



Gaming and Entertainment

The Greatest Leisure for All People

Financial Presentation

for the First Half of the Year Ending March 31, 2017

FIELDS CORPORATION

TSE 1st : 2767

October 28, 2016

I N D E X

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Review

Overall business performance

First half results in line with full-year projections

1. Results: Net sales of ¥ **26.6 billions** (YoY 47.0% down), Ordinary loss of ¥ **6.8 billions** (versus ordinary income of ¥ 1.9 billions for same period of previous year)
 - Q2 is progressing according to business plan at beginning this period
 - Concentrated the release of major pachinko/pachislot titles in the New Year holiday shopping season

Cross-media development

Focused investment in IP expected to become major and serial products, with aim of accelerating expansion in Japan and globally

Comic

Focus on expansion of heroes IP; Expanded distribution partners for e-book platform in Japan, and promoted partnerships with distributors in East Asia

Visual

Collaborated with leading entertainment companies and SVOD operators in U.S. and China to invest in film production for global expansion, including HERO's works

Live Entertainment

Actively promoted business in Japan and product development in Southeast Asia and other overseas markets; Invested in new live entertainment production for theme parks in Japan

Game

Improved SNG profitability and game function while actively advertising; Developed new titles and began licensing overseas

License

Expanded scope of IP business and established new license business; Promoted partnerships in East Asia, etc. to cultivate overseas markets

Pachinko/ Pachislot

Took various measures to vitalize entire industry, including strengthening product appeal improving services as a distributor and trading company, and expanding fan base

*SNG: Social Network Game

Overview

Summary of Results for the First Half of the Year
Ending March 31, 2017

 Consolidated P/L

 Main pachinko/pachislot machines lineup

 Consolidated B/S

 Consolidated cash flow

Consolidated P/L

Sales and profit fell with the decrease in unit sales of pachinko/pachislot machines in comparison with the same period of the previous fiscal year; SG&A expenses decreased with cost cutting

(Unit: Billions of yen)

	Year ended March 31, 2016		Year ending March 31, 2017			
	H1	Full-Year	H1	YoY Increase/Decrease (%)	Full-Year forecast	period-over-period Increase/Decrease (%)
Net sales	50.2 (100.0%)	94.4 (100.0%)	26.6 (100.0%)	-47.0%	115.0 (100.0%)	+ 21.7%
Gross profit	13.8 (27.6%)	25.4 (27.0%)	5.1 (19.5%)	-62.6%		
SG&A expenses	11.9 (23.8%)	24.0 (25.5%)	11.4 (43.0%)	-4.2%		
Operating income	1.8 (3.7%)	1.4 (1.5%)	(6.2) (-)	—	2.0 (1.7%)	+ 41.7%
Ordinary income	1.9 (3.8%)	1.3 (1.5%)	(6.8) (-)	—	2.0 (1.7%)	+ 44.9%
Net income attributable to owners of parent	0.7 (1.4%)	0.1 (0.1%)	(4.8) (-)	—	1.0 (0.9%)	+ 742.7%

*Figures within parentheses are the ratio to sales.

(Unit: thousand)

Total sales	134 (6 titles)	289 (17 titles)	73 (7 titles)	-45.7%	—	—
Pachinko	64 (3 titles)	162 (7 titles)	44 (3 titles)	-31.2%	—	—
Pachislot	69 (3 titles)	126 (10 titles)	28 (4 titles)	-59.3%	—	—

Main pachinko/pachislot machines lineup (sold and announced)

3 pachinko titles and 4 pachislot titles were released in H1,
with the number of machines sold totaling 73,000 units

Time limit for removal and callback of pachinko/pachislot machines with possible performance variance from test machines

	Q 1	Q 2	Q 3	Q 4
Pachinko	<p>CR The Amazing Spider-Man CR MAJESTIC PRINCE</p> 	<p>CR TEKKEN 2 Toushin ver.</p> 	<p>CR EVANGELION - Time to Rise</p> 	<p>Pachinko GANTZ</p> 
	<p>Posted on Q4</p> 			
Pachislot	<p>Super Street Fighter IV Pachislot Edition Pachislot GARGANTIA ON THE VERDUROUS PLANET Pachislot ALIEN BALTAN</p> 	<p>DEVIL MAY CRY X</p> 	<p>Pachislot LOAD of VERMILION Pachislot INUYASHA</p> 	<p>Pachislot Monster Hunter: KYOURYU SENSEN</p> 
	<p>Several titles to be launched</p> 			
	<p>36,000 units P:24,000, S:12,000</p>	<p>36,000 units P:20,000 S: 16,000</p>	<p>H1: 73,000 unit (P:44,000 S: 28,000)</p>	

*The above number of machines posted to sales includes pachinko/pachislot machines other than the titles noted here.

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Consolidated B/S

Sales of pachinko and pachislot machines resulted in decreases in notes and accounts receivable-trade and notes and accounts payable—trade; Increase in long-term loans

(Unit: Billions of yen)

	March 31, 2016	September 30, 2016	Increase/Decrease	Main factors for increase/decrease
Current assets	52.9	42.9	-9.9	Decrease in notes and accounts receivable – trade
Tangible fixed assets	11.4	10.9	-0.4	
Intangible fixed assets	3.7	3.0	-0.6	
Investments and other assets	24.3	23.5	-0.8	
Total assets	92.4	80.5	-11.9	
Current liabilities	29.8	20.3	-9.4	Decrease in notes and accounts payable – trade
Fixed liabilities	4.3	8.4	+4.0	Increase in long-term loans
Net assets	58.2	51.7	-6.5	Decrease in retained earnings
Total liabilities and net assets	92.4	80.5	-11.9	

Consolidated cash flow

Cash and cash equivalents decreased ¥7.5 billion
as of the end of Q2 of the year ending March 31, 2017 from the beginning of the year

(Unit: Billions of yen)

	Year ended March 31, 2016 H1	Year ending March 31, 2017 H1	Main factors for increase/decrease	
Operating cash flows	12.0	(7.5)	Income before income taxes and minority interests	-7.0
			Decrease in notes and accounts receivable—trade	+6.7
			Decrease in notes and accounts payable—trade	-8.2
			Increase in inventories	-0.7
Investing cash flows	(1.4)	(1.5)	Expenditure for loans	-2.2
			Proceeds from loans receivable	+2.0
			Payments for investments in capital	-0.8
Financial cash flows	1.4	1.5	Decrease in short-time borrowings	-1.8
			Proceeds from long-term loans	+4.5
			Dividends paid	-0.8
Net increase(decrease) in cash and cash equivalents	12.0	(7.5)		
Cash and cash equivalents at beginning of period	15.8	32.2		
Cash and cash equivalents at end of period	27.8	24.6		

Current Initiatives

 **Initiatives in the year ending March 31, 2017**

 **Total number of IP**

 **Number of development media**

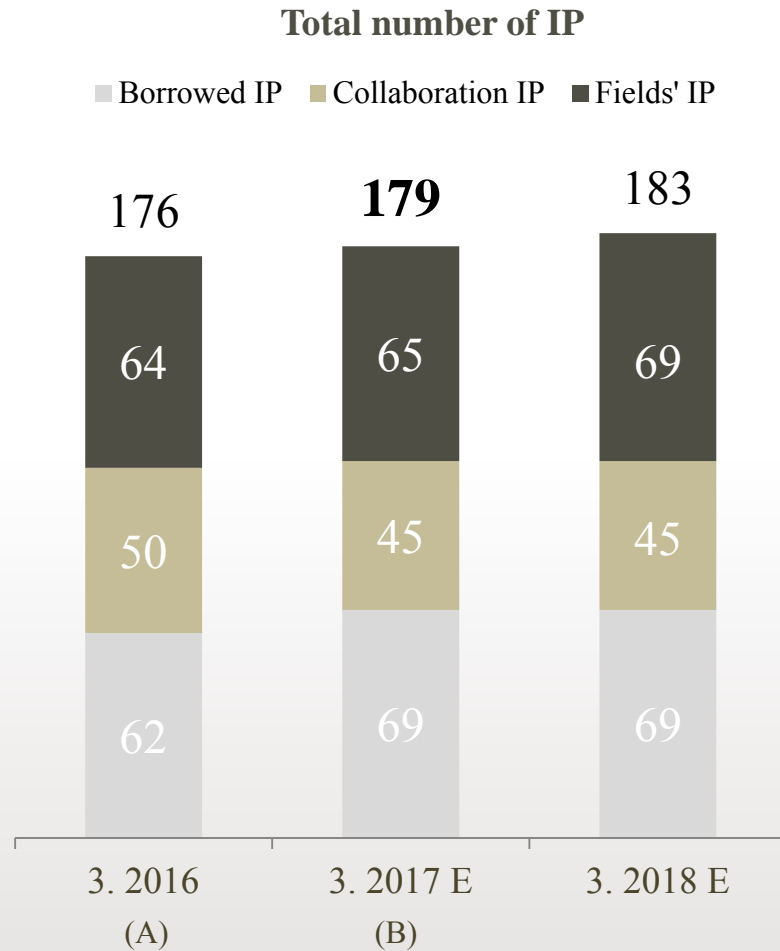
Initiatives in the year ending March 31, 2017

Focused investment in IP expected to become major and serial products, with aim of accelerating expansion in Japan and globally

Mid- and long-term strategies	Initiatives in the year ending March 31, 2017
Acquisition and creation of leading IP	<p>With cross-media strategy as the pivot, we acquire and create IP and enhance the value of IP in cooperation with each media partners.</p>
	<p>Comic : Focus on creation of Hero IP through “HERO’S Monthly”</p>
Expansion of IP platforms, maximization of value	<p>We provide IP to diversifying platforms and increase profits with our partners.</p>
	<p>Comic : Promote diversification of distribution methods through e-book platform</p>
	<p>Visual : Promote cross-media development of “GANTZ:O,” such as the marketing of pachinko machines, while producing the film</p>
	<p>Game : Drive pro-active advertising to expand fan base for titles with enhanced profitability and gaming performance and promote collaboration with IP of the other companies</p>
	<p>Live : Pro-actively expand live entertainment shows focusing on major cities Created new live entertainment, etc. featuring AKB48</p>
	<p>License : Collaboration with influential companies to expand IP business field and establish new license business PS : Promote a variety of measures to strengthen product appeal, improve services as a distributor and trading company, and expand the fan base</p>
Expansion of market (Global development)	<p>We develop IP with an eye toward expansion to the global market and promote overseas development in cooperation with SVOD operators in the United States and China.</p>
	<p>Comic : Build new partnership with overseas distributors for e-book platform</p>
	<p>Visual : Cooperate with SVOD operators in the United States and China, focusing on film production with an eye on global expansion including “HERO’S Monthly” works</p>
	<p>Game : Plan and drive overseas expansion of existing titles, and expansion in Japan of leading overseas titles</p>
	<p>Live : Drive planning and development of overseas expansion focused on Southeast Asia</p>
	<p>License : Build partnerships focused on East Asia to develop cultivate overseas markets</p>

Total number of IP

Total number of IP: 179 titles (+ 3 titles for the previous year ended)



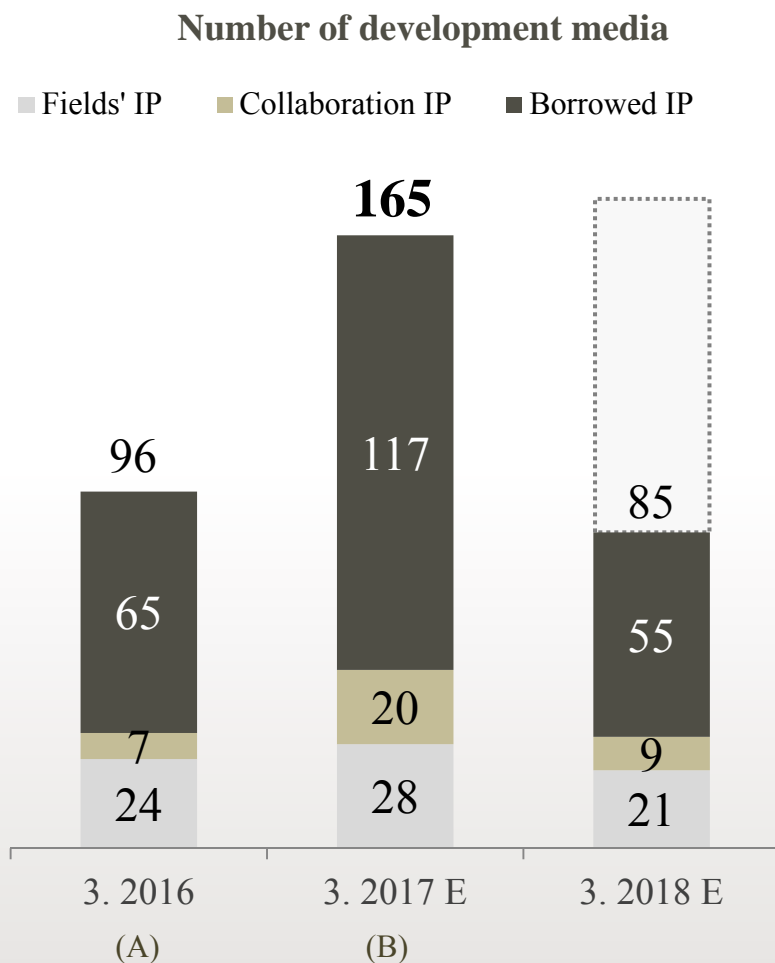
Increase/Decrease from the year ended March 31, 2016 (B-A)

Fields' IP	<p><u>Total 65 titles: + 1 titles from the previous year ended</u></p> <ul style="list-style-type: none"> - Creation of HERO'S IP + 5 titles - End Fields' original plan - 4 titles
Collaboration IP	<p><u>Total 45 titles: - 5 titles from the previous year ended</u></p> <ul style="list-style-type: none"> - Drive new plan + 3 titles - End some plans as part of selection focus - 8 titles
Borrowed IP	<p><u>Total 69 titles: + 7 titles from the previous year ended</u></p> <ul style="list-style-type: none"> - Expansion of new licenses, etc. + 22 titles - Expiry of IP contract term, etc. - 15 titles

* The creation of our own IP refers primarily to the number of new works published in "HERO'S" Monthly.

Number of development media

Developed in 165 media in year ending March 31, 2017 (YoY + 69 media)



Increase/Decrease from the year ended March 31, 2016 (B-A)

Fields' IP	<p><u>Increase of 52 media compared with previous quarter, planned development of 117 media</u></p> <ul style="list-style-type: none"> -Expansion of e-book titles in Japan and overseas + 33 media -Expand development of “A MAN of ULTRA” + 19 media
Collaboration IP	<p><u>Increase of 13 media compared with previous quarter, planned development of 20 media</u></p> <ul style="list-style-type: none"> - Expand overseas video distribution + 4 media - Expand product development with film adaptation + 3 media - PS development + 3media - Other
Borrowed IP	<p><u>Increase of 4 media compared with previous quarter, planned development of 28 media</u></p> <ul style="list-style-type: none"> - Develop new AKB48 live show + 1 media - Develop goods utilizing IP, etc. + 4 media - PS development - 1 media

*Media development is mainly comics, visual and merchandising (social game, goods and pachinko/pachislot) etc.

Main Initiatives On Each Platform

 **Initiatives in Comic field**

 **Initiatives in Visual field**

 **Initiatives in Tsuburaya Productions Co., Ltd.**

 **Initiatives in Game/ License field**

 **Initiatives in Pachinko/Pachislot field**

Initiatives in Comic field

Market environment

While publication markets contract, e-books market is expected to expand as e-book usage takes root amid growing popularity of all-you-can-read fixed-price subscriptions and other services using electronic devices

*Market scale forecast: 158.4 billion yen in FY2015 → 300.0 billion yen in FY2020

(Source: Impress Corporation)

HERO'S

- Total 65 titles of “HERO’S Monthly”
- Cumulative 2Q: 5 new works published (includes complete works)
- Official comic application scheduled to be distributed
- Continue driving various measures for creation of HERO’S IP



Sep. “CAPTAIN HANZOMON” started publication

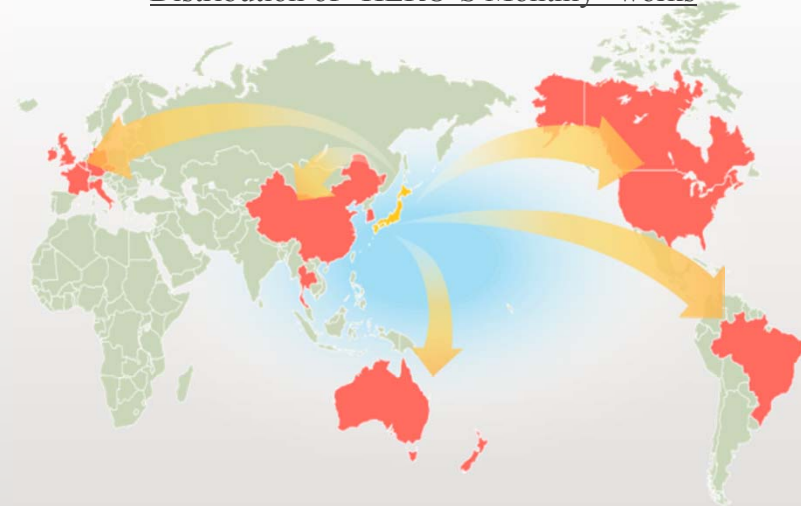
Aug. “Iris on the soles of the feet” started publication

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Electronic Book

- Increased number of distributors of e-books
- Distribute in 24 countries and regions in 10 languages
- Expanded to 44 e-books in Japan
- Building relationships with multiple partners overseas in addition to China Mobile and Kidstone

Distribution of “HERO’S Monthly” works



Initiatives in Visual field

Market environment

With the creation of new platforms such as Subscription Video On Demand (SVOD), it is predicted that the market scale will expand dramatically within and outside of Japan

*Market scale forecast: 160.5 billion yen in FY2015 → 253.1 billion yen in FY2020

(Source: GEM Partners)

HERO'S IP

- Proceeding with film adaptation projects for 6 works
- Promote animation of “Infini-T Force” (Tatsunoko Production)
- Promote animation of “Atom: The Beginning”
- Cinematic release of “MAJESTIC PRINCE” in November



Collaboration IP

- BERSERK
 - Television broadcasts began in July, the 2nd series scheduled for spring 2017
- GANTZ:O
 - Cinematic release in 14 October, audience of 140 thousand (as of October 26)



Others

- April: TV broadcast of “Ninja Slayer From Animation” begins on TOKYO MX, etc.
- July: TV broadcast of “ACTIVERAID: Special Public Security Fifth Division Third Mobile Assault Eighth Unit 2nd” begins on TOKYO MX, etc.
- July: Ultraman ORB broadcast on TV Tokyo’s network started (Sat. 9:00-), continuing until December

Initiatives in Tsuburaya Productions Co., Ltd.

Ultraman ORB

- Broadcast on TV Tokyo's network (Sat. 9:00-) on Jul.-Dec. 2016
- Sales status of goods
 - Transformation items 13 week cumulative YoY +51%
- State of video distribution
 - Up to episode 15 distributed worldwide, played 480 million times/ YoY +89%
- From December 2016
 - Scheduled for distribution as Amazon Prime Spin-off Series



Other business activities

- The Ultraman Festival was held Jul. 22 – Aug. 28, with visitor numbers +12% YoY
- Live entertainment shows
 - Staging of ACROBATTLE CHRONICLE in Osaka in September, Nagoya in December, and Tokyo in January along with other events
 - Planning and development underway for performance overseas mainly in Asia, during the second half of the fiscal year
- Other
 - "Kaiju Girls" distribution through dAnime from September as part of Kaijin Gijinka initiative to impersonate monsters from the Ultraman series



Initiatives in Game/ License field

Game

Market environment

Amid slowing growth of social game market, reconfirmed IP importance by launching strong IP-backed contents

- “the Tower of Princess”
 - Over 2 million cumulative downloads (YoY +840,000)
 - Undertaking various collaborations with other company IP, fashion brands, etc.
 - Commercials on regional stations from September
- State of overseas development
 - “Soul of Sevens” to be distributed in India
 - Driving various measures for roll-out of leading overseas games in Japan

State of Tower of Princess collaboration



License

Market environment

License field is activation move toward new markets in Japan and overseas including newly utilizing the classic character and license deployment to the adult clothing etc.

- A MAN of ULTRA
 - Licensed to 60 companies (YoY+9 companies)
 - Opened 10 pop-up shops
- Other licensing
 - Decision made on official licensing agent for major game companies in Japan

New licensees for A MAN of ULTRA



Initiatives in Pachinko/Pachislot field

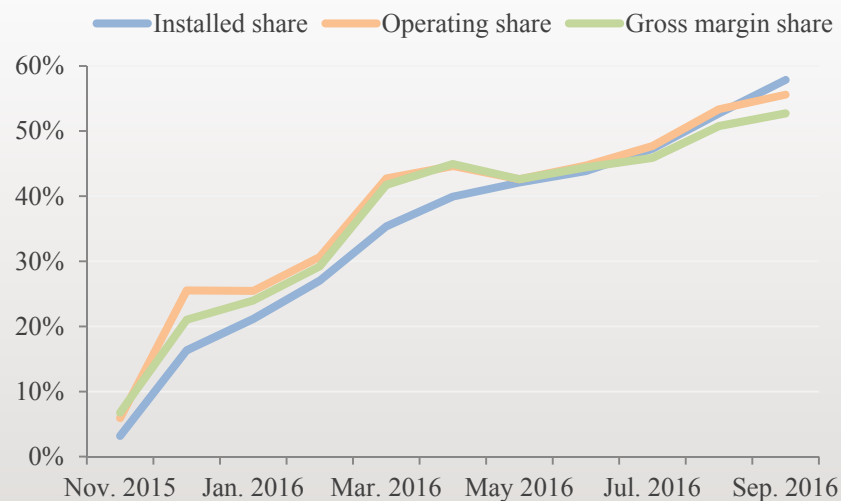
Market environment

Pachinko Market

- Regulations: Remove and callback of machines by the end of December 2016
 - 330,000 applicable machines as of October 20
- Sales: 700,000 machines (Apr. – Sep.), YoY 33% down
 - Machine manufacturers release a series of large-scale products from October to December
- New standard machines:
 - Operating and gross share increasing together with installed share

Shares of new standard pachinko machines installed, operating and gross margin

*New standard machines: Machines delivered from Dec. 2015 onwards (except Amadigi-type)



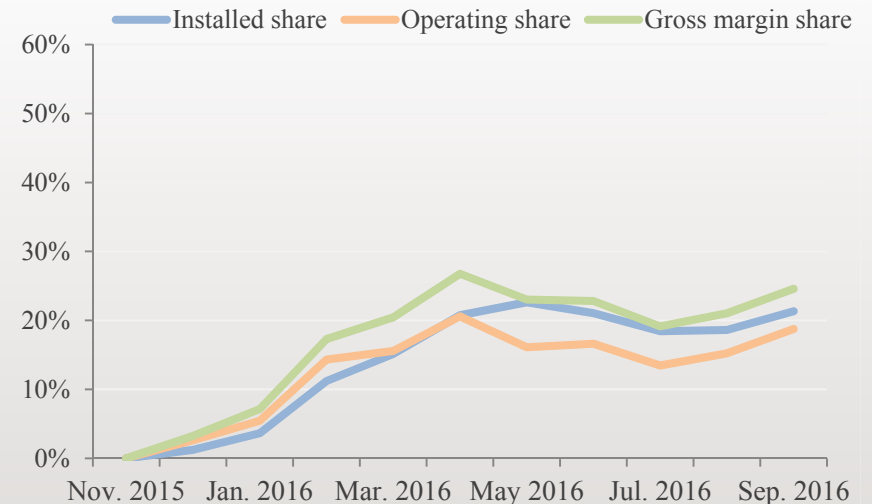
*Source: FIELDS CORPORATION

Pachislot Market

- Regulations: Deadline for installation of new machines is September 2017
 - Yakuhi monitors/ART regular and advantageous intervals installed for new machines
- Sales: 440,000 machines (Apr. – Sep.), YoY 19% down
 - Machine manufacturers release a series of large-scale products from September
- New standard machines (AT/ART machines):
 - Installed, operating and gross margin share all increasing since August

Shares of new standard pachislot machines installed, operating and gross margin

*New standard machines: AT/ART machines delivered from Dec 2015 onwards



Initiatives in Pachinko/Pachislot field

Pachislot Regulation 5.9 Machine

	Type	Main features	Schedule
Regulation 5.5 Machine	Normal type (Instruction function not included)	-	Deadline for installation of new machines by September 30, 2017
	ART type (Instruction function equipped)	(1) Control instruction function from main board (2) Inclination is net increase 2.0 or lower	Deadline for installation of new machines by September 30, 2017
Regulation 5.9 Machine	Normal type (Instruction function not equipped)	(1) Yakuhi monitor included *Advantageous interval ratio, continuous performance ratio, and investment ratio, which determine how high the stakes are, are displayed on-screen	Can be gradually installed in new machines
	ART type (Instruction function equipped)	(1) Yakuhi monitor included (2) Control with regular interval (instruction prohibited) and advantageous interval (instruction permitted) *Advantageous interval allows processing related to instruction + ART (overload selection, etc.) <u>Advantageous interval will end after maximum 1,500 games</u>	Can be gradually installed in new machines

*Source: FIELDS CORPORATION

Initiatives in Pachinko/Pachislot field

Sales Strategy

1) Sales strategy and Current sales status

Sales focused on products sales with high game and entertainment performance utilizing HERO'S IP and powerful IP

- Sales (deliver products) of 1 pachinko title and 2 pachislot titles in the Q3 * 1 pachislot title is posted Q4
 - Concentrated the release of major pachinko/pachislot titles in the New Year holiday shopping season
- Sales of 1 pachinko title and 1 pachislot title in the Q4
 - Gradual release of multiple pachislot titles utilizing powerful IP aside from those already announced

2) Titles whose sales will be recorded in the Q4 (announced)

CR EVANGELION – Time to Rise
(Released on Dec. 2016/ Posted on Q4)



Pachinko GANTZ
(Released on Jan. 2017/ Posted on Q4)



Pachislot Monster Hunter: KYOURYU SENSEN
(Released on Jan. 2017/ Posted on Q4)



Supplementing the information by IP







 MAJESTIC PRINCE

 BERSERK

 GANTZ



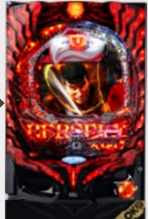



MAJESTIC PRINCE

Development started in 2011 as the first stage in cross-media development with Fields' IP;
 Serialization started in 2016

	Comics	Visual	Game	Pachinko/Pachislot	Cross-media revenue and expenditure	
First period	Serialization 2011 	TV Anime 2013 	SNG 2014 	Pachislot 2015  Pachinko 2016 		
Serialization	Start simultaneous comics/film project as the first cross-media development of Fields' own IP - Planning/original work: Fields/Sotsu - Publication: HERO'S Monthly - Film production: Doga Kobo & Orange		■ SNG release for PS expansion - Production: Fields/Bandai Namco Games	■ Launch of machines in preparation for creation of new series titles - Pachinko: 13,000 machines sold - Pachislot: 4,000 machines sold		
Second period		Film 2016 	Developed the movies in the wide variety media Expanded profit			

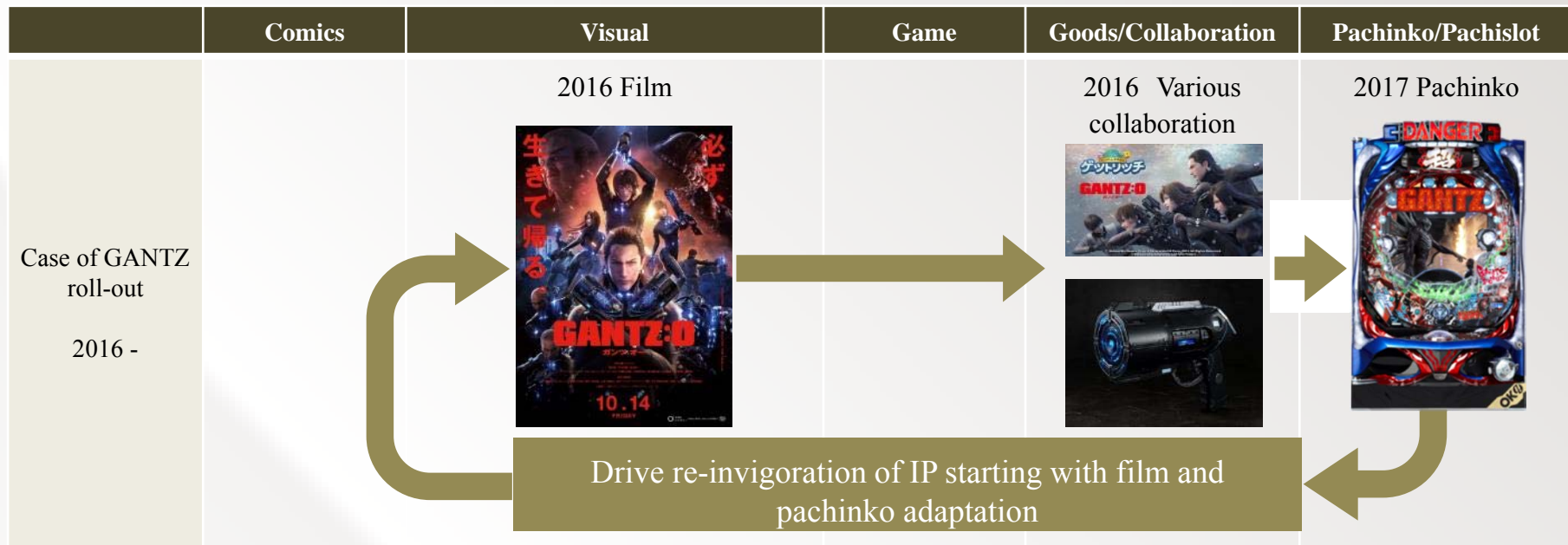
BERSERK

Development started in 2012 as the first stage in collaborative IP cross-media development;
 Serialization started in 2016

	Visual	Game	Pachinko/Pachislot	Cross-media revenue and expenditure
First period	Movie trilogy 2012-2013 	SNG 2013 	Pachinko 2013  Pachislot 2015 	
Serialization	<ul style="list-style-type: none"> ■ Release of three films in 2012-2013 as the first stage in collaborative IP cross-media development - Planning/producer: Lucent Pictures - Production: STUDIO4°C 	<ul style="list-style-type: none"> ■ SNG release coordinated with pachinko - Distribution: FIELDS - Production: Nex Entertainment 	<ul style="list-style-type: none"> ■ Launch of machines in preparation for creation of new series titles - Pachinko: 23,000 machines sold - Pachislot: 20,000 machines sold 	
Second period	TV Anime 2016~2017 	Came 2016 	Developed the movies in the wide variety media Expanded profit	

GANTZ

Drive invigoration of IP starting with film and pachinko adaptation in the same way as the expansion of Evangelion



Reference: Evaluation after GANTZ:O cinematic release (as of October 20, 2016)

- | | |
|-----------------------|--------------------------|
| 1) Yahoo! Japan video | Evaluation 4.43/5 points |
| 2) Eiga.com | Evaluation 4.00/5 points |
| 3) PIA Corporation | Evaluation 86/100 points |
| 4) COCO | Satisfaction 90% |

Disclaimer/Contact Information

The plans, strategies and estimates of the Company indicated in these documents, other than actual results and established facts, include potential risks and uncertainties and cannot be guaranteed.

Potential risks and uncertainties include, but are not limited to, the economic environment of the pachinko/pachislot market in which the Company operates, market competition and the products handled by the Company.

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