

## Summary

(Translation)

**FIELDS CORPORATION**  
**Summary of Financial Information and Business Results (Consolidated)**  
**for the Nine Months Ended December 31, 2016 (Japan GAAP)**  
**(Year Ending March 31, 2017)**

February 2, 2017  
Listed on: TSE 1st

Company Name: FIELDS CORPORATION  
(URL: <http://www.fields.biz/>)  
Stock code: 2767  
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Planned date for submission of the quarterly report: February 10, 2017  
Planned date for start of dividend payment: —  
Quarterly earnings supplementary explanatory materials: Yes  
Quarterly earnings presentation: No

(Rounded down to the nearest million)

### 1. Consolidated business results for the nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)

#### (1) Operating results (cumulative total)

(Percentage figures denote year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income Attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2016	42,626	(40.5)	(7,394)	—	(7,945)	—	(9,072)	—
Nine months ended December 31, 2015	71,628	144.3	2,168	—	2,195	—	779	—

(Note) Comprehensive income  
Nine months ended December 31, 2016: ¥(9,937) million (—%)  
Nine months ended December 31, 2015: ¥1,083 million (—%)

	Net income per share	Diluted net income per share
Nine months ended December 31, 2016	Yen (273.42)	Yen —
Nine months ended December 31, 2015	23.49	—

#### (2) Financial position

	Total assets	Net assets	Shareholders' equity ratio
Nine months ended December 31, 2016	Millions of yen 81,076	Millions of yen 46,449	%
Year ended March 31, 2016	92,478	58,291	56.3 62.0

(Reference) Shareholders' equity  
Nine months ended December 31, 2016: ¥45,655 million  
Year ended March 31, 2015: ¥57,304 million

### 2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual
Year ended March 31, 2016	Yen —	Yen 25.00	Yen —	Yen 25.00	Yen 50.00
Year ending March 31, 2017	—	25.00	—	—	—
Year ending March 31, 2017 (Forecast)	—	—	—	25.00	50.00

(Note) Revision of the most recently released dividend forecasts: No

### 3. Forecast of consolidated earnings for the fiscal year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(Percentage figures denote year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full-year	73,000	(22.7)	(6,500)	—	(7,500)	—	(8,500)	—	(256.15)

(Note) Revision of the most recently released performance forecasts: No

FIELDS CORPORATION discloses a full-year business forecast, as it manages its business performance on an annual basis.

#### \*Notes

(1) Transfer of important subsidiaries during the year under review (Transfer of specific subsidiaries that results in a change in the scope of consolidation): No

(2) Application of the accounting method specific to quarterly consolidated financial statements: Yes

(3) Changes in accounting principles, accounting procedures, presentation method and other factors

- 1) Changes due to the revision to the accounting standards, etc.: Yes
- 2) Changes due to any reason other than those in 1) above: No
- 3) Changes in accounting estimates: No
- 4) Revisions/restatements: No

(4) Number of shares issued (common stock)

1) Number of shares issued at end of year (including treasury stock)

Nine months ended December 31, 2016	34,700,000 shares
Year ended March 31, 2016	34,700,000 shares

2) Number of shares of treasury stock at end of year

Nine months ended December 31, 2016	1,516,300 shares
Year ended March 31, 2016	1,516,200 shares

3) Average number of shares outstanding (quarterly consolidated cumulative period)

Nine months ended December 31, 2016	33,183,724 shares
Nine months ended December 31, 2015	33,183,800 shares

\* Indication of status of quarterly review procedure

This quarterly earnings report is not subject to review procedures based upon the Financial Instruments and Exchange Act. Thus, at the time of disclosure of the financial results, the quarterly financial statement review procedures based upon the Financial Instruments and Exchange Act have not been completed.

\* Explanation of the appropriate usage of forecast earnings and other specific matters

# The above forecast relies on judgments and assumptions based on information available as of the date of announcement of this material, and is subject to changes in risks, uncertainties, and economy, and other factors that could cause actual results to be materially different from expectations. Please refer to“(3) Review of consolidated earnings forecasts and other forecasts” under “1. Qualitative information on quarterly financial results” on page 4 of the attached documents for the assumptions on which the forecast relies.

# The Company isn't planning to hold a results briefing but materials distributed at normal briefing will be posted on the Company's website after the briefing as soon as possible.

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## 1. Qualitative information on quarterly financial results

### (1) Analysis of operating results

#### [1] Overview of operations for the nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)

The Fields Group has set out a corporate philosophy, “The Greatest Leisure for All People.” To achieve this goal, the Group makes an effort to plan, develop, and provide products and services that will enrich the hearts of people, aimed at realizing sustainable growth.

Under its medium- to long-term growth strategy, the Group carries out a cyclical business in which it develops intellectual property (IP), such as characters and stories that are the bases of entertainment, across multimedia formats, including comics, visuals, games and pachinko/pachislot machines.

In the fiscal year under review, in order to enhance IP value and improve profitability, the Group has been concentrating investments in a series of IP that are expected to become major products or that can be serialized, and accelerating the expansion of IP on a domestic and global scale through cooperation with its partners both in Japan and overseas.

Please refer to “Quarterly Earnings Supplementary Explanatory Materials for the nine months ended December 31, 2016” for the initiatives for individual IPs in each field.

The Group’s operating results during the third quarter under review are as follows.

The Company posted net sales of ¥42,626 million (down 40.5% year-over-year).

In the pachinko/pachislot field, which is our Group’s core business, the market for pachinko/pachislot machines is continuously shrinking, due to a series of regulations triggered by changes in the model certification test method for pachislot machines in 2014.

During the third quarter under review, in the pachinko field, demand for the shift to new regulation machines was accelerated from October through December, ahead of the December 2016 cutoff for removal of pachinko machines with possible performance variance from test machines. As a result, the number of pachinko machines sold increased when compared to the same period of the previous year. On the other hand, for pachislot machines, many of the old regulation machines are still in use. Given this situation, although there is a certain demand for new regulation machines from proven machine series, it seems there is some way to go before machines fully meeting the customers’ needs can be marketed on a significant scale. Consequently, a downward trend continues in the number of machines sold within the pachislot market as a whole.

Under such circumstances, the Group scheduled the release of various machines, including major titles, to target the New Year holiday shopping season, during which a concentration of demand was anticipated. The sales of 2 major titles released during the said season showed steady increase, but a large part of the proceeds from their sales will be accounted for only during the fourth quarter.

With regard to the pachinko/pachislot machines released or to be released during the fiscal year under review, the number of machines sold per title continues to exceed the market average, owing to successful marketing, which is one of the Group’s strengths.

However, among the pachinko/pachislot machines expected to be released in or after the third quarter, the release of 6 titles will be postponed to the next fiscal year, for reasons such as to strengthen the products’ appeal, or not being able to achieve a consensus on the release timing.

As a result of the above, the numbers of pachinko and pachislot machines sold were 78,000 (down 48,000 year-over-year) and 52,000 (down 40,000 year-over-year) respectively, totaling 130,000 (down 89,000 year-over-year), and net sales decreased year-over-year.

The Company posted operating loss of ¥7,394 million (versus operating income of ¥2,168 million for the same period of the previous year).

During the third quarter under review, cultivating of IPs and initiatives for commercialization progressed steadily, which led to an increase in royalty revenue from the licensing of “Ultraman Series” and other compared to the same period of the previous year. Furthermore, selling, general and administrative expenses decreased due to the progress made in selection and concentration of businesses, and management optimization.

However, in the pachinko/pachislot field, in connection with aforementioned decrease in the number of pachinko/pachislot machines sold, profit significantly decreased. In addition, royalty for development and new projects decreased in a subsidiary engaged in the development of pachinko/pachislot machines.

In the social games field, which is seeing a slowdown in market growth and intensification of competition, gaming applications are expected to utilize sophisticated technologies due to the increased functionality of smart phones, leading to an increasing trend for development costs. The Group has proactively carried out promotional activities for titles in which profitability and game elements had been improved, but results were not achieved as planned. In addition, the Group narrowed down a list of new titles under development and decided to suspend the development of certain titles.

In the visual field, revenues temporarily decreased due to increased production expenses for certain large projects undertaken by affiliates.

As a result of these factors, the Company posted operating loss mentioned above.

The Company posted ordinary loss of ¥7,945 million (versus ordinary income of ¥2,195 million for the same period of the previous year).

Equity method investment loss was recorded for equity-method affiliates engaged in the development and manufacturing of pachinko/pachislot machines, due to a decrease in the number of machines sold caused by the shrinking market as well as the effect of delay in monetization in connection with the postponement of release.

As a result of the above, the Company posted net loss attributable to owners of parent for the period totaling ¥9,072 million (versus net income attributable to owners of parent of ¥779 million for the same period of the previous year).

(Note) The product names included in this report are the trademarks or registered trademarks of the respective companies.

## (2) Analysis of financial position

### (Assets)

Current assets amounted to ¥43,016 million, down ¥9,918 million from the end of the previous fiscal year. The principal factor behind this was a decrease in cash and cash equivalents.

Tangible fixed assets amounted to ¥10,710 million, down ¥737 million from the end of the previous fiscal year. The principal factors behind this were a decrease in buildings and structures and a decrease in land.

Intangible fixed assets amounted to ¥2,891 million, down ¥854 million from the end of the previous fiscal year. The principal factor behind this was a decrease in software.

Investments and other assets amounted to ¥24,457 million, up ¥108 million from the end of the previous fiscal year.

As a result of the above, total assets stood at ¥81,076 million, down ¥11,402 million from the end of the previous fiscal year.

### (Liabilities)

Current liabilities amounted to ¥25,566 million, down ¥4,243 million from the end of the previous fiscal year. The principal factor behind this was a decrease in notes and accounts payable—trade.

Fixed liabilities amounted to ¥9,060 million, up ¥4,683 million from the end of the previous fiscal year. This was mainly due to an increase in long-term borrowings.

As a result of the above, total liabilities stood at ¥34,626 million, up ¥439 million from the end of the previous fiscal year.

### (Net assets)

Net assets amounted to ¥46,449 million, down ¥11,842 million from the end of the previous fiscal year. This primarily reflected a decrease in retained earnings.

### (Analysis of cash flows)

Cash and cash equivalents (hereinafter referred to as “cash”) decreased by ¥13,480 million from the end of the previous fiscal year, amounting to ¥18,720 million during the third quarter under review.

### (Cash flows from operating activities)

Net cash used in operating activities amounted to ¥13,046 million (¥8,896 million of revenue for the same period of the previous fiscal year). This was mainly due to loss before income taxes totaling ¥8,360 million, a decrease in notes and accounts payable—trade totaling ¥4,608 million, and depreciation totaling ¥1,356 million.

### (Cash flows from investing activities)

Net cash used in investing activities amounted to ¥3,674 million (¥3,223 million of expenditure for the same period of the previous fiscal year). This was mainly due to expenditure for loans totaling ¥4,420 million, proceeds from repayments of loans totaling ¥2,024 million, and expenditure for equity investment totaling ¥864 million.

### (Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥3,228 million (¥2,691 million of revenue for the same period of the previous fiscal year). This was primarily due to proceeds from long-term borrowings totaling ¥5,500 million and dividends paid totaling ¥1,655 million.

(3) Review of consolidated earnings forecasts and other forecasts

(Unit: Millions of yen)

	Forecast for the year ending March 31, 2017	Results for the year ended March 31, 2016	Year-over-year changes
Net sales	73,000	94,476	down 22.7%
Operating income	(6,500)	1,411	-
Ordinary income	(7,500)	1,380	-
Net income attributable to owners of parent	(8,500)	118	-

The consolidated earnings forecasts for the year ending March 31, 2017 have been changed as stated in the “Notification of Revisions to Performance Forecast”, released on January 20, 2017.

**2. Summary information (notes)**

(1) Transfer of important subsidiaries during the quarterly consolidated period under review

None

(2) Application of the accounting method specific to quarterly consolidated financial statements

Assessment of tax expenses

The Company applies the method that reasonably estimates an effective tax rate to be assessed on income before income taxes for the year ending March 31, 2017, including this nine months ended December 31, 2016, after accounting for the tax effects, and multiplies income before income taxes during the nine months ended December 31, 2016 by such estimated effective tax rate.

(3) Changes in accounting principles and accounting estimates, and revisions/restatements

(Changes in accounting policies)

Pursuant to an amendment to the Corporation Tax Act, the Company has applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Practical Issue Task Force No.32, June 17, 2016), effective from the first quarter of the consolidated fiscal year under review. As a result, the depreciation method for building fixtures and structures acquired on or after April 1, 2016 has been changed from the declining-balance method to the straight-line method.

The application of this standard has no material impact on operating loss, ordinary loss, and loss before income taxes and non-controlling interests in the cumulative third quarter of the consolidated fiscal year under review.

### 3. Quarterly consolidated financial statements

#### (1) Quarterly consolidated balance sheets

(Unit: Millions of yen)

	Fiscal year ended March 31, 2016 (as of March 31, 2016)	Nine months ended December 31, 2016 (as of December 31, 2016)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	32,200	18,820
Notes and accounts receivable—trade	8,562	11,170
Electronically recorded monetary claims—operating	1,142	166
Merchandise and products	346	438
Work in process	2,596	3,291
Raw materials and supplies	78	153
Other current assets	8,027	9,026
Allowance for doubtful accounts	(20)	(50)
<b>Total current assets</b>	<b>52,934</b>	<b>43,016</b>
Fixed assets		
Tangible fixed assets		
Land	7,550	7,319
Other tangible fixed assets	3,897	3,390
<b>Total tangible fixed assets</b>	<b>11,447</b>	<b>10,710</b>
Intangible fixed assets		
Goodwill	1,298	1,089
Other intangible fixed assets	2,448	1,802
<b>Total intangible fixed assets</b>	<b>3,746</b>	<b>2,891</b>
Investments and other assets		
Investment securities	9,716	8,732
Long-term loans	9,729	10,263
Other assets	6,095	5,552
Allowance for doubtful accounts	(1,193)	(90)
<b>Total investments and other assets</b>	<b>24,348</b>	<b>24,457</b>
<b>Total fixed assets</b>	<b>39,543</b>	<b>38,059</b>
<b>Total assets</b>	<b>92,478</b>	<b>81,076</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	12,749	8,123
Short-term borrowings	11,414	11,211
Current portion of long-term borrowings	8	500
Accrued income taxes	690	15
Accrued bonuses	375	186
Accrued bonuses to directors and auditors	214	201
Reserve for returned goods unsold	22	22
Provision for losses on contracts	77	247
Other current liabilities	4,256	5,058
<b>Total current liabilities</b>	<b>29,809</b>	<b>25,566</b>
Fixed liabilities		
Long-term borrowings	—	4,857
Net defined benefit liability	643	645
Other fixed liabilities	3,732	3,556
<b>Total fixed liabilities</b>	<b>4,376</b>	<b>9,060</b>
<b>Total Liabilities</b>	<b>34,186</b>	<b>34,626</b>

	(Unit: Millions of yen)	
	Fiscal year ended March 31, 2016 (as of March 31, 2016)	Nine months ended December 31, 2016 (as of December 31, 2016)
Net assets		
Shareholders' equity		
Common stock	7,948	7,948
Capital surplus	7,994	7,994
Retained earnings	44,177	33,445
Treasury stock	(1,821)	(1,821)
Total shareholders' equity	58,298	47,566
Accumulated other comprehensive income		
Unrealized holding gain on available-for-sale securities	(862)	(1,766)
Foreign currency translation adjustment	(2)	1
Remeasurements of defined benefit plans	(130)	(146)
Total accumulated other comprehensive income	(994)	(1,911)
Non-controlling interest	987	794
Total net assets	58,291	46,449
Total liabilities and net assets	92,478	81,076

## (2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

## Quarterly consolidated statements of income

Cumulative third quarter of the year ending March 31, 2017

(Unit: Millions of yen)

	Nine months ended December 31, 2015 (April 1, 2015–December 31, 2015)	Nine months ended December 31, 2016 (April 1, 2016–December 31, 2016)
Net sales	71,628	42,626
Cost of sales	51,369	32,588
Gross profit	20,258	10,038
Selling, general and administrative expenses	18,090	17,433
Operating income (loss)	2,168	(7,394)
Non-operating income		
Interest income	44	64
Dividend income	178	173
Discounts on purchase	426	110
Others	264	250
Total non-operating income	913	598
Non-operating expenses		
Interest expense	21	27
Equity method investment loss	676	883
Amortization of equity investment	123	74
Financing expenses	5	70
Others	58	93
Total non-operating expenses	885	1,149
Ordinary income (loss)	2,195	(7,945)
Extraordinary income		
Gain on sale of fixed assets	40	13
Gain on sales of investment securities	198	—
Gain on sale of shares in affiliates	—	20
Gain on liquidation of affiliates	—	18
Total extraordinary income	238	52
Extraordinary losses		
Loss on disposal of fixed assets	48	51
Impairment loss	—	124
Loss on litigation charges	62	239
Others	4	51
Total extraordinary losses	115	467
Income (loss) before income taxes and minority interests	2,318	(8,360)
Current income taxes	1,282	662
Net income (loss)	1,035	(9,022)
Profit (loss) attributable to non-controlling interests	256	50
Profit (loss) attributable to owners of parent	779	(9,072)

Quarterly consolidated statements of comprehensive income  
 Cumulative third quarter of the year ending March 31, 2017

(Unit: Millions of yen)

	Nine months ended December 31, 2015 (April 1, 2015–December 31, 2015)	Nine months ended December 31, 2016 (April 1, 2016–December 31, 2016)
Net income (loss)	1,035	(9,022)
Other comprehensive income		
Unrealized holding gain on available-for-sale securities	25	(902)
Foreign currency translation adjustment	(0)	3
Remeasurements of defined benefit plans	22	(16)
Total other comprehensive income	47	(914)
Comprehensive income	1,083	(9,937)
(Breakdown)		
Comprehensive income attributable to owners of the parent	826	(9,989)
Comprehensive income attributable to non-controlling interests	256	52

## (3) Quarterly consolidated statements of cash flows

(Unit: Millions of yen)

	Nine months ended December 31, 2015 (April 1, 2015–December 31, 2015)	Nine months ended December 31, 2016 (April 1, 2016–December 31, 2016)
<b>Cash flows from operating activities</b>		
Income (loss) before income taxes and minority interests	2,318	(8,360)
Depreciation and amortization	1,624	1,356
Amortization of goodwill	245	240
Increase (decrease) in allowance for doubtful accounts	(11)	3
Increase (decrease) in accrued bonuses	(281)	(188)
Increase (decrease) in accrued bonuses to directors and auditors	(69)	(12)
Increase (decrease) in net defined benefit liability	(122)	42
Interest and dividend income	(222)	(237)
Equity method investment loss (gain)	676	883
Interest expense	21	27
Loss (gain) on sales of investment securities	(198)	—
Loss on disposal of fixed assets	48	51
Decrease (increase) in notes and accounts receivable—trade	35,093	(889)
Decrease (increase) in inventories	(661)	(778)
Decrease (increase) in merchandising rights advances	946	(517)
Increase (decrease) in notes and accounts payable—trade	(25,296)	(4,608)
Others	(2,048)	416
<b>Subtotal</b>	<b>12,064</b>	<b>(12,570)</b>
Interest and dividends received	235	239
Interest paid	(21)	(27)
Income taxes refunded (paid)	(3,382)	(688)
<b>Net cash provided by (used in) operating activities</b>	<b>8,896</b>	<b>(13,046)</b>
<b>Cash flows from investing activities</b>		
Purchases of tangible fixed assets	(746)	(279)
Proceeds from sale of tangible fixed assets	629	253
Purchases of intangible fixed assets	(741)	(298)
Proceeds from sales of investment securities	216	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	652	—
Expenditure for acquiring shares in affiliates	(100)	(7)
Expenditure for loans	(4,473)	(4,420)
Proceeds from repayment of loans	1,594	2,024
Others	(254)	(946)
<b>Net cash provided by (used in) investing activities</b>	<b>(3,223)</b>	<b>(3,674)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	4,860	(203)
Proceeds from long-term borrowings	—	5,500
Repayment of long-term borrowings	(38)	(150)
Dividends paid	(1,986)	(1,655)
Payments from changes in ownership interests in subsidiaries that do not result in changes in scope of consolidation	(24)	—
Others	(118)	(262)
<b>Net cash provided by (used in) financing activities</b>	<b>2,691</b>	<b>3,228</b>
Effect of exchange rate changes on cash and cash equivalents	0	13
Increase (decrease) in cash and cash equivalents	8,364	(13,480)
Cash and cash equivalents at beginning of period	15,823	32,200
Cash and cash equivalents at end of period	24,188	18,720

(4) Note regarding the quarterly consolidated financial statements

(Note regarding the operation of the company as a going concern)

No relevant items

(Note regarding occurrence of significant change in amount of shareholders' equity)

Nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)

No relevant items