



Gaming and Entertainment

The Greatest Leisure for All People

# Financial Presentation

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for the Nine Month Ended December 31, 2016

FIELDS CORPORATION

TSE 1st : 2767

February 2, 2017

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# Review

## Financial results for Q1-Q3 and full-year performance forecast

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### ■ Financial results for Q1-Q3

Net sales of **¥ 42.6 billion** (down YoY ¥29.0 billion), Ordinary loss of **¥ 7.9 billion** (down YoY ¥10.1 billion)

#### 1. Pachinko/Pachislot Field

- ✓ Released several titles including major titles in the New Year holiday season
  - Major 2 titles were mostly recorded in Q4/ recorded Q3 cumulative sales of 130,000 units for nine titles (down YoY 89,000 machines)

#### 2. Cross-media Field

- ✓ Made steady progress in efforts for the cultivation and commercialization of IP (intellectual property)
  - Royalty revenue from licensing the “Ultraman Series,” etc. exceeded the same period last year
- ✓ In the game field, measures to increase membership failed to achieve the expected results/ the range of new titles has been reduced, with some development suspended
- ✓ Decrease in development royalties and contracted projects at subsidiaries involved in pachinko/pachislot machine development/ increase in production expenses at subsidiaries involved in visuals

### ■ Full-year performance forecast (revisions to performance forecast at January 20, 2017)

Net sales of **¥73.0 billion** (down initial plan ratio ¥42.0 billion), Ordinary loss: **¥7.5 billion** (down initial plan ratio ¥9.5 billion)

- ✓ In the pachinko/pachislot field, despite the average number of machines sold per title remaining above the market average, the full-year sales volume target was revised from approx. 350,000 machines to approx. 230,000 machines, in part due to the postponed release of 6 titles which had been scheduled for release this period
- ✓ Although cross-media field makes progress IP business, part of game field and consolidated subsidiaries involved in visual/development contracting failed to achieve initial targets

# Overview

Summary of Results for the Nine Month Ended  
December 31, 2016

 Consolidated P/L

 (Re-posting) Revisions to performance forecast

 Main pachinko/pachislot machines lineup

 Consolidated B/S

 Consolidated cash flow

## Consolidated P/L

Net sales affected by a decrease in the number of pachinko/pachislot machines sold / Ordinary income (loss) affected by a decrease in the number of pachinko/pachislot machines sold and failure by subsidiaries in games + to achieve revenue

(Unit: Billions of yen)

	Year ended March 31, 2016		Year ending March 31, 2017				
	Q1-Q3	Full-year	Q1-Q3	YoY Increase/Decrease	Initial plan	Revision plan Announced Jan. 20	YoY Increase/Decrease
<b>Net sales</b>	<b>71.6</b> (100.0%)	<b>94.4</b> (100.0%)	<b>42.6</b> (100.0%)	-40.5%	<b>115.0</b> (100.0%)	<b>73.0</b> (100.0%)	-22.7%
Gross profit	<b>20.2</b> (28.3%)	<b>25.4</b> (27.0%)	<b>10.0</b> (23.5%)	-50.4%			
SG&A expenses	<b>18.0</b> (25.3%)	<b>24.0</b> (25.5%)	<b>17.4</b> (40.9%)	-3.6%			
<b>Operating income (loss)</b>	<b>2.1</b> (3.0%)	<b>1.4</b> (1.5%)	<b>(7.3)</b> (-)	-	<b>2.0</b> (1.7%)	<b>(6.5)</b> (-)	-
<b>Ordinary income (loss)</b>	<b>2.1</b> (3.1%)	<b>1.3</b> (1.5%)	<b>(7.9)</b> (-)	-	<b>2.0</b> (1.7%)	<b>(7.5)</b> (-)	-
<b>Net income (loss) attributable to owners of parent</b>	<b>0.7</b> (1.1%)	<b>0.1</b> (0.1%)	<b>(9.0)</b> (-)	-	<b>1.0</b> (0.9%)	<b>(8.5)</b> (-)	-

\* Figures within parentheses are the ratio to sales.

(Unit: Thousand machines)

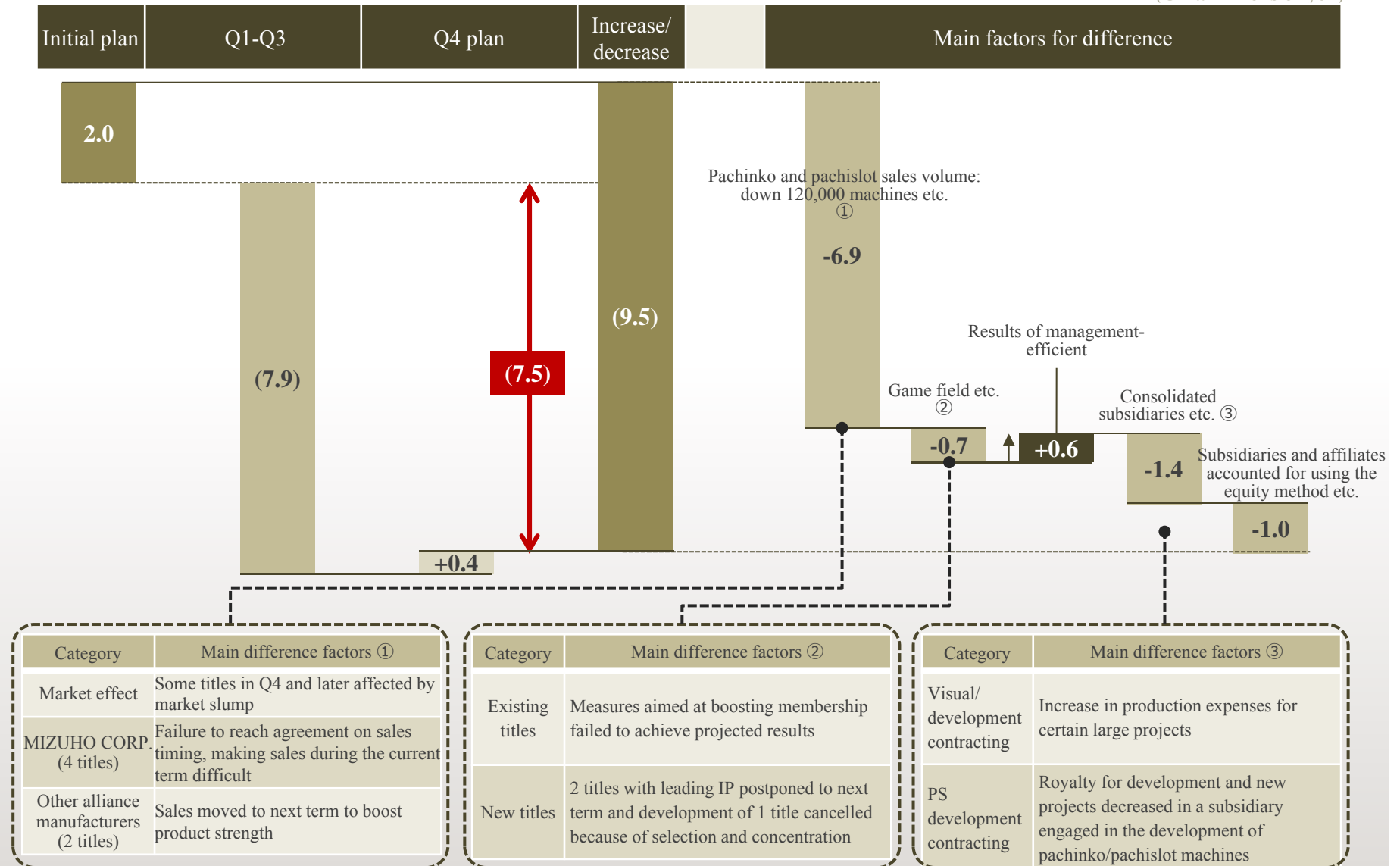
<b>Total sales</b>	<b>220</b> (11 titles)	<b>289</b> (17 titles)	<b>130</b> (9 titles)	-40.7%	<b>350</b> (20 titles)	<b>230</b> (14 titles)	-20.5%
Pachinko	<b>126</b> (5 titles)	<b>162</b> (7 titles)	<b>78</b> (3 titles)	-38.5%			
Pachislot	<b>93</b> (6 titles)	<b>126</b> (10 titles)	<b>52</b> (6 titles)	-43.7%			

\* Figures have been rounded down to the nearest 100 million.

# (Re-posted) Outline of Business Forecast Revision (factor of difference/ 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 and sales volume  
Decline of approx. ¥2.1 billion in games and consolidated subsidiaries involved in visual/development contracting

(Unit: Billions of yen)


















\* Figures have been rounded down to the nearest billion.

# Main pachinko/pachislot machines lineup

Released several titles including major titles in the New Year holiday season

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

	Q1	Q2	Q3	Q4	Adjourned sale	
Pachinko	CR The Amazing Spider-Man 	CR MAJESTIC PRINCE 	CR TEKKEN 2 Toushin ver. 	CR EVANGELION - Time to Rise 	Pachinko GANTZ 	1 title
	Posted on Q4					
Pachislot	Super Street Fighter IV Pachislot Edition 	Pachislot ALIEN BALTAN 	Pachislot LOAD of VERMILION 	Pachislot Monster Hunter: KYOURYU SENSEN 	EVANGELION - WISH OF VICTORY 	5 titles
	Pachislot GARGANTIA ON THE VERDUROUS PLANET 	DEVIL MAY CRY X 	Pachislot INUYASHA 	PACHI-SLOT MOBILE SUIT Z GUNDAM 		
	<b>36,000 units</b> P: 24,000 S: 12,000	<b>36,000 units</b> P: 20,000 S: 16,000	<b>57,000 units</b> P: 33,000 S: 24,000	<b>Q1-Q3: 130,000 units</b> <b>(P: 78,000 units S: 52,000 units)</b>		

\*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

Decreases in cash and cash equivalents and notes and accounts payable—trade;  
Increase in long-term loans; Decrease in retained earnings

(Unit: Billions of yen)

	March 31, 2016	December 31, 2016	Increase/Decrease	Main factors for increase/decrease
<b>Current assets</b>	52.9	<b>43.0</b>	<b>-9.9</b>	Decrease in cash and cash equivalents
<b>Tangible fixed assets</b>	11.4	<b>10.7</b>	<b>-0.7</b>	
<b>Intangible fixed assets</b>	3.7	<b>2.8</b>	<b>-0.8</b>	
<b>Investments and other assets</b>	24.3	<b>24.4</b>	<b>+0.1</b>	
<b>Total assets</b>	92.4	<b>81.0</b>	<b>-11.4</b>	
<b>Current liabilities</b>	29.8	<b>25.5</b>	<b>-4.2</b>	Decrease in notes and accounts payable—trade
<b>Fixed liabilities</b>	4.3	<b>9.0</b>	<b>+4.6</b>	Increase in long-term loans
<b>Net assets</b>	58.2	<b>46.4</b>	<b>-11.8</b>	Decrease in retained earnings
<b>Total liabilities and net assets</b>	92.4	<b>81.0</b>	<b>-11.4</b>	

\* Figures have been rounded down to the nearest 100 million.



## Consolidated cash flow

Cash and cash equivalents decreased ¥13.4 billion  
as of the end of Q3 of the year ending March 31, 2017 from the beginning of the year

(Unit: Billions of yen)

	Year ended March 31, 2016 Q1-Q3	Year ending March 31, 2017 Q1-Q3	Main factors for increase/decrease
<b>Operating cash flows</b>	8.8	<b>(13.0)</b>	Income before income taxes and minority interests    − 8.3 Increase in notes and accounts receivable—trade    − 0.8 Decrease in notes and accounts payable—trade    − 4.6 Increase in inventories    − 0.7
<b>Investing cash flows</b>	(3.2)	<b>(3.6)</b>	Expenditure for loans    − 4.4 Proceeds from loans receivable    + 2.0 Payments for investments in capital    − 0.8
<b>Financial cash flows</b>	2.6	<b>3.2</b>	Decrease in short-time borrowings    − 0.2 Proceeds from long-term loans    + 5.5 Dividends paid    − 1.6
<b>Net increase(decrease) in cash and cash equivalents</b>	8.3	<b>(13.4)</b>	
<b>Cash and cash equivalents at beginning of period</b>	15.8	<b>32.2</b>	
<b>Cash and cash equivalents at end of period</b>	24.1	<b>18.7</b>	

\* Figures have been rounded down to the nearest 100 million.

# 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

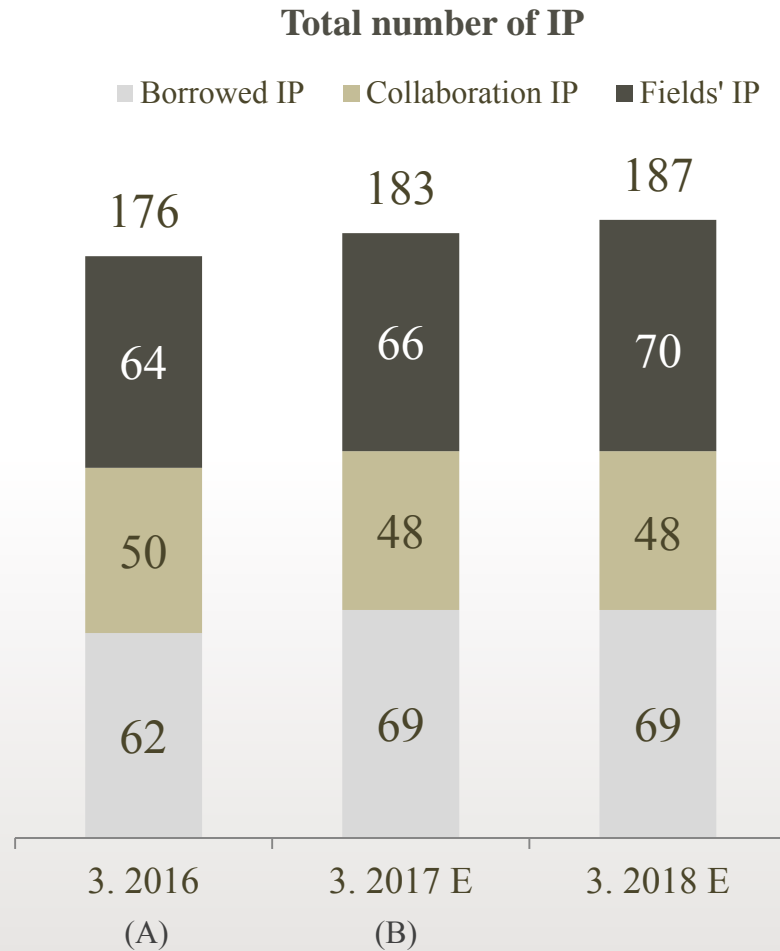
Mid- and long-term strategies	Initiatives in the year ending March 31, 2017
Acquisition and creation of leading IP	<p><b>With cross-media strategy as the pivot, we acquire and create IP and enhance the value of IP in cooperation with each media partners.</b></p> <p>Comic : Focus on creation of Hero IP through “HERO’s Monthly”</p>
Expansion of IP platforms, maximization of value	<p><b>We provide IP to diversifying platforms and increase profits with our partners.</b></p> <p>Comic : Promote diversification of distribution methods through e-book platform            Visual : Promote cross-media development of “GANTZ:O” and “Ultraman series” while producing the film            Game : Promote collaboration with IP of the other companies and planning of several titles with leading IP            Live : Pro-actively expand live entertainment shows focusing on major cities                      Created new live entertainment, etc. featuring “AKB48”            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><b>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.</b></p> <p>Comic : Build new partnership with overseas distributors for e-book platform            Visual : Cooperate with SVOD operators in the United States and China, focusing on film production with an eye on global expansion            Game : Plan and drive overseas expansion of existing titles, and expansion in Japan of leading overseas titles            Live : Drive planning and development of overseas expansion focused on Southeast Asia            License : Build partnerships focused on East Asia to develop cultivate overseas markets</p>



**To enhance effectiveness of our medium-to long-term strategy,**  
**Medium-to long-term management plan to be announced in May 2017**

## Total number of IP

Total number of IP: 183 titles (+ 7 titles for the previous year ended)



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

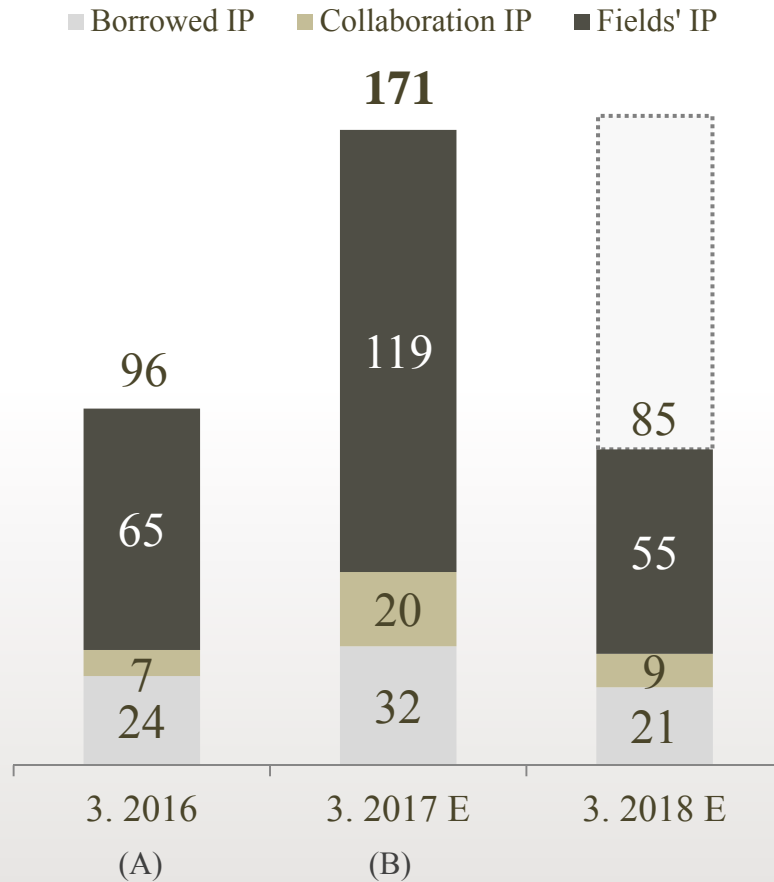
<b>Fields' IP</b>	<b>Total 66 titles: + 2 titles from the previous year ended</b>
- Creation of HERO's IP	+ 7 titles
- End Fields' original plan	- 5 titles
<b>Collaboration IP</b>	<b>Total 48 titles: - 2 titles from the previous year ended</b>
- Drive new plan	+ 6 titles
- End some plans as part of selection focus	- 8 titles
<b>Borrowed IP</b>	<b>Total 69 titles: + 7 titles from the previous year ended</b>
- 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 171 media in year ending March 31, 2017 (YoY + 75 media)

### Number of development media



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

Fields' IP	<p><b><u>Increase of 54 media compared with previous quarter, planned development of 119 media</u></b></p> <ul style="list-style-type: none"> <li>-Expansion of e-book titles in Japan and overseas + 34 media</li> <li>-Expand development of “A MAN of ULTRA” + 17 media</li> <li>-Others + 3 media</li> </ul>
Collaboration IP	<p><b><u>Increase of 13 media compared with previous quarter, planned development of 20 media</u></b></p> <ul style="list-style-type: none"> <li>- Expand overseas video distribution + 5 media</li> <li>- Expand product development with film adaptation + 3 media</li> <li>- PS development + 2 media</li> <li>- Other + 3 media</li> </ul>
Borrowed IP	<p><b><u>Increase of 8 media compared with previous quarter, planned development of 32 media</u></b></p> <ul style="list-style-type: none"> <li>- Develop new AKB48 live show + 3 media</li> <li>- Develop goods utilizing IP, etc. + 4 media</li> <li>- PS development + 1 media</li> </ul>

\*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 in Japan: 158.4 billion yen in FY2015 → 300.0 billion yen in FY2020 (Source: Impress Corporation)

### HERO'S

- Total 65 titles of “HERO’s Monthly”
- Q2-Q3: 5 new works published (includes complete works)
- Vol. 9 of “ULTRAMAN,” the “HERO’s Monthly” comic book published, cumulative total of 2.4 million copies sold
- Official comic app “Comic HERO’s” started distribution in Oct.
- Continue driving various measures for creation of HERO’s IP



Official comic App  
Comic HERO's



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### Electronic Book

- Increased number of distributors of e-books
- Distribute in 24 countries and regions in 10 languages
- Expanded to 50 e-books in Japan
- Distributed original works on “Pixiv comic”
- Starting distribution on Yingqi, China and Naver Books, Korea overseas in addition to China Mobile and Kidstone



Teppen - private high school Hotoku

Onideka!

TRANSNAUTS

The Athletes



## 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

\*SVOD market scale forecast in Janapn: 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
  - “ATOM THE BEGINNING” to be broadcasted on NHK in spring 2017
  - Promote animation of “Infini-T Force” (Tatsunoko Production Co., Ltd.)



### Collaboration IP

- “GANTZ:O”
  - Cinematic release in October, audience of 190 thousand (as of January 16, 2017)
- TV anime “BERSERK”
  - The 2nd series scheduled for April 2017 on MBS Animeism, WOWOW, etc.



### Main visual works for the year ending March 31, 2017

Main visual works	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Ultraman Series (Ultraman Orb)				Broadcasted on affiliated to Television Tokyo						Distributed on Amazon Prime Video		Released
NINJA SLAYER FROM ANIMATION	Broadcasted on TOKYO MX etc.											
BERSERK				Broadcasted on MBS/WOWOW etc.								
ACTIVERAID - Special Public Security Fifth Division Third Mobile Assault Eighth Unit -				Broadcasted on TOKYO MX etc.				Released				
GANTZ:O							Released					
MAJESTIC PRINCE THE MOVIE												



## Initiatives in Tsuburaya Productions Co., Ltd.

### Ultraman ORB

- Broadcast on TV Tokyo's network (Sat. 9:00-) on Jul.-Dec. 2016 (Total 25 stories)
- Sales status of Ultraman toys: New year holiday shopping season (Dec. 12, 2016-Jan. 8, 2017) YoY + 30 %
- State of video distribution  
Up to all episodes distributed worldwide, played 800 million times/ YoY + 100 %
- Distribution “ULTRAMAN ORB THE ORIGIN SAGA” on Amazon Prime Video from Dec. 2016
- “Ultraman Orb” the movie scheduled for release from Mar. 2017



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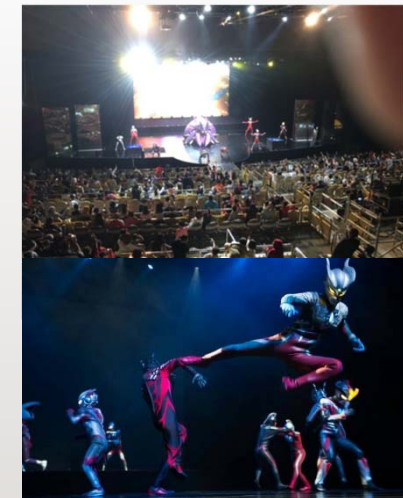
### Other business activities

- The “Ultra hero’s EXPO 2017” was held Dec. 31, 2016 – Jan. 1 2017, with visitor numbers +30% YoY
- Live entertainment shows
  - Staging of ACROBATTLE CHRONICLE in Osaka in September, Nagoya in December, and Tokyo in January along with other events
  - Live shows held overseas, in Malaysia (Genting) for 49 days and in Taiwan for about a year and a half (2017–2018)



©円谷プロ

Image of Malaysia/Taiwan stage



# Initiatives in Game/ License field

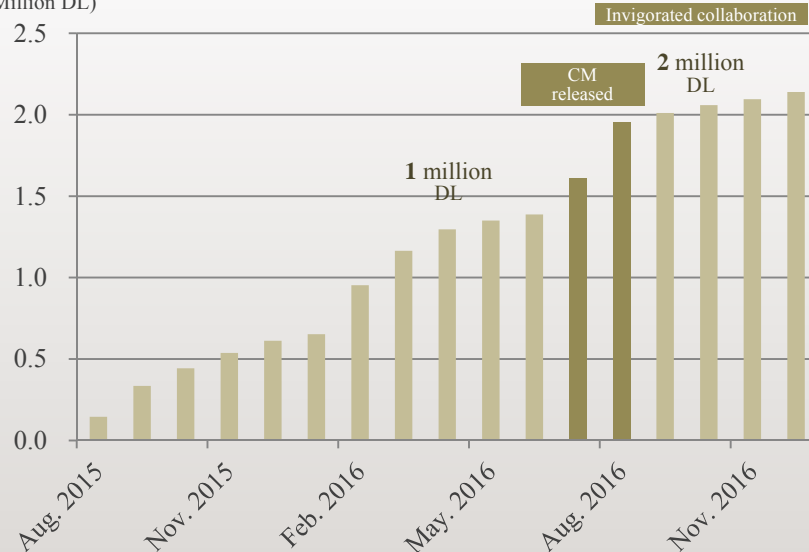
## Game

Market environment

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

- “THE TOWER OF PRINCESS”
  - Failed to achieve the expected results in increasing membership
  - Over 2.14 million cumulative downloads (YoY +970,000 DL)
  - Organized collaboration with “EVANGELION” in October and with “ATTACK ON TITAN” in December
- State of new titles
  - Development of 1 title suspended, and 2 major IP titles postponed to the next period
  - Continue to promote measures aimed at expanding major overseas video games in Japan

Change in number of DL of THE TOWER OF PRINCESS (including reroll)  
(Million DL)



## 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 65 companies (YoY+14 companies)
  - TOYOTA 86 concept car announced at Tokyo Auto Salon 2017 / Osaka Auto Messe 2017
  - Pop-up shops have been opened at 14 locations for Q1-Q3, will be opened at Ginza Mitsukoshi from February

TOYOTA 86 x A MAN of ULTRA



©A MAN of ULTRA ©TSUBURAYA PROD.

# Sales Trends in the Pachinko/Pachislot Market

## Market environment

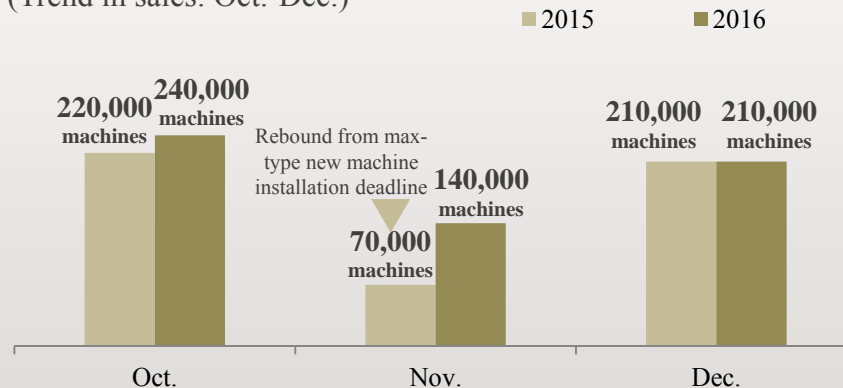
### Pachinko

- Regulation:
  - Deadline for removal of pachinko machines with possible performance variance from test machines on the end of 2016
- Sales:
  - Despite brisk demand for replacements in Oct–Dec, it is expected that the situation for FY2016 will remain tougher than anticipated

(Trend in sales market)



(Trend in sales: Oct.-Dec.)



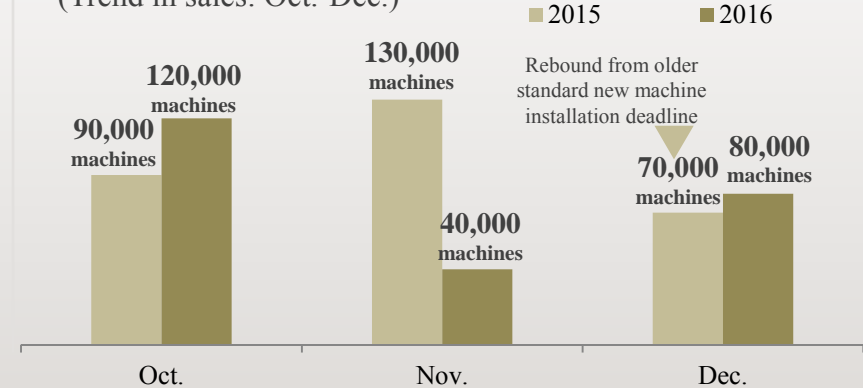
### Pachislot

- Regulation:
  - Deadline for installation of existing spec machines on September 2017
- Sales:
  - Amid situation where many old regulation machines are still installed, sales volume will continue to trend downward in FY2016

(Trend in sales market)



(Trend in sales: Oct.-Dec.)



\* Source of figures in main text and in graphs: FIELDS CORPORATION

## Initiatives in Pachinko/Pachislot field

### Fields' Sales Condition

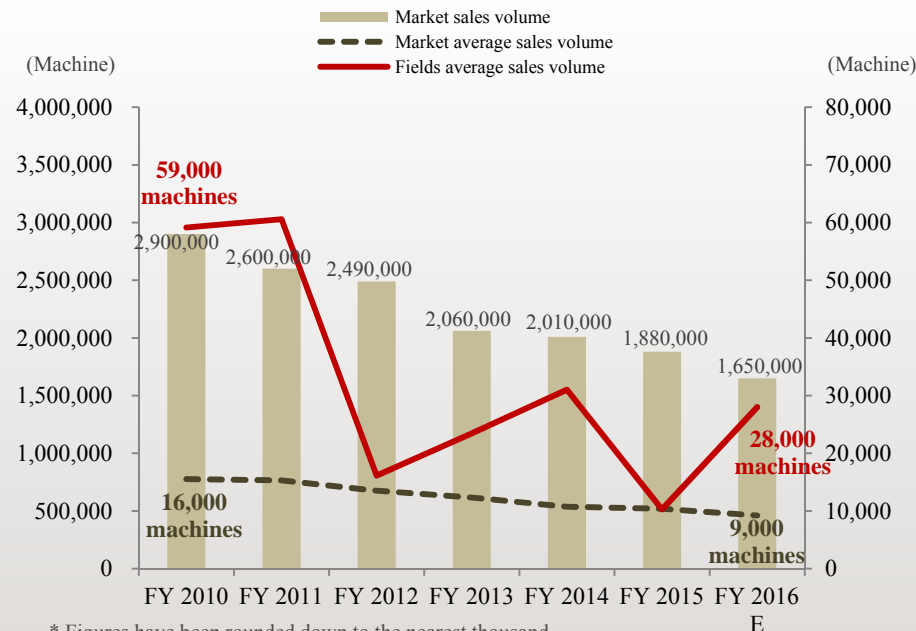
#### Sales strategy and current sales condition

**During the New Year holiday shopping season, focus has been on sales of pachinko/pachislot machines, including major titles**

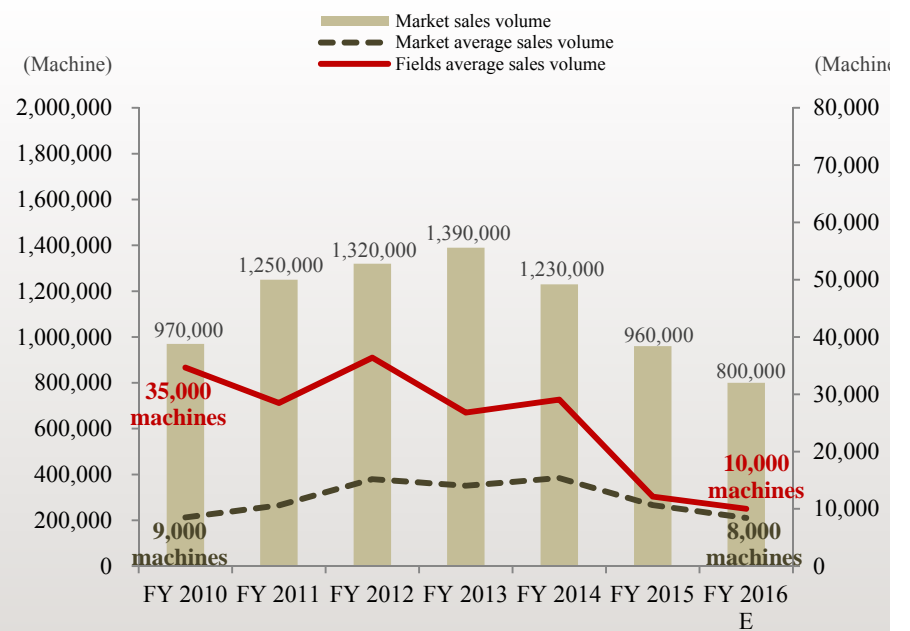
- Sales of 1 pachinko title and 2 pachislot titles in the Q3/ Sales of 2 pachinko title and 3 pachislot titles in the Q4
- Strong sales of 2 major titles (“CR EVANGELION” and “Pachislot Monster Hunter”)
- Average sales volume per title exceeding market average
- Some titles from Q4 will be affected by a decline in market demand, and 6 titles scheduled for release this period will be postponed

e nearest 100 million.

**Change in the number of pachinko machine sales per title**



**Change in the number of pachislot machine sales per title**



\* Figures have been rounded down to the nearest thousand.

\* Source of figures in main text and in graphs: FIELDS CORPORATION

## 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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