



Full-year forecast for the year ending March 31, 2017

# Explanatory material

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FIELDS CORPORATION  
TSE 1st : 2767  
January 23, 2017

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## Revisions to Performance Forecast

Consolidated net sales: ¥73.0 billion (initial plan ratio -¥42.0 billion)

Consolidated ordinary loss: ¥7.5billion (initial plan ratio -¥9.5 billion)

### ■ Pachinko/pachislot field

- ✓ Full-year sales volume target revised from approx. 350,000 machines to approx. 230,000 machines
  - Solid performance of the major titles launched for the yearend sales season; some titles in Q4 and later affected by market slump
  - 6 models slated for sale during current term not sold

Alliance partner	Number of titles	Factor of increase and decrease
MIZUHO CORP.	4 titles	Failure to reach agreement on sales timing, making sales during the current term difficult
Other alliance manufacturers	2 titles	Sales moved to next term to boost product strength

### ■ Cross-media field

- ✓ Solid progress in building IP (intellectual properties) and business startup
  - Measures aimed at boosting membership in part of game field failed to achieve projected results
  - Consolidated subsidiaries in visual and development contracting failed to achieve initial targets

# Forecast revision

 **Outline of Business Forecast Revision**

 **Major Causes (Based on Ordinary Income)**

## Outline of Business Forecast Revision

Full-year sales volume target for pachinko/pachislot revised from approx. 350,000 to approx. 230,000  
 Additionally, game business and consolidated subsidiaries failed to reach initial targets and suffered profit decline

(Unit: Billions of yen)

	Year ended March 31, 2016	Year ending March 31, 2017			
	Full-year	Initial plan	Revision plan	Initial plan Increase/decrease	YoY Increase/Decrease
Net sales	<b>94.4</b>	<b>115.0</b>	<b>73.0</b>	<b>(42.0)</b> (-36.5%)	<b>(21.3)</b> (-22.7%)
Operating income	<b>1.4</b>	<b>2.0</b>	<b>(6.5)</b>	<b>(8.5)</b> (-)	<b>(7.9)</b> (-)
Ordinary income	<b>1.3</b>	<b>2.0</b>	<b>(7.5)</b>	<b>(9.5)</b> (-)	<b>(8.8)</b> (-)
Net income attributable to owners of parent	<b>0.1</b>	<b>1.0</b>	<b>(8.5)</b>	<b>(9.5)</b> (-)	<b>(8.6)</b> (-)

\*Figures within parentheses are the ratio to sales.

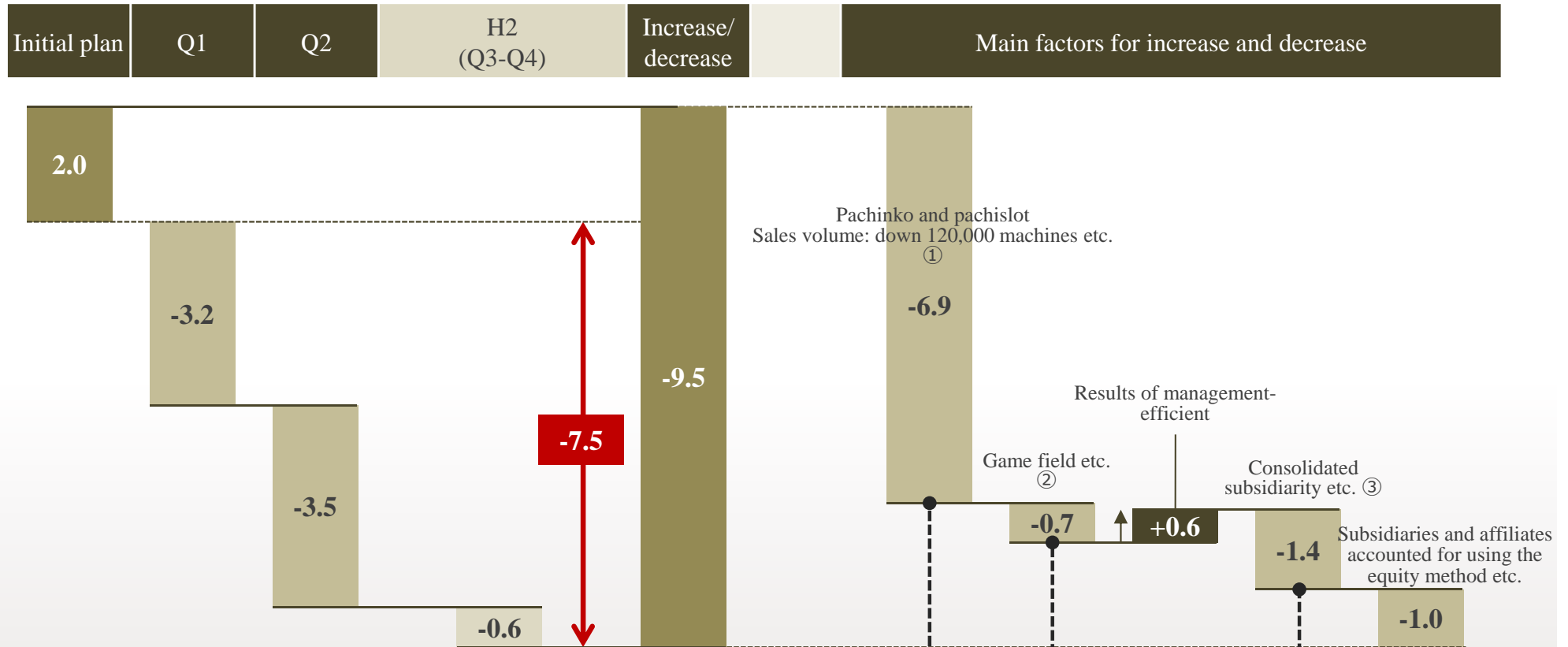
(Unit: Machines)

Total sales	<b>280,000</b> (17 titles)	<b>350,000</b> (20 titles)	<b>230,000</b> (14 titles)	<b>-120,000</b> (-6 titles)	<b>-50,000</b> (-3 titles)
Pachinko	<b>160,000</b> (7 titles)	—	—	—	—
Pachislot	<b>120,000</b> (10 titles)	—	—	—	—

# Major Causes (Based on Ordinary Income)

Decline of approx. ¥6.9 billion over initial target due to reduction in the number of pachinko/pachislot machine titles launched  
 Decline of approx. ¥2.1 billion in games and consolidated subsidiaries in visual/development contracting

(Unit: Billions of yen)



Category	Main difference factors ①
Market effect	Some titles in Q4 and later affected by market slump
MIZUHO CORP. (4 titles)	Failure to reach agreement on sales timing, making sales during the current term difficult
Other alliance manufacturers (2 titles)	Sales moved to next term to boost product strength

Category	Main difference factors ②
Existing titles	Measures aimed at boosting membership failed to achieve projected results
New titles	2 titles with leading IP postponed to next term and development of 1 title cancelled because of selection and concentration

Category	Main difference factors ③
Visual/Development contracting	Steep cost rise due to higher video quality and selection and concentration resulted in projects cancellation
PS development contracting	Reduced royalty and loss of timing due to market slump and change in sales dates

# Pachinko/pachislot

 **Trend in Sales of Pachinko/Pachislot Market**

 **Fields' Sales Condition**

 **Pachislot Market Trends & Changes in Business Partnerships**

 **Action to Strengthen Pachinko/Pachislot Fields**

# Sales Trends in the Pachinko/Pachislot Market

FY2016 pachinko/pachislot machine market expected to fall short in sales volume, due to curb in replacement sales with the G7 Ise-Shima Summit and decline in number of units per title for new regulation machines

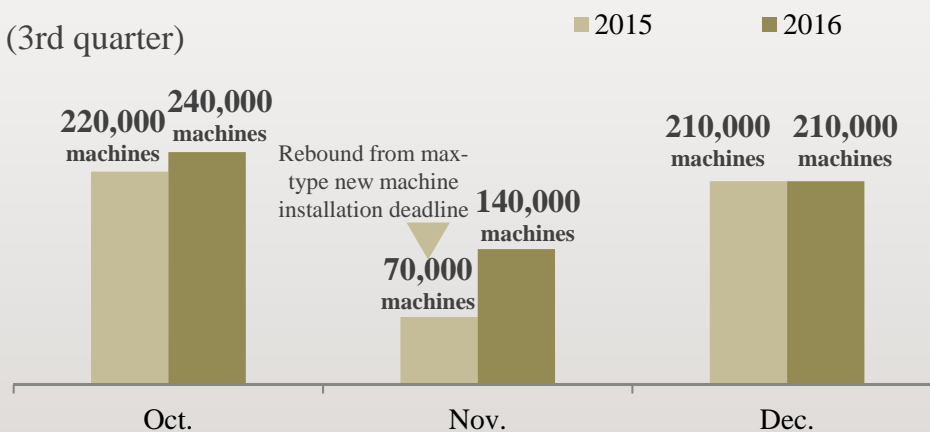
## Pachinko

- FY 2015 and FY 2016
  - Despite removal/collection and active replacement into new regulation machines in FY2016, sales expected to fall short of projection
- Q3 (Oct.- Dec. 2015/ Oct.- Dec. 2016)
  - Sales volume for current Q3 to surpass previous year for all months

(Trend in sales market)



(3rd quarter)



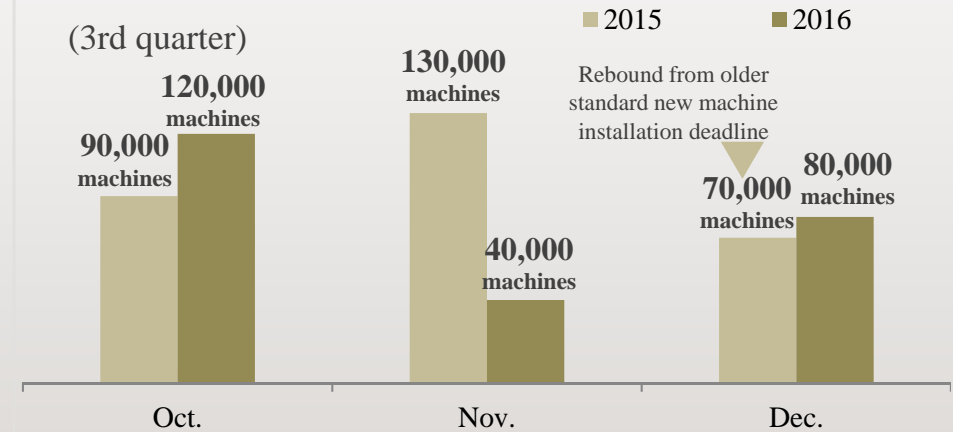
## Pachislot

- FY 2015 and FY 2016
  - Volume per title reduced further in FY2016, and replacement expected to be low for full year
- Q3 (Oct.- Dec. 2015/ Oct.- Dec. 2016)
  - Current 3Q sales volume to fall by 50,000 units over previous year

(Trend in sales market)



(3rd quarter)





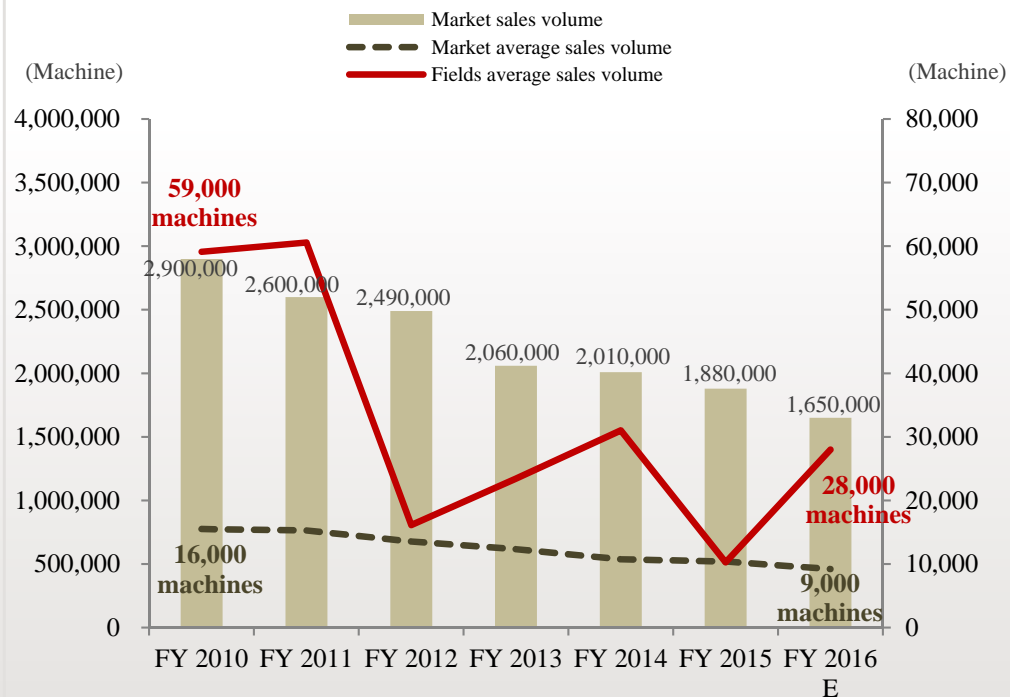
# Fields' Sales Condition

Average sales volume per title expected to exceed market average for both pachinko and pachislot  
 Solid performance of major titles in yearend sales season; market rebound (pachinko) and drop in demand (pachislot) impacted Q4 figures

## Pachinko machine sales

### ■ Fields' sales condition

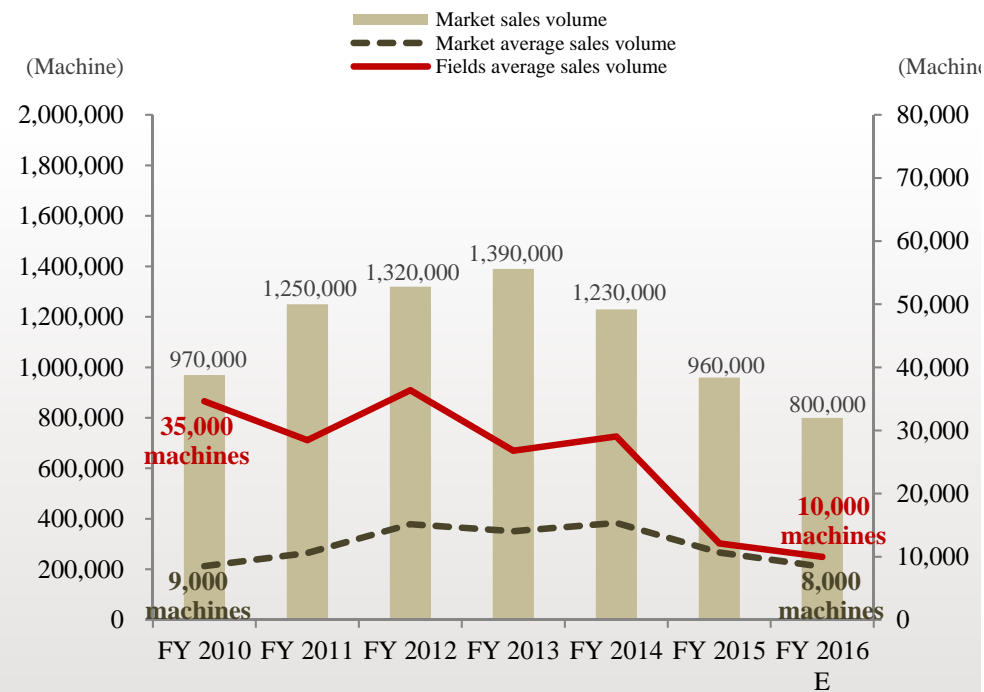
- Average sales volume per title exceeded market average despite fluctuation by title
- Rise in FY2016 amid decline in market average



## Pachislot machine sales

### ■ Fields' sales condition

- Average sales volume per model exceeding market average
- However, average sales volume declining recently with decline in market demand



# Pachislot Market Trends & Changes in Business Partnerships

Regulation 5 machine market growing since FY2009 until Sep. 2014

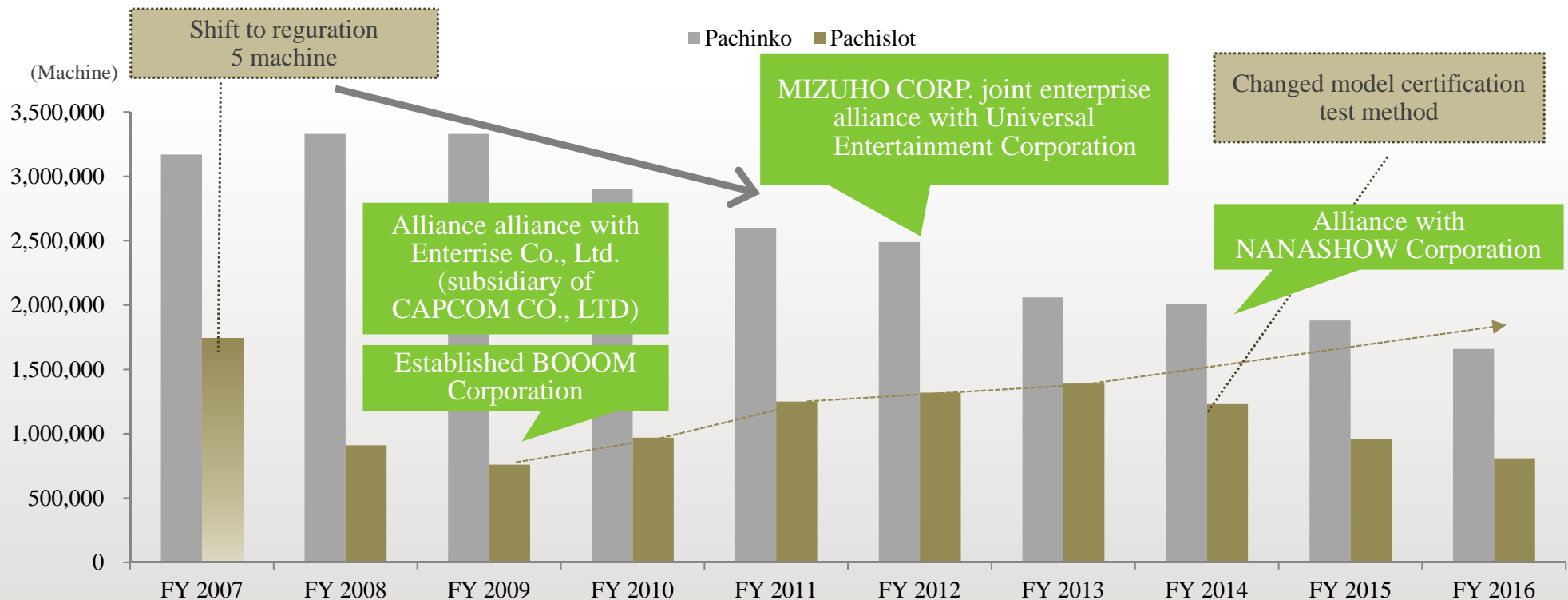
Business partnerships with three manufacturers and startup of one development subsidiary during this period

## ■ Pachislot market

- Full switch to Regulation 5 machines in Oct 2007
- Market growth in ART/AT-type machine introduction since FY2009
- Peak in FY2013, marking approx. 1.4 million units
- Pachislot model certification test method revised in Sep. 2014

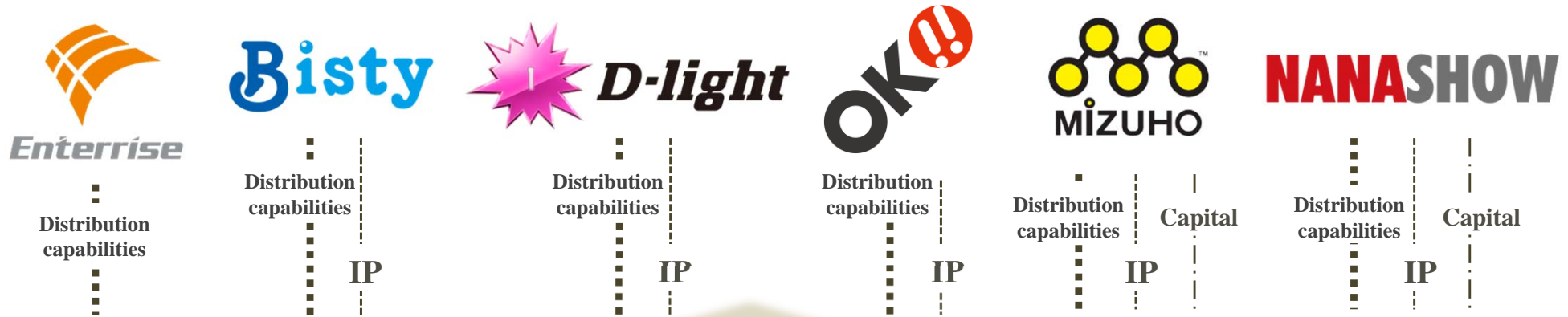
## ■ Changes in business partnerships

- Established F Corporation (currently BOOOM Corporation) in May 2009
- Alliance with Enterrise Co., Ltd. (subsidiary of CAPCOM CO., LTD) in Nov. 2009
- MIZUHO CORP. joint enterprise alliance with Universal Entertainment Corporation in Feb. 2012
- Alliance with NANASHOW Corporation in Jan. 2014

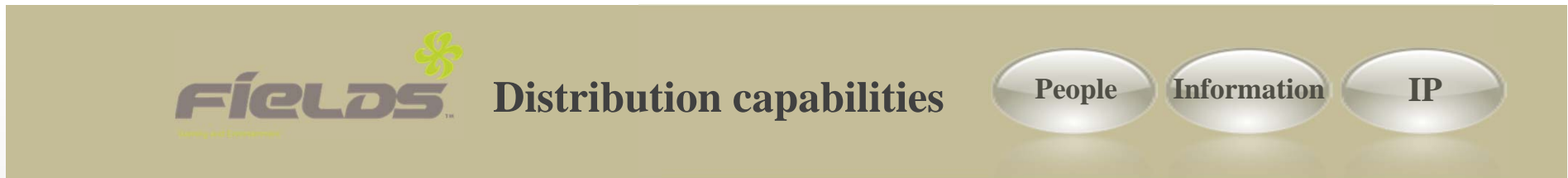


# Action to Strengthen Pachinko/Pachislot Field

Reinforcement of distribution (trading company) capabilities to maximize sales volume



**Offering our resources through improvement in distribution capability**



**Rebuilding relations with nationwide pachinko halls for expanding fan base**

【Distribution (trading company) capabilities】



Sales staffs of 26 branches in Japan



Concierge service function

Expanded information service



Acquisition and provision of leading IP suited to pachinko/pachislot machines

Pachinko halls in Japan



# Strategy

 **Year ending March 31, 2018**

## Year ending March 31, 2018

**To speed up growth of cyclical IP business and realize sustainable growth that is Fields Corp.'s medium-to long-term growth strategy, action will be taken to boost earnings and strengthen its business base**



### Management overview

- Strengthen business foundation
  - Lower breakeven point from this fiscal year with cuts in SGA expenses, etc., and continue efforts to increase efficiency
  - Minimize business risks
- Profitability
  - Strong implementation of IP strategy and early realization of profits in IP business

**Action plan to enhance effectiveness**  
**of our medium-to long-term strategy for further growth**



**Medium-to long-term management plan to be announced in May 2017**

## 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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