



Gaming and Entertainment

The Greatest Leisure for All People

First Half of the Year Ending March 31, 2018

Financial Presentation

FIELDS CORPORATION

TSE 1st : 2767

November 10, 2017

I N D E X

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Topics for the H1 of the FY3/2018

- | | |
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*PS: pachinko and pachislot

-1. Overview**H1 results generally in line with full-year forecast****<Business environment>**PS
platform

- Revisions to laws, ordinances, and rules related to the Amusement Business Law announced in Sep. 2017 (to take effect in Feb. 2018)
- Limit for installation of regulation 5.5 new pachislot machines in Sep. 2017

Cross-media
platform

- Overall entertainment market expanding in Japan and overseas

< FY3/ 2018 H1 cumulative >**■ PS business platform**

- Pachislot machine sales increased/ 15 titles, 99,000 units
- Restructured sales and development strategies to comply with regulatory revisions

■ Cross-media business platform

- Implemented 5 IP visual development in parallel with license development
- Implemented capital participation to enhance e-book business

■ Management

- Strengthened corporate governance, sold idle assets
- Decreased SG&A expenses through improved management efficiency

<Progress of medium-term management plan>*details on p.10**■ PS business platform**

- Implemented new development and sales partnerships/
Prepared for development of new branches/
Development subsidiary became wholly owned

■ Cross-media business platform

- Promoting implementations for broadcast and/or release in visual field/ Developed existing title overseas and distributed AKB48 title in games field/ Started IP development to new platforms

-2. Consolidated P/L (summary)

Financial results for H1 improved from the same period of the previous fiscal year by increase sales of pachislot machines/effects of management efficiency/ increase in profit of subsidiaries etc.

(Unit: Billions of yen)

	FY3/2017		FY3/2018		
	H1	Full-year	H1	YoY change	YoY change (%)
Net sales	26.65 (100.0%)	76.66 (100.0%)	35.21 (100.0%)	+8.55	+32.1%
Gross profit	5.18 (19.5%)	17.64 (23.0%)	6.94 (19.7%)	+1.75	+33.9%
SG&A expenses	11.46 (43.0%)	23.01 (30.0%)	9.72 (27.6%)	-1.73	-15.2%
Operating income	(6.27) (-)	(5.37) (-)	(2.78) (-)	+3.49	-
Ordinary income	(6.82) (-)	(9.06) (-)	(3.28) (-)	+3.54	-
Net income attributable to owners of parent	(4.85) (-)	(12.48) (-)	(3.28) (-)	+1.56	-

* The percentage in parentheses are the net sales ratio. The figures have been rounded down to million yen.

(Unit: Thousand machines)

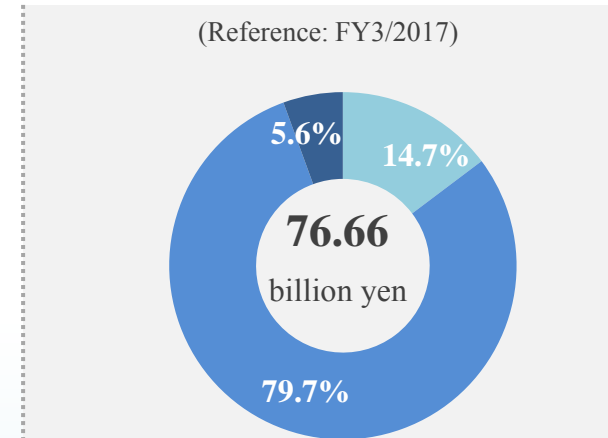
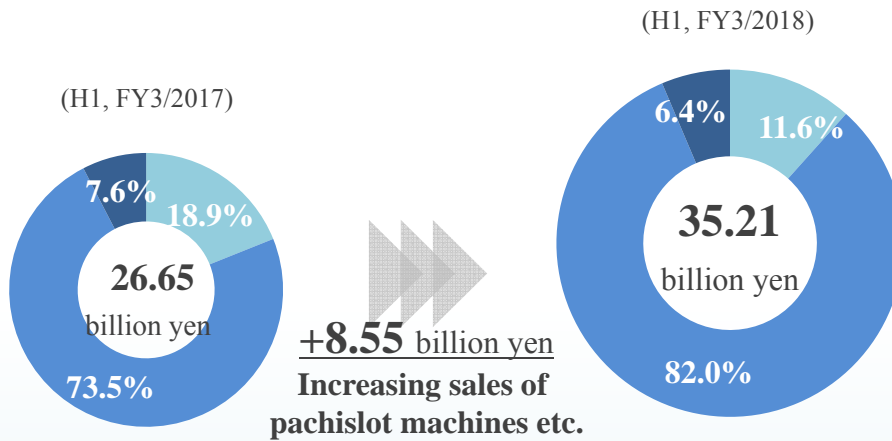
	FY3/2017	FY3/2018	FY3/2018	YoY change	YoY change (%)
Total sales of machines	73 (7 titles)	243 (15 titles)	99 (15 titles)	+26	+36.2%
Pachinko	44 (3 titles)	155 (6 titles)	30 (-)	-14	-32.3%
Pachislot	28 (4 titles)	87 (9 titles)	69 (15 titles)	+40	+144.3%

-3. IP business net sales/ gross profit by platform

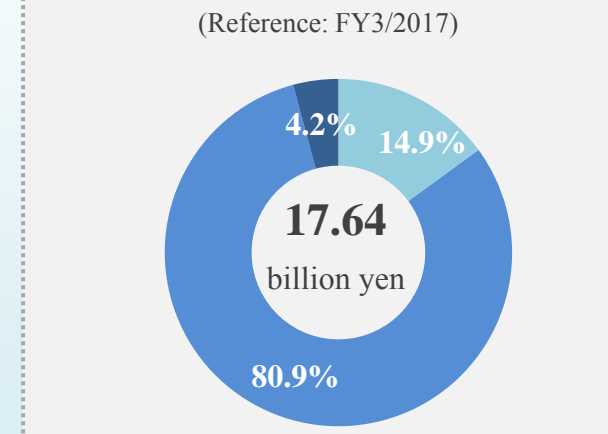
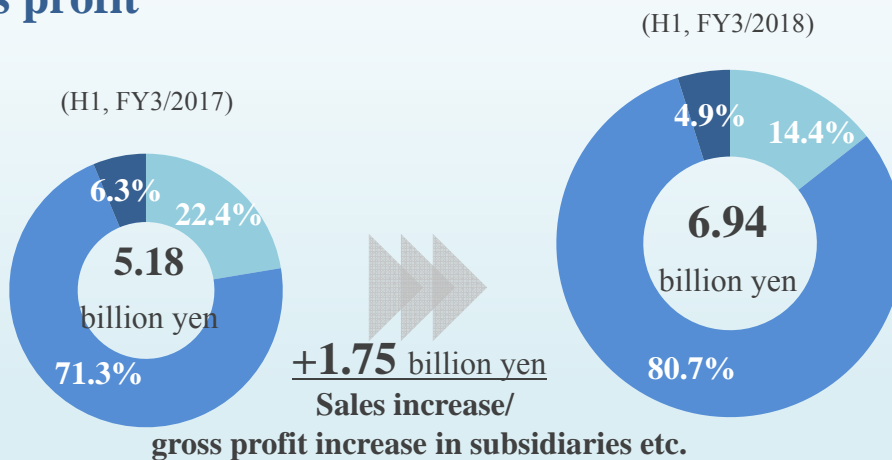
Composition ratio of net sales for H1 PS platform 82.0%/ Cross-media platform 11.6%

■ Net sales

■ PS platform ■ Cross-media platform ■ Others



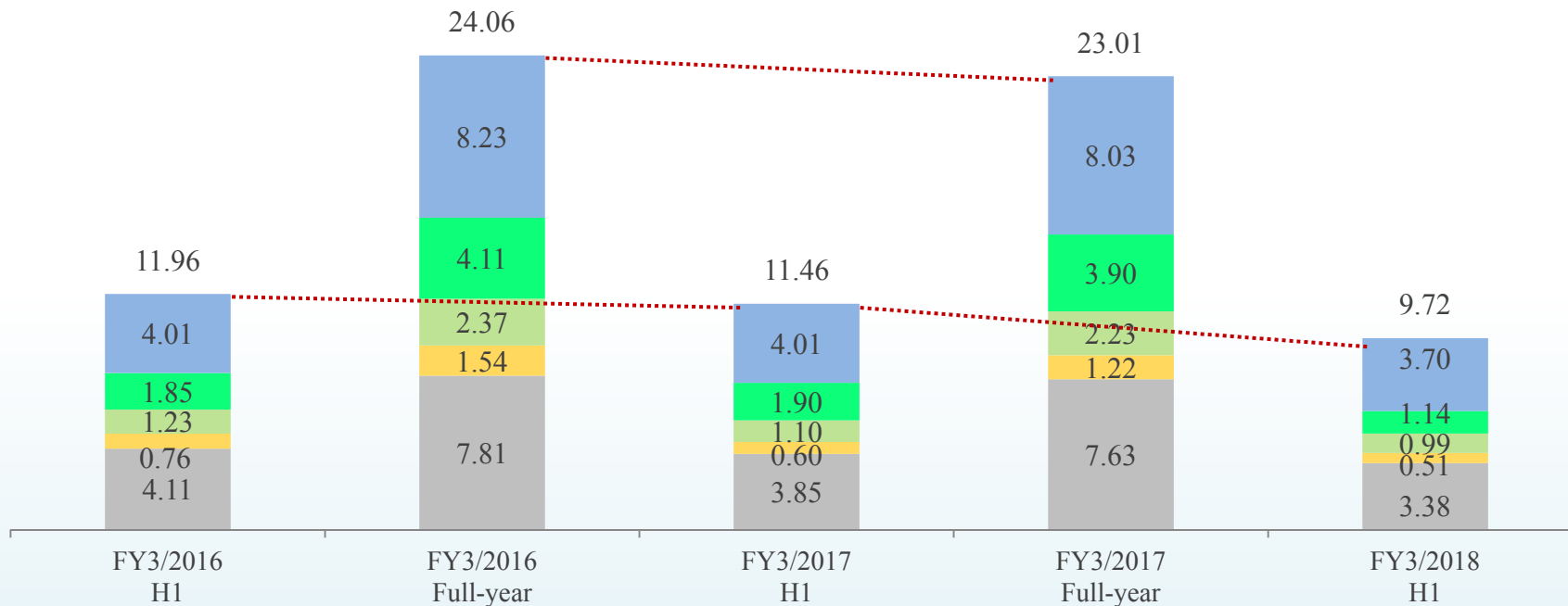
■ Gross profit



-4. Change in SG&A expenses

**Decreased 1.73 billion yen YoY in H1,
decreased 0.75 billion yen in advertising expenditures**

■ Personnel expenses ■ Advertising expenditures ■ Outsourcing expenses ■ Depreciation and amortization ■ Other (Unit: Billions of yen)



(Reference: number of employee)

1) Consolidated 1,868	1,845	1,796	1,713	1,606
2) Non-consolidated 878	835	824	784	746

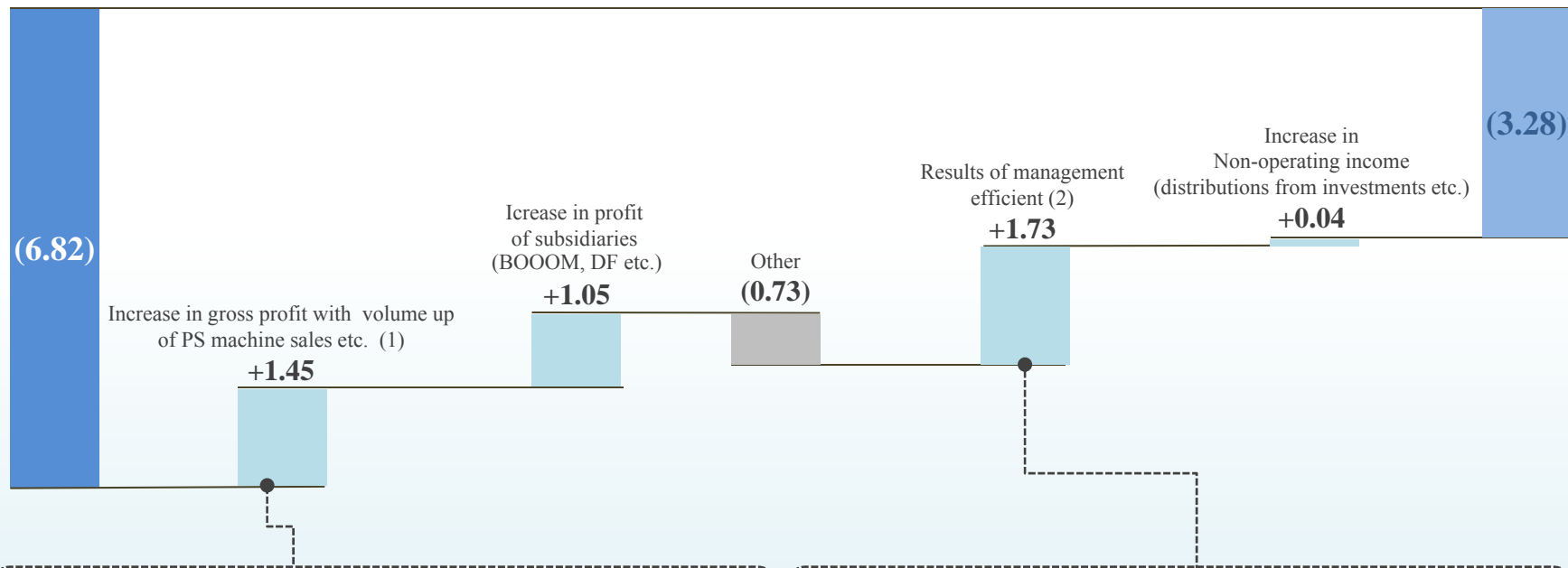
* "Other" is calculated on this sheet above. The figures have been rounded down to million yen.

-5. Comparisons with the previous period (based on ordinary income)

H1 ordinary income/ loss improved by 3.54 billion yen from the same period of the previous fiscal year

(Unit: Billions of yen)

H1 FY3/2017	Main factors of YoY change	H1 FY3/2018
-------------	----------------------------	-------------



Item	Main difference factors (1)
PS machines sales	Total sales 99,000 units (+26,000 units YoY) Pachislot sales 69,000 units (+40,000 units YoY) Pachinko sales 30,000 units (-14,000 units YoY)

Item	Main difference factors (2)
Management efficiency etc.	Selection and concentration (including products and services) implemented previous period, operation review, Effect of optimization of PS machines sales promotion

*The figures have been rounded down to million yen.

-6. Consolidated B/S, C/F (summary)**Cash (cash and cash equivalents) in end of Q2 was 26.76 billion yen**

(Unit: Billions of yen)

(1) Consolidated B/S	End of Mar. 2017	End of Sep. 2017	Change	Main factors for increase/decrease
Current assets	45.85	45.95	+0.10	Increase in cash and cash equivalents Decrease in notes and accounts receivable—trade
(Cash and cash equivalents)	23.19	26.76	+3.57	Increase in sales of land/investment securities and short-term loans payable
Tangible fixed assets	10.36	5.60	(4.76)	Decrease in sales of idle assets (land)
Intangible fixed assets	2.46	2.05	(0.41)	
Investments and other assets	21.70	20.08	(1.61)	Decrease in sales of investment securities Increase in long-term loans receivable
Total assets	80.39	73.70	(6.69)	
Current liabilities	20.47	19.84	(0.62)	Decrease in notes and accounts payable—trade Increase in short-term loans
Fixed liabilities	16.69	15.42	(1.26)	Decrease in long-term loans payable
Net assets	43.22	38.42	(4.80)	Decrease in retained earnings payable
Total liabilities and net assets	80.39	73.70	(6.69)	
(2) Consolidated C/F	Q2, FY3/2017	Q2, FY3/2018	Main factors for increase/decrease	
Operating cash flows	(7.57)	(0.91)	Loss before income taxes and minority interests: -2.99 Decrease in notes and accounts payable—trade: -3.10 Increase in inventories: -1.40, decrease in notes and accounts receivable—trade: +3.88	
Investing cash flows	(1.51)	4.90	Proceeds from sales of tangible fixed assets: +5.25 Proceeds from sales of shares in affiliates: +2.20 Collection of loans receivable: +1.81, Expenditure for loans: -3.15	
Financial cash flows	1.52	(0.41)	Increase in short-time loans payable: +2.72 Repayment of long-term loans payable: -1.30, Dividends paid: -0.82 Payments from changes in ownership interests in subsidiaries that do not result in changes in scope of consolidation: -0.95	
Net increase(decrease) in cash and cash equivalents	(7.56)	3.57		
Cash and cash equivalents at beginning of period	32.20	23.09		
Cash and cash equivalents at end of period	24.63	26.66		

*The figures have been rounded down to million yen.

-1. Consolidated performance forecast

Full-year forecast has no change from the beginning of the period
Plan to sell several competitive titles after Q3 in PS business platform

(Unit: Billions of yen)

	FY3/2017		Forecast for the FY3/2018			
	H1	Full-year	H1	Progress rate	H2 forecast	Full-year forecast
Net sales	26.6	76.6	35.2	41.4-42.9%	46.8-49.8	82.0-85.0
Operating income (loss)	(6.2)	(5.3)	(2.7)	—	3.7-4.7	1.0-2.0
Ordinary income (loss)	(6.8)	(9.0)	(3.2)	—	3.2-5.2	0-2.0
Net income (loss) attributable to owners of parent	(4.8)	(12.4)	(3.2)	—	3.2-4.2	0-1.0

(Unit: Thousand machines)

Total sales	73 (7 titles)	243 (15 titles)	99 (15 titles)	-36.7%	170 (9 titles)	270 and more (24 titles and more)
Pachinko	44 (3 titles)	155 (6 titles)	30 (-)	—		
Pachislot	28 (4 titles)	87 (9 titles)	69 (15 titles)	—		

*H2 forecast is calculated on this sheet above. The figures have been rounded down to million yen.

-2. Implements for achievement of consolidated performance forecast

Promoting various measures to achieve full-term targets

PS Business Platform

- Pachislot 5.9 regulation machines and pachinko series titles to be sold in H2 (scheduled) (over 9 titles and 170,000 units)
- Measuring to build business structure not dependent solely on PS machines sales

Cross-media Business Platform

- 5 IP visual development in H2
(*Infini-T Force* broadcast started in October)
- Distributing *AKB48 StageFighter* game series titles
- Promoting collaboration with large-scale customer facilities in live entertainment field
- Developing new IP platforms

Management

- Continuing to promote improvement of management efficiency etc.

-1. Progress to date

Promoting various measures to achieve medium-term performance targets

1. PS business platform

- Machine sales contract concluded with Sammy Corporation, sale of shares in RODEO Co., Ltd./ Machine development and sales partnership with EXCITE Co., Ltd (NewGin Group)/ Machine sales partnership with Daxel Inc. (Daikoku Denki Co., Ltd. Group)/ Agreement with MIZUHO CORP. for mutual marketing structure and sales
- Prepared for establishment of new branch (showrooms) to improve management efficiency
- Development subsidiary made wholly-owned subsidiary

2. Cross-media business platform









- Visual field
 - Released visual project for 6 IPs (*BERSERK/ ATOM THE BEGINNING/ HURRICANE POLIMAR/ Altair: A Record of Battles/ ULTRAMAN GEED/ Infini-T Force*)
 - Promoted variety of measures for 4 IP scheduled for broadcasting and/ or release
 - Developed licensing for other companies' games etc./ VR products utilizing *Ultraman Series*
- Publishing/ Comic field
 - Acquired shares in No9 Inc.
- Game field
 - *THE TOWER OF PRINCESS* started broadcasting in Taiwan, Hong Kong, and Macao/ Scheduled to be concluded domestic support service
 - *AKB48 StageFighter2 BattleFestival* service started
- New business platforms
 - Announced providing IPs for trading card games

3. Management

- Governance structure strengthened: change in directors' term of office
- Management efficiency: established IP Marketing Office/ sold idle assets/ restructured internal systems through shift to cloud computing

-2. Progress of major IP











Promoting cross-media development for narrowed IP

Ultraman IP	HERO'S IP	BERSERK	Altair: A Record of Battles
<p>Cross-media development beginning from visual products</p> 	<p>Visual development for 2 IPs and 2 more in progress</p> 	<p>Visual development/ accelerating collaboration with games</p> 	<p>Visual development/ promoting commercialization for various items</p> 
<p>Comic Visual Game Goods Live VR PS</p>	<p>Comic Visual Game Goods Live VR PS</p>	<p>Comic Visual Game Goods Live VR PS</p>	<p>Comic Visual Game Goods Live VR PS</p>
AKB 48	DARLING in the FRANXX	BEATLESS	STARSHIP TROOPERS TRAITOR OF MARS
<p>Distributed new native application</p> 	<p>Promoting visual project with major partner companies</p> 	<p>FIELDS original co-created work Promoting visual project</p> 	<p>Promoting visual project of full-CG real SF</p> 
<p>Comic Visual Game Goods Live VR PS</p>	<p>Comic Visual Game Goods Live VR PS</p>	<p>Comic Visual Game Goods Live VR PS</p>	<p>Comic Visual Game Goods Live VR PS</p>

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-3. Progress in global business development

Strengthening relationships with global partners/ Expanding development of Ultraman IP

Ultraman IP	HERO'S IP	Visual business platform	Game/ Licensing business platform
<p><i>ULTRAMAN GEED</i> globally distributed (including China)</p> <p>Distributed at: Crunchyroll iQIYI/ LeEco Tencent/ YOUKU</p>	<p>32 works released in 10 languages, 23 countries</p> <p>Italian ver.  Taiwanese ver. </p>	<p><i>BERSERK</i> globally distributed on Crunchyroll</p> 	<p>Social game <i>THE TOWER OF PRINCESS</i> released in Taiwan, Hong Kong, Macao</p> 
<p><i>ULTRAMAN</i> (comics) released in 10 languages, 23 countries</p> <p>Thai ver.  English ver. </p>	<p>TV anime <i>ATOM THE BEGINNING</i> globally distributed</p> 	<p>Developing <i>STARSHIP TROOPERS TRAITOR OF MARS</i> through collaboration with Sony Pictures Entertainment Inc.</p> 	<p>Project for TCG development in China in progress</p> <p>In-out/ Out-in project with Chinese game companies in progress</p>
<p><i>ULTRAMAN ZERO VR</i> Exhibited at Busan International Film Festival</p> 	<p><i>SWORDGAI The Animation</i> A Netflix original work starting from next spring</p>		
<p>Official shop opened in Malaysia</p> 			

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-4. Progress of financial strategies and governance

Promoting constructing a stable financial base/ strengthening governance

1. Financial Strategies

- Maintaining reserves (cash) of at least ¥20 billion (As of the end of Q2: ¥26.76 billion in cash and cash equivalents)
 - Sold idle assets (¥5.25 billion in land/ ¥2.20 billion in shares)
 - Implementing various measures to control SG&A expenses
- Maintaining stable shareholder returns
 - Amended Articles of Incorporation to facilitate flexible dividend policy and capital policy (allowing dividend of surplus, etc. to be resolved by the Board of Directors)
 - Annual dividend for FY3/2018: ¥50 (scheduled)

2. Governance

- Directors' duties
 - Changed director's term of office from two years to one year, to construct management structure which promptly adapts to changing environment and to clarify management responsibility (resolved at the 29th annual general meeting of shareholders)

Original IP × Visual business platform

Promoting visual project of *DARLING in the FRANXX* through collaboration with major partner companies



©DARLING in the FRANXX Committee

Overview

- To be broadcasted on TV from Jan. 2018
(TOKYO MX/ Tochigi Television/ Gunma Television/ BS 11/ ABC Asahi Broadcasting/ Nagoya Broadcasting)
- Original Animation by prominent creators
- Promoting cross-media development starting from broadcasting on TV and game products, through collaboration with major partner companies
- Produced/ partly invested for production by Lucent Pictures Entertainment, Inc., the group company of FIELDS

Production staff

Director
Atsushi Nishigori
Idol Master
Tengen Toppa Gurren Lagann

×

Character design
Chief Animation Director
Masayoshi Tanaka
Your Name.
The Anthem of the Heart

TRIGGER
KILL la KILL
Little Witch Academia

Production

×

A-1 Pictures
Idol Master series
Anohana: The Flower We Saw That Day

Promoting visual project for FIELDS-related IP/ Aim to promote cross-media development through collaboration with major partner companies in Japan and overseas after visual project

キリコグバイツ
KILLING BITES
2018年1月よりTVアニメ放送開始!!



KILLING BITES overview

- Original work of HERO'S Monthly
- To be broadcasted on MBS Animeism from Jan. 2018
- To be distributed on Amazon Prime Video
- Promoting cross-media development such as games through collaboration with major partner companies in Japan and overseas and expanding sales of comics

BEATLESS

ビートレス
I trust in your smile.
I won't care whether you are soulless or not.



BEATLESS overview

- FIELDS original co-created work
- *science fiction novel published in monthly magazine *Newtype*
- To be broadcasted from Jan. 2018
- Cross-media development project including game products in progress with global companies

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AKB48 StageFighter series which acquires 5 million memberships
Distributed on native application in Oct. 2017



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AKB48 StageFighter2 BattleFestival overview

- Distributed on Oct. 11, 2017
- Developed and operated by Pokelabo, Inc.
(100% subsidiary of GREE, Inc.)
- FIELDS IP license-out, cooperated for development
- Implementing events and other effective measures for expansion of number of users

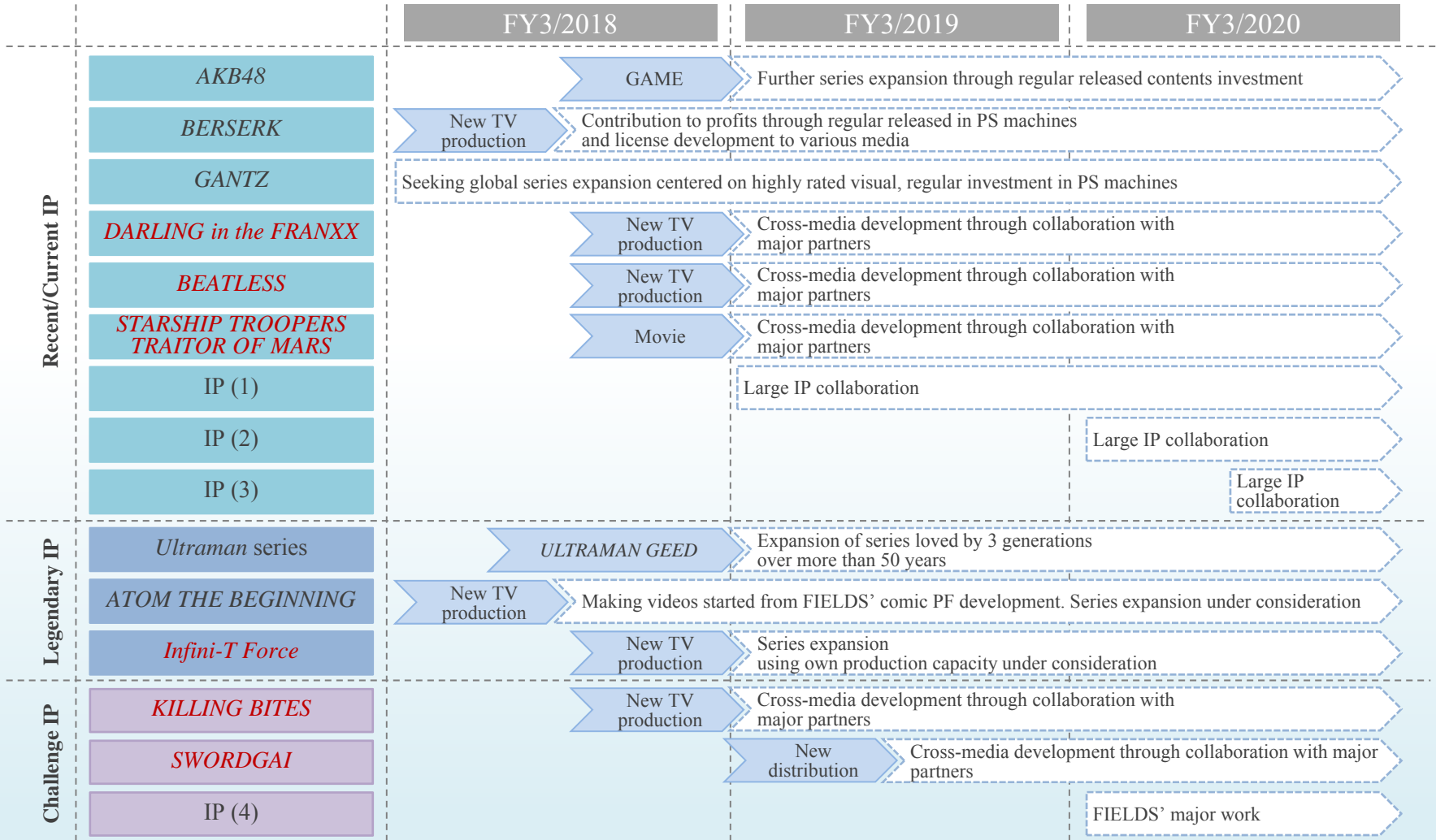
Events in November

- Implementing wrap advertising event of Yamanote Line as the first step of linked-with-real* project from Nov. 7, 2017



Medium-to long-term IP lineup (updated)

Aiming at IP organization with depth through IP additions and series expansion



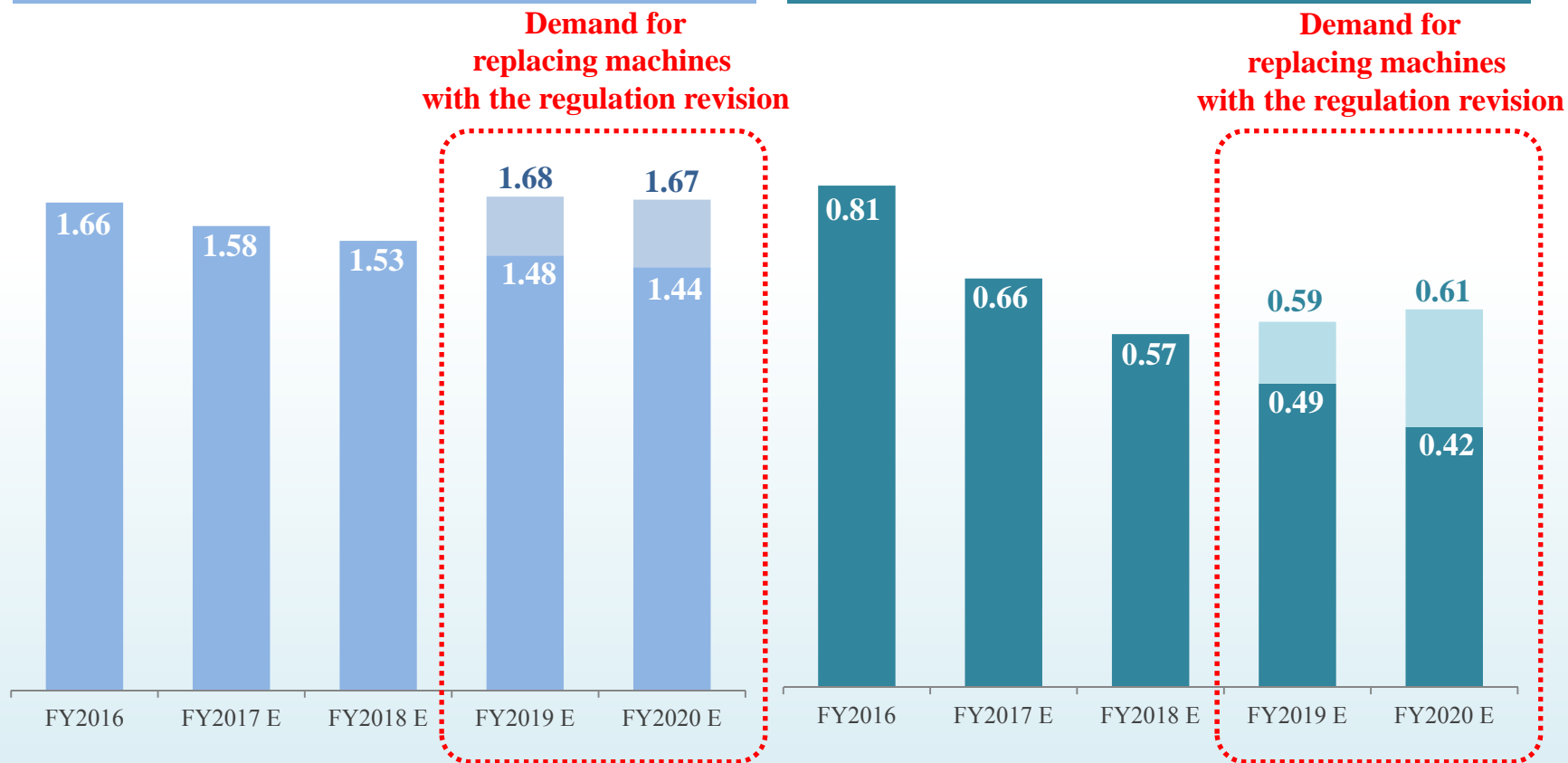
PS market trends (sales market forecast for 3 years)

New regulation to take effect in Feb. 2018

Estimating the replacement demand for new regulation machines in FY2019-2020

Forecast of pachinko sales market (million machines)

Forecast of pachislot sales market (million machines)

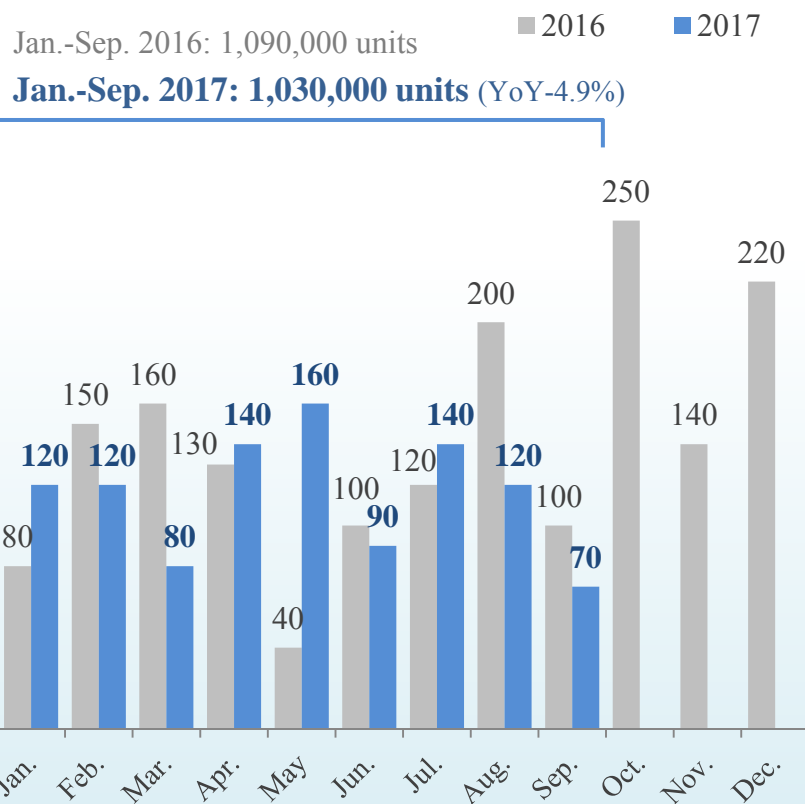


Source: FIELDS

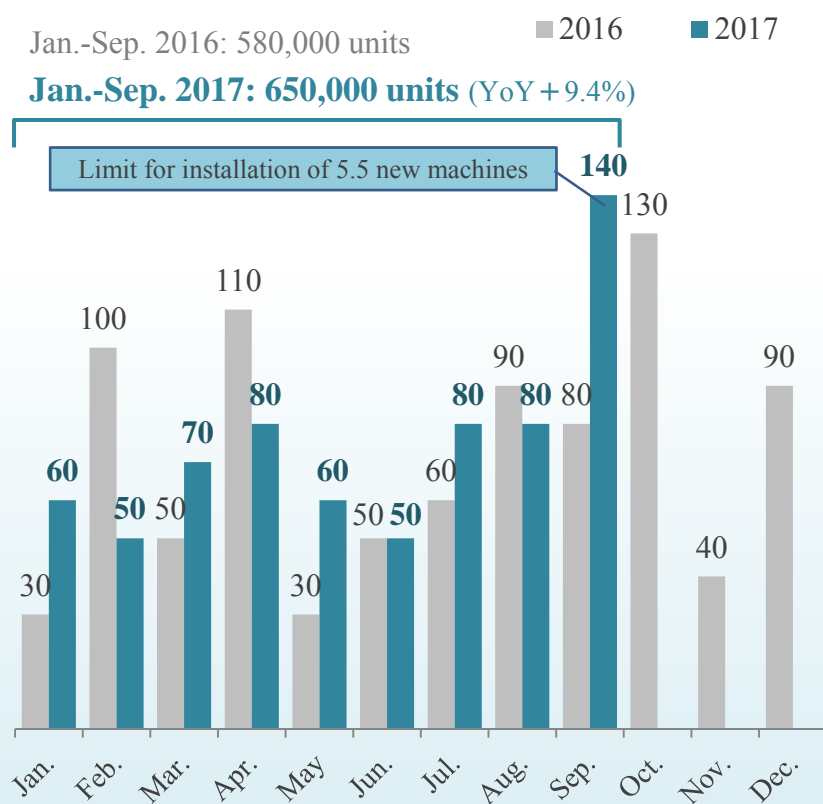
PS market trends (States to date)

Decreased 4.9% YoY in pachinko/ Increased 9.4% in pachislot from Jan. to Sep. 2017
Demand focused in pachislot following the limit for installation of 5.5 new machines

Results of pachinko sales market (thousand machines)



Results of pachislot sales market (thousand machines)


















*The figures of number of machines have been rounded to integers.

Source: FIELDS

Product lineup in H1




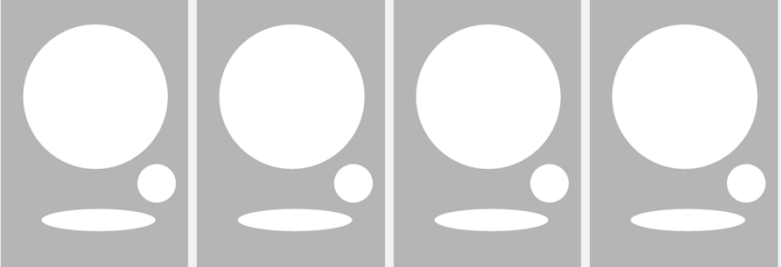
Focused on pachislot machines sales expansion following the limit for installation of 5.5 new machines

	Pachislot					Pachinko
Q1	 Pachislot Osomatsu-kun	 PACHISLOT GRAPPLER BAKI	 Pachislot Machine Ace Attorney	 Pachi-Slot Marvel's The Avengers	 Pachislot SORA NO OTOSHIMONO FORTE	Titles of continuity sales from previous period etc.
	12,000 machines					14,000 machines
Q2	 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	Time limit for installation of regulation 5.5 new machines (end of Sep. 2017)
	 Kai-Dou-Sei Million Arthur	 THE AMAZING SPIDER-MAN	 PACHISLOT TATAKAE! SALARY-MAN	 Pachislot Ys I & II	 PACHI-SLOT ULTRASEVEN	
	56,000 machines					15,000 machines
[H1]	69,000 machines					30,000 machines

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Product lineup after Q3

5.9 regulation machines will be sold in pachislot
Multiple series titles will be sold in pachinko

	Pachislot	Pachinko
Q3	<p>PACHISLOT BLACK LAGOON3</p> 	<p>CR EVANGELION 2018 model</p> 
Q4	<p>Titles linked with visuals etc.</p>  <p>and more</p>	<p>Series titles etc.</p>  <p>and more</p>
<p>[H2] Over 9 titles of PS machines will be sold (scheduled)</p>		

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Future Objectives

Promoting to build business structure not dependent solely on PS machine sales

Constructing organization system beyond “individuals” & thorough marketing

- Constructing organization system beyond sections and regions/ establishing new branches
- Marketing through cooperation between Head Office and branches
(consolidating data and information/ management based on analysis)

Stable provision of high-quality machines
by selected IP and thorough marketing

Manufacturing machines
Long-term operating share

Strengthening and expansion
of product lineup

Multiple production
that contributes to halls besides PS machines

Hall
renovation

Sales
promotion

Human
resources

Installation/
parts

Others

**Contributing to sound growth and development of the industry/
Further strengthening earnings foundation**

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 PS market in which the Company operates, market competition and the products handled by the Company.

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