



Gaming and Entertainment

The Greatest Leisure for All People

**First Quarter** of the Year Ending March 31, 2018

# Financial Presentation

FIELDS CORPORATION

TSE 1st : 2767

August 1, 2017

# I N D E X

## 1 Overview

Summary of results for the first quarter of the year ending March 31, 2018

- |  |     |
|--|-----|
| 1. Overview  | P.2 |
| 2. Consolidated P/L (summary)                                      | P.3 |
| 3. Comparisons with the previous period (based on ordinary income) | P.4 |
| 4. Consolidated B/S (summary)                                      | P.5 |
| 5. Consolidated cash flow (summary)                                | P.6 |

## 2 Forecast

Performance forecast for the year ending March 31, 2018

- |   |     |
|---|-----|
| 1. Performance forecast for the year ending March 31, 2018                        | P.7 |
| 2. Pachinko/pachislot line-up at the first half of the year ending March 31, 2018 | P.8 |
| 3. Reference) States of “Pachinko GANTZ” sales                                    | P.9 |

## 3 Topics

Topics for the first quarter of the year ending March 31, 2018

- |   |      |
|---|------|
| 1. Initiatives based on business model          | P.10 |
| 2. HERO’s related IP × Visual business platform | P.11 |
| 3. Pachinko/pachislot business platform         |      |
| [1] Regarding the draft revised regulation      | P.12 |
| [2] Future initiatives of Fields                | P.16 |
| [3] Initiatives for expand of product line-up   | P.17 |
| [4] Constitution of product line-up             | P.18 |

## 4 Appendix

(Reference): Other topics for the first quarter of the year ending March 31, 2018

- |                             |      |
|-----------------------------|------|
| 1. Visual business platform | P.19 |
| 2. Ultraman series          | P.20 |

# 1 -1. Overview

## Results for the first quarter roughly in line with full-year projections

### ■ Summary of results for the first quarter of the year ending March 31, 2018

- Net sales: **12.4** billion yen (YoY 2.8 billion yen down)
  - Pachinko/pachislot machine sales: 27,000 machines (YoY 9,000 machines down)
- SG&A: **4.8** billion yen (YoY 0.6 billion yen down)
  - Effects of management efficiency from previous period
- Operating loss: **2.9** billion yen (YoY 90 million yen up)
  - Decrease in net sales, but operating income (loss) remains on par YoY due to improved management efficiency and other effects

### ■ Full-year forecast

- No change

# 1 -2. Consolidated P/L (summary)

Decrease in net sales, but operating income (loss) remains on par year-on-year due to improved management efficiency and other effects

(Unit: Billions of yen)

	Year ended March 31, 2017		Year ending March 31, 2018		
	Q1	Full-year	Q1	YoY increase/decrease	YoY increase/decrease (%)
<b>Net sales</b>	<b>15.2</b> 100.0%	<b>76.6</b> 100.0%	<b>12.4</b> 100.0%	<b>-2.8</b>	<b>-18.6%</b>
Gross profit	2.4 16.3%	17.6 23.0%	1.9 15.8%	-0.5	-21.1%
SG&A expenses	5.4 35.9%	23.0 30.0%	4.8 39.1%	-0.6	-11.3%
<b>Operating income</b>	<b>(2.9)</b> -	<b>(5.3)</b> -	<b>(2.9)</b> -	<b>+0.09</b>	<b>-</b>
<b>Ordinary income</b>	<b>(3.2)</b> -	<b>(9.0)</b> -	<b>(3.0)</b> -	<b>+0.1</b>	<b>-</b>
<b>Net income attributable to owners of parent</b>	<b>(2.3)</b> -	<b>(12.4)</b> -	<b>(2.7)</b> -	<b>-0.4</b>	<b>-</b>

\* “%” indicate the ratio to net sales. Figures have been rounded down to the nearest billion yen

(Unit: Thousand machines)

<b>Total sales of machines</b>	<b>36</b> (5 titles)	<b>243</b> (15 titles)	<b>27</b> (5 titles)	<b>-9.0</b>	<b>-26.3%</b>
Pachinko	24 (2 titles)	155 (6 titles)	14 (-)	-10.0	-41.1%
Pachislot	12 (3 titles)	87 (9 titles)	12 (5 titles)	+0.4	+3.8%

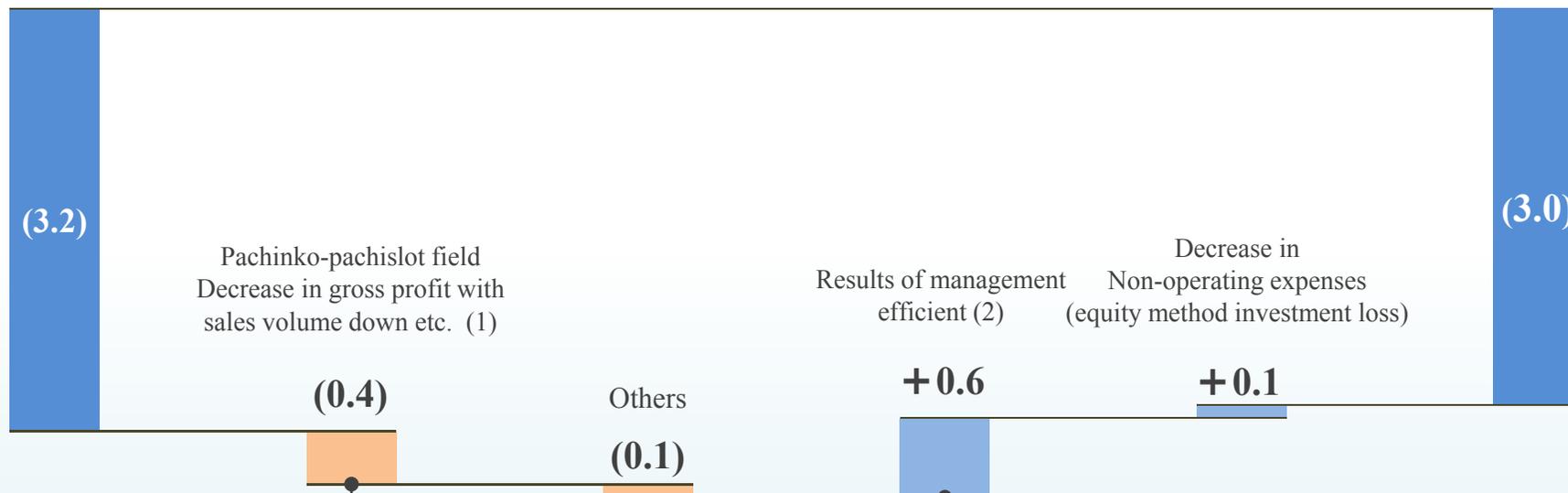
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# -3. Comparisons with the previous period (based on ordinary income)

## Q1 ordinary income (loss) roughly in line with previous period

(Unit: Billions of yen)

Q1 Year ended March 31, 2017	Main factors of YoY increase/decrease	Q1 Year ending March 31, 2018
------------------------------------	---------------------------------------	-------------------------------------



item	Main difference factors (1)
Pachinko	Decrease of 10,000 machines YoY. Taking into consideration the market environment, sale of competitive pachinko titles are planned in the second half

item	Main difference factors (2)
Overall	Effects of selection and concentration, and revision of operations
SG&A	Effect of optimization of pachinko/pachislot machines sales promotion

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

### 20 billion yen in cash reserves to construct a stable financial base

(Unit: Billions of yen)

	March 31, 2017	June 30, 2017	Increase/ decrease	Main factors for increase/decrease
<b>Current assets</b>	<b>45.8</b>	<b>41.6</b>	<b>-4.2</b>	Decrease in notes and accounts receivable–trade Increase in cash and cash equivalents
(Cash and cash equivalents)	23.1	27.6	+4.4	Decrease in sales of land/investment securities and short-term loans
<b>Tangible fixed assets</b>	<b>10.3</b>	<b>5.6</b>	<b>-4.7</b>	Decrease in sales of land
<b>Intangible fixed assets</b>	<b>2.4</b>	<b>2.2</b>	<b>-0.2</b>	
<b>Investments and other assets</b>	<b>21.7</b>	<b>20.5</b>	<b>-1.1</b>	Decrease in sales of investment securities Increase in long-term loans receivable
<b>Total assets</b>	<b>80.3</b>	<b>70.0</b>	<b>-10.3</b>	
<b>Current liabilities</b>	<b>20.4</b>	<b>13.9</b>	<b>-6.5</b>	Decrease in notes and accounts payable–trade
<b>Fixed liabilities</b>	<b>16.6</b>	<b>16.0</b>	<b>-0.6</b>	
<b>Net assets</b>	<b>43.2</b>	<b>39.9</b>	<b>-3.2</b>	Decrease in retained earnings
<b>Total liabilities and net assets</b>	<b>80.3</b>	<b>70.0</b>	<b>-10.3</b>	

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

# 1 -5. Consolidated cash flow (summary)

**Increase in cash and cash equivalents to 4.4 billion yen  
for the first quarter of the year ending March 31, 2018**

(Unit: Billions of yen)

	Year ended March 31, 2017 Q1	Year ending March 31, 2018 Q1	Main factors for increase/decrease
<b>Operating cash flows</b>	<b>(4.8)</b>	<b>(0.9)</b>	Loss before income taxes -2.6 Decrease in notes and accounts receivable—trade +8.9 Decrease in notes and accounts payable—trad -7.5
<b>Investing cash flows</b>	<b>(0.2)</b>	<b>4.9</b>	Proceeds from sales of tangible fixed assets +5.2 Proceeds from sales of shares of subsidiaries and associates +2.2 Payments of loans receivable -2.3
<b>Financial cash flows</b>	<b>(3.5)</b>	<b>0.3</b>	Increase in short-time loans payable +1.8 Repayments of long-term loans payable -0.6 Dividends paid -0.8
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>(8.6)</b>	<b>4.4</b>	
<b>Cash and cash equivalents at beginning of period</b>	<b>32.2</b>	<b>23.0</b>	
<b>Cash and cash equivalents at end of period</b>	<b>23.5</b>	<b>27.5</b>	

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

## -1. Performance forecast for the year ending March 31, 2018

Expand product lineup by strengthening relations with affiliated general sales manufacturers and building new cooperation frameworks  
Plan to sell several competitive titles in Q2 and later

(Unit: Billions of yen)

	Year ended March 31, 2017		Forecast for the year ending March 31, 2018			
	Q1	Full-year	Q1	Progress rate	Q2 - Q4	Full-year forecast
Net sales	15.2	76.6	12.4	14.6 – 15.1%	69.6 – 72.6	82.0 – 85.0
Operating income (loss)	(2.9)	(5.3)	(2.9)	–	3.9 – 4.9	1.0 – 2.0
Ordinary income (loss)	(3.2)	(9.0)	(3.0)	–	3.0 – 5.0	0.0 – 2.0
Net income (loss) attributable to owners of parent	(2.3)	(12.4)	(2.7)	–	2.7 – 3.7	0.0 – 1.0

(Unit: Thousand machines)

Total sales	36 (5 titles)	243 (15 titles)	27 (5 titles)	10.0%	243 + $\alpha$ (18 – 30 titles)	270 + $\alpha$ (23 – 35 titles)
Pachinko	24 (2 titles)	155 (6 titles)	14 (–)	–		
Pachislot	12 (3 titles)	87 (9 titles)	12 (5 titles)	–		

# -2. Pachinko/pachislot line up at the first half of the year ending March 31,2018

Cooperative framework with Sammy Corporation and NewGin Co., Ltd./  
Decision of released titles which is the part of MIZUHO CORP. brand

	Pachislot					Pachinko
Q1						Titles of continuity sales from previous period etc.
	Pachislot Osomatsu-kun	PACHISLOT GRAPPLER BAKI	Pachislot Machine Ace Attorney	Pachi-Slot Marvel's The Avengers	Pachislot SORA NO OTOSHIMONO FORTE	
	12,000 machines					14,000 machines
Q2						Time limit of regulation 5.5 new machines installation
	Pachislot Yuki Yuna is a Hero	Resident Evil Revelations	Sengoku Pachislot Hana no Keiji - Ten wo Ugatsu Ikusayari*	Pachislot The Ambition of Oda Nobuna	PACHISLOT TOUKIDEN	
						
	Kai-Dou-Sei Million Arthur	THE AMAZING SPIDER-MAN	PACHISLOT TATAKAE! SALARY-MAN	Pachislot Ys I & II	PACHI-SLOT ULTRASEVEN	

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2

## -3. Reference) States of “Pachinko GANTZ” sales

Additional orders received immediately after introduction due to visuals business platform and machine craftsmanship, with additional sales of over 10,000 machines in the period ending March 2018

### ■ States of “Pachinko GANTZ” operation and sales volume



#### Installation date

– January 9, 2017

#### States of operation

– Mean operations exceeded 17 weeks (approximately 4 months) after introduction

#### Sales volume

(machine)



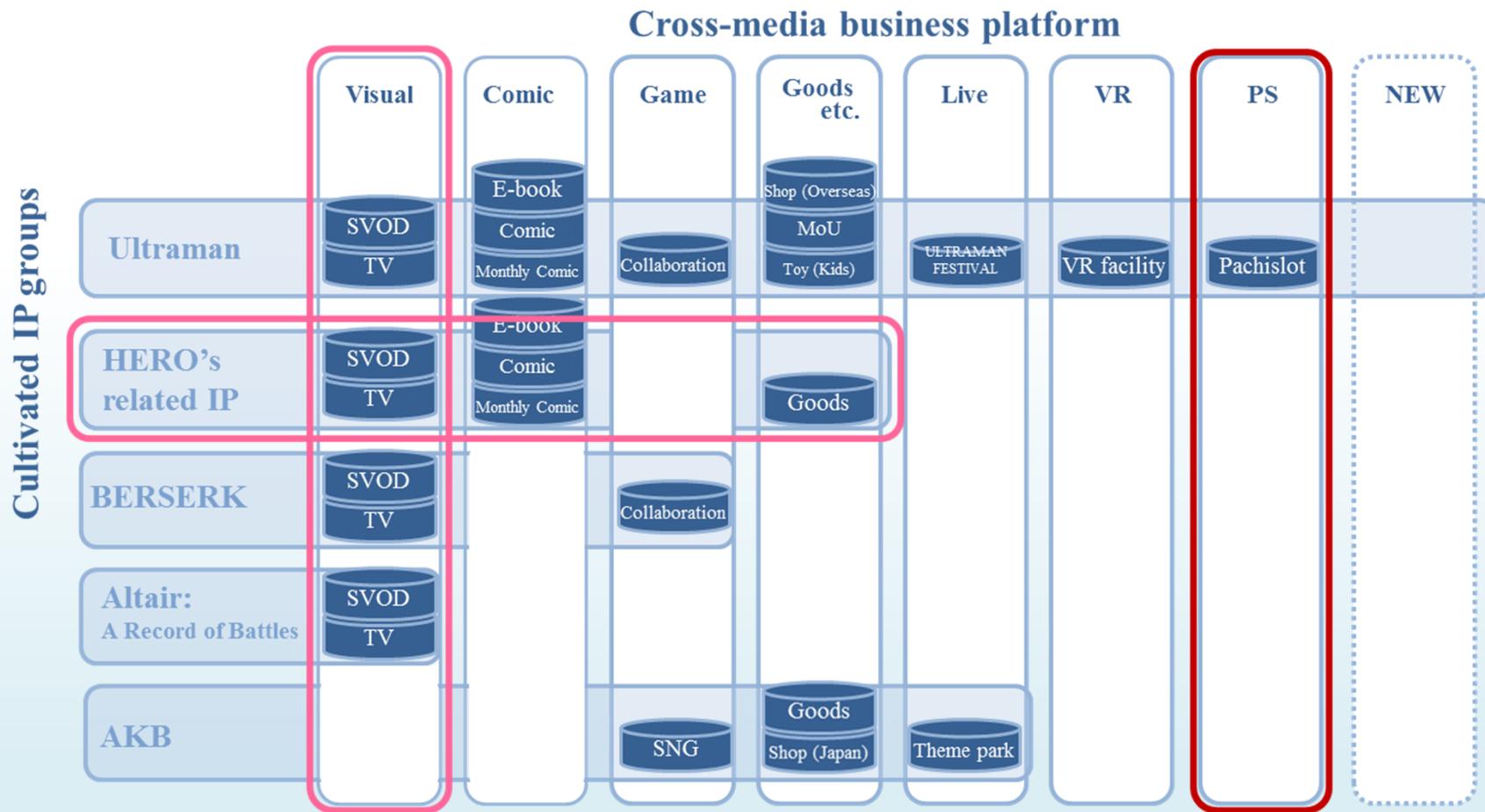
# -1. Initiatives based on business model (Q1 – Q2)

For [IP × Visuals business platform], achieve IP re-adaptation through new visual production schemes

For [PS business platform], promote various types of measures including those in response to regulatory reforms

*Topics 1*  
IP × Visual business platform

*Topics 2*  
Pchinko/pachislot business platform



3

## -2. HERO's related IP × Visual business platform

“SWORDGAI” Global simultaneous distribution  
 Realization of the visual development of HERO's related IP using new  
 visual production schemes

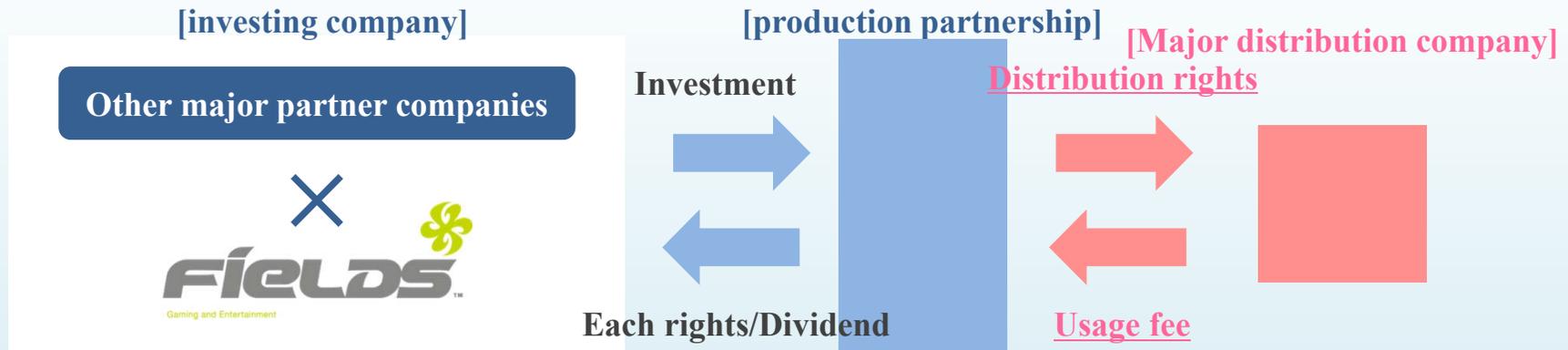
### ■ Overview of the development



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- Global simultaneous distribution in beginning of 2018 (scheduled)
- Original work of “Monthly HERO's”
- Visual development with the major partner companies
- Development of goods in Japan along with distribution (scheduled)

### ■ Business scheme (distribution first)



### ■ States of other visual development

– Released the visual of four IP and new Ultraman series until Q2 for the year ending March 31, 2018

\*Please refer to page 19 for the details

3

**-3. Pachinko/pachislot business platform: [1] Regarding the draft revised regulations**

**Draft revisions to laws, ordinances, and rules related to the Amusement Businesses  
Law announced in July 2017**

■ **Structure of related laws and regulations**



### -3. Pachinko/pachislot business platform: [1] Regarding the draft revised regulations (pachislot)

Revision of ball output upper limit and certification test to lower winning probability of pachislot to 2/3 of the level allowed under current regulation

#### ■ [Pachislot] Overview of the draft revised regulations

Content		Old regulation	New regulation
Token output upper limit		480 tokens (payout) * The above is the upper limit for one type	One type: 300 tokens (payout) * The above is the upper limit for one type
Model certification test	400G	Under 300%	Over 33.3%—Under 220%
	1,600G		Over 40%—Under 150%
	6,000G	Under 150%	Over 50%—Under 126%
	17,500G	Over 55%—Under 120%	Over 60%—Under 115%

### -3. Pachinko/pachislot business platform: [1] Regarding the draft revised regulations (pachinko)

Together with revision of ball output upper limit and certification test to lower winning probability of pachinko to 2/3 of the level allowed under current regulation, control machines and settings (6 levels) have been approved

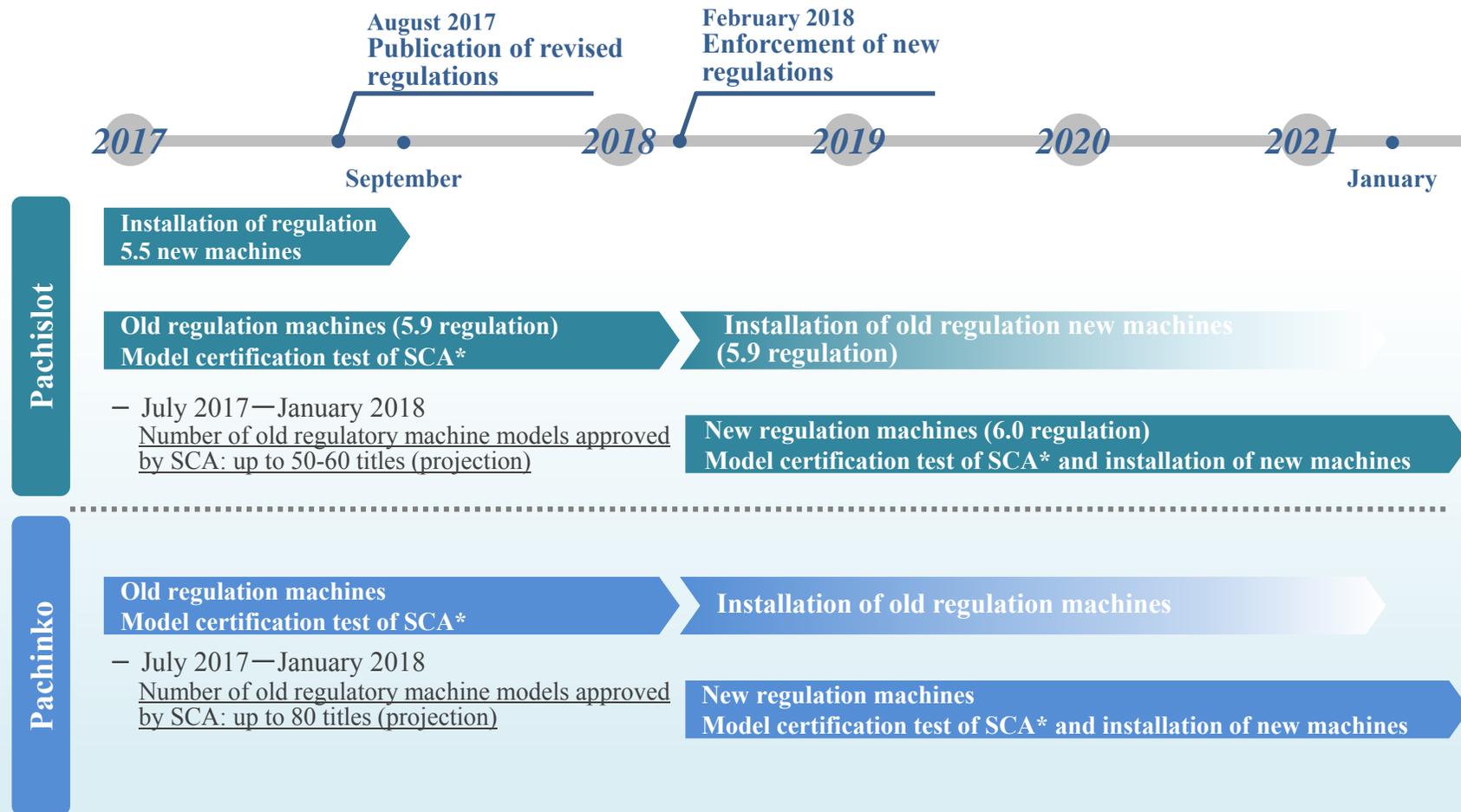
#### ■ [Pachinko] Overview of the draft revised regulations

Content		Old regulation	New regulation
Ball output upper limit		2,400 balls	1,500 balls
Model certification test	1 hour	Under 300%	Over 33.3%—Under 220%
	4 hours		Over 40%—Under 150%
	10 hours	Under 150%	Over 50%—Under 133.34%
Others			<ul style="list-style-type: none"> <li>• Addition of specification for control machines</li> <li>• Approval of settings (up to 6 types)</li> </ul>

### -3. Pachinko/pachislot business platform: [1] Regarding the revised regulations (schedule)

Revised regulations will be announced in August 2017 and take effect from February 2018  
 Old regulatory machines can continue to be newly installed for three years with approval from the Security Communications Association

#### ■ [Pachinko] Overview of the revised regulations

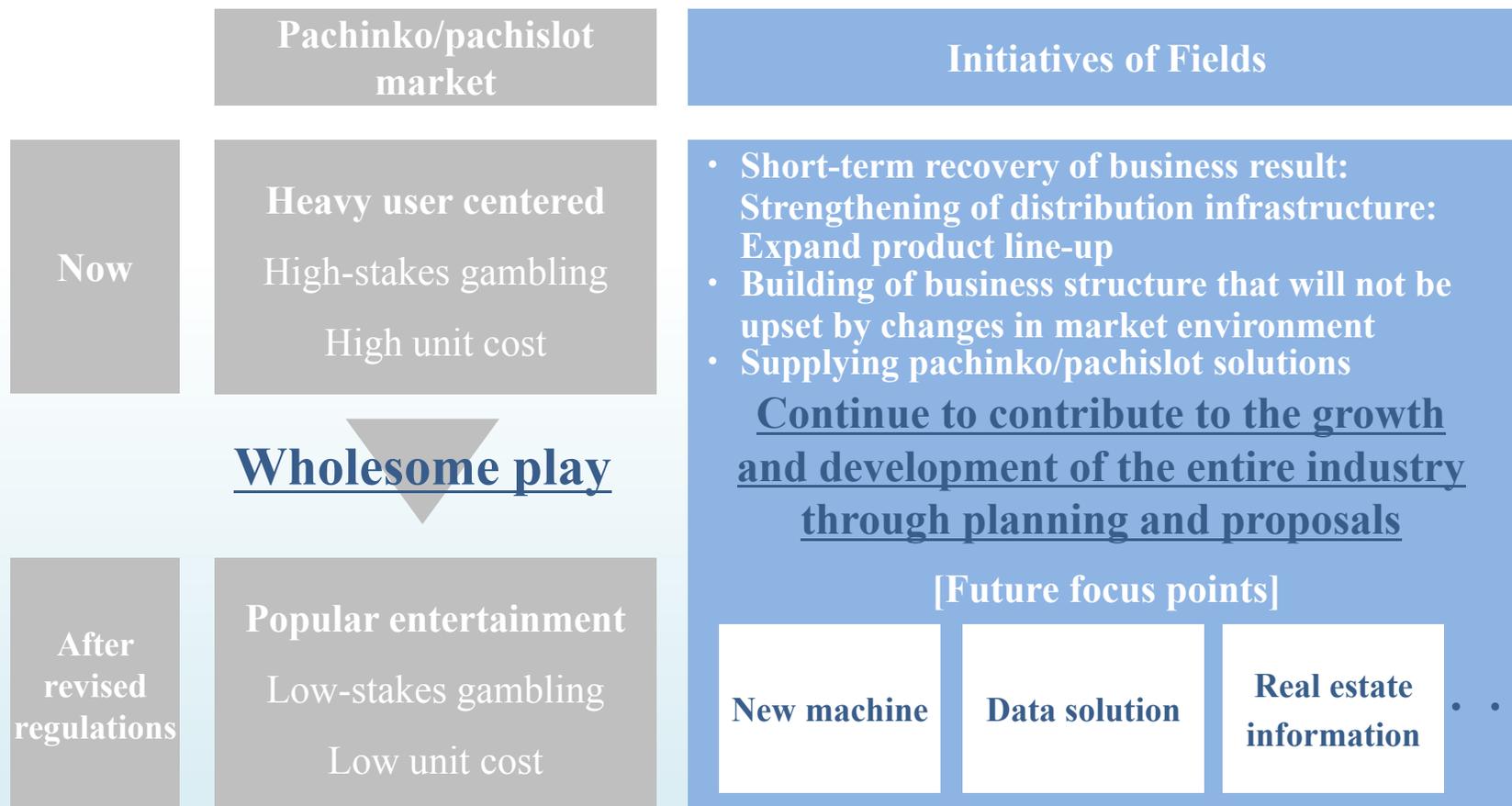


\*SCA: Security Communications Association

### -3. Pachinko/pachislot business platform: [2] Future initiatives of Fields

Take this regulation revision as an opportunity to contribute to the healthy growth and development of the entire industry through planning and proposals

#### ■ Future initiatives of Fields



## -3. Pachinko/pachislot business platform: [3] Initiatives for expand product line-up

### Building new cooperation framework with two machine manufacturers

#### ■ Cooperation framework with Sammy Corporation

##### Signed Basic Agreement on Sales Transactions on June 20, 2017

- Of the machines developed and manufactured by Sammy Group, a portion agreed upon with Sammy Corporation will be sold as general sales distributor

##### Release of new machines (September 2017)

- “Pachislot Ys I & II”
- “PACHISLOT TATAKAE!SALARY-MAN”



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#### ■ Cooperation framework with NewGin Co., Ltd.

##### Support development and sale of “Sengoku Pachislot Hana no Keiji”

- Development support through our Group’s development company
- Sales support through our distribution function

##### Future cooperation framework

- Support development in other deals, including those involving other IP

### -3. Pachinko/pachislot business platform: [4] Constitution of product line-up

Expand this fiscal year's product lineup by building up relations with affiliated general sales manufacturers, Sammy Corporation, and NewGin Co., Ltd.

#### ■ Product line-up for the year ending March 31, 2018

	Beginning of the period plan (As of May 2017)		Revised plan (As of July 2017)
Pachinko	7 titles + $\alpha$	▶	7—13 titles
Pachislot	16 titles + $\alpha$		16—22 titles
Total	23 titles + $\alpha$		23—35 titles

Also expand title lineup for the year ending March 31, 2019 and later

※Details being examined

Four IP and new Ultraman series will be shown by Q2 for the year ending March 31, 2018

## ■ ATOM THE BEGINNING



Legendary IP

[Started broadcast]  
April—June 2017

[Broadcast station]  
NHK

[Distribution]  
Amazon Prime Video and others

## ■ BERSERK



Recent/ Current IP

[Started broadcast]  
April—June 2017

[Broadcast station]  
MBS etc. Animeism slot, WOWOW

[Distribution]  
Crunchyroll and others

## ■ HURRICANE POLIMAR



Legendary IP

[Release]  
May 2017

[Theater]  
At 32 theaters nationwide

## ■ Altair: A Record of Battles



Recent/ Current IP

[Started broadcast]  
July—December 2017

[Broadcast station]  
MBS etc. Animeism slot

[Distribution]  
Amazon Prime Video

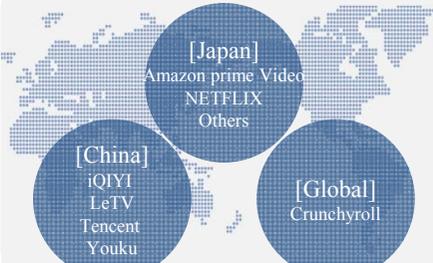
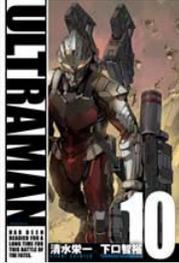
(glossary)

Recent /Current IP... IP that has broadly permeated the younger generation

Legendary IP ... IP that has broadly permeated the middle-aged and elderly

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Broadcast new television series from July 2017, and cultivate IP through many points of customer contact

Visual		Comic	Game
TV	Distribution		
<p><b>ULTRAMAN GEED</b> Am 9:00, Saturday, July 2017, Broadcast on TV Tokyo network</p> 	<p><b>ULTRAMAN GEED</b> July 2017 Started distribution along with TV broadcast</p>  <p>[Japan] Amazon prime Video NETFLIX Others</p> <p>[China] iQIYI LeTV Tencent Youku</p> <p>[Global] Crunchyroll</p>	<p><b>ULTRAMAN</b> July 2017 Published volume 10 Exceeded total 2.6 million copies</p> 	<p><b>Ultraman series</b> May/ June 2017 Collaboration with “Sangokushi tactics delta”</p> 
Goods	Live entertainment	Pachinko/pachislot	Global
<p><b>Related ULTRAMAN GEED</b> Transformation items YoY + 70 % Soft vinyl dolls YoY + 8%</p> 	<p><b>ULTRAMAN FESTIVAL</b> July—August 2017 Advance-sale ticket YoY +41.4%</p> 	<p><b>PACHI-SLOT ULTRASEVEN</b> Release in September 2017 (OK!!)</p> 	<p><b>Shop &amp; restaurant</b> August 2017 in Malaysia Café &amp; shop grand opening</p> 

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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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