group are prepared based on accounting principles generally accepted in Japan. In preparing these consolidated financial statements, we use estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses; however, figures based on these estimates and assumptions may differ from actual results.

The significant accounting estimates and assumptions used in the preparation of the consolidated financial statements are described in "Notes to consolidated financial statements (significant accounting estimates), Consolidated financial statements, etc., "Part V [Financial information]."

There are concerns about various uncertainties, such as the impact on domestic and overseas economic activities and consumption activities, in addition to the fact that the timing of the convergence of the outbreak is currently unforeseeable due to the worldwide spread of COVID-19. However, the verification is based on information available at the end of the fiscal year.

4 [Material contracts, etc.]

FIELDS CORPORATION (reporting company)

Name of the other party	Contract item	Contents of the contract	Contract period
Bisty Co., Ltd.	Pachislot machine	PS machine Basic Sale and Purchase Agreement for exclusive sales of PS machine manufactured by Bisty Co., Ltd.	From October 1, 2013 until September 30, 2014 Automatic renewal every year thereafter
	Pachinko machine	Sales Consignment Contract for exclusive sales of PS machine sold by Bisty Co., Ltd.	From October 1, 2013 until September 30, 2014 Automatic renewal every year thereafter
OK Co., Ltd.	Pachislot machine Pachinko machine	Basic Transaction Agreement for exclusive sales of PS machine manufactured by OK Co., Ltd.	From April 1, 2018 until March 31, 2019 Automatic renewal every year thereafter
D-light Co., Ltd.	Pachislot machine Pachinko machine	Business Alliance Contract for planning, developing, sales, etc. of PS machine (including the content of exclusive sales of PS machine manufactured by D-light Co., Ltd.)	From April 1, 2013 until March 31, 2018 Automatic renewal every three years thereafter
NANASHOW CORPORATION	Pachislot machine Pachinko machine	Business Alliance Contract for planning, developing, sales, etc. of PS machine (including the content of exclusive sales of PS machine manufactured by NANASHOW Corporation)	From April 30, 2014 Valid as long as it is a stockholder of NANASHOW Corporation
Daiichi Shokai Co., Ltd	Pachislot machine Pachinko machine	Business alliance contract for planning, developing, and sales of PS machine based on licensed content from us (including the content of exclusive sales of described above PS machine)	From June 1, 2015 until May 31, 2020 Automatic renewal every three years thereafter
Enterrise Co., Ltd.	Pachislot machine	Basic Sale and Purchase Agreement to sell PS machine manufactured by Enterrise Co., Ltd.	From December 1, 2018 until November 30, 2019 Automatic renewal every year thereafter

*PS: pachinko/pachislot

5 [Research and development activities]

Not applicable.

[3] [Information about facilities]

1. [Overview of capital expenditures]

Capital expenditures for the fiscal year under review amounted to ¥344 million, which mainly consisted of expenses for acquiring assets for business use.

Since our group is a single segment, it is not included in relation to the segment information.

2. [Major facilities]

(1) Reporting company

As of March 31, 2022

Region	Number of branches and offices (stores)	Carrying amounts (millions of yen)					Number of employees (people)
		Buildings and structures	Tools, furniture and fixtures	Land (m²)	Other	Total	
Head/Tokyo office, Sales offices Head office (Shibuya-ku, Tokyo), etc.	7	282	99	0 (16.14)	0	382	204
Hokkaido/Tohoku regional office Sapporo branch office (Shiroishi-ku, Sapporo), etc.	4	46	1	- (-)	-	48	37
Tokyo/ Kita-kanto regional office Tokyo branch office (Shibuya-ku, Tokyo), etc.	8	36	6	- (-)	-	43	97
Nagoya regional office Nagoya branch office (Nakagawa-ku, Nagoya), etc.	4	156	5	- (-)	-	162	49
Osaka regional office Osaka branch office (Nishi-ku, Osaka), etc.	3	21	4	- (-)	-	25	49
Chugoku/Shikoku regional office Hiroshima branch office (Higashi-ku, Hiroshima), etc.	3	36	1	- (-)	-	37	32
Kyushu regional office Fukuoka branch office (Hakata-ku, Fukuoka city), etc.	4	19	2	- (-)	-	22	37

(Note) 1. “Other” is machinery, equipment, and vehicles.

(2) Domestic subsidiaries

As of March 31, 2022

Company Name	Site name (location)	Details of facilities	Carrying amounts (millions of yen)					Number of employees (people)
			Buildings and structures	Tools, furniture and fixtures	Land (m²)	Other	Total	
MICROCABIN CORP.	Head Office (Yokkaichi, Mie), etc.	Head office functions, etc.	102	10	114 (2,051.84)	2	230	52
Digital Frontier Inc.	Head Office (Shibuya-ku, Tokyo), etc.	Head office functions, etc.	144	163	-	0	307	292
Tsuburaya Productions Co., Ltd.	Head Office (Shibuya-ku, Tokyo), etc.	Head office functions, etc.	13	147	277 (1,187.00)	3	442	116
LUCENT, INC.	Head Office (Shibuya-ku, Tokyo), etc.	Head office functions, etc.	823	-	1,640 (6,631.52)	-	2,464	5

(Note) 1. “Other” is machinery, equipment and vehicles.
2. The carrying amounts are before elimination of unrealized gains in intercompany transactions.

(3) Overseas subsidiaries

This information is omitted because there are no major facilities.

3. [Planned addition, retirement, and other changes of facilities]

Not applicable.

[4] [Information about reporting company]

1. [Company's shares, etc.]

(1) [Total number of shares]

I) [Authorized shares]

Class	Issued shares
Ordinary share	138,800,000
Total	138,800,000

II) [Issued shares]

Class	Number of issued shares as of fiscal year end (shares) (As of March 31, 2022)	Number of issued shares as of filing date (shares) (As of June 22, 2022)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Ordinary share	34,700,000	34,700,000	First section of the Tokyo Stock Exchange (as of the end of the fiscal year) Prime Market (as of the filing date)	Shares that are standard with no restrictions on the rights as a shareholder. The number of shares constituting one unit is 100 shares.
Total	34,700,000	34,700,000	-	-

(2) [Share acquisition rights]

I) [Employee share option plans]

Details of the stock option plan are described in "Notes to Consolidated Financial Statements (Share options, etc.), Consolidated financial statements, etc., "Part V [Financial information]."

II) [Rights plans]

Not applicable.

III) [Share acquisition rights for other uses]

Not applicable.

(3) [Exercises of moving strike convertible bonds, etc.]

Not applicable.

(4) [Changes in total number of issued shares, share capital and legal capital surplus]

Date	Change in issued shares (shares)	Total number of issued shares after change (shares)	Change in share capital (millions of yen)	Share capital balance (millions of yen)	Change in legal capital surplus (millions of yen)	Legal capital surplus balance (millions of yen)
October 1, 2012	34,353,000	34,700,000	-	7,948	-	7,994

(Note) In accordance with a resolution approved at board of directors meeting held on August 23, 2012, the Company conducted a 100-for-1 stock split on October 1, 2012 and adopted a stock unit system in which the number of shares constituting one unit was 100 shares.

(5) [Shareholding by shareholder category]

As of March 31, 2022

Classes of shares	Status of shares (number of shares constituting one unit: 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Financial service providers	Other corporations	Foreign investors		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders (persons)	-	10	32	57	80	17	7,602	7,798	-
Number of shares held (units)	-	34,867	17,569	21,061	42,037	130	231,289	346,953	4,700
Percentage of shareholdings (%)	-	10.05	5.06	6.07	12.12	0.04	66.66	100.00	-

(Note) The 2,368,300 shares of treasury shares are included in the “Individuals and others” section as 23,683 units.

(6) [Major shareholders]

As of March 31, 2022

Name	Address	Number of shares held (shares)	Shareholding ratio (excluding treasury shares) (%)
Hidetoshi Yamamoto	Setagaya-ku, Tokyo	8,875,000	27.45
Takashi Yamamoto	Setagaya-ku, Tokyo	3,612,800	11.17
Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsu-cho, Minato-ku, Tokyo	2,223,400	6.88
Mint Co.	2-24-15, Minami-Aoyama, Minato-ku, Tokyo	1,600,000	4.95
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo	1,029,900	3.19
JPMorgan Securities Japan Co., Ltd.	Tokyo Building, 2-7-3, Marunouchi, Chiyoda-ku, Tokyo	667,673	2.07
Hideyuki Kayamori	Kasugai, Aichi	504,800	1.56
Shogo Kayamori	Kasugai, Aichi	500,000	1.55
Ayane Kayamori	Kasugai, Aichi	500,000	1.55
MSCO CUSTOMER SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.)	1585 BROADWAY NEWYORK, NEWYORK 10036, U.S. A. (1-9-7, Otemachi, Chiyoda-ku, Tokyo Otemachi Financial City South Tower)	427,046	1.32
Total	-	19,940,619	61.68

(Note) 1. The shares held by Master Trust Bank of Japan, Ltd. (Trust Account) and Custody Bank of Japan, Ltd. (Trust Account) are all shares pertaining to trust business.

2. In addition to the above, the Company holds 2,368,300 treasury shares.

(7) [Voting rights]

I) [Issued shares]

As of March 31, 2022

Class	Number of shares	Number of voting rights (units)	Description
Shares with no voting rights	-	-	-
Shares with restricted voting rights (treasury shares, etc.)	-	-	-
Shares with restricted voting rights (other)	-	-	-
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Ordinary shares 2,368,300	-	-
Shares with full voting rights (other)	Ordinary shares 32,327,000	323,270	Common stock is the standard type of shares issued by the Company without limitations on the shareholders' rights
Shares less than one unit	Ordinary shares 4,700	-	-
Total number of issued shares	34,700,000	-	-
Total voting rights held by all shareholders	-	323,270	-

II) [Treasury shares, etc.]

As of March 31, 2022

Name of shareholder	Address	Number of shares held in own name	Number of shares held in others' names	Total number of shares held	Shareholding ratio (%)
(Treasury shares) FIELDS CORPORATION	16-17, Nanpeidaicho, Shibuya-ku, Tokyo	2,368,300	-	2,368,300	6.83
Total	-	2,368,300	-	2,368,300	6.83

2 [Acquisition and disposal of treasury shares]

[Class of shares, etc.]
Common stock

(1) [Acquisition by resolution of shareholders meeting]
Not applicable.

(2) [Acquisition by resolution of board of directors meeting]
Not applicable.

(3) [Acquisition not based on resolution of shareholders meeting or board of directors meeting]
Not applicable.

(4) [Disposal of acquired treasury shares and number of treasury shares held]

Classification	Current fiscal year		During the term	
	Number of shares	Total value of disposals (millions of yen)	Number of shares	Total value of disposals (millions of yen)
Shares of acquired treasury shares that went on solicitation of subscribers	-	-	-	-
Shares of acquired treasury shares retired	-	-	-	-
Shares of acquired treasury shares involved in transfers accompanying merger, share exchange, share delivery or corporate demerger	-	-	-	-
Other (disposal of treasury shares from restricted stock compensation)	-	-	-	-
Treasury shares held	2,368,300	-	2,368,300	-

3 [Dividend policy]

We regard the enhancement of corporate value as an important management issue, and our basic policy is to pay dividends in an appropriate manner in line with profits. On the other hand, we believe that prioritizing securing investment funds to increase earnings by stabilizing our financial base from a medium-to-long-term perspective in response to rapid changes in the marketplace will lead to the greatest shareholder return, including future increases in corporate value.

In terms of specific payments, the year-end distribution for the year ended March 31, 2022 will be ¥20 per share.

The dividend forecast for the next fiscal year, we plan to pay a year-end dividend of ¥20 per share.

(Note) Dividends of surplus whose record date belongs to the current fiscal year ended March 31, 2022 is as follows:

Date of resolution	Total dividends (millions of yen)	Dividends per share (yen)
Annual General Meeting of Shareholders resolution on June 22, 2022	646	20

4 [Corporate governance]

(1) [Overview of corporate governance]

I) Basic policy on corporate governance

The mission of Fields is to provide "The Greatest Leisure for All People," as in its corporate philosophy. Management's basic policy is to continuously enhance corporate value under that philosophy. We think one of the important management issues in realizing this basic policy is ensuring that corporate governance functions effectively. To increase the soundness, transparency and awareness of compliance in management, we are building an organizational structure that can respond quickly and flexibly to changes in the business environment while enhancing corporate governance and conducting efficient management.

II) Overview of the corporate governance system and reasons for adoption of the system

i) Overview of corporate governance structure

(Director and board of director)

Our board of director is composed of seven directors (including two outside directors) and is held once a month. In addition, extraordinary board of director are held as needed to enable swift management decisions, such as making decisions on important management matters, reporting on the status of business execution, and supervision. Furthermore, various regulations covering all internal operations have been comprehensively developed, and each position is subject to clear authority and responsibility in the execution of its operations under a clear set of rules.

In the fiscal year ended March 31, 2022, we reduced the board of director as much as possible to prevent the spread of coronavirus disease (COVID-19). In addition to the for meetings, there were nine written resolutions deemed to have been resolved by board of director in accordance with the provisions of Article 370 of the Companies Act and Article 24 of our Articles of incorporation. The General Affairs Department serves as the secretariat.

Hidetoshi Yamamoto (chairman/ president and CEO /director)
Ei Yoshida (senior managing director/director)
Kenichi Ozawa (director)
Hiroyuki Yamanaka (director)
Kenkichi Yoshida (director)
Shigesato Itoi (outside director)
Yoriko Aelvoet (outside director)

(Corporate officer)

We have adopted a corporate officer system to accelerate decision-making in the execution of business.

(Audit & supervisory board member and audit & supervisory board)

We have established audit & supervisory board, which is composed of three audit & supervisory board members (including two outside audit & supervisory board members). In the audit & supervisory board which is held monthly, the audit office which is the internal auditing division attends, and is open to interview with director and key employees. In addition, audit & supervisory board and the internal audit office conduct quarterly meetings to exchange views with the accounting auditor, and the accounting auditor attend mid-term and year-end audits. In this way, the three parties cooperate with each other to conduct audits.

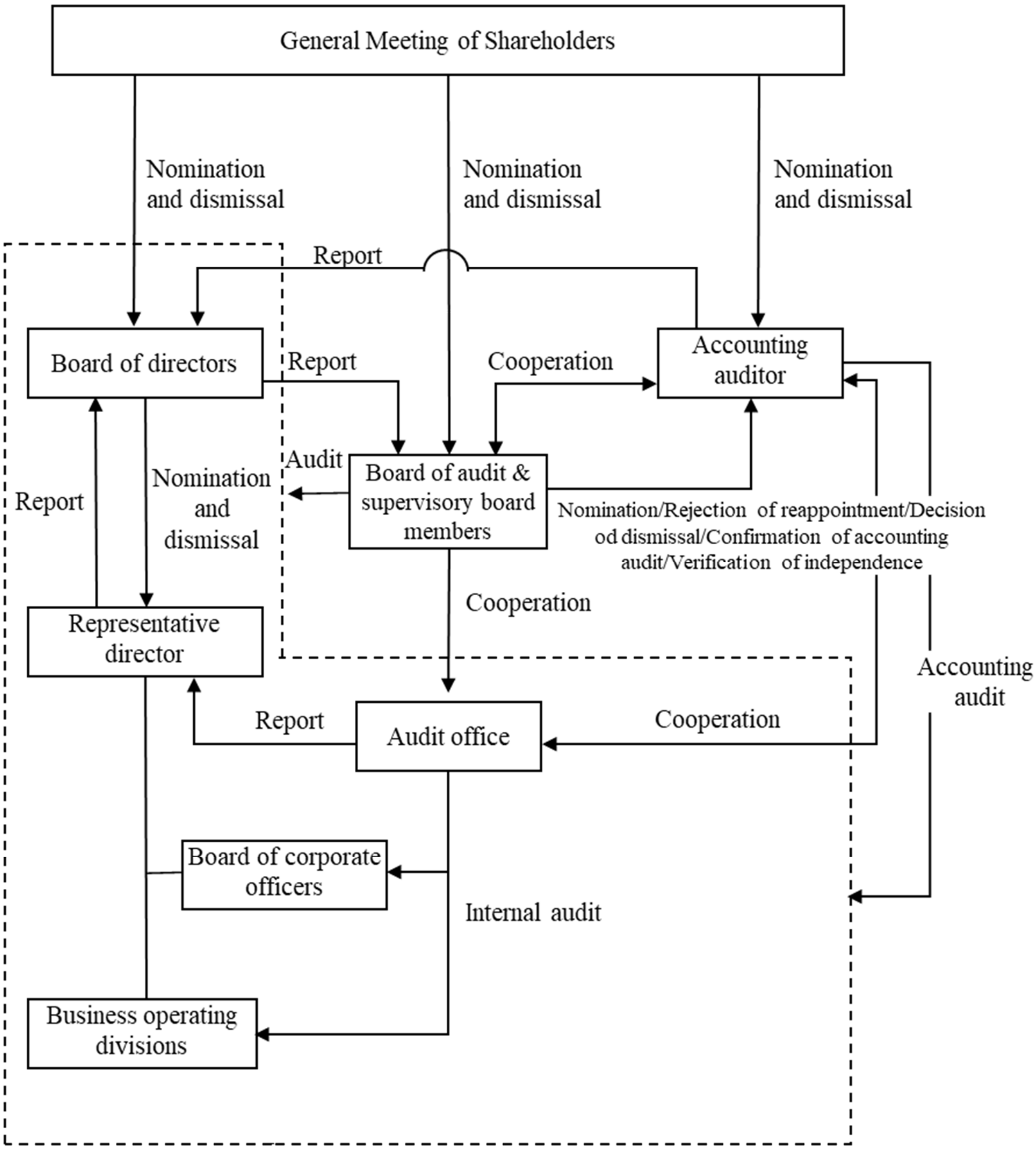
ii) Reasons for adopting this system

Our mission is to provide our corporate philosophy of "The Greatest Leisure for All People," and our basic management policy is to continuously increase our corporate value.

To realize this basic policy, we believe that one of the important management issues is to make corporate governance function effectively.

In terms of strengthening our corporate governance system, we believe that we can ensure the appropriateness and transparency of management by reforming our management structure and systems within the framework of board of director, board of audit & supervisory board member, and an accounting auditor.

Corporate organization and internal control



3. Status of internal control system

The Company's board of directors has adopted resolutions as set forth below regarding the development of systems for ensuring the appropriateness of operations of the Company and of the corporate group comprising the Company and its subsidiaries in accordance with the Companies Act and the Companies Act Enforcement Regulations.

1) Basic policy on business operations

The Company conducts business with clear authority and responsibility based on its corporate philosophy "The Greatest Leisure for All People" by building management systems and organizational structures and establishing various rules that apply to all internal operations to continuously raise its corporate value.

2) Systems to ensure that the execution of duties by Group directors and employees complies with laws and regulations as well as articles of incorporation

a. Group directors and employees conduct lawful and fair business activities in compliance with the Group's code of conduct.

b. To ensure that the execution of duties by Group directors and employees is in strict compliance with laws and regulations, the Company appointed a director responsible for compliance, established and operates various rules relating to compliance and an internal notification system, and conducts education and training to raise awareness of compliance by directors and employees.

c. The Audit Office, which is the Company's internal audit department and is independent from business divisions, performs internal audits regarding the status of compliance operations throughout the Group and periodically reports the results to the Company's president and board of audit & supervisory board members and to the presidents of Group companies.

3) Systems to preserve and manage information relating to the execution of duties by the Company's directors

a. Material documents including Board of Directors meeting minutes and approval documents relating to the duties of directors and other information are preserve and managed in accordance with document management and other rules.

b. Directors and audit & supervisory board members may at any time examine the documents specified in the preceding paragraph.

4) Rules and other systems relating to the management of the risk of loss by the Group

a. To establish risk management systems within the Group, the Company appointed a director responsible for risk management, established risk management and other rules, monitors the status of risks relating to markets, investment, disasters, and so on and makes companywide responses.

b. Risk management relating to operations within each of the Group's divisions is performed by the relevant division. Further, each company in the Group establishes and implements rules relating to work-related authority and decision-making and endeavors to carry out appropriate management of risks relating to its own business operations.

c. The Company conducts education and training to raise awareness of risk management by directors and employees.

d. The Internal Audit Office performs internal audits regarding the status of day-to-day risk management by each division in the Group. In cases where correction or improvement is needed, a report is made to the Company's president and board of statutory audit & supervisory board members and to the presidents of Group companies, and the responsible division that was audited promptly implements countermeasures.

5) Systems to ensure the efficient execution of duties of Group directors and employees

a. The Company's board of directors meets monthly and at other times as necessary to make rapid and efficient management decisions.

b. The Company adopted a corporate officer system to ensure rapid decision-making in the execution of duties.

c. The Company clarifies responsibilities and authority within the Group pursuant to Rules for Division of Duties and Work Authority Rules and takes measures to ensure efficiency in the execution of duties throughout the Group.

d. Each company in the Group works in close discussion with the Company regarding policies and measures based on group management policies and undertakes corporate management in accordance with management plans agreed upon by both sides. Further, each company in the Group undertakes day-to-day business operations in accordance with applicable rules, keeping order and efficiency in mind, and carries out inter-organizational collaboration.

e. Within the Group, companywide targets shared by directors and employees are set based on medium-term business plans and annual business plans established in accordance with the medium-term plans, measures are taken to ensure that all directors and employees are fully aware of those plans, and efficient business operations are carried out to achieve those targets.

6) Systems for ensuring proper reporting of matters relating to the execution of duties and other operations within the Group

a. The Company established rules on the management of affiliated companies, requires each company in the Group to periodically reports to the Company regarding business results, financial status, and other material management information and takes measures to ascertain qualitative issues relating to compliance and risk management.

b. The Company works to ensure proper operations by subsidiaries and affiliated companies by engaging in mutual communication daily, seconding officers, exercising its voting rights, and other means.

c. The Company established and operates systems to ensure that intra-group transactions are carried out appropriately in accordance with laws and regulations as well as accounting and other social norms.

d. The Audit Office performs internal audits concerning the status of operations by the Company and companies of the Group and reports the results to the Company's president and board of statutory audit & supervisory board members and to the presidents of group companies.

e. The Company established a department responsible for internal compliance at group companies and created systems to ensure that consultations relating to internal controls between the Company and group companies, information-sharing, conveyance of instructions and requests and so on are efficiently carried out.

7) Matters relating to employees in the case where the Company's audit & supervisory board members request the assignment of employees to assist them in the execution of their duties, matters relating to the independence of those employees from directors, and matters relating to ensuring the effectiveness of instructions by the Company's audit & supervisory board members to those employees

a. In the case where the Company's audit & supervisory board members request the assignment of employees to assist them in the execution of their duties, the Company appoints those employees. If those employees also work in other departments, prioritize work related audit & supervisory board members.

b. The Company perform personnel evaluations of those employees, and decisions regarding assignments, treatments, transfers, disciplinary action and so on are made with the prior approval of the audit & supervisory board members.

8) Systems for reporting to the Company's audit & supervisory board members

a. In the case where a group officer or employee discovers a major violation of laws and regulations, facts that could cause harm to the Group, or other material matters relating to business operations, such officer or employee reports to the audit & supervisory board members in a timely manner using appropriate methods. A person who receives a report from such person(s) reports to the audit & supervisory board members without delay.

b. When necessary, audit & supervisory board members can at any time request reports regarding material matters from group officers and employees.

c. Audit & supervisory board members can attend the board of directors meetings of group companies and can attend corporate officer conferences and other important business meetings. Further, audit & supervisory board members may examine relevant documents such as the minutes of such conferences and meetings and may request explanations.

d. The Group established an internal reporting system and the Company's director responsible for compliance centrally manages information relating to compliance throughout the Group as a whole and periodically reports relevant information to the audit & supervisory board members.

9) Systems for ensuring that persons who report to the Company's audit & supervisory board members are not subject to prejudicial treatment because of such reporting

The Company prohibits prejudicial treatment of any person due to that person reporting to the audit & supervisory board members and takes measures to ensure that group officers and employees are fully aware of this policy.

10) Matters relating to policies regarding procedures for prepayment and reimbursement of expenses arising with respect to the execution of duties by the Company's audit & supervisory board members and procedures for other expenses and reimbursement relating to such execution of duties

Expenses and obligations arising from the execution of duties by audit & supervisory board members are efficiently processed, generally without restriction, except in cases where it is determined that the expenses are not necessary for the execution of duties by the audit & supervisory board members.

11) Other systems to ensure that audits by audit & supervisory board members are effectively performed

a. Audit & supervisory board members can at any time request the opportunity to conduct individual interview with group officers and employees and periodically hold meetings with the Company's president, Audit Office, and accounting audit & supervisory board member for the exchange of opinions.

b. The audit & supervisory board members of group companies hold quarterly group audit & supervisory board member conferences to share information, exchange opinions, and so on.

c. Audit & supervisory board members can consult with attorneys, certified public accountants, and other outside professionals when they determine it is necessary for the performance of audits, and the expenses are paid by the Company.

12) Systems for the exclusion of anti-social forces

a. The Group's fundamental policy is to eliminate all relationships with anti-social forces and organizations, eliminates all participation in management activities by them, and undertakes sound corporate management. Further, in the event of any contact with anti-social forces or organizations, the Group deals with them resolutely as an organization.

b. Even in the case where it is discovered that the Group has an unintentional relationship with anti-social forces, the Group has established systems to promptly eliminate those relationships through the incorporation in agreements and so on of provisions on the exclusion of anti-social forces.

c. Group company officers and employees are thoroughly informed that they are to eliminate all relationships with anti-social forces and organizations.

d. A division is specified for dealing with improper demands and the like, and the Group works in collaboration with competent police departments and other relevant organizations, works to gather and manage information, and deals with such improper demands with a resolute attitude.

4. Risk management system

In order to establish a system for risk management, we have appointed a director in charge of risk management, and have established risk management rules and other regulations to monitor the status of risks in the marketplace, investing, and disasters, and to respond to them on a company-wide basis.

Regarding the management of legal risk, the Group Business Management Department centrally manages various contracts, and in principle, all important contracts are subject to legal checks by a consulting lower. In this way, the Group strives to avoid unforeseen risks.

5. Summary of the contents of the limited liability agreement

Each outside director and each outside audit & supervisory board member has entered into an agreement to limit their liability for damages pursuant to Paragraph 1 of Article 423 of the Companies Act, in accordance with the provisions of Paragraph 1 of Article 427 of the Companies Act.

The maximum amount of liability for damages under the applicable agreement shall be ¥3 million for each contract or the minimum amount of liability stipulated by law, whichever is higher.

III) Requirements for a set director constants or director qualification limit in the articles of incorporation, etc.

1. Director constants

We have established in the articles of incorporation that the number of director shall not exceed 15.

2. Resolution requirements for election of director

We have established in the article that the resolution for the election of director shall be adopted by a majority of the voting rights of the shareholders present who hold at least 1-third of the voting rights of the shareholders who are entitled to exercise their voting rights. We have also established the articles of incorporation that the resolution for the election of director shall not be made by cumulative voting.

3. Liability exemption of director and audit & supervisory board member

We have established in the articles of incorporation that liability for damages by failure to perform their duties of the director (including former director) and Audit & supervisory board member (including former audit & supervisory board member) are exempted by the resolution of board of director in accordance with the provisions of Paragraph 1 of Article 426 of the Companies Act in order to enable them to fully perform their duties expected.

4. Special resolution requirements for Shareholders Meetings

We have established in the articles of incorporation that for the purpose of smooth operation of the General Meeting of Shareholders, special resolutions of the General Meeting of Shareholders stipulated in Paragraph 2 of Article 309 of the Companies Act shall be adopted by at least 2-thirds of the votes of shareholders present who hold at least 1-third of the voting rights of shareholders who are entitled to exercise their voting rights.

VI) Matters to be resolved at the General Meeting of Shareholders that can be resolved at director

(Acquisition of treasury shares)

To enable us to pursue flexible capital policies, the Company's Articles of Incorporation stipulate that we may acquire our own shares by resolution of Board of Director in accordance with the provisions of Paragraph 2 of Article 165 of the Companies Act.

(Interim dividend)

To enable flexible shareholder returns measures, the Company's Articles of Incorporation stipulate that interim dividend may be paid on September 30 of each year as a record date by resolution of board of director in accordance with the provisions of Paragraph 5 of Article 454 of the Companies Act.

(2) [Directors (and other officers)]

I. Directors (and other officers)

[Male: 16, Female: two (ratio of female directors (and other officers) is 10%)

Official title or position	Name	Date of birth	Career summary		Term of Office	Number of shares held
President and CEO	Hidetoshi Yamamoto	October 29, 1955	Jun. 1988 Apr. 2000 Jun. 2007 Mar. 2012 May 2018 Jun. 2019 Jun. 2022	Representative director and president at the time of incorporation, FIELDS CORPORATION Outside director, Tokyo Itoi Shigesato Office Co., Ltd. (currently Hobonichi Co., Ltd.) (current position) Chairman and CEO, FIELDS CORPORATION Director and chairman, BOOOM Corporation (current position) Chairman, president and group CEO, FIELDS CORPORATION President, Total Workout premium management Inc. (current position) President and CEO, FIELDS CORPORATION (current position)	(Note) 3	8,875,000
Senior managing director	Takayuki Tsukagoshi	October 24, 1962	Apr. 1986 Jun. 1991 May 1998 Apr. 2000 Mar. 2008 Jun. 2008 Oct. 2009 Mar. 2010 Apr. 2015 Sep. 2015 Dec. 2015 Jul. 2016 Aug. 2017 Nov. 2017 Apr. 2019 Jun. 2022	Joined Asahi Advertising Inc. Joined Disney Home Video Japan (currently The Walt Disney Company (Japan) Ltd.) General manager, Sell-through Business Division, Disney Home Video Japan President, Buena Vista Home Entertainment Japan Inc. (currently The Walt Disney Company (Japan) Ltd.) Director, The Tokuma Memorial Cultural Foundation for Animation (current position) Chairman, DEG Japan (The Digital Entertainment Group Japan) Committee chairman, MPA/JIMCA: APAC (Anti Piracy Advisory Committee) Senior vice president and general Manager, Walt Disney Studios Japan Standing committee, EIRIN (Film Classification and Rating Organization) Director, Japan Video Software Association Vice chairman, Japan Contents Group Executive producer, Walt Disney Company (Japan) Ltd President and COO, Tsuburaya Productions Co., Ltd. Outside director, Hobonichi Co., Ltd. (current position) Chairman and CEO, Tsuburaya Productions Co., Ltd. (current position) Senior managing director, FIELDS CORPORATION (current position)	(Note) 3	-

Official title or position	Name	Date of birth	Career summary		Term of Office	Number of shares held
Director, division Manager, Group Business Strategy Division and general manager, Group Business Management Department, Group Business Strategy Division	Kenichi Ozawa	November 20, 1966	Apr. 1990	Joined Saitama Bank K.K.	(Note)3	40,000
			May 2005	Joined Mizuho Securities Co., Ltd.		
			Sep. 2006	Joined Rakuten, Inc.		
			Oct. 2008	General manager, Accounting Department, Rakuten, Inc.		
			Jan. 2010	Joined FIELDS CORPORATION as deputy division manager, Planning and Administration Division		
			Apr. 2010	Corporate officer, deputy division manager, Planning and Administration Division		
			Jun. 2014	Managing director, FIELDS CORPORATION		
			May 2018	Director, Corporate Strategy Office, FIELDS CORPORATION		
			Apr. 2019	Director, deputy division manager, Group Strategy Division, and general manager, Business Management Department, FIELDS CORPORATION		
			Apr. 2020	Director, division manager, Group Strategy Division, FIELDS CORPORATION		
			Apr. 2021	Director, division Manager, Group Business Strategy Division and general manager, Group Business Management Department, Group Business Strategy Division, FIELDS CORPORATION (current position)		
			Jun. 2022	Audit & supervisory board member, Digital Frontier Inc. (current position) Audit & supervisory board member, Tsuburaya Productions Co., Ltd. (current position)		
Director, deputy division manager, Pachinko Parlors Sales Division and deputy division manager, Group Business Strategy Division	Takashi Yamamoto	October 2, 1988	Apr. 2012	Joined BOOOM Corporation	(Note)3	3,612,800
			Apr. 2017	Joined FIELDS CORPORATION		
			May 2017	Planning section, Products Department, PS Business Management Division, FIELDS CORPORATION		
			May 2018	Section manager, Marketing Section, Business Strategy Office, PS Business Management Division, FIELDS CORPORATION		
			Apr. 2019	General manager, Media Relations Department, Business Management Division, FIELDS CORPORATION		
			Apr. 2020	General manager, Media Solution Department, Customer Relations Division, FIELDS CORPORATION		
			Apr. 2021	Corporate officer, deputy division manager, Group Business Management Strategy Division, and general manager, Group Business Planning Department, FIELDS CORPORATION		
			May 2021	Director, SPO Entertainment Inc. (current position)		
			Oct. 2021	Corporate officer, deputy division manager, Pachinko Parlors Sales Division and deputy division manager, Group Business Strategy Division		
			Jun. 2022	Director, deputy division manager, Pachinko Parlors Sales Division and deputy division manager, Group Business Strategy Division (current position)		

Official title or position	Name	Date of birth	Career summary		Term of Office	Number of shares held
Director, in charge of Group Business Strategy Division and Pachinko Parlors Sales Division	Ei Yoshida	May 5, 1962	Apr. 1987	Joined the Nittaku Enterprise	(Note) 3	70,000
			Nov. 2000	Managing executive officer, Nittaku Enterprise		
			May 2005	Managing director, G&E Corporation		
			Jun. 2007	President, G&E Corporation		
			Mar. 2010	Representative director and president at the time of incorporation, SOGO MEDIA INC.		
			Apr. 2016	Jointed FIELDS CORPORATION as corporate officer, division manager, PS Business Management Division,		
			Jun. 2016	Senior managing director, division manager, PS Business Management Division, FIELDS CORPORATION Director, SOUGOU MEDIA INC. (current position)		
			Jun. 2017	Director, G&E Corporation (current position)		
			Apr. 2019	Senior managing director, division manager, Business Management Division, FIELDS CORPORATION		
			Jun. 2019	Director, FutureScope Corp. (current position)		
			Apr. 2020	Senior managing director, FIELDS CORPORATION		
			Apr.2021	Senior managing director, in charge of Group Business Strategy Division and Pachinko Parlors Sales Division, FIELDS CORPORATION		
			Jun. 2022	Director, in charge of Group Business Strategy Division and Pachinko Parlors Sales Division, FIELDS CORPORATION (current position)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held
Director, In charge of PS Product Division	Kenkichi Yoshida	February 2, 1962	Apr. 1984 Jun. 2004 Sep. 2007 Mar. 2012 Jun. 2018 Apr. 2021	Joined Sega Enterprises Ltd. (currently SEGA Corporation) President and COO, Sammy Corporation President and representative director, Aruze Preparatory Corporation Representative director, BOOOM Corporation (current position) Director, FIELDS CORPORATION Director, in charge of PS Products Division, FIELDS CORPORATION (current position)	(Note) 3	50,000
Director	Masayuki Nagatake	January 11, 1969	Apr. 1991 Apr. 1999 Nov. 2001 Apr. 2002 May 2009 Jul. 2011 Feb. 2016 Jan. 2018 Apr. 2019 Jun. 2022	Joined Nomura Asset Management Co., Ltd. Vice president, Goldman Sachs Japan Co., Ltd. Director, Finance and Accounting Department, FAST RETAILING CO., LTD. Chief executive officer, UNIQLO (U.K.) Ltd. Joined TOMY Company, Ltd. Executive officer, TOMY Company, Ltd. President and chief operating officer, TOMY International, Inc. Executive officer, Head of President Office, TOMY Company, Ltd. President and COO, Tsuburaya Productions Co., Ltd. (current position) Director, FIELDS CORPORATION (current position)	(Note) 3	10,000
Director	Yusaku Toyoshima	December 20, 1969	Sep. 1995 Oct. 2000 Oct. 2003 Apr. 2006 Jun. 2010 Jul. 2011 Jun. 2022	Joined TYO Inc. Joined Digital Frontier Inc. Director, Digital Frontier Inc. Director, GEMBA, Inc. (current position) Executive Director, Digital Frontier Inc. Director, Digital Frontier (Taiwan) Inc. (current position) Director, FIELDS CORPORATION (current position) President and Representative Director, Digital Frontier Inc. (current position)	(Note) 3	-
Director, division manager, Headquarter Administration Division	Hiroyuki Yamanaka	December 23, 1967	May 1989 Apr. 2000 Jun. 2006 Sep. 2018 Apr. 2019 Apr. 2020 Jun. 2022	Joined FIELDS CORPORATION Director, division manager, Administration Division Director, division manager, Planning and Administration Division President, Lucent Pictures Entertainment, Inc. (currently LUCENT, INC.) (current position) Director, division manager, Headquarter Administration Division and General Manager, Administration Department Director, division manager, Headquarter Administration Division (current position) Audit & supervisory board member, BOOOM Corporation (current position)	(Note) 3	70,000

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held
Director (Outside)	Shigesato Itoi	November 10, 1948	Dec. 1979	Representative director at the time of incorporation, Tokyo Itoi Shigesato Office Co., Ltd. (currently, Hobonichi Co., Ltd.) (current position)	(Note) 3	80,000
			Jun. 2001	Director (outside), FIELDS CORPORATION (current position)		
Director (Outside)	Katsuya Shirai	September 8, 1942	Apr.1968	Joined SHOGAKUKAN Inc.	(Note) 3	-
			May 1981	Chief editor, Big Comics Spirits		
			May 1994	Director, SHOGAKUKAN Inc.		
			May 1999	Managing director, SHOGAKUKAN Inc.		
			May 2001	Senior managing director, SHOGAKUKAN Inc.		
			May 2009	Director and vice president, SHOGAKUKAN Inc.		
			May 2014	Chief advisor, SHOGAKUKAN Inc.		
			Jun. 2016	President and representative director, HERO’S, INC. (current position)		
			Jun. 2022	Director (outside), FIELDS CORPORATION (current position)		
Director (Outside)	Tetsuo Komori	December 1, 1958	Apr. 1984	Joined McKinsey & Company Inc.	(Note) 3	-
			Dec. 1993	Principal (partner), McKinsey & Company Inc.		
			Jun. 2002	President, ASCII CORPORATION		
			Nov. 2003	Chairman and executive director, MediaLeaves, Inc.		
			Jun. 2004	Management advisor, Unison Capital, Inc.		
				Auditor, TOMOEGAWA CO.,LTD.		
			Jun. 2005	Outside director, TOMOEGAWA CO., LTD.		
			Feb. 2006	Director, president and CEO, Kanebo, Ltd.		
			May 2006	Director CEO and president corporate officer, Kanebo Trinity Holdings, Ltd. (currently Kracie Holdings, Ltd.)		
				Representative director, Kanebo Home Products, Ltd. (currently Kracie Home Products, Ltd.)		
				Representative director, Kanebo Pharmaceuticals, Ltd. (currently Kracie Pharma, Ltd.)		
				Representative director, Kanebo Foods, Ltd. (currently Kracie Foods, Ltd.)		
			Aug. 2009	Management advisor, Unison Capital Inc.		
			Mar. 2015	Outside director, Nissen Holdings Co., Ltd.		
			Oct. 2015	President and representative director, Ken Depot Corporation		
			Jun. 2016	Outside director (chair of audit & supervisory committee), TOMOEGAWA CO., LTD. (current position)		
			Jul. 2021	President and representative director, Fine Today Shiseido Co., Ltd. (current position)		
				Representative director and president, K.K. Asian Personal Care Holding (current position)		
			Jun. 2022	Director (outside), FIELDS CORPORATION (current position)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held
Director (Outside)	Keiichi Maeda	July 6, 1957	Apr. 1982	Joined DENTSU INC.	(Note) 3	-
			Jul. 1997	General manager, Corporate Planning Office, DENTSU INC.		
			Jan. 2002	Deputy director-General, Corporate Planning Office, DENTSU INC.		
			Jun. 2003	Deputy director-General, Account Planning Solutions Bureau and general manager, Campaign Planning Office, DENTSU INC.		
			Apr. 2010	Director-general, Newspaper Bureau, DENTSU INC.		
			Apr. 2013	Corporate officer, assistant to Head of Domestic Business, and director-general, Business Administration Bureau, DENTSU INC.		
			Jan. 2016	Corporate officer, in charge of Sales/ Olympic Sales Promotion and Digital Sales Promotion, DENTSU INC.		
			Jan. 2017	President, DENTSU LIVE INC. Corporate officer, in charge of Promotion Area, DENTSU INC.		
			Jan. 2020	Executive advisor, Dentsu Group Inc.		
			Jun. 2022	Director (outside), FIELDS CORPORATION (current position)		
Director (Outside)	Goeun Kim	December 21, 1976	Apr. 1999	Joined CIMA Co., Ltd.	(Note) 3	-
			Mar. 2000	Joined Netprice Co., Ltd.		
			Jun. 2002	Producer, Yahoo Japan Corporation		
			Apr. 2004	Company president, CyberAgent, Inc.		
			Dec. 2005	Manager, Fashion Walker, Inc.		
			Apr. 2012	Co-Founder, president and CEO, HUGG Inc.		
			Sep. 2016	Director and CMO, Japan Taxi Co., Ltd.		
			Sep. 2018	Director, managing executive officer and CMO, Japan Taxi Co., Ltd.		
			Feb. 2019	Corporate officer VP of Business, Merpay, Inc.		
			Jul. 2021	Corporate officer VP of Business Development, Mercari, Inc.		
			Jul. 2022	Director (outside), FIELDS CORPORATION (to be appointed)		
Director	Yoriko Aelvoet	February 26, 1962	Apr. 1984	Joined Mainichi Communications Inc. (currently Mynavi Corporation)	(Note) 3	-
			Sep. 1986	Joined Procter & Gamble Far East Inc. (currently The Procter & Gamble Company of Japan Limited)		
			Sep. 1989	Joined Buena Vista Home Entertainment Inc. (currently The Walt Disney Company (Japan) Ltd.) Served as Marketing Director, etc.		
			Oct. 2001	General manager and vice president, Disney Publishing Worldwide, Walt Disney International Japan Ltd. (currently The Walt Disney Company (Japan) Ltd.)		
			Nov. 2005	General manager and vice president for Japan & Korea, Warner Bros. Consumer Products, Warner Japan Entertainment Inc (currently Warner Bros. Japan LLC)		
			Dec. 2015	President, Bottega Tigre Inc. (current position)		
			Jun. 2018	Outside audit & supervisory board member, FIELDS CORPORATION (current position)		
			Jun. 2020	Outside director, FIELDS CORPORATION		
			Jun. 2022	Director, FIELDS CORPORATION (current position)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held
Audit & supervisory board member (Outside) (Full-time)	Kenichi Ikezawa	December 4, 1947	Apr. 1973 Apr. 1978 Jun. 1988 May 1990 May 1994 Sep. 1997 Sep. 1998 Dec. 2000 Jun. 2001 Jan. 2009 Jun. 2012	Joined Sony Corporation Accounting and Financial Director, Sony France S.A. Senior manager, Budget Section, Accounting Department, Sony Corporation Accounting and Financial director, Sony Corp. of America Administrative director, Sony Corporation of Hong Kong Ltd. General manager, International Accounting Department, Sony Corporation General manager, Accounting Department, Sony Corporation Joined Benesse Corporation as a general manager of Strategy and Planning Department Joined Hermès Japon Co., Ltd. as a corporate officer, Administrative General Manager Joined Oki Data Corporation as an Advisor Outside audit & supervisory board member, FIELDS CORPORATION (current position)	(Note) 4	1,000
Audit & supervisory board member (Outside) (Part-time)	Yoshika Furuta	December 10, 1942	Jul. 1980 Jul. 1990 Jul. 1995 Jul. 1999 Jul. 2000 Aug. 2001 Jun. 2003	Chief Clerk, Trial Section 1, Direct Tax Department, National Tax Agency Special officer for Research on Tax, Coordination Division, Tax Bureau, Ministry of Finance Appeals Judge, National Tax Tribunal Deputy Assistant Regional Commissioner, First Taxation Department, Tokyo Regional Taxation Bureau District director, Kyobashi Tax Office Chief, Yoshika Furuta Certified Public Tax Accountant Office (current position) Outside audit & supervisory board member, FIELDS CORPORATION (current position)	(Note) 4	-
Audit & supervisory board member (Part-time)	Masakazu Kurihara	January 12, 1960	Apr. 1983 Oct. 1987 May 2007 Jun. 2008 Apr. 2010 Apr. 2011 Apr. 2014 May 2018 Apr. 2019 Apr. 2020 Jun. 2020	Joined System Communications, Inc. Joined DENTSU INC. Joined FIELDS CORPORATION as a corporate officer; Division Manager, Communications and Marketing Division Director; division manager, Product Division, FIELDS CORPORATION Managing director; division manager, Development Division, FIELDS CORPORATION Managing director; division manager, Contents Division, FIELDS CORPORATION Managing director; FIELDS CORPORATION Director; Group Management Strategy Division, FIELDS CORPORATION Director; division manager, Group Strategy Division and general manager, Strategy Planning Department, FIELDS CORPORATION Director, FIELDS CORPORATION Outside audit & supervisory board member, FIELDS CORPORATION (current position)	(Note) 4	-
Total						12,808,800

(Note) 1. Mr. Shigesato Itoi, Mr. Katsuya Shirai, Mr. Tetsuo Komori, Mr. Keiichi Maeda and Ms. Goeun Kim are outside directors as stipulated in the Companies Act.

2. Mr. Kenichi Ikezawa and Mr. Yoshika Furuta are outside audit & supervisory board members as stipulated in the Companies Act.
3. The term of office of directors is from the close of the annual general meeting of shareholders for the year ended March 31, 2022 to the close of the annual general meeting of shareholders for the year ending March 31, 2024.
4. The term of office of audit & supervisory board members is from the time of the close of the annual general meeting of shareholders for the year ended March 31, 2020, to the time of the close of the annual general meeting of shareholders for the year ended March 31, 2024.
5. We have introduced a corporate officer system to ensure appropriate and speedy decision-making at director meetings and efficient business execution.
   The senior corporate officers consist of two members: Mr. Hideaki Hatanaka and Mr. Tadamasa Oshio, and six corporate officers: Mr. Satoshi Kato, Mr. Tetsuya Matsukawa, Mr. Kei Kurosawa, Mr. Kei Minamitani, Mr. Teruo Fujishima and Mr. Naotaka Sawada.
6. Ms. Goeun Kim is scheduled to become a director on July 1, 2022. The term of office of directors is from the close of the annual general meeting of shareholders for the year ended March 31, 2022 to the close of the annual general meeting of shareholders for the year ending March 31, 2024.

II) Status of outside directors (and other officers)

One of our outside directors held 80,000 shares, and one audit & supervisory board members held 1,000 shares at the end of the fiscal year under review. There are no special interests with us.

Functions, roles, and reasons for appointment of the outside directors (and other officers) in corporate governance

<Outside directors>

・Mr. Shigesato Itoi

Outside director, Mr. Shigesato Itoi has a diverse track record of activities, including copywriters and essay, as well as a wealth of experience and unique ideas. Based on these experiences and ideas, we receive important and useful advice on our creative and management indicators. We have determined that he is an appropriate coaching and supervision of our management and business.

He concurrently assumes the position of Representative Director of Hobonichi Co., Ltd. However, there are no transactions or other special relationships between us and the company in which he was concurrently appointed.

In addition, as the Company meets the independence requirements stipulated by the Tokyo Stock Exchange and our criteria for independence, the Company has determined that there is no risk of conflicts of interest with general shareholders and has designated the Company as an independent director.

・Mr. Katsuya Shirai

Outside director, Mr. Katsuya Shirai has a wealth of experience in corporate management, as well as long experience, knowledge, and networks in the content business. Based on his outstanding insight and abundant experience, we have determined that he is a person who can provide coaching and supervision to evolve “IP × Digital,” which is a pillar of our growth strategy from an independent and diversified perspective.

We outsource consulting services to him, but the amount of business with him is insignificant even from the scale of our business, and there is no special relationship with him.

In addition, as the Company meets the independence requirements stipulated by the Tokyo Stock Exchange and our criteria for independence, the Company has determined that there is no risk of conflicts of interest with general shareholders and has designated the Company as an independent director.

・Mr. Tetsuo Komori

Outside director, Mr. Tetsuo Komori has long been involved in corporate management and possesses advanced knowledge and expertise based on outstanding insight and abundant experience. The Company has determined that he is a person who can properly coach and supervise the Company’s management from an independent and diversified perspective based on his diverse corporate management experience and has elected him.

We had outsourced consulting services to him, but the amount of business with him is insignificant even from the scale of our business, and there is no special relationship with him.

In addition, as the Company meets the independence requirements stipulated by the Tokyo Stock Exchange and our criteria for independence, the Company has determined that there is no risk of conflicts of interest with general shareholders and has designated the Company as an independent director.

・Mr. Keiichi Maeda

Outside director, Mr. Keiichi Maeda is familiar with promotional and digital areas and possesses advanced knowledge and expertise based on outstanding insight and abundant experience. Based on his experience, we have determined that he is a person who can provide coaching and supervision to evolve “IP × Digital,” which is a pillar of our growth strategy, from an independent and professional perspective.

In addition, as the Company meets the independence requirements stipulated by the Tokyo Stock Exchange and our criteria for independence, the Company has determined that there is no risk of conflicts of interest with general shareholders and has designated the Company as an independent director.

・Ms. Goeun Kim

Outside director, Ms. Goeun Kim possesses diverse experience, achievements and values in the digital business. We have determined that he is a person who can provide coaching and supervision to evolve “IP × Digital,” which is the pillar of our growth strategy, from an independent and diversified perspective backed by his abundant experience and innovative ideas.

We outsource consulting services to him, but the amount of business with him is insignificant even from the scale of our business, and there is no special relationship with him.

In addition, as the Company meets the independence requirements stipulated by the Tokyo Stock Exchange and our criteria for independence, the Company has determined that there is no risk of conflicts of interest with general shareholders and has designated the Company as an independent director.

<Outside audit & supervisory board members>

・Mr. Kenichi Ikezawa

Outside audit & supervisory board member, Mr. Kenichi Ikezawa has been involved in accounting and finance operations for many years and possesses sufficient insight into Group internal controls that draws on the knowledge and knowledge accumulated through his career. He was appointed based on the judgment that he will be able to provide advice from an independent standpoint.

In addition, as the Company meets the independence requirements stipulated by the Tokyo Stock Exchange and our criteria for independence, the Company has determined that there is no risk of conflicts of interest with general shareholders and has designated the Company as an independent director.

・Mr. Yoshika Furuta

Outside audit & supervisory board member, Mr. Yoshika Furuta has deep experience in charge of national tax affairs, and was appointed based on the Company’s judgment that he would be able to provide advice from an independent standpoint.

He concurrently holds the post of chief, Yoshika Furuta certified public tax accountant office, but there is no transaction or other special relationship between us and our concurrent position.

In addition, as the Company meets the independence requirements stipulated by the Tokyo Stock Exchange and our criteria for independence, the Company has determined that there is no risk of conflicts of interest with general shareholders and has designated the Company as an independent director.

III) Cooperation with supervision or auditing by outside director or outside audit & supervisory board member and internal audits, auditor audits and accounting audits, and relations with internal control divisions

Outside director ensures an effective management oversight system through providing advice to the key decisions, conflict of interest transactions, and overall other management from an independent and objective standpoint for the board of directors. In addition, the committee regularly exchanges views with full-time audit & supervisory board member and other stakeholders at venues other than the board of directors to strengthen its information-gathering capabilities and then gives comments to the board of directors.

Outside audit & supervisory board member attends the audit & supervisory board and other important internal meetings to express its views. It also conducts audits through interviews with various divisions and examines approval documents, enabling it to monitor the status of director’s business execution. In addition, outside audit & supervisory board member attends monthly audit & supervisory board with the audit office, which serves as the internal audit division, and mutually evaluates internal controls and reports and exchanges views on the results of audits. In addition, the audit & supervisory board and the audit office hold quarterly meetings to exchange views with the accounting auditor and attend mid-term and year-end audits by the accounting auditor. In this way, the three parties cooperate with each other to conduct audits.

(3) [Audit status]

I) Status of audit by audit & supervisory board members

We are a company with the audit & supervisory board and are composed of one full-time and two part-time audit & supervisory board members. Mr. Kenichi Ikezawa, the chairman of audit & supervisory board and a full-time audit & supervisory board member, has been involved in accounting and finance practices for a considerably long time, and is a veteran in group internal controls that utilized his knowledge and insight cultivated through his career. The Company has elected him in expectation that his broad insight will be reflected in management. Mr. Yoshika Furuta, a part-time audit & supervisory board member, is a veteran of taxation business who has been in charge of national tax operations. The Company has elected him in expectation that his broad insight will be reflected in management. Mr. Masakazu Kurihara, a part-time audit & supervisory board member was appointed to provide advice from a wide range of perspectives based on his advanced knowledge and expertise based on his abundant operational experience in the content business and IP business strategy. Employees to assist audit & supervisory board member are assigned, and when such employees serve concurrently in other departments, their duties related to audit & supervisory board member are given precedence.

Audit & supervisory board member attends the meeting of board of directors and other important internal meetings, offering opinions from a specialist, objective, and diversified perspective. It also conducts auditor audits through interviews with various divisions, examinations of approval documents, audits of internal control systems, and monitoring and verification of the qualifications of accounting auditors. Through these and other means, the Company has established a system that enables it to monitor the status of director’s business execution.

In the fiscal year under review, we held nine audit & supervisory board members meetings, and the attendance of each individual audit & supervisory board member was as follows.

Name	Number of meetings	Number of times attended
Kenichi Ikezawa	Nine times	Nine times
Yoshika Furuta	Nine times	Eight times
Masakazu Kurihara	Nine times	Nine times

Major considerations for audit & supervisory board are as follows.

i) Auditing policy, auditing plans
ii) Preparing audit reports;
iii) Consent to election/dismissal of accounting auditor and remuneration for audit
iv) Development and implementation of internal control systems
v) Key audit considerations (KAM)

The main activities of the full-time audit & supervisory board members are as follows:

i) Attendance at key meetings such as the board of directors
ii) Collaboration with internal audit division
iii) Cooperation with accounting auditors
iv) Investigation of operations and property at business sites
v) Witness of physical inventory taking
vi) Inspection of important approval documents, etc.
vii) Communication with director, etc.

II) Status of internal audit

We have established the internal audit office, which reports directly to president and COO, and is conducted by three people, including one general manager. Based on the internal audit plan, we conduct internal audits of the operation of the internal control system for the entire group and report the results to president and COO and audit & supervisory board member meetings and the presidents of our group companies. In addition, we share the findings of internal auditing with the audit & supervisory board in a timely manner to ensure a cooperative system. At the monthly the meeting of audit & supervisory board, director and key employees receive individual interviews, and the internal auditing office also attends. In addition, we attend regular meetings of the audit & supervisory board and the accounting auditor to exchange views and strive to ensure adequate cooperation.

III) Status of accounting audit

a. Name of the audit firm

BDO Sanyu & Co.

b. Continuous audit period

From the year ended March 31, 2001

c. Certified public accountants leading the independent financial audit

Nobuhito Iwata

Suzue Masuda

Kouichiro Nakanishi

d. Assistants in audit activities

Assistants in our accounting audit activities are four certified public accountants and seven others.

e. Policies and reasons for selection of audit firm

When selecting an audit firm, we comprehensively make judgments by obtaining documents from candidates for accounting auditors regarding the outline of the auditing corporations, the implementation structure of the audit, and the estimated amount of audit fees through interviews, etc. The current accounting auditors were selected with no problems with occupational ethics, independence, quality control systems, etc. and considering audit results, audit plans, etc.

With respect to the dismissal of the accounting auditor, audit & supervisory board shall dismiss the accounting auditor with the consent of all audit & supervisory board member in the event that the accounting auditor falls under any of the circumstances set forth in the respective items of Paragraph 1 of Article 340 of the Companies Act. In such cases, audit & supervisory board member selected by audit & supervisory board will report on the dismissal of the accounting auditor and the reason for the dismissal at the first meeting of shareholders to be called after the dismissal.

In addition to the above, audit & supervisory board decides on the details of the proposal for the removal or non-reappointment of the accounting auditor, taking into account the status of the accounting auditor’s performance of duties and the quality of audits. Board of directors proposes the proposal to the general meeting of shareholders based on the decision.

f. Assessment of auditing corporation by audit & supervisory board member and audit & supervisory board

Audit & supervisory board has confirmed and resolved the appropriateness of accounting auditor’s assessment and auditing findings. We comprehensively review and evaluate the status of the execution of duties by the accounting auditor based on the “Report on the Outline of the Maintenance and Operation of the Company’s Quality Control System” and the “Report on the Results of the Audit of the Companies Act,” the Response of “Questionnaire on Financial Results” from audit & supervisory board and the “Check Sheet on the Evaluation of the Accounting Auditor” from executive division of accounting and finance.

IV) Details of audit fees, etc.

a. Compensation for auditing certified public accountants, etc. (Unit: millions of yen)

Classification	Previous consolidated fiscal year		Current consolidated fiscal year	
	Audit fees	Non-audit fees	Audit fees	Non-audit fees
Reporting company	55	-	51	-
Consolidated subsidiaries	-	-	-	-
Total	55	-	51	-

(Note) The amount for the previous fiscal year includes ¥2 million in compensation related to the revision of the settlement of accounts for the previous fiscal year.

b. Compensation for the same network as auditing certified public accountants, etc. (excluding a.)

Not applicable.

c. Details of fees based on other significant audit certification services

Not applicable.

d. Policy for determining audit fees

Not applicable, but determined after taking into account the number of days required for audits and other factors.

e. Reasons for audit & supervisory board' consent of the compensation of accounting auditors

Based on the "Practical Guidelines for Cooperation with Accounting Auditors" published by the Japan audit & supervisory board members association, audit & supervisory board checks trends in audit hours and audit fees by audit item, as well as the status of audit plans and results for previous fiscal years. After reviewing the appropriateness of the estimate of audit hours and fees for the current fiscal year, the Company has agreed to Article 399-1 of the Companies Act on the fees, etc. of accounting auditors.

(4) [Compensation of officers]

I) Matters pertaining to the policy for determining the amount of remuneration, etc. for officers or the method for calculating remuneration, etc.

Monetary remuneration (fixed remuneration) out of the remuneration of director is, in principle, revised in June of each year, and determined remuneration is paid every month for 12 equal amounts. In addition, the Company has adopted bonuses as performance-linked remuneration, which is a monetary remuneration, and a pre-delivered restricted shares compensation plan (stock remuneration) as non-monetary remuneration.

(Matters concerning the decision-making policy concerning the content of individual remuneration, etc. of director)

Our director's remuneration is based on a remuneration system that takes into results in relation to the Group's sustainable growth and medium-to-long-term objectives for enhancing corporate value and shareholder interests. Our policy is to ensure that the amount of individual remuneration, etc. is appropriate in light of other companies in the same industry, economic and social conditions, and in light of the duties and roles in charge, the performance of each fiscal year, the degree of contribution, and responsibilities, etc. comprehensively. Specifically, it consists of fixed compensation which pays a certain amount of money each month, bonuses which pays money linked to short-term performance, and stock-based compensation which enhances medium-to-long-term performance and motivates sustained improvement in corporate value. Decision-making policies are determined by resolution of board of directors after consultation with directors. The Company does not have a retirement benefit plan for director.

(Matters concerning resolutions of the general meeting of shareholders regarding the compensation of director and audit & supervisory board member)

At our 26th Annual General Meeting of Shareholders held on June 18, 2014, the amount of monetary remuneration for our director was resolved to be within ¥1,100 million per annum (of which ¥50 million for outside directors). At the conclusion of the meeting, director had 12 members (including one outside director).

In addition, at our 32nd Annual General Meeting of Shareholders held on June 17, 2020, it was resolved that the aggregate amount of compensation related to restricted shares to director (excluding outside director) shall not exceed 314,500 shares per year, within the amount of compensation for director described above. The number of director to be granted compensation related to restricted shares at the conclusion of the meeting is five.

At our 17th Annual General Meeting of Shareholders held on June 29, 2005, the amount of monetary remuneration of our audit & supervisory board member was resolved to be no more than ¥50 million per year. The number of audit & supervisory board member at the conclusion of the meeting is three.

(Matters related to performance-linked remuneration, etc.)

As a performance-linked remuneration for our directors, we set consolidated operating profit as a performance indicator for a single fiscal year in order to raise awareness of improved performance for each fiscal year, and pay bonuses in an amount calculated according to the degree of achievement of that target. The reason for choosing operating profit as a performance indicator is because it shows the results of a company's operating activities and we consider that the profit that the management's ability has the most influence.

(Matters concerning non-monetary remuneration, etc.)

As non-monetary remuneration for our directors, at our 32nd Ordinary General Meeting of Shareholders held on June 17, 2020, a resolution was passed to introduce a restricted shares remuneration system under which directors (excluding outside directors) will be allocated shares of our common stock subject to certain restriction periods and the reasons for free acquisition by us, with the aim of further enhancing their willingness to contribute to medium-to long-term improvement of business performance and sustainable improvement of corporate value, as well as to further share value with shareholders.

The number of restricted shares to be delivered in accordance with the responsibilities of the director subject to the grant will be determined by our board of directors, and upon conclusion of a restricted shares allocation agreement between us and the person subject to the grant.

(Matters concerning delegation of determination of the contents of individual remuneration, etc. of directors)

At Hidetoshi Yamamoto, President and CEO, determines the specific details of individual compensation for directors based on the resolution of the board of directors.

The content of his authority is the amount of fixed remuneration and bonuses for directors. The reason for delegating this authority is that in evaluating the overall performance, roles and contributions of the Company, etc., he is in a position to control the whole and is best suited. In addition, the amount of remuneration for each director is determined based on his/her appropriate evaluation of his/her duties and roles, performance in each fiscal year, degree of contribution, and responsibilities in light of other companies in the same industry, economic and social conditions, and other factors. When making such decisions, the president and CEO must consult with the directors on the basis of the draft prepared by the director in charge, and after receiving the report, determine the specific content. When finalizing the specific content, the director in charge confirms the consistency of the content in accordance with the report. The board of directors has determined that the content of decisions is in accordance with the policy for determining the content of individual compensation for directors.

II) Total amount of remuneration by category of directors (and other officers), total amount of remuneration by type, and the number of recipient directors (and other officers)

Categories of directors (and other officers)	Total amount of remuneration (millions of yen)	Total amount of remuneration by type (millions of yen)			Number of recipient directors (and other officers) (people)
		Monetary remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors excluding outside directors	187	187	-	-	5
Audit & supervisory board member excluding outside audit & supervisory board members	3	3	-	-	1
Outside directors (and other officers)	23	23	-	-	4

III) Total amount of remuneration paid by group to each director (or other officer)

This information is not presented because there are no persons whose total consolidated remuneration, etc. is ¥100 million or more.

(5) [Share holdings]

I) Standards and concept for classification of investment shares

We classify investment shares solely for the purpose of receiving profits from changes in the value of the shares or dividends on the shares as investment shares held for pure investment, and other shares as investment shares held for purposes other than pure investment.

II) Investment shares held for purposes other than pure investment

a. Methods to verify the rationality and holding policies and details of verification conducted by the board of directors, etc. regarding the appropriateness of holding individual issues.

We may hold cross-shareholdings only to the extent necessary for the purpose of maintaining and strengthening our business relationships and contributing to the enhancement of our corporate value. When holding cross-shareholdings, the Company carefully examines the appropriateness of such holdings by examining, on a case-by-case basis, whether the purpose is appropriate, and whether the benefits and risks associated with such holdings are commensurate with the cost of capital.

In addition, we annually verify the necessity of holding individual cross-shareholdings, the returns and risks from holding them, and economic rationality from an medium-to-long-term perspective, and then disclose a summary of the outcomes after determining whether to continue holding them, including disposal.

The voting rights of cross-shareholdings are assumed to contribute to the enhancement of our medium-to-long-term corporate value, and the possibility of conflicts of interest with us, impairment of shareholder value, etc. is examined, and individual decisions are made for each specific proposal.

b. Number of issues and carrying amount

	Number of issues	Carrying amount millions of yen)
Shares not listed	5	353
Shares other than those not listed	8	2

(Issues whose number of shares increased in the current fiscal year)

	Number of issues	Carrying amount (millions of yen)	Reasons for the increase in the number of shares
Shares not listed	-	-	
Shares other than those not listed	-	-	

(Number of issues whose shares decreased in the current fiscal year)

	Number of issues	Carrying amount (millions of yen)
Shares not listed	-	-
Shares other than those not listed	1	431

c. Information on the number of shares and carrying amount for each issue of specified investment shares and deemed holdings of shares

Specified investment shares

Issue	Current fiscal year	Previous fiscal year	Purpose of shareholding, quantitative effects of shareholding and reason for increase in number of shares	Whether the company holds reporting company's shares
	Number of shares	Number of shares		
	Carrying amount (millions of yen)	Carrying amount (millions of yen)		
Bandai Namco Holdings Inc.	100	100	We hold the shares to comprehend industry trends in the entertainment business. We confirm that the verification of the effects of holding, etc. is in line with the purpose of holding.	None
	0	0		
CAPCOM CO., LTD.	200	100	We hold the shares to comprehend trends in pachinko/pachislot machine business. We confirm that the verification of the effects of holding, etc. is in line with the purpose of holding. The number of shares increased due to the stock split conducted in the fiscal year under review.	None
	0	0		
Universal Entertainment Corporation	100	100	We hold the shares to comprehend trends in pachinko/pachislot machine business. We confirm that the verification of the effects of holding, etc. is in line with the purpose of holding.	None
	0	0		
SEGA SAMMY HOLDINGS INC.	100	100	We hold the shares to comprehend trends in pachinko/pachislot machine business. We confirm that the verification of the effects of holding, etc. is in line with the purpose of holding.	None (Note) 2
	0	0		
Heiwa Corporation	100	100	We hold the shares to comprehend trends in pachinko/pachislot machine business. We confirm that the verification of the effects of holding, etc. is in line with the purpose of holding.	Yes
	0	0		
Daikoku Denki Co., Ltd.	100	100	We hold the shares to comprehend trends in pachinko/pachislot machine business. We confirm that the verification of the effects of holding, etc. is in line with the purpose of holding.	None
	0	0		
FUJISHOJI Co., Ltd.	100	100	We hold the shares to comprehend trends in pachinko/pachislot machine business. We confirm that the verification of the effects of holding, etc. is in line with the purpose of holding.	Yes
	0	0		
GENDAI AGENCY INC.	100	100	We hold the shares to comprehend trends in PS machine business. We confirm that the verification of the effects of holding, etc. is in line with the purpose of holding.	None
	0	0		
AOI TYO Holdings Inc.	-	479,660	The Company held these shares to ascertain industry trends in the Entertainment Business and to maintain business relationships related to the subsidiary business. In the fiscal year under review, the Company sold all of its shares in response to a tender offer for shares.	None
	-	338		

(Note) 1. Quantitative effects of shareholding of specified investment shares are difficult to describe. The rationality of holding shares is examined from a medium-to-long-term perspective, including the necessity of holding these shares, returns and risks from holding them, and economic rationality. The board of directors meeting held on June 16, 2021 confirmed that all shares are held for the purpose of meeting in accordance with the holding policy.

2. SEGA SAMMY HOLDINGS INC. does not hold our shares, but Sammy Corporation of the company group holds our shares.

III) Investment shares held for pure investment

Classification	Current fiscal year		Previous fiscal year	
	Number of issues	Carrying amount (millions of yen)	Number of issues	Carrying amount (millions of yen)
Shares not listed	-	-	-	-
Shares other than those not listed	5	34	3	119

Classification	Current fiscal year		
	Total dividends received (millions of yen)	Total gain (loss) on sale (millions of yen)	Total of valuation gain (loss) (millions of yen)
Shares not listed	-	-	-
Shares other than those not listed	0	20	(0)

5 [Financial information]

1. Preparation of consolidated financial statements and financial statements

(1) Our consolidated financial statements have been prepared in accordance with “Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements” (Ministry of Finance Regulation No. 28 of 1976).

(2) Our financial statements are prepared based on “Regulations for Terminology, Forms, and Preparation Methods of Financial Statements” (Ministry of Finance Regulation No. 59 of 1963; hereinafter referred to as the “Financial Statements, etc. regulation”).

In addition, we fall under the category of companies submitting special financial statements and prepare financial statements in accordance with the provisions of Article 127 of the Financial Statements, etc. regulation.

2. Audit certification

Pursuant to Article 193-2-1 of the Financial Instruments and Exchange Act, the consolidated financial statements for the fiscal year (April 1, 2021, to March 31, 2022) and the financial statements for the fiscal year (April 1, 2021, to March 31, 2022) have been audited by BDO Sanyu & Co.

3. Special measures to ensure appropriateness of consolidated financial statements, etc.

We make special efforts to ensure the appropriateness of our consolidated financial statements. Specifically, the Company has joined Financial Accounting Standards Foundation and participated in seminars in order to develop a system that allows for an appropriate understanding of the content of accounting standards, etc., and a system that allows for an accurate response to changes in accounting standards, etc.

1. [Consolidated financial statements, etc.]

(1) [Consolidated financial statements]

I) [Consolidated balance sheet]

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	*2 24,610	*2 32,404
Notes and accounts receivable-trade	5,325	-
Notes receivable-trade	-	881
Accounts receivable-trade	-	11,334
Contract assets	-	474
Electronically recorded monetary claims-operating	67	708
Merchandise and finished goods	700	388
Work in process	3,589	2,874
Raw materials and supplies	1,901	1,831
Merchandise rights	1,451	3,207
Other	1,572	2,615
Allowance for doubtful accounts	(71)	(23)
Total current assets	39,147	56,698
Non-current assets		
Property, plant and equipment		
Buildings and structures	*2 5,355	*2 5,137
Accumulated depreciation	(3,245)	(3,264)
Buildings and structures, net	2,109	1,872
Machinery, equipment and vehicles	77	90
Accumulated depreciation	(64)	(70)
Machinery, equipment and vehicles, net	12	20
Tools, furniture and fixtures	3,579	3,722
Accumulated depreciation	(3,123)	(3,233)
Tools, furniture and fixtures, net	455	489
Land	*2 1,645	*2 1,922
Construction in progress	49	233
Total property, plant and equipment	4,272	4,538
Intangible assets		
Goodwill	1,875	1,623
Other	752	859
Total intangible assets	2,628	2,482
Investments and other assets		
Investment securities	*1 1,803	*1 1,429
Long-term loans receivable	457	215
Deferred tax assets	496	529
Leasehold and guarantee deposits	2,859	2,226
Other	1,113	2,210
Allowance for doubtful accounts	(408)	(328)
Total investments and other assets	6,322	6,282
Total non-current assets	13,223	13,303
Total assets	52,370	70,001

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,610	13,128
Short-term borrowings	253	1,202
Current portion of long-term borrowings	*2 3,863	*2 5,030
Income taxes payable	100	608
Contract liabilities	-	1,464
Provision for bonuses	288	291
Provision for bonuses for directors (and other officers)	14	46
Other	2,764	6,092
Total current liabilities	10,895	27,864
Non-current liabilities		
Long-term borrowings	*2 6,837	*2 6,530
Retirement benefit liability	770	809
Asset retirement obligations	861	800
Other	2,561	2,444
Total non-current liabilities	11,031	10,584
Total liabilities	21,927	38,449
Net assets		
Shareholders’ equity		
Share capital	7,948	7,948
Capital surplus	7,579	7,576
Retained earnings	16,104	16,771
Treasury shares	(1,946)	(1,946)
Total shareholders’ equity	29,686	30,349
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	116	18
Foreign currency translation adjustment	1	1
Remeasurements of defined benefit plans	(0)	3
Total accumulated other comprehensive income	117	23
Share acquisition rights	7	28
Non-controlling interests	632	1,150
Total net assets	30,443	31,551
Total liabilities and net assets	52,370	70,001

II) [Consolidated statement of income and consolidated statement of comprehensive income]

[Consolidated statement of income]

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Net sales	38,796	*1 94,900
Cost of sales	28,869	79,116
Gross profit	9,927	15,784
Selling, general and administrative expenses		
Advertising expenses	940	1,021
Salaries	3,978	4,103
Provision for bonuses	165	135
Retirement benefit expenses	73	64
Outsourcing expenses	946	828
Travel and transportation expenses	247	258
Depreciation	554	415
Rent expenses on land and buildings	1,247	1,199
Provision of allowance for doubtful accounts	47	15
Amortization of goodwill	280	252
Provision for bonuses for directors (and other officers)	14	46
Other	3,672	3,998
Total selling, general and administrative expenses	12,169	12,339
Operating profit (loss)	(2,241)	3,444
Non-operating income		
Interest income	6	2
Dividend income	8	1
Purchase discounts	35	157
Share of profit of entities accounted for using equity method	205	59
Distributions from investments	17	33
Other	114	110
Total non-operating income	386	365
Non-operating expenses		
Interest expenses	90	77
Financing expenses	22	67
Provision of allowance for doubtful accounts for subsidiaries and associates	20	17
Other	44	13
Total non-operating expenses	178	176
Ordinary profit (loss)	(2,032)	3,634

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	-	304
Gain on sale of non-current assets	*2 0	*2 2
Gain on sale of investment securities	16	231
Other	1	2
Total extraordinary income	18	541
Extraordinary losses		
Loss on retirement of non-current assets	*3 60	*3 56
Impairment losses	*4 174	-
Loss on litigation	34	24
Losses from coronavirus disease (COVID-19)	*5 601	*5 46
Loss on business liquidation	-	*6 105
Other	22	3
Total extraordinary losses	893	234
Profit (loss) before income taxes	(2,908)	3,941
Income taxes - current	191	698
Income taxes - deferred	199	104
Total income taxes	391	803
Profit (loss)	(3,299)	3,137
Profit attributable to non-controlling interests	153	666
Profit (loss) attributable to owners of parent	(3,452)	2,471

[Consolidated Statement of comprehensive income]

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Profit (loss)	(3,299)	3,137
Other comprehensive income		
Valuation difference on available-for-sale securities	107	(95)
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans, net of tax	(22)	3
Total other comprehensive income	* 84	* (91)
Comprehensive income	(3,214)	3,046
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,369)	2,377
Comprehensive income attributable to non-controlling interests	155	669

III) [Consolidated statement of changes in equity]

Previous fiscal year (April 1, 2020 to March 31, 2021)

(Unit: millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Opening balance	7,948	7,579	20,060	(1,821)	33,767
Cumulative effects of changes in accounting policies					
Restated balance	7,948	7,579	20,060	(1,821)	33,767
Changes during period					
Dividends of surplus			(331)		(331)
Profit (loss) attributable to owners of parent			(3,452)		(3,452)
Purchase of treasury shares				(365)	(365)
Disposal of treasury shares			(171)	240	68
Change in scope of consolidation					-
Purchase of shares of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(3,956)	(124)	(4,081)
Ending balance	7,948	7,579	16,104	(1,946)	29,686

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Opening balance	10	0	22	34	-	477	34,279
Cumulative effects of changes in accounting policies							-
Restated balance	10	0	22	34		477	34,279
Changes during period							
Dividends of surplus							(331)
Profit (loss) attributable to owners of parent							(3,452)
Purchase of treasury shares							(365)
Disposal of treasury shares							68
Change in scope of consolidation							-
Purchase of shares of consolidated subsidiaries							-
Net changes in items other than shareholders' equity	105	0	(22)	82	7	155	245
Total changes during period	105	0	(22)	82	7	155	(3,836)
Ending balance	116	1	(0)	117	7	632	30,443

Current consolidated fiscal year (April 1, 2021 to March 31, 2022)

(Unit: millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Opening balance	7,948	7,579	16,104	(1,946)	29,686
Cumulative effects of changes in accounting policies			(1,441)		(1,441)
Restated balance	7,948	7,579	14,663	(1,946)	28,245
Changes during period					
Dividends of surplus			(323)		(323)
Profit (loss) attributable to owners of parent			2,471		2,471
Purchase of treasury shares					-
Disposal of treasury shares					-
Change in scope of consolidation			(39)		(39)
Purchase of shares of consolidated subsidiaries		(3)			(3)
Net changes in items other than shareholders' equity					
Total changes during period	-	(3)	2,107	-	2,104
Ending balance	7,948	7,576	16,771	(1,946)	30,349

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Opening balance	116	1	(0)	117	7	632	30,443
Cumulative effects of changes in accounting policies						(146)	(1,587)
Restated balance	116	1	(0)	117	7	486	28,856
Changes during period							
Dividends of surplus							(323)
Profit (loss) attributable to owners of parent							2,471
Purchase of treasury shares							-
Disposal of treasury shares							-
Change in scope of consolidation							(39)
Purchase of shares of consolidated subsidiaries							(3)
Net changes in items other than shareholders' equity	(98)	0	3	(93)	21	663	591
Total changes during period	(98)	0	3	(93)	21	663	2,695
Ending balance	18	1	3	23	28	1,150	31,551

IV) [Consolidated statement of cash flows]

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Cash flows from operating activities		
Profit (loss) before income taxes	(2,908)	3,941
Depreciation	873	737
Impairment losses	174	-
Amortization of goodwill	280	252
Increase (decrease) in allowance for doubtful accounts	76	18
Increase (decrease) in provision for bonuses	37	3
Increase (decrease) in provision for bonuses for directors (and other officers)	-	31
Increase (decrease) in retirement benefit liability	73	41
Interest and dividend income	(14)	(4)
Purchase discounts	(35)	(157)
Share of loss (profit) of entities accounted for using equity method	(205)	(59)
Interest expenses	90	77
Amortization of investments in capital	305	361
Loss (gain) on sale of shares of subsidiaries and associates	-	(304)
Loss (gain) on sale of investment securities	(16)	(231)
Decrease (increase) in trade receivables	10,239	(7,644)
Decrease (increase) in inventories	1,569	864
Decrease (increase) in merchandising rights	236	(197)
Loss (gain) on sale of non-current assets	(0)	(2)
Decrease (increase) in prepaid expenses	289	55
Decrease (increase) in advances paid	12	3
Increase (decrease) in trade payables	(6,003)	9,433
Increase (decrease) in accounts payable-other	(29)	240
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(701)	486
Increase (decrease) in deposits received	(27)	602
Other, net	(355)	(230)
Subtotal	3,960	8,321
Interest and dividends received	13	5
Interest paid	(90)	(77)
Income taxes refund (paid)	(190)	(268)
Net cash provided by (used in) operating activities	3,692	7,980
Cash flows from investing activities		
Purchase of property, plant and equipment	(353)	(943)
Proceeds from sale of property, plant and equipment	6	2
Purchase of intangible assets	(233)	(243)
Purchase of investment securities	(47)	(70)
Proceeds from sale of investment securities	85	492
Proceeds from redemption of investment securities	-	109
Purchase of shares of subsidiaries and associates	(99)	(10)
Proceeds from sale of shares of subsidiaries and associates	-	502
Payments for investments in capital	(260)	(1,475)
Loan advances	(87)	(0)
Proceeds from collection of loans receivable	38	56
Payments of leasehold and guarantee deposits	(80)	(0)
Proceeds from refund of leasehold and guarantee deposits	23	109
Other, net	(64)	(113)
Net cash provided by (used in) investing activities	(1,072)	(1,586)

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	53	946
Repayments of long-term borrowings	(5,329)	(4,063)
Proceeds from long-term borrowings	2,990	4,858
Dividends paid	(331)	(322)
Purchase of treasury shares	(365)	-
Other, net	147	(33)
Net cash provided by (used in) financing activities	(2,835)	1,385
Effect of exchange rate change on cash and cash equivalents	(0)	0
Net increase (decrease) in cash and cash equivalents	(215)	7,779
Cash and cash equivalents at beginning of year	24,725	24,510
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	14
Cash and cash equivalents at end of year	* 24,510	* 32,304

[Notes]

(Notes on the going concern assumption)

Not applicable.

(Significant accounting policies for preparation of consolidated financial statements)

1. Disclosure of scope of consolidation

(1) Number of consolidated subsidiaries: 16

Principal consolidated subsidiaries

Fields Jr. Corporation
SHINNICHI TECHNOLOGY CORPORATION
BOOOM Corporation
MICROCABIN CORP.
CROSSALPHA CORPORATION
SPIKY CORPORATION
F CORPORATION
Total Workout premium management Inc.
LUCENT, INC
FutureScope Corp.
Digital Frontier Inc.
Digital Frontier (Taiwan) Inc.
GEMBA Inc.
PachinkoPachislot Information Station, Inc.
NANASHOW CORPORATION
Tsuburaya Productions Co., Ltd.

F CORPORATION, which was a non-consolidated subsidiary in the previous fiscal year, has been included in the scope of consolidation from the fiscal year under review due to its increased materiality.

(2) Names of major non-consolidated subsidiaries

Tokyo Premium Dining Co., Ltd.
Professional Management Co., Ltd.
APE Inc. and six other companies

F CORPORATION, which was a non-consolidated subsidiary in the previous fiscal year, has been included in the scope of consolidation from the fiscal year under review due to its increased materiality.

Reason for exclusion from scope of consolidation

The non-consolidated subsidiaries are small companies, and the total assets and total net sales, profit and loss (proportionate share) and retained earnings (proportionate share) have no material impact on the consolidated financial statements.

2. Application of the equity method

(1) Number of affiliates accounted for by the equity method: three

Names of major affiliates accounted for by the equity method

SOUGOU MEDIA INC.
SPO Entertainment Inc.
Kadokawa Haruki Corporation

In the fiscal year under review, No9 Inc, which was an equity method affiliate, was excluded from the scope of the equity method because all of its shares were sold.

(2) Names of major non-consolidated subsidiaries and affiliates not accounted for by the equity method

Tokyo Premium Dining Co., Ltd.
Professional Management Co., Ltd.
GLAMOROUS co., ltd.
APE Inc.
G&E Co., Ltd.
VIRTUAL LINE STUDIOS CORPORATION and six other companies

F CORPORATION, which was an unconsolidated subsidiary not accounted for by the equity method in the previous fiscal year, has been included in the scope of consolidation from the fiscal year under review due to its increased materiality.

Reasons for not applying the equity method

Companies not accounted for by the equity method are excluded from the scope of application of the equity method because their impact on profit (amount corresponding to equity) and retained earnings (amount corresponding to equity) is negligible and immaterial as a whole.

(3) Other specific information if deemed necessary about application of equity method

For equity-method affiliates whose fiscal year-end differs from the consolidated fiscal year-end, financial statements based on the provisional settlement of accounts of the relevant company are used.

3. Disclosure about fiscal years, etc. of consolidated subsidiaries

The fiscal year-end of consolidated subsidiaries is the same as the consolidated fiscal year-end.

4. Disclosure of accounting policies

(1) Valuation standards and methods for significant assets

I) Securities

Other securities

Other than shares, etc. without market price

Market value method (Unrealized gains and losses are included directly in net assets. Cost of securities sold is determined by the moving-average method.)

Shares without market price, etc.

Cost determined by the moving-average method

Cost determined by the moving-average method

II) Inventory Assets

Inventory Assets held for ordinary sale

Valuation standards are based on the cost method (a method of writing down the book value due to a decline in profitability).

a. Merchandise and finished goods

We

Used PS machine

Specific identification method

Other, net

Moving average method

Consolidated subsidiaries

Average method

b. Work in process

Consolidated subsidiaries

Specific identification method

c. Raw materials
We
Moving average method
Consolidated subsidiaries
Average method
d. Supplies
Last cost method
e. Merchandising rights
Specific identification method

(2) Depreciation Methods for Significant Depreciation Assets

I) Property, plant and equipment

Declining-balance method for us and our domestic consolidated subsidiaries

However, Buildings (excluding Buildings accessories) acquired on or after April 1, 1998 and Buildings accessories and Structures acquired on or after April 1, 2016 are depreciated using the straight-line method.

The estimated useful lives of the major assets are as follows:

Buildings and structures 3-50 years

Machinery, equipment and vehicles 6 year

Tools, furniture and fixtures 2-20 years

II) Intangible assets

Fixed amount method

Software for internal use is depreciated using the straight-line method over its estimated useful life (not exceeding 10 years).

III) Long-term prepaid expenses

Fixed amount method

(3) Accounting standards for significant provisions

I) Allowance for doubtful accounts

The allowance for doubtful receivables is provided for possible losses on doubtful receivables based on the historical write-off ratio for general receivables and on an estimate of uncollectible amounts for specific doubtful receivables based on the collectability of individual receivables.

II) Provision for bonuses

To provide for the payment of bonuses to employees, the Company and certain consolidated subsidiaries provide for the portion of the estimated amount to be paid in the current fiscal year.

III) Provision for bonuses for directors (and other officers)

To provide for the payment of bonuses to directors (and other officers), the Company and certain consolidated subsidiaries provide for the payment of bonuses in accordance with the amounts expected to be paid in the fiscal year under review.

(4) Accounting method for retirement benefits

I) Method of attributing expected retirement benefits to periods

In calculating retirement benefit obligations, the benefit formula basis is used to attribute expected retirement benefits to the period up to the end of the current fiscal year.

II) Amortization of actuarial gains and losses and prior service costs

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized by the straight-line method over five years, which is shorter than the average remaining years of service of the eligible employees.

III) Adoption of simplified method by small enterprises, etc.

Certain consolidated subsidiaries apply the simplified method for calculating retirement benefit liability and retirement benefit expenses using the retirement benefit obligation as the amount that would be required if all employees voluntarily terminated their employment at the end of the fiscal year.

(5) Accounting standards for significant revenues and expenses

We and our consolidated subsidiaries have adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and the "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021).

Revenue recognition for us and our consolidated subsidiaries includes goods and services that are transferred at a point in time and goods and services that are transferred over a period of time. For goods and services that are transferred at one point in time, revenue is primarily related to the sale of PS (hereinafter, "PS") machines and is recognized when the PS machines are shipped to the pachinko halls. For goods and services that will be transferred over a period of time, revenue is recognized based on the input method, primarily for trustee contracts, for which there is revenue on the trustee contract and a reasonable estimate of progress can be made.

Details of major performance obligations in major businesses and the normal time at which revenue is recognized are as follows:

I) Revenues from the sale of PS machines

Revenue generated from contracts between us and our customers is primarily derived from the sale of PS machines to pachinko halls. In the purchase and sale agreement with the PS parlor, the risk of loss is transferred to the PS parlor when the PS machine is shipped to the PS parlor. Therefore, we have determined that the delivery of the PS machine to the PS parlor, which is our performance obligation, will be completed at that time.

For transactions in which we are the sole distributor, i.e., transactions in which we exclusively sell the game machines manufactured by the machine manufacturer, we have determined that it is our performance obligation to provide such machines ourselves and are the principal, and therefore we recognize as revenue the payments we make for the game machines sold to the pachinko halls at the time we ship the machines to the PS parlor, which is the customer.

For transactions in which we are not the sole distributor, i.e., transactions in which a portion of the PS machines manufactured by the PS machine manufacturer is sold on behalf of the PS machine manufacturer, we have determined that it is our performance obligation and an agent to arrange for such machines to be provided by the PS machine manufacturer, and therefore we recognize as revenue the amount of the agency commission received from the PS machine manufacturer, which is the customer, when the machines are shipped to the PS machine.

II) Revenues from licensing agreements for use of commercialization rights

Revenues from licensing agreements for the use of merchandising rights acquired and held by us and certain consolidated subsidiaries are deducted from the purchase price of the merchandising rights of the PS machines for which we are the sole distributor, because we have determined that the merchandising rights are paid to PS machine manufacturers that fall under the repurchase agreements, the paid portion is deducted from the purchase price at the time of sale of the applicable PS machines.

(6) Amortization method and period of goodwill

Goodwill is amortized on a straight-line basis over a reasonable number of years not exceeding 10 years, based on an individual estimate of the length of time that the benefits will be realized.

(7) Scope of cash and cash equivalents of consolidated statement of cash flows

Consists of cash on hand, demand deposits and short-term highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and are exposed to insignificant risk of changes in value.

(8) Other important matters for preparation of consolidated financial statements

Accounting for non-deductible consumption taxes on assets

Non-deductible consumption taxes and local consumption taxes related to assets are accounted for as expenses in the current consolidated fiscal year.

(Notes - Significant accounting estimates)

1. Valuation of inventories related to the manufacture and sale of PS machines

(1) Amounts recorded in the consolidated financial statements for the current fiscal year

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
Work in process	3,589	2,874
Raw materials and supplies	1,901	1,831
Merchandise rights	1,451	3,207

(2) Information on the content of significant accounting estimates for identified items

I) Calculation method

The valuation standards for work in process, raw materials and supplies, and merchandising rights are determined by the cost method (the method of writing down the book value due to a decline in profitability). If the net selling price at the end of the fiscal year is less than the acquisition cost, such net selling price is recorded in the consolidated balance sheets.

II) Assumptions used in significant accounting estimates

The basis for calculating the net sales value of work in process, raw materials and supplies, and merchandising rights is based on sales plans for PS machines (estimated sales volumes and selling prices). Sales plans include estimates based on assumptions made based on historical sales results and available information.

III) Effect of significant accounting estimates on the consolidated financial statements for the following fiscal year

The sales plan may be affected by factors such as consumer preferences, the state of procurement of raw materials attributable to the new Corona Virus infectious disease and other global conditions, and the PS machine industry environment. Changes in these factors could result in write-downs of work in process, raw materials and supplies, and merchandising rights, which could impact the consolidated financial statements for the following fiscal year.

2. Valuation of goodwill

(1) Amounts recorded in the consolidated financial statements for the current fiscal year

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
Goodwill	1,875	1,623

(2) Information on the content of significant accounting estimates for identified items

I) Calculation method

Goodwill is amortized annually, but when indicators of impairment are identified, the Company determines whether an impairment loss needs to be recognized, and if it is determined that an impairment loss needs to be recognized, the amount is measured and deducted from that amount is recorded in the consolidated balance sheets.

II) Assumptions used in significant accounting estimates

The recognition of impairment loss is evaluated based on the recoverable amount in the cash-generating unit, including goodwill. Goodwill relates to consolidated subsidiaries engaged in the development and manufacture of PS machines. The recoverable amount of goodwill is calculated based on future cash flows based on business plans. Significant estimation elements of this business plan are PS machine sales plans and manufacturing plans. The business plan includes estimates based on assumptions made based on historical sales results and available information.

III) Effect of significant accounting estimates on the consolidated financial statements for the following fiscal year

The business plan may be affected by factors such as consumer preferences, the state of procurement of raw materials attributable to the coronavirus disease (COVID-19) infectious diseases and other global conditions, and the PS machine industry environment, and any changes in the assumptions made could result in an impairment of goodwill, which could impact the consolidated financial statements for the following fiscal year.

(Notes - Changes in accounting policies)

(Notes - Changes in accounting policies in accordance with changes in accounting standards, etc.)

(Application of Accounting Standard for Revenue Recognition etc.)

The Company adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and the "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021) from the beginning of the fiscal year under review, and recognizes revenue when control of promised goods or services is transferred to customers in an amount that is expected to be received in exchange for those goods or services.

Major changes due to the adoption of the Accounting Standard for Revenue Recognition are as follows:

1. Revenue recognition from agency sales of PS machines

Previously, all of the revenue from agency sales of PS machines was recognized as revenue when the PS machines were delivered to the PS machine manufacturers, and the amount of the agency commission received from the PS machine manufacturers at the time the PS machine was delivered to the PS machine manufacturers. However, after identifying the customers through the identification of the contract, the Company has changed the method of recognizing as revenue the transaction in which the Company exclusively sells the PS machines manufactured by the PS machine manufacturers, in which the Company considers its role in providing goods or services to customers as the principal, and recognizes as revenue the price of the PS machines sold to the PS halls when the PS machine is shipped in the same manner as the agency sales.

2. Revenue recognition on the license agreement for the use of merchandising rights

In the past, all revenues related to licensing agreements for the use of merchandising rights acquired and held by the Company and certain consolidated subsidiaries were recognized under licensing agreements for use entered with game machine manufacturers. However, because of the Company's determination that merchandising rights for PS machines for which the Company is the sole distributor of such machines are paid to the PS machine manufacturers that qualify as repurchase agreements, the Company has changed its method of deducting the paid portion from the purchase price at the time of sale of the applicable PS machines.

With regard to the application of the revenue recognition accounting standards, in accordance with the transitional treatment stipulated in the provisions of paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospective application of a new accounting policy prior to the beginning of the fiscal year under review has been adjusted to retained earnings at the beginning of the fiscal year under review, and a new accounting policy has been applied from the beginning of the fiscal year under review. In addition, the Company applies the method stipulated in paragraph 86 of the Revenue Recognition Accounting Standard and paragraph (1) of the Written Accounting Standard. Contract modifications made prior to the beginning of the current fiscal year are accounted for under the terms of the contract after reflecting all contract modifications, and the cumulative effect of these modifications is added to or deducted from retained earnings at the beginning of the current fiscal year.

In addition, "Notes and accounts receivable-trade," which was presented in "Current assets" in the consolidated balance sheets for the previous fiscal year, is included in "Notes receivable, " "Accounts receivable" and "Contract assets" from the current fiscal year, and "Other, " which was presented in "Current liabilities, " is included in "Contract liabilities" and "Other" from the current fiscal year. However, in accordance with the transitional treatment set forth in paragraph 89-2 of the Revenue Recognition Accounting Standard, no reclassifications have been made to the prior fiscal year under the new presentation method.

As a result, the consolidated statements of income for the fiscal year under review have increased net sales by ¥36,286 million, cost of sales by ¥35,276 million, and operating income, ordinary income and income before income taxes by ¥1,009 million, compared with the figures before the adoption of the revenue recognition accounting standards, etc.

Due to the reflection of the cumulative effect on net assets at the beginning of the fiscal year under review, the beginning balance of retained earnings in the consolidated statements of changes in net assets decreased by 1,441 million yen.

The impact on per share information is stated in the relevant section.

In accordance with the transitional treatment set forth in paragraph 89-3 of the Revenue Recognition Accounting Standard, the Revenue Recognition Related Notes for the prior fiscal year have not been presented.

(Application of Accounting Standard for Fair Value Measurement etc.)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Accounting Standard for Fair Value Measurement") and other standards have been applied from the beginning of the current fiscal year, and in accordance with the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Fair Value

Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policy stipulated by the Accounting Standard for Fair Value Measurement will be applied in the future. There is no impact on the consolidated financial statements.

In addition, in the “Notes to Financial Instruments, ” the Company has decided to provide notes on matters such as the breakdown of the fair value of financial instruments by level. However, in accordance with the transitional treatment stipulated in paragraph 7-4 of the “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, July 4, 2019), those notes for the previous fiscal year are not presented.

(Notes - New accounting standards not yet applied)

・Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021)

(1) Summary

The treatment of the calculation of the market value of investment trusts and the notes thereto, and the treatment of notes to the market value of investments in associations, etc., in which the amount equivalent to equity is recorded on the balance sheet on a net basis, were stipulated.

(2) Expected date of application

It is scheduled to be applied from the beginning of the fiscal year ending March 2023.

(3) Effect of adoption of this accounting standard

There is no impact on the consolidated financial statements.

(Notes - Changes in presentation)

(Notes - Consolidated balance sheet)

"Merchandising rights advances," which had been included in current assets in the previous fiscal year, has been renamed "Merchandise rights" from the fiscal year under review in order to provide a clearer presentation in line with actual conditions.

(Notes - Consolidated balance sheet)

*1. Items related to unconsolidated subsidiaries and affiliates are as follows:

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
Investments in securities (shares)	946	991

*2. Assets pledged as collateral and secured liabilities

(1) Assets pledged as collateral and secured liabilities of the Companies

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
Buildings	664	637
Land	1,397	1,674
Total	2,061	2,311

(Note) The above amounts are based on loan agreements entered into between the consolidated companies and financial institutions, and are subject to fixed mortgages.

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
Current portion of long-term borrowings	80	80
Long-term borrowings	1,930	2,173
Total	2,010	2,253

(2) Assets pledged as collateral for loans of companies other than consolidated companies

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
Time deposits	100	100
Total	100	100

3. Contingent liabilities

The Group provides guarantees on the price of PS machines when PS machine manufacturers act on behalf of PS machine manufacturers.

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
GAIA Co., Ltd.	3	36
SHOUEI PROJECT Co.,Ltd.	5	23
Asahi Shoji K.K.	4	18
Oute K.K	-	12
Taisei Tourism Co., Ltd.	5	11
MIKADO Global Inc.	-	7
Korona World Co., Ltd.	8	7
Keiai Co., Ltd.	4	7
Hyaku tan K.K.	-	5
ICHIROKU SHOJI HOLDINGS K.K.	-	5
Others	213	113
Total	245	249

4. Overdraft agreement and syndicated term loan agreement

Our group enters into overdraft agreements, syndicated term loan agreements with banks with which we do business to ensure efficient procurement of working capital. Undisbursed loans outstanding at the end of the current consolidated fiscal year under these agreements are as follows:

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
Total amount of overdraft limits and term loans	11,800	16,200
Loan balance	1,800	5,023
Net amount	10,000	11,177

The syndicated term loan agreements described above contain the following financial covenants (although the covenants differ from contract to contract, major items are described):

I) Maintaining the total amount of net assets in the consolidated balance sheets and non-consolidated balance sheets as of the end of each consolidated fiscal year at 75% or more of the greater of the amount as of the end of the fiscal year immediately preceding the relevant fiscal year or as of the end of the fiscal year ended March 2020.

II) Ordinary losses on the consolidated statements of income and non-consolidated statements of income as of the last day of the fiscal year ended March 2021 and each subsequent fiscal year shall not be recorded for two consecutive fiscal years.

(Consolidated statement of income)

*1. Revenue from contracts with customers

Revenues from contracts with customers and other revenues are not presented separately. The amount of revenue arising from contracts with customers is described in “Notes to consolidated financial statements (revenue recognition relationship) 1. Breakdown of revenue from contracts with customers.”

*2. Details of gain on sales of non-current assets are as follows.

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Machinery and equipment	0	0
Tools, furniture and fixtures	-	1
Total	0	2

*3. Details of loss on retirement of non-current assets are as follows.

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Buildings and structures	17	31
Machinery and equipment	1	-
Tools, furniture and fixtures	5	1
Software	36	23
Total	60	56

*4. Impairment loss

Our group recorded impairment losses on the following assets.

Previous fiscal year (April 1, 2020, to March 31, 2021)

Application	Location	Type	Amount
Business assets in use	Shibuya-ku, Tokyo	Tools, furniture and fixtures Intangible assets	174 millions of yen

Our Group’s business assets are grouped by the smallest unit that generates cash flow for each management accounting category.

With regard to the above asset groups, as profitability declined, the book value was reduced to the recoverable amount, and the amount of the decline was recorded as an extraordinary loss.

The breakdown is 127 million yen for tools, furniture and fixtures and 46 million yen for intangible fixed assets.

The calculation of the recoverable amount of this asset group is measured based on value in use. Value in use is evaluated as zero because future cash flows are negative.

Current fiscal year (April 1, 2021 to March 31, 2022)

Not applicable.

*5. Losses from coronavirus disease (COVID-19)

Previous fiscal year (April 1, 2020, to March 31, 2021)

In accordance with the Emergency Declaration issued by the government due to the impact of the coronavirus disease (COVID-19), our group accounted for the consolidated accounting

We temporarily suspended operations at stores and business sites in the fiscal year. The Company judged that the occurrence of fixed costs (personnel expenses, land rent, depreciation expenses), etc. during the suspension of operations was extraordinary, and recorded a total of 601 million yen in the consolidated financial statements as “Losses from coronavirus disease (COVID-19)” under extraordinary losses.

Current fiscal year (April 1, 2021 to March 31, 2022)

In line with the declaration of an emergency issued by the government due to the impact of the COVID-19, our group temporarily suspended operations at some of our business sites in the fiscal year under review. The Company judged that the personnel expenses incurred during the leave to be extraordinary and recorded a total of ¥46 million in the consolidated financial statements as “Losses from coronavirus disease (COVID-19)” under extraordinary losses.

*6. Loss on business liquidation

Previous fiscal year (April 1, 2020, to March 31, 2021)

Not applicable.

Current fiscal year (April 1, 2021 to March 31, 2022)

As a result of the withdrawal of certain new businesses from our Group, the amount of contractual losses incurred has been recorded as a loss on business liquidation as an extraordinary loss.

(Notes – Concerning consolidated statement of comprehensive income)

* Reclassification adjustments and deferred income taxes related to other comprehensive income

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Valuation difference on available-for-sale securities		
Gain (loss) in the year	172	116
Reclassification adjustments	(21)	(254)
Before tax effect adjustment	151	(137)
Tax effects	43	(42)
Valuation difference on available-for-sale securities	107	(95)
Foreign currency translation adjustment		
Gain (loss) in the year	0	0
Reclassification adjustments	-	-
Before tax effect adjustment	0	0
Tax effects	-	-
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans		
Gain (loss) in the year	(23)	11
Reclassification adjustments	1	(8)
Before tax effect adjustment	(22)	3
Tax effects	-	-
Remeasurements of defined benefit plans	(22)	3
Total other comprehensive income	84	(91)

(Notes - Consolidated statement of changes in equity)

Previous fiscal year (April 1, 2020, to March 31, 2021)

1. Notes regarding issued shares

Class of shares	Beginning of the current consolidated fiscal year	Increase	Decrease	End of the current consolidated fiscal year
Common shares	34,700,000	-	-	34,700,000

2. Notes regarding treasury shares

Class of shares	Beginning of the current consolidated fiscal year	Increase	Decrease	End of the current consolidated fiscal year
Common shares	1,516,300	1,052,000	200,000	2,368,300

(Overview of variable events)

Breakdown of the increase is as follows.

Increase due to purchase of treasury shares in accordance with the resolution of the board of directors 1,052,000 shares

The breakdown of the decrease in the number is as follows.

Decrease due to disposal of treasury shares as restricted shares remuneration in accordance with the resolution of the board of directors 200,000 shares.

3. Notes regarding share acquisition rights

Company Name	Breakdown	Class of shares	Number of shares to be used (shares)				Balance at the ending of current consolidated fiscal year (millions of yen)
			Beginning of the current consolidated fiscal year	Increase	Decrease	Year-end	
Reporting Company	Stock acquisition rights as the first stock option	-	-	-	-	-	7
Total			-	-	-	-	7

4. Notes regarding dividend

(1) Dividends paid

Resolution	Class of shares	Total dividends (millions of yen)	Dividends per share (yen)	Base date	Effective date
June 17, 2020 Annual Shareholders' Meeting	Common stock	331	10	March 31, 2020	June 18, 2020

(2) Dividends for which the base date belongs to the current consolidated fiscal year and for which the effective date of distribution falls in the following consolidated fiscal year

Resolution	Class of shares	Total dividends (millions of yen)	Source of dividends	Per share dividends (yen)	Base date	Effective date
June 16, 2021 Annual Shareholders' Meeting	Common stock	323	Retained earnings	10	March 31, 2021	June 17, 2021

Current fiscal year (From April 1, 2021 to March 31, 2022)

1. Issue related to outstanding shares

Class of shares	Beginning of the current consolidated fiscal year	Increase	Decrease	End of the consolidated financial year
Common shares	34,700,000	-	-	34,700,000

2. Notes regarding treasury shares

Class of shares	Beginning of the current consolidated fiscal year	Increase	Decrease	End of the consolidated financial year
Common shares	2,368,300	-	-	2,368,300

3. Notes regarding share acquisition rights

Company Name	Breakdown	Class of shares	Number of shares to be used (shares)				Balance at the ending of current consolidated fiscal year (millions of yen)
			Beginning of the current consolidated fiscal year	Increase	Decrease	Year-end	
Reporting Company	Stock acquisition rights as the first stock option	-	-	-	-	-	28
Total			-	-	-	-	28

4.Matters concerning dividends

(1) Dividends paid

Resolution	Class of shares	Total dividends (millions of yen)	Dividends per share (Yen)	Record date	Effective date
June 16, 2021 Annual Shareholders' Meeting	Common stock	323	10	March 31, 2021	June 17, 2021

(2) Dividends for which the base date belongs to the current consolidated fiscal year and for which the effective date of distribution falls in the following consolidated fiscal year

Resolution	Class of shares	Total dividends (millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
June 22, 2022 Annual Shareholders' Meeting	Common stock	646	Retained earnings	20	March 31, 2022	June 23, 2022

(Matters concerning consolidated statement of cash flows)

* Relation between cash and cash equivalents at the end of year and the amounts stated in consolidated balance sheet is as follows:

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Cash and deposits	24,610	32,404
Time deposits with maturities of more than three months	(100)	(100)
Cash and cash equivalents	24,510	32,304

(Notes - Leases)

1.Operating leases

(Borrower side)

Future minimum lease payments under non-cancelable operating leases

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
Due within one year	222	221
Over one year	18	142
Total	241	363

(Notes - Financial instruments)

1. Matters relating to financial instruments

(1) Policy for financial instruments

Our Group's policy is to invest temporary surplus funds mainly in financial assets with high safety.

The Company's policy is to procure short-term working capital through bank borrowings and to make appropriate judgments regarding medium-to long-term financing in light of the use of funds and market conditions.

In addition, the Company does not enter into derivative transactions for speculative purposes.

(2) Details and risks of financial instruments

Notes receivable, accounts receivable and electronically recorded monetary claims represent trade receivables arising from normal operating activities and are exposed to customer credit risk. Investment securities are mainly related to business or capital tie-ups with client companies and are exposed to the risk of fluctuations in market prices. Loans are mainly loans to affiliated companies and are exposed to the credit risk of the borrowers. Lease and guarantee deposits consist primarily of leasehold deposits under office lease agreements, which expose the lessor to credit risk.

Notes and accounts payable represent trade payables arising from normal operating activities, all of which are due within one year. Borrowings are mainly for the purpose of raising funds necessary for working capital, and some of these borrowings are exposed to interest rate fluctuation risk. Income taxes payable consist of payables related to income taxes, inhabitants' taxes and enterprise taxes, all of which are due within one year.

(3) Risk management for financial instruments

I) Monitoring of credit risk (the risk that customers or counterparties may default)

Regarding notes receivable, accounts receivable and electronically recorded monetary claims, each business division manages due dates and balances for each counterparty in accordance with the Monetary Claim Management Regulations, and strives to identify concerns about collection at an early stage due to deterioration in financial conditions, etc. The headquarter administration division monitors the financial condition of borrowers and strives to identify concerns about loan recovery at an early stage due to deterioration in the financial condition and other factors.

II) Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

With respect to investment securities, in accordance with the Fund Investment Management Regulations, the headquarter administration division regularly monitors the market value and the financial position of the issuing company, and continuously reviews the status of holdings in consideration of the relationship with the client company. The headquarter administration division monitors market interest rate trends from time to time for interest rate risk on borrowings.

III) Management of liquidity risk related to financing (the risk that payments may not be made when due)

Based on reports from each department, the Administrative Division prepares and updates cash flow plans in a timely manner to manage liquidity risk.

(4) Supplementary explanation of the fair value of financial instruments

Since variable factors are incorporated in the calculation of the fair value of financial instruments, the use of different assumptions may change the fair value.

(5) Concentration of credit risk

Not applicable.

2. Matters concerning fair value of financial instruments

Consolidated balance sheet recorded, fair value and the difference between them are as follows. The table does not include financial instruments for which it is extremely difficult to determine fair value. (Note 2)

Previous fiscal year ended March 31, 2021 (Unit: millions of yen)

Classification	Carrying amount	Fair value	Difference
(1) Investment securities			
Other securities	501	501	-
(2) Long-term loans receivable	457		
Allowance for doubtful accounts (*3)	(302)		
	155	154	(0)
(3) Lease and guarantee deposits	1,614	1,613	(0)
Total assets	2,270	2,269	(0)
(1) Long-term borrowings (including current portion of long-term borrowings)	10,701	10,709	7
Total liabilities	10,701	10,709	7

(*1) "Cash and deposits," "Notes receivable," "Accounts receivable," "Electronically recorded monetary claims," "Notes and accounts payable-trade," "Short-term loans payable," and "Income taxes payable" are omitted because they are cash and because their fair values approximate their carrying values because of their short maturities.

(*2) Carrying amount of financial instruments for which fair value is extremely difficult to determine

Classification	Previous fiscal year (millions of yen)
Unlisted stocks	355
Investments in subsidiaries	90
Investments in affiliates	856
Deposits as security for dealing	1,245
Total	2,546

The above unlisted stocks, stocks of subsidiaries, and stocks of affiliated companies are not included in "(1) Investment securities" because they do not have market prices and it is extremely difficult to determine their fair values. In addition, operating security deposits are not included in "(3) Lease and guarantee deposits" because the timing of redemption is not fixed and future cash flows cannot be estimated and the fair value is deemed extremely difficult to determine.

(*3) Allowance for doubtful accounts recorded separately in long-term loans receivable is deducted.

Fiscal year ended March 31, 2022 (Unit: millions of yen)

Classification	Carrying amount	Market value	Difference
(1) Investment securities			
Other securities	84	84	-
(2) Long-term loans receivable	215		
Allowance for doubtful accounts (*3)	(160)		
	55	55	0
(3) Lease and guarantee deposits	2,226	2,222	(4)
Total assets	2,366	2,362	(4)
(1) Long-term borrowings (including current portion of long-term borrowings)	11,560	11,561	0
Total liabilities	11,560	11,561	0

(*1) "Cash and deposits," "Notes receivable," "Accounts receivable," "Electronically recorded monetary claims," "Notes and accounts payable-trade," "Short-term loans payable," and "Income taxes payable" are omitted because they are cash and because their fair values approximate their carrying values because of their short maturities.

(*2) Equity securities without market quotations are not included in "(1) Investment securities." The carrying amounts of these financial instruments are as follows:

Classification	Previous fiscal year (millions of yen)
Unlisted stocks	353
Investments in subsidiaries	90
Investments in affiliates	901
Total	1,344

(*3) Allowance for doubtful accounts recorded separately in long-term loans receivable is deducted.

(Note 1) Redemption schedule for monetary receivables and securities with maturity dates after the consolidated balance sheet date

Previous fiscal year ended March 31, 2021 (Unit: millions of yen)

Classification	Within one year	Over one year Within five years	Over five years Within ten years	Over ten years
Cash and deposits	24,610	-	-	-
Notes and accounts receivable	5,325	-	-	-
Electronically recorded monetary claims	67	-	-	-
Long-term loans receivable (*1)	-	155	-	-
Total assets	30,002	155	-	-

(*1) ¥302 million, which is not expected to be redeemed, is not included in long-term loans receivable.
(*2) Leasehold and guarantee deposits is not included in the above amounts because the repayment date is not fixed.

Current fiscal year ended March 31, 2022 (Unit: millions of yen)

Classification	Within one year	Over one year Within five years	Over five years Within ten years	Over ten years
Cash and deposits	32,404	-	-	-
Notes receivable	881	-	-	-
Accounts receivable	11,320	14	-	-
Electronically recorded monetary claims	708	-	-	-
Long-term loans receivable (*1)	-	55	-	-
Total assets	45,314	69	-	-

(*1) ¥160 million, which is not expected to be redeemed, is not included in long-term loans receivable.
(*2) Leasehold and guarantee deposits is not included in the above amounts because the repayment date is not fixed.

(Note 2) Maturities of long-term debt and other interest-bearing debt after the consolidated balance sheet date

Previous fiscal year ended March 31, 2021 (Unit: millions of yen)

Classification	Within one year	Over one year Within two years	Over two years Within three years	Over three years Within four years	Over four years Within five years	Over five years
Short-term borrowings	253	-	-	-	-	-
Long-term borrowings	3,863	3,563	922	155	162	2,032
Total	4,116	3,563	922	155	162	2,032

Current fiscal year ended March 31, 2022 (Unit: millions of yen)

Classification	Within one year	Over one year Within two years	Over two years Within three years	Over three years Within four years	Over four years Within five years	Over five years
Short-term borrowings	1,202	-	-	-	-	-
Long-term borrowings	5,030	2,712	1,621	162	1,701	331
Total	6,232	2,712	1,621	162	1,701	331

3. Breakdown of the fair value of financial instruments by level

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs to the determination of fair value:

Level 1 fair values: Inputs for determining observable fair values that are determined by quoted prices for the assets or liabilities subject to such fair values that are formed in active markets
Level 2 Fair Value: Fair value calculated using inputs for determining fair value other than Level 1 inputs that are observable fair value
Level 3 Fair Values: Fair values calculated using inputs for determining market values that are not observable

If the Company uses multiple inputs that are significant to the determination of fair value, the Company categorizes fair value into the level in which each of these inputs has the lowest priority in determining fair value.

(1) Financial instruments recorded in the consolidated balance sheets at fair value

Current consolidated fiscal year (March 31, 2022)

Classification	Fair value (Unit: millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	54	-	-	54
Total assets	54	-	-	54

(Note) Market value of investment trusts, etc. is not included in the above. The amount on the consolidated balance sheet of investment trusts, etc. is 30 million yen.

(2) Financial instruments other than financial instruments included in the consolidated balance sheets at fair value

Current consolidated fiscal year (March 31, 2022)

Classification	Fair value (Unit: millions of yen)			
	Level 1	Level 2	Level 3	Total
Long-term loans receivable	-	55	-	55
Leasehold and guarantee deposits	-	2,222	-	2,222
Total assets	-	2,277	-	2,277
Long-term borrowings (including current portion of long-term borrowings)	-	11,561	-	11,561
Total liabilities	-	11,561	-	11,561

(Note) Description of valuation techniques used to determine fair value and inputs for determining fair value

Investment securities

Fair values of listed stocks are valued using quoted prices. Listed stocks are traded in an active market and, therefore, their fair values are classified as level 1 fair values.

Long-term loans receivable

The fair value of long-term loans receivable is calculated using the discounted present value method based on an appropriate indicator, such as future cash flows and yields on government bonds, plus a credit spread, and is classified as a level 2 fair value.

Leasehold and guarantee deposits

The fair value of these assets is calculated by the discounted present value method based on reasonable estimates of the expected timing of repayment and appropriate indicators such as future cash flows and yields on government bonds and is classified as level 2 fair value.

Long-term borrowings (including current portion of long-term borrowings)

The fair value of these instruments is determined using the discounted present value method based on the sum of principal and interest, the remaining term of the debt, and an interest rate adjusted for credit risk, and is classified as level 2 fair value.

(Notes - Securities)

1. Other available-for-sale securities

Previous fiscal year ended March 31, 2021

(Unit: millions of yen)

Classification	Carrying amount	Acquisition cost	Difference
The amount recorded in consolidated balance sheet exceeds the acquisition cost			
Shares	379	208	171
Others	116	110	6
Subtotal	495	318	177
The amount recorded in consolidated balance sheet exceeds the acquisition cost			
Shares	6	6	(0)
Others	-	-	-
Subtotal	6	6	(0)
Total	501	324	176

Current fiscal year ended March 31, 2022

(Unit: millions of yen)

Classification	Carrying amount	Acquisition cost	Difference
The amount recorded in consolidated balance sheet exceeds the acquisition cost			
Shares	47	8	39
Others	20	20	0
Subtotal	68	28	40
The amount recorded in consolidated balance sheet exceeds the acquisition cost			
Shares	6	7	(0)
Others	9	10	(0)
Subtotal	16	17	(1)
Total	84	45	39

2. Other available-for-sale securities sold during the fiscal year

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

(Unit: millions of yen)

Classification	Proceeds from sales	Total gain on sales	Total in loss on sales
Shares	85	37	-
Total	85	37	-

Current consolidated fiscal year (April 1, 2021 to March 31, 2022)

(Unit: millions of yen)

Classification	Proceeds from sales	Total gain on sales	Total in loss on sales
Shares	492	242	-
Total	492	242	-

(Notes - Retirement benefits)

1.General outline of the retirement allowance system adopted

The Company and certain domestic consolidated subsidiaries have adopted defined benefit plans, including lump-sum payment plans.

The retirement lump-sum payment plans of certain consolidated subsidiaries calculate net defined benefit liability and retirement benefits using the simplified method.

2.Defined benefit plan

(1) Reconciliation of beginning and ending balances of retirement benefit obligations (excluding plans for which the simplified method is applied)

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Retirement benefit obligation at beginning of year	611	685
Service cost	68	69
Interest expenses	0	0
Actuarial differences arising	23	(11)
Retirement benefits payable	(19)	(38)
Retirement benefit obligation at end of year	685	705

(2) A reconciliation of the beginning and ending balances of net defined benefit liability under the plans for which the simplified method is applied

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Net defined benefit liability at beginning of year	62	85
Retirement benefit expenses	25	19
Benefits paid	(3)	(1)
Net defined benefit liability at end of year	85	103

(3) Reconciliation between the ending balance of retirement benefit obligations and the net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheets

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
Retirement benefit obligations of unfunded plans	770	809
Net amount of liabilities and assets recorded in the consolidated balance sheets	770	809
Obligations for retirement pay	770	809
Net amount of liabilities and assets recorded in the consolidated balance sheets	770	809

(NOTE)Includes plans that apply the simplified method.

(4) Amount of retirement benefit expenses and its breakdown

(Millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Service cost	68	69
Interest expenses	0	0
Amortization of actuarial loss	1	(8)
Retirement benefit expenses calculated by the simplified method	25	19
Retirement benefit expenses for defined benefit plan	96	81

(5) Adjustments for retirement benefit

The breakdown of items (before tax effect) recorded in adjustments for retirement benefit is as follows:

(Millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Differences in the mathematical calculations	22	(3)
Total	22	(3)

(6) Cumulative adjustment of retirement

The components of remeasurements of cumulative adjustment of retirement benefit (before tax effect) are as follows:

(Millions of yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
Unrecognized actuarial loss	0	(3)
Total	0	(3)

(7) Items for calculating base actuarial differences

Principal actuarial assumptions

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Discount rate	0.05%	0.15%
Expected rate of salary increase	0.90%	0.90%

(Notes to stock options, etc.)

1.Cost of stock options and the title of the account

	Previous consolidated fiscal year	Current consolidated fiscal year
Share-based remuneration expenses of SG&A expenses	7 million yen	21 million yen

2.Details, size and changes of stock options

(1) Details of stock options

Name	First (December 2020) Stock Acquisition Rights of FIELDS CORPORATION
Date of resolution	November 13, 2020
Category and number of grantees (people)	Six corporate officers of FIELDS CORPORATION 43 employees of FIELDS CORPORATION Three affiliates director and corporate officers of our subsidiaries3 Eight employees of our subsidiaries
Number of stock options by type of stock (Note 5)	Common stock 400,600 shares
Grant date	December 1, 2020
Vesting conditions	To continue to work from the grant date (December 1, 2020) through the vesting date (November 13, 2022) and being in any position of an officer or employee of the Company or any of affiliates at the time of exercise
Requisite service period	Not specified
Exercise period	November 14, 2022 to November 13, 2030
Number of share acquisition rights (Note 6)	4,006 (Note 1)
Type, content, and number of shares subject to stock acquisition rights (Note 6)	Common stock 400,600 (Note 1)
Amount to be paid upon exercise of subscription rights (yen) (Note 6)	365(Note 2)
Issue price and amount incorporated in capital when shares are issued upon exercise of subscription rights to shares (yen) (Note 6)	Issue price 471.8 Amount to be included in capital (Note 3)
Terms of exercise of share acquisition rights (Note 6)	If share acquisition rights holder surrenders share acquisition rights, it cannot be exercised. The other conditions shall be as set forth in share acquisition rights allocation agreement between the Company and share acquisition rights holder.
Assignment of share acquisition rights (Note 6)	Purchase of share acquisition rights by assignment shall be subject to approval by a resolution of our Board of Director meeting.
Issuance of share acquisition rights for organizational restructuring (Note 6)	(NOTE4)

(Note) 1. The class of shares subject to share acquisition rights shall be our common shares, and the number of shares subject to the respective share acquisition rights (hereinafter, "number of granted shares") shall be 100 shares. However, provided that in the event that we effect a share split (including gratuitous allotment of shares of our common stock; hereinafter the same with respect to the description of the share split) or a share consolidation after the date on which the offering of share acquisition rights is resolved at our director meeting (hereinafter, "allocation date"), the number of granted shares shall be adjusted according to the following formula, and any fraction less than one share resulting from the adjustment shall be discarded.

$$\text{Number of granted shares after adjustment} = \text{Number of granted shares before adjustment} \times \text{Ratio of stock split or reverse stock split}$$

Other where we merge or split on, or in cases where adjustments in the number of granted shares are required in accordance with these cases after the allocation date, we may appropriately adjust the number of granted shares to the extent reasonable.

2. If we carry out the following (1) or (2) with respect to our common shares after the allocation date, the amount paid per share to be delivered by exercising each share acquisition rights (hereinafter, "the exercise price") shall be adjusted according to the formula set forth below respectively, and any fraction less than one ¥1 resulting from the adjustment shall be rounded up.

(1) In the event we effect a share split or consolidation of shares

$$\text{Exercise price after the adjustment} = \text{Exercise price before the adjustment} \times \frac{1}{\text{Ratio of stock split or share consolidation}}$$

(2) If we issue new shares or make a disposal of treasury shares at a price below market value (other than as a result of the sale of treasury shares pursuant to the provisions of section 194 of the companies act (requests for sale of shares less than 1 unit by holders of less than 1 unit), the conversion of securities convertible into or convertible into our common shares or the exercise of share acquisition rights (including those attached to bonds with share acquisition rights) that are able to request the delivery of our common shares)

$$\text{Exercise price after the adjustment} = \text{Exercise price before adjustment} \times \frac{\text{Number of issued shares} + \dfrac{\text{Number of newly issued shares} \times \text{Subscription price per share}}{\text{Market value}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

3. Matters relating to increased share capital and legal capital surplus in the event of issuance of shares by exercise of share acquisition rights

(1) The amount of share capital to be increased in the event of the issuance of shares by exercise of share acquisition rights shall be one-half of the limit for the increase of share capital calculated in accordance with clause 1 of article 17 of the corporate accounting regulation, and any fraction less than one ¥1 resulting from the calculation shall be rounded up to the nearest ¥1.

(2) The amount of legal capital surplus to be increased in the event of the issuance of shares by exercise of share acquisition rights shall be the amount obtained by subtracting the increased amount of share capital as set forth in (1) above from the increase limit amount of share capital as set forth in (1) above.

4. In the event that we effect a merger (limited to the case where we become a split company as a result of a merger), an absorption-type demerger or an incorporation-type demerger (limited to the case where we become a split company respectively), a share-for-share exchange or a share transfer (each of which shall be limited to the case where we become a wholly-owned subsidiary company) (hereinafter collectively referred to as "organizational restructuring"), the effective date of the merger, the date on which the absorption-type demerger becomes effective in connection with the incorporation-type demerger, the date on which the incorporation-type demerger becomes effective in connection with the incorporation-type demerger, the date on which the share-for-share exchange becomes effective in connection with the share transfer, and the date of incorporation of the parent corporation which is incorporated by share transfer. With respect to the holders of the rights to subscribe for new shares who hold the rights to subscribe for new shares (hereinafter referred to as the "remaining rights to subscribe for new shares") immediately prior to the same, share options of the stock company listed in (a) to (e) of item (viii) of paragraph (1) of article 236 of the companies act (hereinafter referred to as the "company subject to realignment") shall be delivered respectively. Provided, however, that share acquisition rights of the company subject to reorganization shall be provided for in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan in accordance with the following items:

(1) Number of share acquisition rights of companies subject to reorganization to be issued
The same number of remaining share acquisition rights held by share acquisition rights shall be delivered respectively.

(2) Class of shares of the reorganized companies which are the object of Share acquisition rights
The type of stock shall be common stock of the Company to be reorganized.

(3) Number of shares of the reorganized companies that are the object of Share acquisition rights
Determination shall be made in accordance with the "type, content, and number of shares subject to share acquisition rights (shares)" in the table, taking into consideration the conditions of the organizational restructuring act, etc.

(4) The value of the property to be contributed at the time of exercise of share acquisition rights
The value of the assets to be contributed for each exercise of share acquisition rights to be delivered shall be the amount obtained by multiplying the realigned exercise price, which is calculated by adjusting the exercise price set forth in the "Amount paid in at exercise of share acquisition rights (yen)" in the table, after taking into account the terms of the reorganization, by the number of shares of the reorganized company which is the object of the said share acquisition rights as determined in accordance with (3) above.

(5) Term during which share acquisition rights can be exercised
The date of commencement of the period during which share acquisition rights specified in "The exercise period" in the table may be exercised and the date of entry into force of the reorganization action, whichever is later, shall be the date of expiration of the period during which share acquisition rights specified in "The exercise period" in the table may be exercised.

(6) Matters relating to increased share capital and legal capital surplus in the event of issuance of shares by exercise of share acquisition rights

Determined in accordance with Note 3.

(7) Limitation of purchase of share acquisition rights by assignment

Purchase of share acquisition rights by assignment shall be approved by a resolution of director meeting of the reorganized companies.

(8) Purchase of share acquisition rights provisions

If any of the following items I to II is approved at our general meeting of shareholders (if a resolution of our director meeting is not required, then we may obtain share acquisition rights free of charge on a date to be separately determined by our director meeting).

I. Proposal to approve the merger agreement in which we will become the non-surviving company

II. Proposals to approve a split agreement or split plan in which we will become a split company

III. Proposal to approve the share exchange agreement or the share transfer plan in which we will become a wholly owned subsidiary

IV. Proposal for approval of amendments to the articles of incorporation to create a provision that, as a feature of all shares issued by us, our approval shall be required for the acquisition of such shares by transfer

V. Share acquisition rights proposals for approval of amendments to articles of incorporation that require our approval for acquisition of shares of such class by transfer as a feature of the classes of shares contemplated by the transfer, or that establish provisions on the acquisition of all of such classes of shares by resolution of shareholders meetings

VI. Proposal for approval of consolidation of shares with respect to shares of the class subject to share acquisition rights (limited to cases where the number obtained by multiplying the share unit representing such class of shares by the share consolidation ratio yields a fraction of less than 1)

VII. Proposal for approval of a demand for sale of shares by a specially controlling shareholder pursuant to the provisions of paragraph (1) of article 179-3 of the companies act

(9) Other terms of exercise of share acquisition rights

Determined in accordance with “Terms of exercise of share acquisition rights” in the table.

5. Figures are converted to the number of shares.
6. Details as of the end of the current consolidated fiscal year are described. There are no changes to these matters as of the end of the month prior to the month in which Securities Report was submitted (as of May 31, 2021).

(Additional information)

Items to be described in “[4] Status of the Company: 1. Stock information (2) Status of share acquisition rights I. Details of the stock option plan” are summarized in the notes to stock options, etc.

(2) Size and changes of stock options

Stock options that existed in the fiscal year under review (ended March 31, 2021) are covered. The number of stock options has been converted to the number of shares.

I. Number of stock options

	FIELDS CORPORATION First share acquisition rights (December 2020)
Date of resolution	November 13, 2020
Before vesting (shares)	
End of the previous consolidated fiscal year	400,600
Granted during the year	-
Forfeited during the year	-
Vested during the year	-
Outstanding at the end of the year	400,600
After vesting (shares)	
End of the previous consolidated fiscal year	-
Vested during the year	-
Exercised during the year	-
Forfeited during the year	-
Outstanding at the end of the year	-

II. Information on the unit price

	FIELDS CORPORATION First share acquisition rights (December 2020)
Date of resolution	November 13, 2020
Exercise price (yen)	365
Average stock price at exercise (yen)	352
Fair value per share at grant date (yen)	106.8

3. Method of estimating the fair value of stock options granted in the current fiscal year

As it is difficult to reasonably estimate the number of forfeitures in the future, the Company adopts a method that reflects only the actual number of forfeitures.

(Notes - Tax effect accounting)

1. Breakdown of major causes of deferred tax assets and deferred tax liabilities

(Unit: millions of yen)

	End of previous fiscal year	Current Consolidated Fiscal Year
Deferred tax assets		
Provision for retirement benefits	239	252
Allowance for doubtful accounts	296	284
Provision for bonuses and provision for bonuses for directors (and other officers)	99	132
Loss on valuation of investment securities	26	26
Loss on valuation of advance payments	85	85
Loss on devaluation of merchandising rights	185	147
Valuation difference on available-for-sale securities	0	-
Accrued business office tax	14	65
Excess depreciation expense disallowed for tax purpose	270	211
Asset retirement obligations	262	252
Unrealized income	122	213
Loss carryforwards (Note 2)	9,868	9,742
Other	408	548
Subtotal of deferred tax assets	11,881	11,964
Valuation allowance for tax loss carryforwards (Note 2)	(9,754)	(9,637)
Valuation allowance for total deductible temporary differences	(1,525)	(1,710)
Subtotal of valuation allowance (Note 1)	(11,279)	(11,348)
Total of deferred tax assets	601	616
Deferred tax liabilities		
Refundable business office tax	-	0
Valuation difference on available-for-sale securities	54	12
Asset retirement costs	93	74
Total deferred tax liabilities	148	87
Net deferred tax assets (liabilities)	452	528

(NOTE)1. The valuation allowance increased by ¥68 million. The increase is primarily attributable to our tax loss carryforwards decreased by ¥116 million and allowance for deductible temporary differences increase by ¥185 million.

2.Amount of tax loss carryforwards and deferred tax assets by expiration date

End of previous fiscal year(March 31, 2021)

(Unit: millions of yen)

	Within one year	Over one year Within 2 years	Over 2 years Within 3 years	Due after three years Within 4 years	Due after four years Within 5 years	Over five years	Total
Tax loss carryforwards (a)	53	262	345	199	2,751	6,257	9,868
Valuation allowance	(53)	(262)	(345)	(199)	(2,751)	(6,143)	(9,754)
Deferred tax assets	-	-	-	-	-	114	(b)114

(a) Tax loss carryforwards are calculated by multiplying the statutory tax rate.

(b) The Company does not recognize a valuation allowance for the portion of such tax loss carryforwards that it believes will be recoverable due to anticipated future taxable income.

Current Consolidated Fiscal Year(March 31, 2022)

(Unit: millions of yen)

	Within one year	Over one year Within 2 years	Over 2 years Within 3 years	Due after three years Within 4 years	Due after four years Within 5 years	Over five years	Total
Tax loss carryforwards (c)	262	345	170	2,500	1,651	4,812	9,742
Valuation allowance	(227)	(345)	(170)	(2,500)	(1,651)	(4,742)	(9,637)
Deferred tax assets	34	-	-	-	-	70	(d)104

(c) Tax loss carryforwards are calculated by multiplying the statutory tax rate.

(d) For the portion of tax loss carryforwards deemed recoverable due to the expectation of future taxable income The Company does not recognize a valuation allowance.

2. The reconciliation between the statutory effective tax rate and the actual effective tax rate when there is a major difference between the statutory effective tax rate and the actual effective tax rate after the application of tax effect accounting

	End of previous fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
Statutory tax rate	- %	30.6 %
(Adjustment)		
Per capita inhabitant tax	- %	1.4 %
Items that are not permanently deductible, such as entertainment expenses	-	0.7
Amortization of goodwill	-	2.0
Increase in valuation allowance	-	(4.7)
Utilization of net losses carried forward	-	(3.3)
Foreign tax credit	-	(6.7)
Other	-	0.5
Effective income tax rate	-	20.4

(NOTE) The information for the end of previous fiscal year is omitted because the Company recorded a loss before income taxes for the previous fiscal year.

(Notes - Asset retirement obligations)

Asset retirement obligations reported in the consolidated balance sheets

(1) Summary of asset retirement obligations

This is an obligation to restore properties to their original status in accordance with the real estate lease agreements related to the head office, branches, and stores.

(2) Calculation method of the amount of the asset retirement obligation

The estimated period of use is estimated as the amortization period for major fixed assets for each leased property, and the discount rate is calculated as the amount of asset retirement obligations using the yield of government bonds according to the useful life.

(3) Increase (decrease) in total asset retirement obligations

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Balance at beginning of year	891	895
Liabilities incurred due to the acquisition of property, plant and equipment	22	1
Accretion expense	2	1
Increase (decrease) due to changes in estimates	(11)	17
Decrease due to fulfillment of asset retirement obligations	(9)	(40)
Increase/decrease in others	-	(74)
Balance at end of year	895	800

(Notes - Real estate for lease, etc.)

Previous fiscal year (April 1, 2020, to March 31, 2021)

Status of rental real estate and matters relating to market value

Disclosure is omitted because the total amount of rental properties is immaterial.

Current fiscal year (From April 1, 2021 to March 31, 2022)

Status of rental real estate and matters relating to market value

Disclosure is omitted because the total amount of rental properties is immaterial.

(Notes - Revenue recognition)

1.Information disaggregating revenue from contracts with customers

Current fiscal year (From April 1, 2021 to March 31, 2022)

(Unit: millions of yen)

	Total
Goods and services transferred at any one time	89,961
Goods and services transferred over a period of time	4,939
Revenue from contracts with customers	94,900
Sales to customers	94,900

2.Underlying information to understand the revenues from contracts with customers

The information underlying the understanding of revenue arising from contracts with customers is set forth in “Notes to Consolidated Financial Statements (Significant Matters Forming the Basis for Preparation of Consolidated Financial Statements),” 4. Accounting Policies, (5) Basis of Presentation of Significant Revenues and Expenses" in the Notes to Consolidated Financial Statements.

3. Information to understand the amount of revenue for the current fiscal year and the following fiscal year and beyond

(1) Amounts outstanding of contract assets and liabilities

	Current Consolidated Fiscal Year	
	Balance at beginning of year (Millions of yen)	Balance at end of year (Millions of yen)
Receivables arising from contracts with customers	5,564	12,924
Contract assets	228	474
Contractual liabilities	863	1,464

Contract assets relate to the right to compensation for productions that are progressing as of the end of the fiscal year in the planning and development of PS machines and the planning and production of video productions. Contract assets are reclassified to receivables arising from contracts with customers when delivery of the production is completed and the right to consideration becomes unconditional, and such consideration is billed and received in accordance with the terms of each contract.

Contract liabilities primarily relate to advances received from customers in the planning and development of PS machines and the planning and production of video products. The contract liability is reversed as revenue is recognized.

Of the revenue recognized during the fiscal year under review, the amount included in contractual liabilities as of the beginning of the fiscal year was 558 million yen.

The change in contract assets was primarily due to revenue recognition (increase in contract assets) and reclassification to trade receivables (decrease). The change in contractual liabilities was primarily due to advances received (an increase in contractual liabilities) and revenue recognition (a decrease).

Due to performance obligations satisfied (or partially satisfied) in prior periods, the amount of revenue recognized in the current fiscal year (primarily transaction price changes) is immaterial.

(2) Transaction price allocated to the remaining performance obligations

We and our consolidated subsidiaries applied the practical expedient method in the notes to the transaction price allocated to the remaining performance obligations and have not included in the notes for contracts with an original expected term of one year or less.

The unmet (or partially unmet) performance obligation is 1,876 million yen at the end of the current fiscal year.

The Company expects that substantially all such performance obligations will be recognized as revenue within one year after the end of the fiscal year.

(Notes - Segment information, etc.)

[Segment Information]

Our group is omitted because it is a single segment.

[Related Information]

Previous fiscal year (April 1, 2020, to March 31, 2021)

1. Information for each product and service

Disclosure is omitted because net sales to external customers in a single category of products and services exceed 90% of net sales in the consolidated statements of income.

2. Information for each region

(1) Revenues from external customers

Disclosure is omitted because net sales to external customers in Japan exceed 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information for each of main customers

This information is omitted because there are no external customers that account for 10% of net sales on the consolidated statements of income.

Current fiscal year (From April 1, 2021 to March 31, 2022)

1. Information for each product and service

Disclosure is omitted because net sales to external customers in a single category of products and services exceed 90% of net sales in the consolidated statements of income.

2. Information for each region

(1) Net sales

Disclosure is omitted because net sales to external customers in Japan exceed 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

3. Information for each major customer

This information is omitted because there are no external customers that account for 10% of net sales on the consolidated statements of income.

[Information on impairment loss on non-current assets by reportable segment]

This statement is omitted as the Group engages in a single segment.

[Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment]

This statement is omitted as the Group engages in a single segment.

[Information on gain on negative goodwill by reportable segment]

Not applicable.

[Notes - Related parties]

Previous fiscal year (April 1, 2020, to March 31, 2021)

1.Related party transactions

(1) Transactions between the Company submitting consolidated financial statements and related parties

(a) Parent company and major shareholders (limited to Companies), etc. of the Company submitting consolidated financial statements

Not applicable.

(b) Unconsolidated subsidiaries and affiliates of the Company submitting consolidated financial statements

Not applicable.

(c) A company, etc. that has the same parent company as the company submitting consolidated financial statements and a subsidiary, etc. of other affiliated companies, etc. of the company submitting consolidated financial statements

Not applicable.

(d) Officers and major shareholders (limited to individuals) of the Company Submitting Consolidated Financial Statements, etc.

Type	Company name or person's name	Address	Share capital or investments in capital (millions of yen)	Business activities or occupation	Holding ratio of voting rights, etc. (%)	Relationship with related parties	Details of transactions	Transaction amount (millions of yen)	Item	Balance at end of year (Millions of yen)
Companies in which major shareholders own a majority of the voting rights	Villa Home Estate LLC (Note 2)	Ota-ku, Tokyo	0	Management consulting services	-	Entrustment of Business (Advice on overall management)	Business consignment expenses (Notes 1, 3 and 4)	38	Prepaid expenses Long-term prepaid expenses	43 82

Transaction terms and policy for deciding transaction terms

(NOTE) 1. The transaction amount does not include consumption taxes, etc. and the year-end balance includes consumption taxes, etc.

2. Villa Home Estate LLC is the company in which Masayuki Nagatake, an executive of Tsuburaya Productions Co., Ltd., a subsidiary of the Company, directly owns 100% of the voting rights.

3. Outsourcing expenses are determined after consultation between the two companies, taking into account the content of outsourcing operations.

4. As for the outsourcing contract, the total contract amount of ¥208 million (including tax) for the contract period from April 2019 to March 2024 has been paid in advance in the previous fiscal year.

(2) Transactions between consolidated subsidiaries of the Company submitting consolidated financial statements and related parties

(a) Parent company and major shareholders (limited to Companies) etc. of the company submitting consolidated financial statements

Not applicable.

(b) Subsidiaries and Affiliates of the Company Submitting Consolidated Financial Statements

Not applicable.

(c) A company, etc. that has the same parent company as the company submitting consolidated financial statements and a subsidiary, etc. of other affiliated companies, etc. of the company submitting consolidated financial statements

Not applicable.

(d) Officers and major shareholders (limited to individuals) of the Company Submitting Consolidated Financial Statements, etc.

Not applicable.

2.Notes to the Parent Company and Significant Affiliates

Not applicable.

Current fiscal year (From April 1, 2021 to March 31, 2022)

1.Related party transactions

(1) Transactions between the company submitting consolidated financial statements and related parties

(a) Parent company and major shareholders (limited to Companies) , etc. of the company submitting consolidated financial statements

Not applicable.

(b) Unconsolidated Subsidiaries and Affiliates of the Company Submitting Consolidated Financial Statements

Not applicable.

(c) A company, etc. that has the same parent company as the company submitting consolidated financial statements and a subsidiary, etc. of other affiliated companies, etc. of the company submitting consolidated financial statements

Not applicable.

(d) Officers and major shareholders (limited to individuals) of the Company Submitting Consolidated Financial Statements, etc.

Type	Company name or person's name	Address	Share capital or investments in capital (millions of yen)	Business activities or occupation	Holding ratio of voting rights, etc. (%)	Relationship with related parties	Details of transactions	Transaction amount (millions of yen)	Item	Balance at end of year (Millions of yen)
Companies in which major shareholders own a majority of the voting rights	Villa Home Estate LLC (Note 1)	Ota-ku, Tokyo	0	Management consulting services	-	Entrustment of Business (Advice on overall management)	Business consignment expenses (Notes 2 and 3)	38	Prepaid expenses Long-term prepaid expenses	42 41

Transaction terms and policy for deciding transaction terms

(NOTE) 1. Villa Home Estate LLC is the company in which Masayuki Nagatake, an executive of Tsuburaya Productions Co., Ltd., a subsidiary of the Company, directly owns 100% of the voting rights.

2. Outsourcing expenses are determined after consultation between the two companies, taking into account the content of outsourcing operations.

3. As for the outsourcing contract, the total contract amount of ¥208 million (including tax) for the contract period from April 2019 to March 2024 has been paid in advance in the previous fiscal year.

(2) Transactions between consolidated subsidiaries of the company submitting consolidated financial statements and related parties

(a) Parent company and major shareholders (limited to Companies), etc. of the company submitting consolidated financial statements

Not applicable.

(b) Subsidiaries and affiliates of the company submitting consolidated financial statements

Not applicable.

(c) A company, etc. that has the same parent company as the company submitting consolidated financial statements and a subsidiary, etc. of other affiliated companies, etc. of the company submitting consolidated financial statements

Not applicable.

(d) Officers and major shareholders (limited to individuals) of the company submitting consolidated financial statements, etc.

Not applicable.

2.Notes to the parent company and significant affiliates

Not applicable.

(Notes - Per share information)

Item	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Net assets per share	¥921.80	¥939.42
Profit (loss) per share	(¥105.78)	¥76.43
Diluted profit (loss) per share	-	¥76.18

(Note) 1. Diluted profit (loss) per share for the previous fiscal year is not presented because the Company posted a loss per share despite the existence of dilutive shares.

2. The basis for calculating profit per share or loss per share is as follows:

Item	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Profit per share or loss per share		
Profit (loss) attributable to owners of parent (millions of yen)	(3,452)	2,471
Amounts not attributable to common shareholders (millions of yen)	-	-
Profit (loss) attributable to owners of parent attributable to common stock (millions of yen)	(3,452)	2,471
Average number of shares of common stock outstanding during the period (shares)	32,643,086	32,331,700
Diluted profit (loss) per share		
Adjustment of profit attributable to owners of parent (millions of yen)	-	-
Increase in common stock (shares)	-	104,560
(Stock acquisition rights (shares))	(-)	(104,560)
Details of shares not included in calculation of fully diluted earnings per share due to non-dilutive effect	-	-

3. As described in “Changes in accounting policies,” the Company has applied the “Accounting Standard for Revenue Recognition.” Consequently, net assets per share, profit (loss) per share, and diluted profit (loss) per share for the current fiscal year increased by ¥23.24, ¥23.24 and ¥23.17, respectively.

(Notes - Significant events after reporting period)

(Company split for transition to a holding company structure)

On March 22, 2022, we announced in our “Notice of Commencement of Consideration on Transition to a Holding Company Structure” that we will transition to a holding company structure by October 3, 2022.

At the board of directors meeting held on May 18, 2022, the Company resolved to implement a corporate split through an incorporation-type demerger (the “spin-off”) and to partially amend the articles of incorporation in order to transition to a holding company structure on October 3, 2022.

Regarding the transition to a holding company structure through the spin-off and a partial amendment to the articles of incorporation, the related proposal was approved at our Annual General Meeting of Shareholders held on June 22, 2022.

Please note that the disclosures and details are partially omitted due to the spin-off being a sole incorporation-type demerger.

1. Background and objectives of the transition to a holding company structure

Since its foundation, FIELDS Corp. has adopted a management policy based on our corporate philosophy of “The Greatest Leisure for All People” placing the content business as a pillar of our growth strategy. In 2010, we acquired Tsuburaya Productions Co., Ltd. (hereinafter, “TPC”), which owns a large number of Intellectual Property (IP), including Ultraman, and Digital Frontier Inc., which engages in one of the largest CG/VFX video businesses in Japan. We strategically invested in the creation and development of globally-competitive IP and in digital businesses.

TPC’s *Ultraman* IP business is growing not only domestically but also in the Asian region, where royalty income has almost tripled compared to the previous year. In response to the strong performance of Japanese IP merchandising in the North American market, TPC will aggressively develop Ultraman IP worldwide from now on.

Furthermore, with the advancement of digital technologies, it is anticipated that businesses utilizing metaverse and other virtual spaces and NFT will become mainstream in the future. Under these conditions, our group, which is a leading IP holder and possesses the know-how of digital video production, will shift to a holding company structure in order to position the “IP × Digital” business as a pillar of our growth strategy and to proactively and innovatively evolve its business.

With the business climate expected to further increase the value of IP in the future, we will make the pachinko/pachislot (hereafter “PS”) machine business that we are responsible for a subsidiary of the holding company through a corporate split, creating an organizational structure alongside the “IP × Digital” business group. The holding company will be mainly responsible for the following roles.

i. Strategic investments and business alliances

We will strategically invest in creating and developing globally-competitive IP and in digital businesses and other areas. In addition, the holding company will take on the role of promoting business and capital alliance with companies and other entities that are expected to generate synergies.

ii. Maximization of the group’s corporate value

In the holding company, we plan and promote aggressive and innovative management strategies, and under those strategies we support each operating company and encourage the creation and expansion of group synergies. Through these efforts, we will maximize the group’s corporate value.

2. Method of transition to a holding company structure

(1) Schedule

May 18, 2022 Meeting of the board of directors to approve the plan for incorporation-type demerger

Jun. 22, 2022 Annual General Meeting of Shareholders to approve the plan for incorporation-type demerger

Oct. 3, 2022 (scheduled) Transition to a holding company structure (effective date of incorporation-type demerger)

(2) Corporate split

We will conduct an incorporation-type demerger in which the Company will be the split company and the newly established FIELDS CORPORATION will be the successor company. The Company plans to transition to a holding company on October 3, 2022 (planned) and change its name to TSUBURAYA FIELDS HOLDINGS INC.

(3) Allotment of Shares

At the time of the spin-off, all 1,000 shares of common stock issued by the newly established company “FIELDS CORPORATION” will be allocated to the Company, the split company.

(4) Handling of share acquisition rights and bonds with share acquisition rights

Not applicable.

(5) Share capital, etc. increased by the spin-off

There is no increase or decrease in our share capital due to the spin-off.

(6) Rights and obligations to be succeeded to by the newly established company

Upon the spin-off, the newly established company shall succeed to the rights and duties of assets, liabilities, and the employment contract and the others as of the effective date of the split which we have in connection with the split business in accordance with the provisions of the incorporation-type demerger plan. With respect to any debt succeeded from the Company to the newly established company, we will assume the debt in a cumulative manner together with the newly established company.

(7) Forecast for obligations

The Company and the newly established company have sufficient assets to secure the performance of the obligations to be satisfied after the effective date of the spin-off, and we have determined that there are no particular issues with respect to the prospects of satisfying the obligations to be incurred by the Company and the newly established company.

3.Overview of the Parties to Corporate Separation

	Split company (As of March 31, 2022)		Newly established company (To be established on Oct. 3, 2022)	
(1) Company name	FIELDS CORPORATION (Planned to change its name to TSUBURAYA FIELDS HOLDINGS INC. on Oct. 3, 2022)		FIELDS CORPORATION	
(2) Address	16-17, Nanpeidaicho, Shibuya-ku, Tokyo		16-17, Nanpeidaicho, Shibuya-ku, Tokyo	
(3) Title/ name of representative	Chairman, President and Group CEO Hidetoshi Yamamoto		Hidetoshi Yamamoto, Representative Director	
(4) Main Business	Content-related business Planning, development, and sales of PS machine		Planning, development, and sales of PS machine	
(5) Share capital	¥7,948 million		¥100 million	
(6) Establishment	Jun. 1988		Oct. 31, 2022 (planned)	
(7) Number of shares issued and outstanding	34,700,000 shares		1,000 shares	
(8)Fiscal year end	End of March		End of March	
(9) Major shareholders and percentage of total shares held	Hidetoshi Yamamoto	25.58%	TSUBURAYA FIELDS HOLDINGS INC. (planned)	100 %
	Takashi Yamamoto	10.41%		
	Master Trust Bank of Japan, Ltd. (Trust Account)	6.41%		
* Percentage of total shares held is calculated as the ratio of shares held to	Mint Co.	4.61%		
	Custody Bank of Japan, Ltd. (Trust Account)	2.97%		
	JPMorgan Securities Japan Co., Ltd.	1.92%		
	Hideyuki Kayamori	1.45%		

the total number of shares outstanding	Shogo Kayamori	1.44%		
	Ayane Kayamori	1.44%		
	MSCO CUSTOMER SECURITIES	1.23%		

* Split company's financial position and operating results over the last three years (consolidated)

Fiscal year end	FY 2019	FY 2020	FY 2021
Total assets (millions of yen)	64,317	52,370	70,001
Net assets (millions of yen)	34,279	30,443	31,551
Net assets per share (yen)	1,018.63	921.80	939.42
Net sales (millions of yen)	66,587	38,796	94,900
Operating profit (millions of yen)	713	(2,241)	3,444
Ordinary profit (millions of yen)	939	(2,032)	3,634
Profit attributable to owners of parent (millions of yen)	490	(3,452)	2,471
Basic earnings per share (yen)	14.79	(105.78)	76.43

4.Overview of business units to be split

(1) Business outline of the business units to be split

Planning, development, and sales of PS machine (including ancillary businesses)

(2) Operating results of the business units to be split for the year ended March 31, 2022

(Millions of yen)

	Spin-off business units (a)	FIELDS Corp. (pre-split) (b)	Ratio (a/b)
Net sales	83,604	83,604	100%

(3) Items and amounts of assets and liabilities to be split (as of March 31, 2022)

Assets and liabilities belonging to the units will be transferred to the newly established company . The amount has not been determined at this time. We will announce as soon as it is finalized.

5. Status after the company split

	Split company	Newly established company
(1) Company name	TSUBURAYA FIELDS HOLDINGS INC. (planned)	FIELDS CORPORATION
(2) Address	16-17, Nampeidai-cho, Shibuya-ku, Tokyo	16-17, Nampeidai-cho, Shibuya-ku, Tokyo
(3) Title/ name of representative	President and CEO Hidetoshi Yamamoto	President Hidetoshi Yamamoto
(4) Main Business	Group business management	Planning, development, and sales of PS machine
(5) Share capital	¥7,948 million	¥100 million
(6) Fiscal year end	End of March	End of March

6.Future Outlook

The newly established company, which will succeed to the business as a result of the split, is a 100% subsidiary of the split company, and therefore there is no direct impact on consolidated results.

V. [Annexed detailed schedules]

[Annexed detailed schedule of corporate bonds]

Company Name	Stock	Date of publication	Balance at the beginning of the year (millions of yen)	Balance at the end of the year (millions of yen)	Interest rate (%)	Collateral	Maturity date
Digital Frontier Inc.	Digital Frontier Inc. 1st unsecured bonds	November 30, 2020	150	129 (21)	0.31	Unsecured bonds	November 30, 2027
Total	—	—	150	129 (21)	—	—	—

(NOTE)1. Figures in parentheses in the column of "Balance at the end of the current fiscal year" represent the amount scheduled to be redeemed within one year.

2.Total amount of redemption schedule for each year within five years after the consolidated closing date

Within one year (Millions of yen)	Due in 1-2 years (Millions of yen)	Due after two years through three years (Millions of yen)	Due after three years through four years (Millions of yen)	Due after four years through five years (Millions of yen)
21	21	21	21	21

[Annexed detailed schedule of asset retirement obligations]

Classification	Opening balance (Millions of yen)	Closing balance (Millions of yen)	Average interest rate (%)	Due date
Short-term borrowings	253	1,202	0.86	-
Current portion of long-term borrowings	3,863	5,030	0.95	-
Long-term borrowings (excluding current portion)	6,837	6,530	0.74	April 30, 2023 to November 30, 2030
Total	10,954	12,762	-	-

(NOTE) 1. "Average interest rate" is the weighted average interest rate of borrowings and other borrowings at the end of the fiscal year.

2. Aggregate annual maturities of long-term debt (excluding those due within one year) within five years after the consolidated closing date

Classification	Within one-two years (millions of yen)	Within two-three years (millions of yen)	Within three-four years (millions of yen)	Within four-five years (millions of yen)
Long-term debt	2,712	1,621	162	1,701

[Schedule of asset retirement obligations]

Statements are omitted because the items to be included in the detailed statements are included in the notes as set forth in Article 15-23 of the consolidated financial statements regulation.

(2) [Others]

Quarterly information for the current consolidated fiscal year

	Q1 of current fiscal year (April 1, 2021 to June 30, 2021)	H1 of current fiscal year (April 1, 2021 to September 30, 2021)	Nine months ended December 31, 2021 (April 1, 2021 to December 31, 2021)	33rd fiscal period Fiscal year (April 1, 2022 to March 31, 2022)
Net sales (millions of yen)	22,930	37,348	72,531	94,900
Profit (loss) before income taxes (millions of yen)	530	788	2,863	3,941
Profit (loss) attributable to owners of parent (millions of yen)	338	315	1,787	2,471
Loss per share (yen)	10.47	9.77	55.29	76.43

	Q1 of current fiscal year (April 1, 2021 to June 30, 2021)	H1 of current fiscal year (April 1, 2021 to September 30, 2021)	Nine months ended December 31, 2021 (April 1, 2021 to December 31, 2021)	33rd fiscal period Fiscal year (April 1, 2022 to March 31, 2022)
Profit (loss) per share (yen)	10.47	(0.69)	45.52	21.14

2 [Financial statements]

(1) [Financial statements]

I. [Balance sheet]

(Millions of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	*2 21,212	*2 29,073
Notes receivable	535	875
Accounts receivable	4,039	10,168
Electronically recorded monetary claims	67	708
Merchandise and finished goods	463	332
Raw materials and supplies	78	61
Merchandising rights	1,441	3,427
Short-term loans receivable	20	0
Advance payments	278	1,214
Prepaid expenses	351	328
Other	655	790
Allowance for doubtful accounts	(0)	(2)
Total current assets	29,143	46,979
Fixed assets		
Property, plant and equipment		
Buildings	1,127	764
Structures	1	1
Vehicles	2	0
Tools, furniture and fixtures	193	123
Land	0	0
Total property, plant and equipment	1,325	889
Intangible assets		
Software	530	525
Other	60	155
Total intangible assets	590	681
Investments and other assets		
Investment securities	815	389
Shares of subsidiaries and associates	5,399	5,389
Investments in capital	53	5
Long-term loans receivable from subsidiaries and affiliates	9,615	7,562
Distressed receivables	58	53
Long-term prepaid expenses	95	44
Leasehold and guarantee deposits	2,985	2,335
Other	187	212
Allowance for doubtful accounts	(658)	(669)
Total investments and other assets	18,553	15,323
Total non-current assets	20,470	16,894
Total assets	49,614	63,874

(Millions of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Liabilities		
Current liabilities		
Accounts payable	3,590	11,892
Short-term borrowings	-	1,000
Short-term borrowings to subsidiaries and affiliates	3,199	4,043
Current portion of long-term borrowings	3,690	4,900
Accounts payable-other	713	786
Accrued expenses	20	21
Income taxes payable	26	406
Consumption tax payable	-	364
Advances received	223	-
Contractual liabilities	-	49
Deposits received	162	34
Deferred revenues	19	17
Provision for bonuses	130	125
Provision for directors' bonuses	-	31
Asset retirement obligations	12	-
Lease obligations	-	3
Others	18	3,082
Total current liabilities	11,808	26,759
Long-term liabilities		
Long-term borrowings	4,200	3,699
Liability for retirement benefits	685	709
Long-term guarantee deposited	2,359	2,322
Asset retirement obligations	736	636
Lease obligations	-	10
Deferred tax liabilities	44	0
Total long-term liabilities	8,025	7,379
Total liabilities	19,834	34,138
Net assets		
Shareholders' equity		
Share capital	7,948	7,948
Capital surplus		
Legal capital surplus	7,994	7,994
Total capital surplus	7,994	7,994
Retained earnings		
Legal retained earnings	9	9
Other retained earnings		
General reserve	20,000	20,000
Retained earnings brought forward	(4,333)	(4,298)
Total retained earnings	15,675	15,710
Treasury shares	(1,946)	(1,946)
Total shareholders' equity	29,672	29,707
Valuation and translation adjustments		
Valuation difference on securities	100	(0)
Total valuation and translation adjustments	100	(0)
Stock acquisition right	7	28
Total net assets	29,779	29,735
Total liabilities and net assets	49,614	63,874

II. [Income Statement]

(Millions of yen)

	Previous fiscal year (April 1, 2020 To March 31, 2021)	Current fiscal year (April 1, 2021 From March 31, 2022)
Net sales	29,723	83,604
Cost of sales	24,038	73,261
Gross profit	5,684	10,342
Selling, general and administrative expenses	*2 9,153	*2 9,031
Operating profit (loss)	(3,468)	1,311
Non-operating income		
Interest income	114	93
Dividends income	263	0
Purchase discount	35	157
Distributions from investments	17	33
Reversal of allowance for investment losses	22	-
Others	45	51
Total non-operating income	498	336
Non-operating expenses		
Interest expenses	93	82
Provision of allowance for doubtful accounts of subsidiaries and associates	403	17
Interest expense	22	29
Others	8	5
Total non-operating expenses	527	135
Ordinary profit (loss)	(3,497)	1,512
Extraordinary gains		
Gain on sales of stock of affiliates	-	302
Gain on sales of investment securities	-	231
Total extraordinary income	-	534
Extraordinary loss		
Loss on retirement of noncurrent assets	20	36
Valuation loss on shares of affiliates	6	1
Loss from the new Corona Virus contagion	529	30
Loss on discontinued business	-	105
Others	18	2
Total extraordinary loss	574	176
Profit (loss) before income taxes	(4,072)	1,870
Income taxes	47	291
Income taxes-deferred	-	(17)
Total income taxes	47	274
Profit (loss)	(4,120)	1,595

III. [Statement of Changes in Net Assets]

Previous fiscal year (from April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Legal capital surplus	Total capital surplus		Legal capital surplus
					General reserve	Retained earnings brought forward	
Balance at beginning of period	7,948	7,994	7,994	9	20,000	289	20,299
Cumulative effect due to changes in accounting policies							
Balance at the beginning of the year reflecting changes in accounting policies	7,948	7,994	7,994	9	20,000	289	20,299
Change during the year							
Dividend of surplus						(331)	(331)
Loss						(4,120)	(4,120)
Purchase of treasury shares							
Disposal of treasury shares						(171)	(171)
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	(4,623)	(4,623)
Balance at end of period	7,948	7,994	7,994	9	20,000	(4,333)	15,675

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition right	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(1,821)	34,421	(3)	(3)	-	34,417
Cumulative effect due to changes in accounting policies						-
Balance at the beginning of the year reflecting changes in accounting policies	(1,821)	34,421	(3)	(3)		34,417
Change during the year						
Dividend of surplus		(331)				(331)
Loss		(4,120)				(4,120)
Purchase of treasury shares	(365)	(365)				(365)
Disposal of treasury shares	240	68				68
Net changes in items other than shareholders' equity			103	103	7	110
Total changes during period	(124)	(4,748)	103	103	7	(4,637)
Balance at end of period	(1,946)	29,672	100	100	7	29,779

Current fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity						
		Capital surplus		Retained earnings			
					Other retained earnings		
	Paid-in Capital	Legal capital surplus	Total capital surplus	Legal reserve	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of period	7,948	7,994	7,994	9	20,000	(4,333)	15,675
Cumulative effect due to changes in accounting policies						(1,237)	(1,237)
Balance at the beginning of the year reflecting changes in accounting policies	7,948	7,994	7,994	9	20,000	(5,571)	14,438
Change during the year							
Dividend of surplus						(323)	(323)
Profit						1,595	1,595
Purchase of treasury shares							
Disposal of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	-	1,272	1,272
Balance at end of period	7,948	7,994	7,994	9	20,000	(4,298)	15,710

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition right	Total net assets
	Treasury stock	Total shareholders' equity	Other securities Variance from valuation	Evaluation and conversion Total differences		
Balance at beginning of period	(1,946)	29,672	100	100	7	29,779
Cumulative effect due to changes in accounting policies		(1,237)				(1,237)
Balance at the beginning of the year reflecting changes in accounting policies	(1,946)	28,435	100	100	7	28,542
Change during the year						
Dividend of surplus		(323)				(323)
Profit		1,595				1,595
Purchase of treasury shares		-				-
Disposal of treasury shares		-				-
Net changes in items other than shareholders' equity			(100)	(100)	21	(79)
Total changes during period	-	1,272	(100)	(100)	21	1,193
Balance at end of period	(1,946)	29,707	(0)	(0)	28	29,735

[Notes]

(Matters Relating to Going Concern Assumption)

Not applicable.

(Significant Accounting Policies)

1.Valuation standards and methods for assets

(1) Marketable securities

I. Investment in subsidiaries and affiliates

Cost determined by the moving-average method

II. Other securities

Other than shares, etc. without market price

Market value method (Unrealized gains and losses are included directly in net assets. Cost of securities sold is determined by the moving-average method.)

Stocks without market price, etc.

Cost determined by the moving-average method

(2) Inventories

Inventories held for sale in the ordinary course of business

Valuation standards are based on the cost method (a method of writing down the book value due to a decline in profitability).

Merchandise

Used game machines

Specific identification method

Others

Moving average method

Raw materials

Moving average method

Supplies

Last cost method

Merchandising rights

Specific identification method

2.Depreciation method of fixed assets

(1) Property, plant and equipment

Declining balance method

However, the straight-line method is used for buildings (excluding building fixtures) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016.

The estimated useful lives of the major assets are as follows:

Buildings 3-38 years

Structures 10-15 years

Vehicles 6 years

Tools, furniture and fixtures 3 to 20 years

(2) Intangible assets

Fixed amount method

Software for internal use is amortized using the straight-line method over its estimated useful life (not exceeding 10 years).

(3) Long-term prepaid expenses

Fixed amount method

3. Accounting standards for allowance

(1) Allowance for doubtful accounts

The allowance for doubtful receivables is provided for possible losses on doubtful receivables based on the historical write-off ratio for general receivables and on an estimate of uncollectible amounts for specific doubtful receivables based on the collectability of individual receivables.

(2) Provision for bonuses

To provide for the payment of bonuses to employees, the amount to be borne in the current fiscal year out of the estimated amount to be paid is accrued.

(3) Provision for directors' bonuses

To prepare for the payment of bonuses to directors, the amount corresponding to the current fiscal year is recorded based on the estimated amount to be paid in the current fiscal year.

(4) Liability for retirement benefits

Provision for retirement benefits for employees is provided based on the estimated retirement benefit obligation at the end of the fiscal year under review.

Actuarial gains and losses are amortized in the year following the year in which the gain or loss is recognized by the straight-line method over a period (5 years) which is shorter than the average remaining years of service of the eligible employees.

4. Accounting standards for revenues and expenses

We adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and the “Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021). Details of major performance obligations in major businesses and the normal time at which revenue is recognized are as follows:

(1) Revenues from the sale of PS machines

Revenue generated from contracts between us and our customers is primarily derived from the sale of PS machines to pachinko halls. In the purchase and sale agreement with the PS parlor, the risk of loss is transferred to the PS parlor when the PS machine is shipped to the PS parlor. Therefore, we have determined that the delivery of the PS machine to the PS parlor, which is our performance obligation, will be completed at that time.

For transactions in which we are the sole distributor, i.e., transactions in which we exclusively sell the game machines manufactured by the machine manufacturer, we have determined that it is our performance obligation to provide such machines ourselves and are the principal, and therefore we recognize as revenue the payments we make for the game machines sold to the PS halls at the time we ship the machines to the PS parlor, which is the customer.

For transactions in which we are not the sole distributor, i.e., transactions in which a portion of the PS machines manufactured by the PS machine manufacturer is sold on behalf of the PS machine manufacturer, we have determined that it is our performance obligation and an agent to arrange for such machines to be provided by the PS machine manufacturer, and therefore we recognize as revenue the amount of the agency commission received from the PS machine manufacturer, which is the customer, when the machines are shipped to the PS machine.

(2) Revenues from licensing agreements for use of commercialization rights

Revenues from licensing agreements for the use of merchandising rights that we acquire and hold are deducted from the purchase price of the merchandising rights of the PS machines for which we are the sole distributor, because we have determined that the merchandising rights are paid to PS machine manufacturers that qualify as repurchase agreements, payable payments are deducted from the purchase price at the time of sale of the applicable PS machines.

5. Other significant matters forming the basis for preparation of financial statements

(1) Accounting for retirement benefits

The method of accounting for unrecognized actuarial gains and losses and unrecognized prior service costs related to retirement benefits differs from these methods of accounting in the consolidated financial statements.

(2) Accounting for non-deductible consumption taxes on assets

Non-deductible consumption taxes and local consumption taxes related to assets are accounted for as expenses in the current fiscal year.

(Significant accounting estimates)

1. Evaluation of investments in and loans to affiliated companies

(1) Amounts recorded in the financial statements for the current fiscal year

(Millions of yen)

	Previous fiscal year	Current fiscal year
Shares of subsidiaries and associates	5,399	5,389
Long-term loans receivable from subsidiaries and associates	9,615	7,562

(2) Information on the content of significant accounting estimates for identified items

I. Calculation method of the amount

Non-marketable shares of subsidiaries and associates are valued at acquisition cost. However, if their real value declines significantly due to a deterioration in their financial position, a substantial reduction is charged to income. However, even if the real value declines significantly, if the recoverability is supported by sufficient evidence, a substantial reduction is not made at the end of the fiscal year.

Loans receivable from subsidiaries and affiliates are recorded at allowance for doubtful accounts for the estimated uncollectible amount based on the individual collectability of the borrower’s financial position.

II. Assumptions used in significant accounting estimates

Loans to shares of subsidiaries and associates and affiliates relate to consolidated subsidiaries that develop and manufacture PS machine. The real value of shares of subsidiaries and associates reflects excess earning power and other factors, and the recoverability of loans to affiliates is assessed through cash flow planning. All of these are calculated based on future cash flows based on the business plan. Significant pro forma elements of the business plan are the sales plan and manufacturing plan of PS machine. Business planning includes estimates based on ratio setting assumptions based on historical sales results and available data.

III. Effect of significant accounting estimates on the financial statements for the following fiscal year

The business plan may be affected by factors such as consumer preferences, the state of raw material procurement attributable to coronavirus disease (COVID-19) and other global conditions, and the PS machine industry environment. Changes in these factors may result in an allowance for doubtful accounts to loss on valuation of shares of subsidiaries and associates and long-term loans receivable from subsidiaries and associates, which may affect the financial statements for the following fiscal year.

(Changes in accounting policies)

(Application of accounting standard for revenue recognition)

The Company adopts the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, hereinafter, the “Accounting Standard for Revenue Recognition”) and the “Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021) from the beginning of the current fiscal year and recognizes revenue when control of promised goods or ser vices is transferred to customers in an amount that is expected to be received in exchange for those goods or services.

Major changes due to the adoption of the Accounting Standard for Revenue Recognition are as follows:

1 Revenue from PS machines agency sales

Previously, all revenue related to PS machine’s agency sales was recognized as revenue in the amount of the agency commission received from manufacturers when the machines are delivered to pachinko halls and PS machine price is delivered to manufacturers. However, for transactions for which we are the sole distributer, we have changed to a method of recognizing revenues as the price of PS machines sold to pachinko halls when PS machines are shipped, as well as distribution sales.

2 Revenue recognition for merchandise licensing agreements

All revenues related to the license agreement to use merchandise rights that we acquired and held were previously recognized under the license agreement with PS machine manufacturer for use. However, we have changed the method to deduct the paid portion from the purchase price at the time of sales of the applicable PS machine after determining that the right to merchandise PS machine, which is the sole distributor, is a payable payment transaction that corresponds to the repurchase agreement.

With regard to the application of the Accounting Standard for Revenue Recognition, etc., in accordance with the transitional treatment stipulated in the provisions of paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the fiscal year under review has been adjusted to retained earnings at the beginning of the fiscal year under review, and the new accounting policy has been applied from the beginning of the fiscal year under review.

In addition, the Company applies the methodology set forth in the explanatory note (1), paragraph 86 of the Accounting Standard for Revenue Recognition to account for contract modifications made prior to the beginning of fiscal year under review in accordance with the terms of the contract after reflecting all contract modifications, and adjusts the cumulative effect to retained earnings at the beginning of fiscal year under review. In addition, "Advances received," which had been presented in "Current liabilities" in the balance sheet for the previous fiscal year, has been included in "Contract liabilities." However, in accordance with the transitional treatment set forth in paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassifications have been made to the prior period under the new presentation method.

As a result, compared with the figures before the adoption of the Revenue Recognition Accounting Standard, etc., the statement of income for the fiscal year under review increased net sales by ¥35,167 million, cost of sales increased by ¥34,668 million, and operating income, ordinary income, and net income before income taxes increased by ¥499 million, respectively.

Due to the reflection of the cumulative effect on net assets at the beginning of the fiscal year under review, the balance of retained earnings at the beginning of the fiscal year under review in the Statement of Changes in Net Assets decreased by ¥1,237 million yen.

Net Assets per Share, Net Profit per Share and Net Profit per Dilute Stock Adjusted for the year under review increased by ¥14.31, ¥14.31 and ¥14.27 yen, respectively.

In accordance with the transitional treatment set forth in paragraph 89-3 of the Revenue Recognition Accounting Standard, the Revenue Recognition Related Notes related to the prior fiscal year have not been presented.

(Applying Accounting Standard for Fair Value Measurement)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter, the "Accounting Standard for Fair Value Measurement") and other standards have been applied from the beginning of the current fiscal year, and in accordance with the transitional treatment stipulated in Article 19 of the Accounting Standard for Calculation of Fair Value and Article 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policy stipulated by the Accounting Standard for Fair Value Measurement will be applied in the future. There is no impact on the quarterly financial statements.

(Changes in Presentation Method)

(Notes to Balance Sheet)

"Merchandising rights advances," which had been included in current assets in the previous fiscal year, has been renamed " Merchandise rights" from the fiscal year under review in order to provide a clearer presentation in line with actual conditions.

(Notes to Balance Sheet)

1. Credits and debits to affiliated companies

Amounts of monetary receivables or payables to such affiliated companies other than those stated separately are as follows:

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Short-term monetary claims	108Millions of yen	130Millions of yen
Long-term monetary claims	306Millions of yen	307Millions of yen
Short-term monetary liabilities	1,526Millions of yen	225Millions of yen
Long-term monetary liabilities	7Millions of yen	7Millions of yen

*2. Secured assets

Assets pledged as collateral for loans of other companies

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Time deposits	100 million yen	100 million yen
Total	100 million yen	100 million yen

3. Contingent liabilities

(1) We provide a warranty on PS machine price from manufacturer to pachinko halls when acting as PS machine sales agent.

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
GAIA CORPORATION	3Millions of yen	36Millions of yen
SHOEI PROJECT CO., LTD.	5Millions of yen	23Millions of yen
Asahi Trading Co., Ltd.	4Millions of yen	18Millions of yen
Ohte Co., Ltd.	-Millions of yen	12Millions of yen
Taisei Tourism Co., Ltd.	5Millions of yen	11Millions of yen
Micad Global Corporation	-Millions of yen	7Millions of yen
Corona World Co., Ltd.	8Millions of yen	7Millions of yen
Keiai Co., Ltd.	4Millions of yen	7Millions of yen
100 K.K.	-Millions of yen	5Millions of yen
16 SHOJI HOLDINGS CO., LTD.	-Millions of yen	5Millions of yen
Others	213Millions of yen	113Millions of yen
Total	245Millions of yen	249Millions of yen

(2) We provide a guarantee of loans on financial institutions of other companies as follows:

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
LUCENT, INC.	2,010 million yen	1,930 million yen
Total	2,010 million yen	1,930 million yen

4. Overdraft facility agreement and syndicated term loan agreement

We enter into overdraft facility agreements and syndicated term loan agreements with banks with which we do business to ensure efficient procurement of working capital. The balance of undrawn lines of credit under these agreements as of the end of the current fiscal year is as follows:

(Unit: millions of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Maximum Overdraft Amount and Total Term Loan Amount	11,800	15,100
Loan balance	1,800	4,500
Net amount	10,000	10,600

The syndicated term loan agreements described above contain the following financial covenants (although the covenants differ from contract to contract, major items are described):

(1) Maintain total amount of consolidated balance sheet and non-consolidated net assets in balance sheet at 75% or more of the greater of the amount as of the end of the fiscal year immediately preceding the relevant fiscal year or as of the end of the fiscal year ended March 31, 2020.

(2) Consolidated statement of income and non-consolidated ordinary loss on the last day of the fiscal year ended March 31, 2021 and each subsequent fiscal year shall not be posted for two consecutive fiscal years.

(Statement of income)

1. Operating transactions and non-business transactions with affiliated companies are as follows.

(Unit: millions of yen)

	Previous fiscal year (April 1, 2020 to March 31, 2021)	Current fiscal year (April 1, 2021 to March 31, 2022)
Operating transactions (sales transactions)	173	241
Operating transactions (purchase transactions)	7,090	7,235
Operating transactions (other)	534	582
Non-operating transactions	423	116

*2. Major items and amounts of selling, general and administrative expenses are as follows:

(Millions of yen)

	Prior taxable year (April 1, 2020 to March 31, 2021)	Current fiscal year (April 1, 2021 to March 31, 2022)
Advertising expenses	871	739
Salaries	3,066	3,134
Provision for bonuses	125	96
Provision for directors' bonuses	-	31
Rent expenses on land and buildings	1,215	1,287
Outsourcing expenses	765	667
Depreciation	346	274
Provision for allowance for doubtful accounts	104	1
Retirement benefit expenses	70	65
Approximate percentage		
Selling Expenses	65.7%	68.0%
General and administrative expenses	34.3%	32.0%

(Securities)

Previous fiscal year (March 31, 2021)

Equity securities issued by subsidiaries and affiliated companies are not stated at fair value because they do not have quoted market prices and it is extremely difficult to determine fair value.

Balance sheet recorded for investments in subsidiaries and affiliates whose fair value is not readily determinable are as follows:

Classification	Previous fiscal year (Unit: millions of yen)
Investments in subsidiaries	4,886
Investments in affiliates	513
Total	5,399

Current fiscal year(March 31, 2022)

Equity securities issued by subsidiaries and affiliated companies are not stated at fair value because they do not have quoted market prices for equity securities issued by subsidiaries and affiliated companies.

Balance sheet recorded for investments in subsidiaries and affiliates for which market quotations are not available are as follows:

Classification	Current fiscal year (Unit: millions of yen)
Investments in subsidiaries	4,894
Investments in affiliates	495
Total	5,389

(Notes - Tax effect accounting)

1. Breakdown of major causes of deferred tax assets and deferred tax liabilities

(Millions of yen)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Deferred tax assets		
Provision for retirement benefits	209	217
Allowance for doubtful accounts	202	205
Accrued bonuses to directors and corporate auditors	39	47
Loss on valuation of investment securities	26	26
Loss on devaluation of merchandising rights	185	147
Valuation loss on shares of affiliates	1,019	939
Loss on valuation of advance payments	85	85
Valuation difference on available-for-sale securities	0	-
Allowable limit of deductible depreciation expenses	209	176
Asset retirement obligations	227	195
Tax loss carryforwards	7,860	7,625
Other	187	536
Subtotal deferred tax assets	10,255	10,204
Valuation allowance for tax loss carryforwards	(7,860)	(7,625)
Valuation allowance for total deductible temporary differences	(2,309)	(2,527)
Subtotal valuation allowance	(10,170)	(10,153)
Total deferred tax assets	84	51
Deferred tax liabilities		
Asset retirement costs	84	51
Valuation difference on available-for-sale securities	44	0
Total deferred tax liabilities	129	51
Net amount of deferred tax assets (liabilities)	(44)	(0)

2. Breakdown of significant differences between the statutory tax rate and the effective tax rate of income taxes after application of tax-effect accounting by major items that caused the differences

(%)

	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Statutory tax rate	-	30.6
(Adjustment)		
Per capita inhabitant tax	-	2.5
Expenses not deductible for income tax purposes	-	1.3
Increase/ decrease in valuation allowance	-	(8.3)
Utilization of net losses carried forward	-	(12.6)
Other	-	1.1
Effective income tax rate	-	14.7

(NOTE)Notes are omitted for the previous fiscal year because it is a loss before income taxes.

(Revenue Recognition)

Underlying information to understand revenues

As described in "Notes to Financial Statements (Significant Accounting Policies) 4. Accounting standards for revenues and expenses."

(Significant Subsequent Events)

(Company Split for Transition to a Holding Company Structure)

As described in "Notes to Consolidated Financial Statements (Significant Subsequent Events)."

IV. [Annexed detailed schedules]

[Annexed detailed schedule of property, plant and equipment, etc.]

(Millions of yen)

Types of assets	Balance at the beginning of the year	Increase during the year	Decrease during the year	Amortization during the year	Balance at the end of the fiscal year	Accumulated depreciation or Accumulated amortization at the end of the year
Property, plant and equipment						
Buildings	1,127	24	207	178	764	2,590
Structures	1	-	-	0	1	45
Vehicles	2	-	-	2	0	26
Tools, furniture and fixtures	193	28	10	87	123	1,425
Land	0	-	-	-	0	-
Total property, plant and equipment	1,325	52	218	269	889	4,086
Intangible assets						
Software	530	82	0	87	525	2,607
Other	60	137	41	-	155	-
Total intangible assets	590	219	41	87	681	2,607

(NOTE) 1. Major items of increase during the fiscal year under review are as follows.
Intangible fixed assets (other) System construction cost ¥100 million

2.Major components of decrease during the year were as follows:
Decrease due to transfer of buildings ¥116 million

[Annexed detailed schedule of provision]

Classification	Opening balance (Millions of yen)	Increased during current term (Millions of yen)	Decreased during current term (Millions of yen)	Closing balance (Millions of yen)
Allowance for doubtful accounts	659	19	6	672
Provision for bonuses	130	125	130	125
Provision for directors' bonuses	-	31	-	31
Liability for retirement benefits	685	62	38	709

(2) [Details of Major Assets and Liabilities]

This information is omitted because the consolidated financial statements have been prepared.

(3) [Others]

Not applicable.

6 [Outline of share-related administration of reporting company]

Fiscal year	From April 1 to March 31
Annual Shareholders' Meeting	During June
Record Date	March 31
Record date for distribution of surplus	September 30 and March 31
Number of shares constituting one unit	100 shares
Purchase of shares less than one unit	
Handling office	(Special Account) Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited, 8-4, Izumi 2-chome, Suginami-ku, Tokyo
Custodian of shareholder register	(Special Account) Sumitomo Mitsui Trust Bank, Limited, 8-4, Izumi 2-chome, Suginami-ku, Tokyo
Handling agency	-
Purchase commission	The amount separately specified as the amount equivalent to the commission for the entrustment of the sale and purchase of shares
Posting of Public Notices	Electronic public notice However, if we are unable to use electronic public notice due to an accident or other unavoidable reason, we will publish it in the Nikkei. Our website is (https://www.fields.biz/ir/e/).
Benefits to shareholders	Not applicable.

(NOTE) Shareholders of the Company may not exercise rights other than the following rights with respect to the shares less than one unit held by the Company:
Rights set forth in Article 189, Paragraph 2 of the Corporation Act
Right to file a claim in accordance with the provision of Article 166, Paragraph 1 of the Corporation Act
Right to receive allocation of shares offered or share purchase rights offered in proportion to the number of shares held

7 [Reference information of the company]

1 [Information of the parent company, etc. of the reporting company]

We have no parent company, etc.

2 [Other reference information]

The following documents have been submitted between the start date of the current fiscal year and the filing date of the securities report.

(1) Securities Report, its attached documents, and confirmation documents

33rd fiscal period (from April 1, 2020 to March 31, 2021) filed with the Director-General of the Kanto Local Finance Bureau on June 16, 2021.

(2) Internal control report

33rd fiscal period (from April 1, 2020 to March 31, 2021) filed with the Director-General of the Kanto Local Finance Bureau on June 16, 2021.

(3) Quarterly Report and Confirmation Report

The first quarter of the 34th fiscal period (from April 1, 2021 to June 30, 2021) Submitted to the Director, Kanto Local Finance Bureau on August 6, 2021.

The second quarter of the 34th fiscal period (from July 1, 2021 to September 30, 2021) Submitted to the Director, Kanto Local Finance Bureau on November 12, 2021.

The third quarter of the 34th fiscal period (from October 1, 2021 to December 31, 2021) Submitted to the Director, Kanto Local Finance Bureau on February 10, 2022.

(4) Current reports

Extraordinary report pursuant to Article 19(2)(vii)-2 (Decision on Incorporation-type Company Split) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Submitted to the Director-General of the Kanto Local Finance Bureau on May 20, 2022.

Part II [Information on Guarantor Companies, etc. of the Submitting Company]

Not applicable.

Independent Auditors' Report and Internal Control Audit Report

June 22, 2022

FIELDS CORPORATION
To the Board of Directors

BDO Sanyu & Co.

Tokyo Office

Designated member Engagement Partner	Certified Public Accountant	Nobuhito Iwata
Designated member Engagement Partner	Certified Public Accountant	Suzue Masuda
Designated member Engagement Partner	Certified Public Accountant	Kouichiro Nakanishi

<Audit of financial statements>

Audit Opinion

We have audited the consolidated financial statements (i.e., consolidated Balance sheet, consolidated Statement of income, consolidated Statement of comprehensive income, consolidated Statement of changes in equity, consolidated Statement of cash flows, significant items that form the basis for the preparation of consolidated financial statements, other notes, and consolidated schedules) for the year from April 1, 2021 to March 31, 2022 of FIELDS CORPORATION set forth in "Accounting Status" in order to provide audit certification pursuant to the provisions of Article 193-2(1) of Financial Instruments and Exchange Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of FIELDS CORPORATION and its consolidated subsidiaries as of March 31, 2022, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis of Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities in the auditing standards are described in "Auditor's Responsibility in the Audit of Consolidated Financial Statements." We are independent from the Company and its consolidated subsidiaries in accordance with the Code on Professional Ethics in Japan. We are also responsible for the other ethical conducts as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those that the auditor has determined are particularly important as professional experts in the audit of the consolidated financial statements for the current fiscal year. The key audit matters are those that were addressed in the course of performing the audits and in the formation of audit opinions on the consolidated financial statements as a whole, and we do not express an opinion on these matters individually.

Application of Revenue Recognition Accounting Standards to Agency sales	
Details of Major Audit Considerations and Reasons for Determination	Audit response
As stated in [Notes] (Changes in Accounting Policies), the Company and its consolidated subsidiaries adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and the "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021) (hereinafter, "Accounting Standard for Revenue Recognition") from the beginning of the fiscal year under review, and recognize revenue when control of promised goods or services is transferred to customers in an amount that is expected to be received in exchange for those goods or services. Consequently, Net sales for the fiscal year under review increased by ¥36.286 billion, and Cost of sales increased by ¥35.276 billion, while operating income, ordinary income, and income before income taxes and minority interests each increased by ¥1.009 billion. In addition, the balance of Retained earnings at the beginning of the fiscal year declined by ¥1.441 billion. In the consolidated Statement of income for the fiscal year under review, the PS business Net sales accounted for a very significant percentage. The PS business Net sales mainly consists of Pachinko/pachislot machine distributors and Agency sales. As a result of applying the revenue recognition accounting standard, etc. to Pachinko/pachislot machine's Agency sales, in the past all Pachinko/pachislot machine were delivered to the pachinko/pachislot parlor, and the amount of the agency commission received from Pachinko/pachislot machine manufacturer when Pachinko/pachislot machine price was delivered to OOE was recognized as revenue. However, for transactions in which the Company exclusively sells Pachinko/pachislot machine manufactured by Pachinko/pachislot machine manufacturer, the Company has decided that the customer is the pachinko/pachislot parlor and the Company's role in providing goods or services to the customer is the individual, and as a result, the Company has changed the method to recognize as revenue Pachinko/pachislot machine price sold to the pachinko/pachislot parlor when Distribution sales is shipped. In addition, the Company has changed its Pachinko/pachislot machine conversion rights to Merchandise from the purchase price to deduct the paid portion from the purchase price at the time of sales of the applicable Pachinko/pachislot machine manufacturer after determining that it is a paid transaction to OOD, which corresponds to a repurchase agreement. The Corporation exercises the following significant judgments when applying the revenue recognition accounting standards, etc. to Pachinko/pachislot machine's Agency sales, which have a significant impact on, among other things, the identification of contracts and the timing of revenue recognition. ・Determination of identification of contracts (customers) related to Agency sales ・Judgment of the principal agent in Agency sales ・Judgment at the time of satisfaction of Agency sales performance obligations and performance obligations ・Determination of whether or not Merchandise licensing agreement falls under the category of paid payment transaction In making these judgments, the Company considers a wide range of matters, including not only the language of the contract regarding Agency sales, but also the industry practices of Pachinko/pachislot machine sales, business relationships including Pachinko/pachislot machine manufacturer and	**In evaluating the Company's compliance with such criteria and other significant judgments determined by the Company in applying the revenue recognition accounting standards and other standards to Agency sales, we primarily performed the following auditing procedures:** **・We have asked management and sales representatives to understand Pachinko/pachislot machine sales practices, business relationships with Pachinko/pachislot machine manufacturer and pachinko halls, and the roles and evolution of the Company and its consolidated subsidiaries in such transactions.** **・We have confirmed the contractual relationships of Agency sales contracts and related agreements by reviewing the agreements and related documents.** **・We have reviewed and confirmed the industry-wide regulatory requirements and practices of Pachinko/pachislot machine sales by reviewing publicly available transaction and business processes, as well as transaction vouchers.** **・Based on the understanding and confirmation of the contractual relationships, business relationships, and the roles played by the Company and its consolidated subsidiaries in the transactions described above, we considered whether it was reasonable to determine the identification of contracts (customers) made by the Company, the determination of the agent, the determination of when the performance obligations and the performance obligations were satisfied, and whether Merchandise licensing agreement constituted a payable transaction.** **・We obtained data to calculate the impact of the adoption of the Revenue Recognition Accounting Standards and other standards, reviewed the aggregation and computation of the subject transactions for consistency with the accounting policies, and reviewed the accuracy of the impact of Retained earnings on the beginning balance of the current period and current period earnings.** **・We have reviewed the adequacy of the consolidated financial statement presentation and disclosures related to the adoption of revenue recognition accounting pronouncements.**

appearance with pachinko and pachislot halls, the roles and transitions played by the Company and its consolidated subsidiaries in the said transactions, and the flow of operations. The amount of the PS business Net sales is significant and the impact of management's judgment on the adoption of the Revenue Recognition Accounting Standard and other standards is significant. Based on the foregoing, we have concluded that the application of the revenue recognition accounting standards, etc. to Agency sales is of particular importance in the audit of the consolidated financial statements for the current fiscal year and falls under the category of "Principal Auditing Considerations."	

Goodwill Assessment	
Details of Major Audit Considerations and Reasons for Determination	Audit response
In the consolidated Balance sheet for the fiscal year under review, ¥1,623 million was recorded for Goodwill, which is related to the consolidated subsidiary that develops and manufactures PS machine. Goodwill is amortized each period as described in [Notes] (Critical Accounting Estimates), but if indicators of impairment are identified, Impairment losses should be recognized. Recognition of Impairment losses is based on the recoverable amount of the cash-generating unit, including Goodwill, which is calculated based on future cash flows under the business plan. The key estimating elements of the business plan are the sales plan (estimated sales volume and selling prices) and the production plan of PS machine. Business planning is an area with uncertainty and involves subjective judgments by management because it is affected by factors such as consumer preferences, Raw materials sourcing caused by coronavirus disease (COVID-19) and other global conditions, and PS machine industry environment. Based on the foregoing, we have concluded that the assessment of goodwill is of particular importance in the audit of the Company's consolidated financial statements for the current fiscal year and falls under the category of "Principal Audit Considerations."	In reviewing the assessment of goodwill, we primarily performed the following auditing procedures: ・In order to evaluate our estimates of future cash flows, which are the basis for our assessment of goodwill, we questioned management on the assumptions used and the assumptions used in making the estimates about our underlying future business plans. ・We assessed the reliability of our business plans for prior years compared to actual results. ・We reviewed the sales plan of PS machine, a key estimation factor in our business plan, for each title (estimated sales volume and selling prices) by comparing them with historical sales trends and available external data. ・We have confirmed that PS machine's production plan is consistent with the above sales plan. ・We have confirmed that the business plan is consistent with the business plan approved by Director Board.

Other information

The other information contained in the security report includes the consolidated financial statements and financial statements and the information other than the reports of these audits. Management is responsible for preparing and disclosing other information. audit & supervisory board member and audit & supervisory board are responsible for overseeing the performance of Director's duties in the development and operation of the reporting process for the content of other information.

Our opinion on these consolidated financial statements does not include an opinion of other information, and we do not express an opinion on these other information.

Our responsibility in the audit of the consolidated financial statements is to review, in the course of reading and reading other information, whether there are material differences between other information presentation and the consolidated financial statements or the knowledge that we have obtained in the audit and to determine whether there are any other significant errors in the presentation of other information besides such material differences.

We are required to report any material errors in the statements contained in other information on the basis of the work performed.

There are no matters to be reported by the Company regarding the content of other information.

Management and Auditor and the Board of Directors' Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the design, implementation, and maintenance of internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements based on the going concern assumption and for disclosing matters relating to a going concern in accordance with accounting principles generally accepted in Japan.

Audit & supervisory board member and audit & supervisory board are responsible for overseeing the performance of Director's duties in the design and operation of the financial reporting process.

Auditor's Responsibility for the Audit of Consolidated Financial Statements

The auditor is responsible for expressing an opinion on the consolidated financial statements based on the audits performed by the auditor with reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error. A misstatement is deemed to be material when it may occur due to fraud or error and is reasonably expected to affect user decisions in the consolidated financial statements, either individually or in the aggregate.

In accordance with auditing standards generally accepted in Japan, the auditors shall make judgments as professional experts through the audit process and carry out the following while maintaining professional skepticism.

・ The auditor identifies and assesses the risks of material misstatement, whether due to fraud or error. We will also design and implement audit procedures to address material misstatement risks. The selection and application of audit procedures are based on the judgment of the auditor. In addition, obtain sufficient and appropriate audit evidence to provide a basis for our opinion.
・ The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal control relevant to the audit to design audit procedures that are appropriate in the circumstances.
・ The auditor evaluates the appropriateness of the accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of the related notes.
・ The auditor concludes whether it is appropriate for management to prepare the consolidated financial statements on a going concern basis and whether, based on the audit evidence obtained, there is significant uncertainty regarding events or circumstances that raise substantial doubt about the entity's ability to continue as a going concern. If there is significant uncertainty regarding the Company's ability to continue as a going concern, the Company is required to issue cautionary statements in its audit reports with respect to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements with respect to material uncertainty are not appropriate, to express an opinion on the exclusion from the consolidated financial statements. The auditor's conclusion is based on audit evidence obtained through the date of the audit report, but future events and circumstances may prevent the entity from continuing as a going concern.
・ The auditor shall evaluate whether the presentation and notes to the consolidated financial statements conform with accounting principles generally accepted in Japan. It also evaluates the presentation, composition and content of the consolidated financial statements, including related notes, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
・ The auditor obtains sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. The auditors are responsible for the instructions, oversight, and implementation of the audit of the consolidated financial statements. The auditor is solely responsible for the audit opinion.

The auditor reports to audit & supervisory board member and audit & supervisory board on the scope and timing of the planned audits, significant audit findings, including material weaknesses in internal controls identified in the audit process, and Other, net matters required by the audit criteria.

The auditor reports to audit & supervisory board member and audit & supervisory board on compliance with the professional ethical standards in our country regarding independence, and on matters that are reasonably likely to affect the auditor's independence, and on any safeguards that are in place to eliminate or mitigate disincentives.

Among the matters discussed with audit & supervisory board member and audit & supervisory board, the auditor shall determine that the matters considered particularly significant in the audit of the consolidated financial statements for the current fiscal year are major audit considerations and shall be included in the audit report. Provided, however, that this shall not be stated in the event that it is prohibited from publicly announcing such matters pursuant to laws and regulations, or in the event that the auditor determines that such matters should not be reported because it is reasonably expected that the disadvantage arising from the reporting in the audit report will exceed the public interest, although it is extremely limited, such matters shall not be stated.

<Internal Control Audit>

Audit Opinion

We have audited FIELDS CORPORATION's report on internal control as of March 31, 2022, to provide an audit attestation under the provisions of Section 193-2, 2, of Financial Instruments and Exchange Act.

In our opinion, the internal control report referred to above, which states that the internal control over financial reporting as of March 31, 2022 is effective, present fairly, in all material respects, the results of the assessment of internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis of Audit Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities in the standards for auditing internal control over financial reporting are described in "Auditor's Responsibility in Auditing Internal Control." We are independent of the Company and its consolidated subsidiaries in accordance with the Code on Professional Ethics in Japan and are responsible for the ethical conduct of Other, net as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Auditor and Auditor Committee for Internal Control Reports

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

The responsibilities of Auditor and the Board of Auditor are to monitor and verify the design and operation of internal control over financial reporting.

There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibility for Internal Control Audits

The auditor is responsible for expressing an opinion on the internal control report from an independent standpoint in the internal control audit report, with reasonable assurance as to whether the internal control report is free of material misstatement based on the audit of internal control conducted by the auditor.

In accordance with auditing standards for internal control over financial reporting generally accepted in Japan, the auditors shall make judgments as professional experts through the audit process and carry out the following while maintaining professional skepticism.

・ The auditor performs audit procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in the Internal Control Report. The procedures for auditing internal control are selected and applied, in the judgment of the auditor, based on the significance of the impact on the reliability of financial reporting.
・ The auditor considers the overall presentation of the internal control report, including statements made by management regarding the scope, procedures and results of evaluation of internal control over financial reporting.
・ The auditor obtains sufficient and appropriate audit evidence regarding the results of the assessment of internal control over financial reporting in the Internal Control Report. The auditor is responsible for directing, supervising, and implementing the audit of the internal control report. The auditor is solely responsible for the audit opinion.

The auditor shall report to audit & supervisory board member and audit & supervisory board on the scope and timing of the planned audits of internal controls, the results of the internal control audits, material weaknesses to be disclosed in the identified internal controls, the results of the remediation, and Other, net matters required by the standards for auditing internal controls.

The auditor reports to audit & supervisory board member and audit & supervisory board on compliance with the professional ethical standards in our country regarding independence, and on matters that are reasonably likely to affect the auditor's independence, and on any safeguards that are in place to eliminate or mitigate disincentives.

Interests

The Company and Consolidated Subsidiaries have no interest in the Auditing Corporation or Operating Partners that should be stated pursuant to the provisions of the Certified Public Accountants Act.

Above

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* 1. The above is a computerized version of the matters stated in the original audit report, which are retained separately by the Company Submitting Annual Securities Reports.
2.XBRL are not included in the scope of auditing.

Independent Auditors' Report

June 22, 2022

FIELDS CORPORATION
To the Board of Directors

BDO Sanyu & Co.

Tokyo Office

Designated member Engagement Partner	Certified Public Accountant	Nobuhito Iwata
Designated member Engagement Partner	Certified Public Accountant	Suzue Masuda
Designated member Engagement Partner	Certified Public Accountant	Kouichiro Nakanishi

Audit Opinion

We have audited the accompanying financial statements of FIELDS CORPORATION (i.e., Balance sheet, Statement of income, Statement of changes in equity, significant accounting policies, other notes and supplementary schedules) for the 34th fiscal year from April 1, 2021 to March 31, 2022, which are listed in the caption "Accounting Condition" in order to attest to our audit under Article 193-2-1.
In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of FIELDS CORPORATION as of March 31, 2022, and the consolidated results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis of Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities in the auditing standards are described in "Auditor's Responsibility in the Audit of Financial Statements." We are independent of the Company and are responsible for the ethical conduct of Other, net as an auditor in accordance with the Code on Professional Ethics in Japan. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those that the auditor has determined are particularly important as professional experts in the audit of the financial statements for the current fiscal year. The key audit matters are those that were addressed in the course of conducting an audit of the financial statements as a whole and in the formation of audit opinions, and we do not express an opinion on these matters individually.

Application of Revenue Recognition Accounting Standards to Agency sales

As stated in [Notes] (Changes in Accounting Policies), "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and "Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021) (hereinafter, "Accounting Standard for Revenue Recognition") are applied from the beginning of the current fiscal year, and revenue is recognized when the control of promised goods or services is transferred to the customer in an amount that is expected to be received in exchange for those goods or services. Consequently, Net sales for the fiscal year under review increased by ¥35.167 billion, and Cost of sales increased by ¥34.668 billion, while operating income, ordinary income, and net income before income taxes each increased by ¥499 million. In addition, the balance of Retained earnings at the beginning of the fiscal year declined by ¥1.237 billion.

The reasons why the auditor decided on this matter as the main consideration in the audit and the response in the audit are the same as the main consideration in the audit in the audit report of the consolidated financial statements, and therefore the description is omitted.

<table>
<tr><td colspan="2">Evaluation of investments in and loans to affiliated companies</td></tr>
<tr><td>Details of Major Audit Considerations and Reasons for Determination</td><td>Audit response</td></tr>
<tr><td>In Balance sheet for the fiscal year under review, ¥5.389 billion for Shares of subsidiaries and associates and ¥7.562 billion for Long-term loans receivable from subsidiaries and associates were recorded. These Total accounted for 20.3% of total Assets and relate to consolidated subsidiaries that develop and manufacture Pachinko/pachislot machine.

[Notes] As described in (Critical Accounting Estimates), Shares of subsidiaries and associates, which has no quoted market prices, is required to record a substantial reduction if its real value declines significantly due to a deterioration in its financial position. However, it is also permitted not to make a substantial reduction at the end of the period if the real value declines significantly and the recoverability is supported by sufficient evidence. Loans receivable from subsidiaries and affiliates are stated at Allowance for doubtful accounts for the estimated uncollectible amount based on the individual collectability of the loans.

The real value of Shares of subsidiaries and associates reflects excess earning power, etc. Assessment of the collectability of loans is made by means of a cash flow plan. All of these are calculated based on future cash flows based on business plans.

The key estimating elements of the business plan are the sales plan (estimated sales volume and selling prices) and the production plan of Pachinko/pachislot machine.

Business planning is an area with uncertainty and involves subjective judgments by management because it is affected by factors such as consumer preferences, Raw materials sourcing caused by coronavirus disease (COVID-19) infectious diseases and Other, net global conditions, and Pachinko/pachislot machine industry environment.

Based on the above, we have determined that the evaluation of investments and loans of affiliated companies is particularly important in the audit of financial statements for the current fiscal year and falls under the category of "Major Considerations for Auditing."</td><td>In considering the evaluation of the investments and loans of affiliated companies, we primarily performed the following audit procedures:

・We reconciled the financial data used in the calculation of the real value used in the valuation of Shares of subsidiaries and associates with the underlying data to confirm the accuracy of the real value used in comparing it with the carrying value.

・We inspected materials related to the status of collection of receivables, including loans, to confirm whether there were any concerns about collection.

・For future business plans that were used as the basis for estimating future cash flows, which are the assumptions for the valuation of investments and loans to affiliates, we performed the audit responses described in the Key Auditing Considerations included in the Audit Report on the Consolidated Financial Statements (Assessment of Goodwill).

・We considered the basis of management's assessment of whether there had been an impairment of excess earnings power, which constituted a substantial value, whether there had been a significant decline in the net asset value compared to the carrying amount, or whether there had been a significant decline in the net asset value, and whether there was an assessment of recoverability in the event that the substantial asset value had declined significantly.

・We confirmed the collectability of the loan that the cash flow plan is consistent with the business plan.</td></tr>
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Other information

The other information contained in the security report includes the consolidated financial statements and financial statements and the information other than the reports of these audits. Management is responsible for preparing and disclosing other information. Audit & supervisory board member and audit & supervisory board are responsible for overseeing the performance of director’s duties in the development and operation of the reporting process for the other information.

Our opinion on these financial statements does not include an other opinion of other information, and we do not express an opinion on these other information.

Our responsibility in the audit of the financial statements is to review, in the course of reading and reading other information, the material differences between other information presentation and our financial statements or the knowledge that we have obtained in the audit and to pay attention to whether there are any other significant errors in other information presentation.

We are required to report any material errors in the statements contained in other information on the basis of the work performed.

There are no matters to be reported by the Company regarding the content of other information.

Management's and audit & supervisory board member’ and audit & supervisory board’ and Board's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan. This includes the design, implementation, and maintenance of internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing whether it is appropriate to prepare the financial statements based on the going concern assumption and for disclosing if it is necessary to disclose matters relating to a going concern based on accounting principles generally accepted in Japan.

Audit & supervisory board member and audit & supervisory board are responsible for overseeing the performance of Director's duties in the design and operation of the financial reporting process.

Auditor's Responsibility in the Audit of Financial Statements

The responsibility of the auditor is to express an opinion on the financial statements based on the audit performed by the auditor from an independent standpoint in the audit report based on reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error. A misstatement is deemed to be material when it may occur due to fraud or error and is reasonably expected to affect user decisions in the financial statements, either individually or in the aggregate.

In accordance with auditing standards generally accepted in Japan, the auditors shall make judgments as professional experts through the audit process and carry out the following while maintaining professional skepticism.

・ The auditor identifies and assesses the risks of material misstatement, whether due to fraud or error. We will also design and implement audit procedures to address material misstatement risks. The selection and application of audit procedures are based on the judgment of the auditor. In addition, obtain sufficient and appropriate audit evidence to provide a basis for our opinion.
・ The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the internal control. However, in performing risk assessments, the auditor considers internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
・ The auditor evaluates the appropriateness of the accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of the related notes.
・ The auditor concludes whether it is appropriate for management to prepare the financial statements on a going concern basis and whether, based on the audit evidence obtained, there is significant uncertainty regarding events or circumstances that raise substantial doubt about the entity's ability to continue as a going concern. If there is significant uncertainty regarding the Company's ability to continue as a going concern, the audit report is required to draw attention to the notes to the financial statements. Alternatively, if the notes to the financial statements regarding material uncertainties are not appropriate, the Company is required to express an opinion on the financial statements with an exclusion. The auditor's conclusion is based on audit evidence obtained through the date of the audit report, but future events and circumstances may prevent the entity from continuing as a going concern.
・ The auditor will evaluate whether the financial statement presentation and notes are in accordance with accounting principles generally accepted in Japan, as well as the presentation, composition and content of the financial statements, including the related notes, and whether the financial statements fairly present the underlying transactions and accounting events.

The auditor reports to audit & supervisory board member and audit & supervisory board on the scope and timing of the planned audits, significant audit findings, including material weaknesses in internal controls identified in the audit process, and Other, net matters required by the audit criteria.

The auditor reports to audit & supervisory board member and audit & supervisory board on compliance with the professional ethical standards in our country regarding independence, and on matters that are reasonably likely to affect the auditor's independence, and on any safeguards that are in place to eliminate or mitigate disincentives.

The auditor shall determine the matters discussed with audit & supervisory board member and audit & supervisory board that were considered particularly significant in the audit of the financial statements for the current fiscal year as major audit considerations and shall be included in the audit report. Provided, however, that this shall not be stated in the event that it is prohibited from publicly announcing such matters pursuant to laws and regulations, or in the event that the auditor determines that such matters should not be reported because it is reasonably expected that the disadvantage arising from the reporting in the audit report will exceed the public interest, although it is extremely limited, such matters shall not be stated.

Interests

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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* 1. The above is a computerized version of the matters stated in the original audit report, which are retained separately by the Company Submitting Annual Securities Reports.

2. XBRL are not included in the scope of auditing.