

Financial Presentation

for the First Half of the Year Ending March 31, 2019

November 8, 2018
FIELDS CORPORATION Group
FIELDS CORPORATION

**Summary of
consolidated results for the H1 of the FY3/2019
and performance forecast**

Market environment

Amendment of the Regulation for Enforcement of the Amusement Businesses Law revised/enforced for the first time in 14 years
(Feb. 1, 2018)

- Pachinko halls : Strengthening business capabilities
- Manufacturers : Proceeding to launch new regulation machines
- Players : Expecting for new entertainment aspects for PS

Trend of well-performing new regulation machines

Increasing purchase intention of halls/

Expectation for market revitalization

Group management

New management structure (May 2018)

- PS distribution unit/PS development unit/
IP&MD unit/Visual production unit
- Formulated a new growth plan for each unit

Management with optimal cost effectiveness

- Cost reduction measures : cut ¥4 billion in full year

Consolidated SG&A (FY3/2018 ¥19 billion →FY3/2019E ¥15 billion)

Business results for the H1, FY3/2019

Operating profit (loss) ¥-3.9 billion

PS business: Remade PS machines for adaptation for new regulation

➔ **Mainly sold old regulation/later remodeled machines**

pachinko unit sales : 33,000 units + pachislot unit sales : 10,000 units

= 43,000 units in total (down 56,000 units YoY)

The other business had little effect on operating profit

Consolidated P/L (summary)

(Unit: Billions of yen)

	FY3/2018		FY3/2019		
	H1	Full-year	H1	YoY change	YoY change (%)
Net sales	35.21	61.05	18.04	(17.17)	(48.8)
Gross profit	6.94	13.40	3.85	(3.09)	(44.5)
SG&A expenses	9.72	19.13	7.75	(1.96)	(20.2)
Operating profit (loss)	(2.78)	(5.73)	(3.90)	(1.12)	-
Ordinary profit (loss)	(3.28)	(5.20)	(4.06)	(0.77)	-
Profit (loss) attributable to owners of parent	(3.28)	(7.69)	(3.25)	0.03	-

* The figures have been rounded down to the nearest million.

Consolidated B/S and C/F (summary)

(Unit: Billions of yen)

2) Consolidated B/S	End of Mar. 2018	End of Sep. 2018	Change	Main factors for increase/decrease
Current assets	42.17	33.14	(9.02)	Decrease in cash and deposits Decrease in notes and accounts receivable - trade
(Cash and deposits)	24.47	21.41	(3.05)	
Property, plant and equipment	5.27	4.81	(0.46)	Decrease in buildings and structures
Intangible assets	1.38	0.91	(0.47)	Decrease in goodwill Decrease in software
Investments and other assets	23.49	22.47	(1.02)	Decrease in sales of investment securities
Total assets	72.33	61.34	(10.99)	
Current liabilities	22.48	15.91	(6.56)	Decrease in notes and accounts payable - trade
Non-current liabilities	14.34	12.93	(1.41)	Decrease in long-term loans payable
Net assets	35.50	32.49	(3.01)	Decrease in retained earnings
Total liabilities and net assets	72.33	61.34	(10.99)	
3) Consolidated C/F	FY3/2018		FY3/2019	Factors
	H1	Full-year	H1	
Cash flows from operating activities	(0.91)	(1.09)	(4.17)	Loss before income taxes (3.13) Decrease in notes and accounts payable - trade (6.61) Decrease in notes and accounts receivable - trade +3.04
Cash flows from investing activities	4.90	4.39	1.65	Proceeds from sales of shares of subsidiaries and associates +1.80 Proceeds from sales of investment securities +0.52
Cash flows from financing activities	(0.41)	(2.02)	(0.53)	Repayments of long-term loans payable (1.29) Cash dividends paid (0.16) Increase in short-term loans payable +0.93
Net increase (decrease) in cash and cash equivalents	3.57	1.28	(3.05)	
Cash and cash equivalents at beginning of period	23.09	23.09	(24.37)	
Cash and cash equivalents at end of period	26.66	24.37	21.31	

* The figures have been rounded down to the nearest million.

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Launching new regulation machines of major titles

- Implementing a new growth plan in each unit
- Thorough cost reduction measures/results

Q3 (Oct.-Dec.)

- Pachinko 2 titles
- Pachislot 3 titles



Sold as planned



CR ULTIMATE JUDGEMENT



*Pachinko Onimusha:
Dawn of Dreams Super Souken*



Pachislot LORD of VERMILION Re:

Planned operating profit in Q3: approx. ¥2.5 billion

Q4 (Jan.-Mar. 2019)

Pachinko 7 titles (including 3 *Amadigi-type* titles), pachislot 3 titles

1. 3 titles : Begun selling

2. 3 titles (including main titles):
Passed model certification test



Preparation
for launch

3. 4 titles : Submitted for model certification test

Planned operating profit in Q4: approx. ¥3.5 billion

Full-year forecast

- **PS business** (PS distribution + development) Operating profit → **approx. ¥1.5 billion**
 - **Tsuburaya Productions** Operating profit → **approx. ¥0.5 billion**
 - **Other business** Operating profit → **approx. ¥0 billion**
- ¥2 billion**
- (Unit: billions of yen)

	FY3/2018	FY3/2019 forecast	
	Full-year	Full-year	YoY change
Net sales	61.05	95.00	33.95
Gross profit	13.40	17.00	3.60
SG&A expenses	19.13	15.00	(4.13)
Operating profit (loss)	(5.73)	2.00	7.73
Ordinary profit (loss)	(5.20)	2.50	7.70
Profit (loss) attributable to owners of parent	(7.69)	1.50	9.19

* The figures have been rounded down to the nearest million.

Mid-term management plan

- **Business plan for 3 fiscal year from 2018 to 2020**
- **Formulating a new growth plan for each unit**

- Outline-

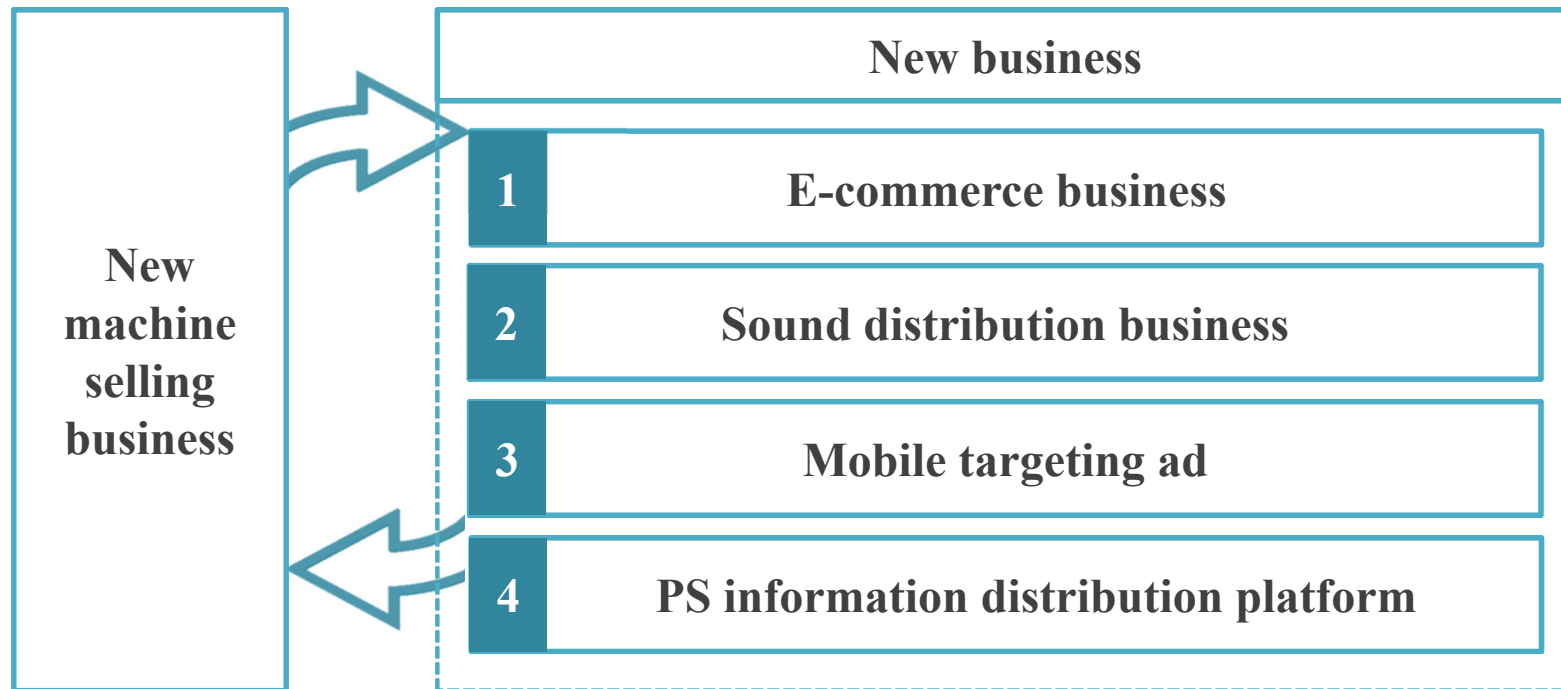
- 1. PS distribution unit : New business strategies**
- 2. IP&MD unit : Tsuburaya Productions' growth strategies**
- 3. Business plan (operating profit plan) for 3 years**

PS distribution unit

New business strategies

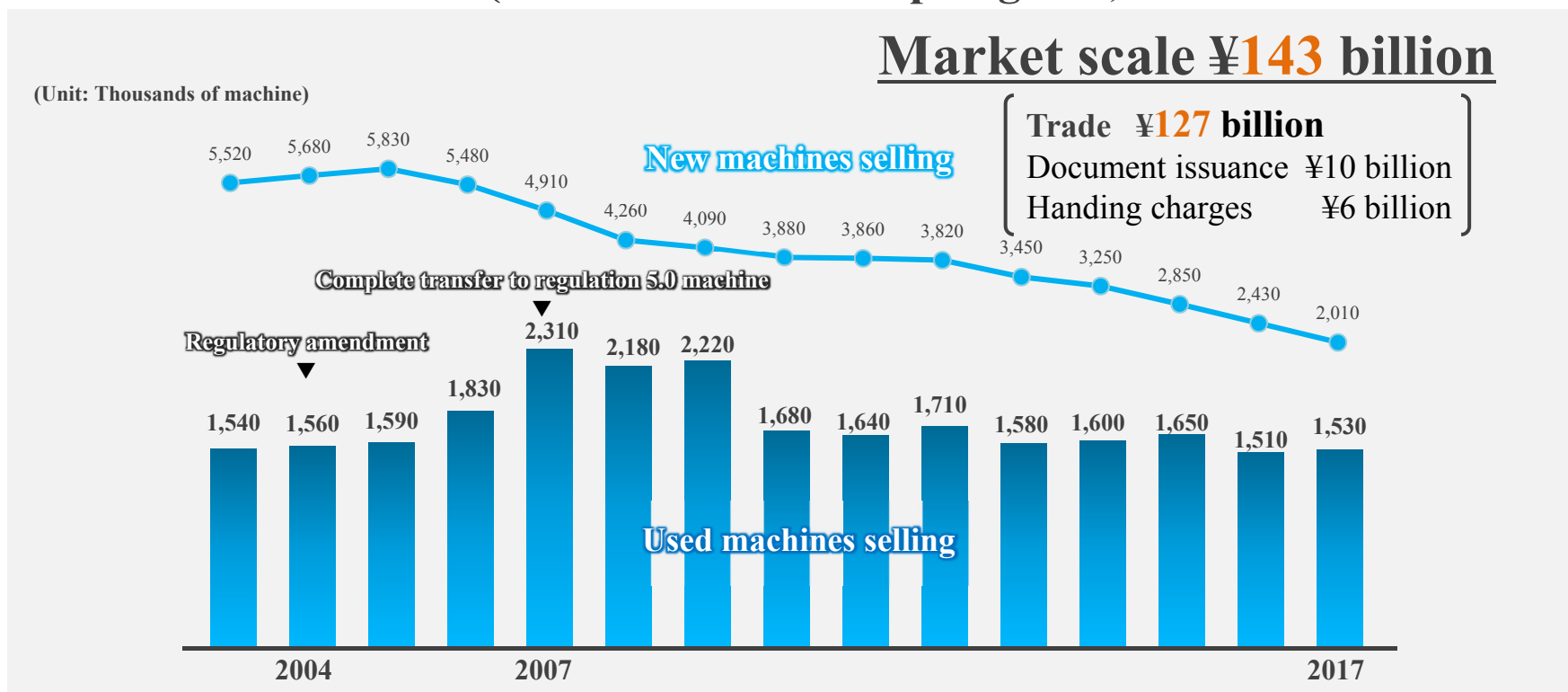
Further strengthening sales capabilities
Contributing to industrial revitalization by
sales capabilities × technology × marketing capabilities

New machine selling business + developing/expanding new business



E-commerce business

Offering appropriate distribution base to transition of used machines
(service starts from spring 2019)



	FY3/2019	FY3/2020	FY3/2021
Used machines distribution (gross profit)	-	¥0.30 billion Transaction unit 50,000 units	¥0.60 billion Transaction unit 120,000 units
Other retail sales (gross profit)	¥0.35 billion	¥0.90 billion	¥1.20 billion

Realizing safe and very secure trading of used machines

Optimum price

Offer optimum product price based on all data

Problem handling

Eliminate loss due to unforeseen situations to facilitate purchase with peace-of-mind

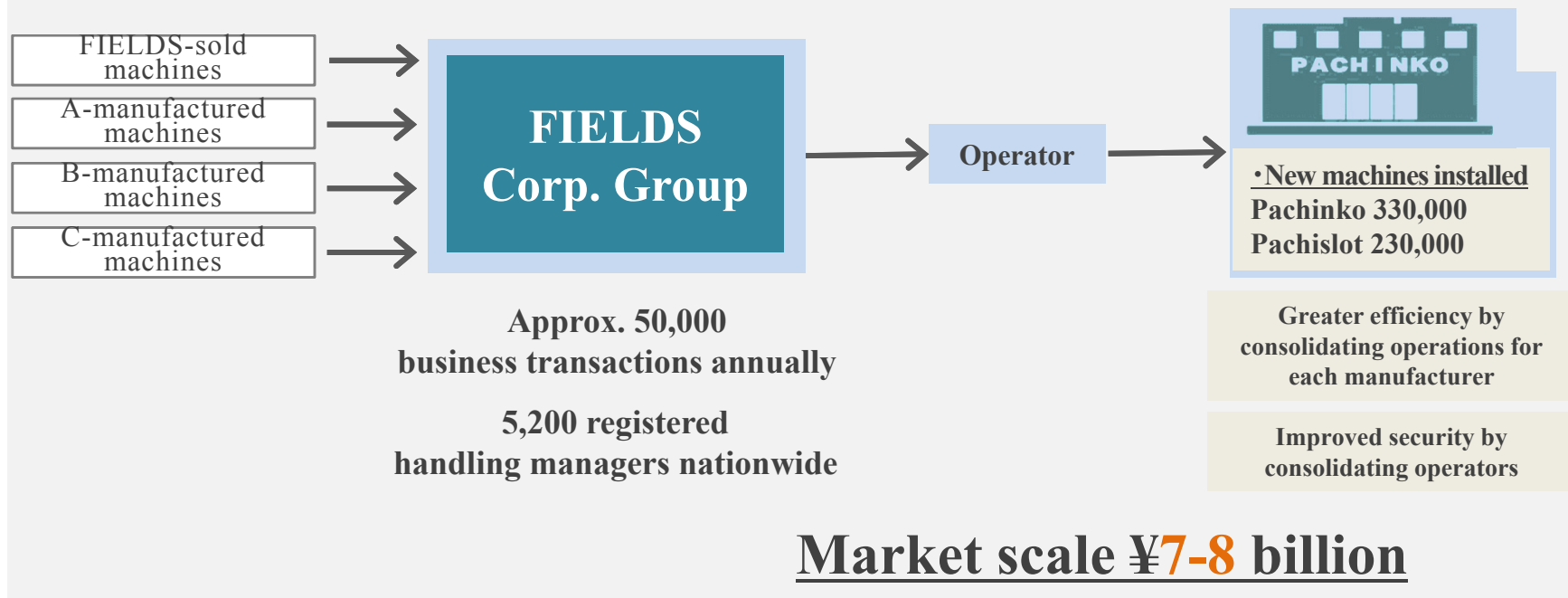
Nationwide distribution network

Facilitate purchase of optimum property nationwide without concern about physical distance

Sound distribution business

Improve efficiency of machine installation and parts checking operations suitable for market environment (starts from Q2 FY3/2019, contracted with 6 companies)

Centralizing installation and parts checking operations



**Business plan
(gross profit)**

FY3/2019

¥0.50 billion

7 companies 10,000 deals

FY3/2020

¥0.70 billion

8 companies 50,000 deals

FY3/2021

¥1.00 billion

10 companies 120,000 deals

Mobile targeting ad

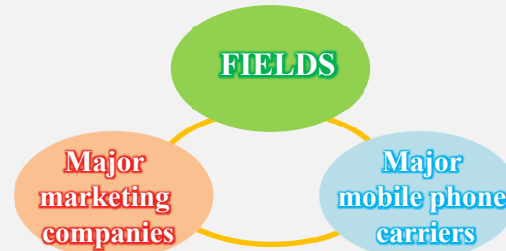
Realizing an Internet advertising service
utilizing industry-first advanced technology

Industry-first technology



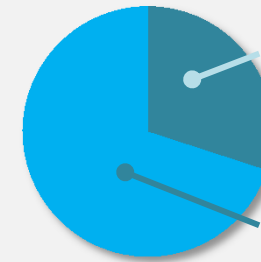
Obtained patent for shop visit
detection technology using location
information (No. 6316353)

Safe and secure systems



Approx. 30 million users can be
detected through advertising
system in partnership with major
corporations

Scale of pachinko hall advertising market



Ad insert
Approx. ¥30 billion

Flyer, promotion goods,
poster, internet ad etc.
Over ¥70 billion

Market scale over ¥100 billion

Business plan
(gross profit)

FY3/2019

¥0.30 billion

-

FY3/2020

¥0.50 billion

Introduced to 1,000 halls

FY3/2021

¥0.70 billion

Introduced to 2,500 halls

PS information distribution platform

PS machine video distribution service supporting new machine installation
Offering products and services needed in halls (coordinated with EC site)



Planned to start from spring 2019

Summary of new business

Securing and expanding revenue base by new business

Business plan (gross profit)		FY3/2019	FY3/2020	FY3/2021	
New business	EC business	Used machine distribution	-	¥0.30 billion	¥0.60 billion
		Other	¥0.35 billion	¥0.90 billion	¥1.20 billion
	Sound distribution business	¥0.50 billion	¥0.70 billion	¥1.00 billion	
	Mobile targeting ad	¥0.30 billion	¥0.50 billion	¥0.70 billion	
	PS information distribution platform	-	-	-	
Total gross profit		¥1.15 billion+α	¥2.40 billion+α	¥3.50 billion+α	

IP&MD unit

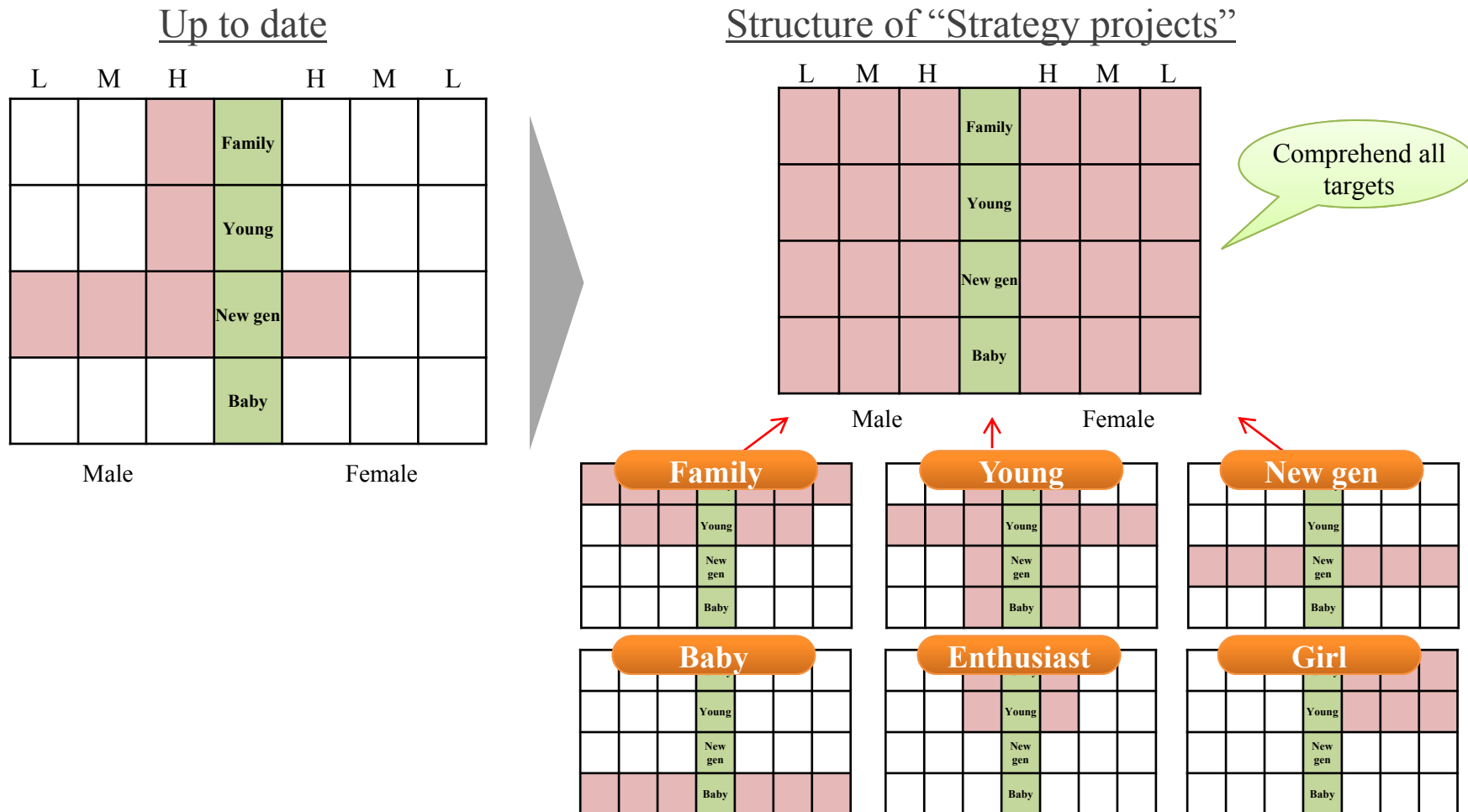
Tsuburaya Productions' growth strategies

To be a global entertainment company based on brand strategies

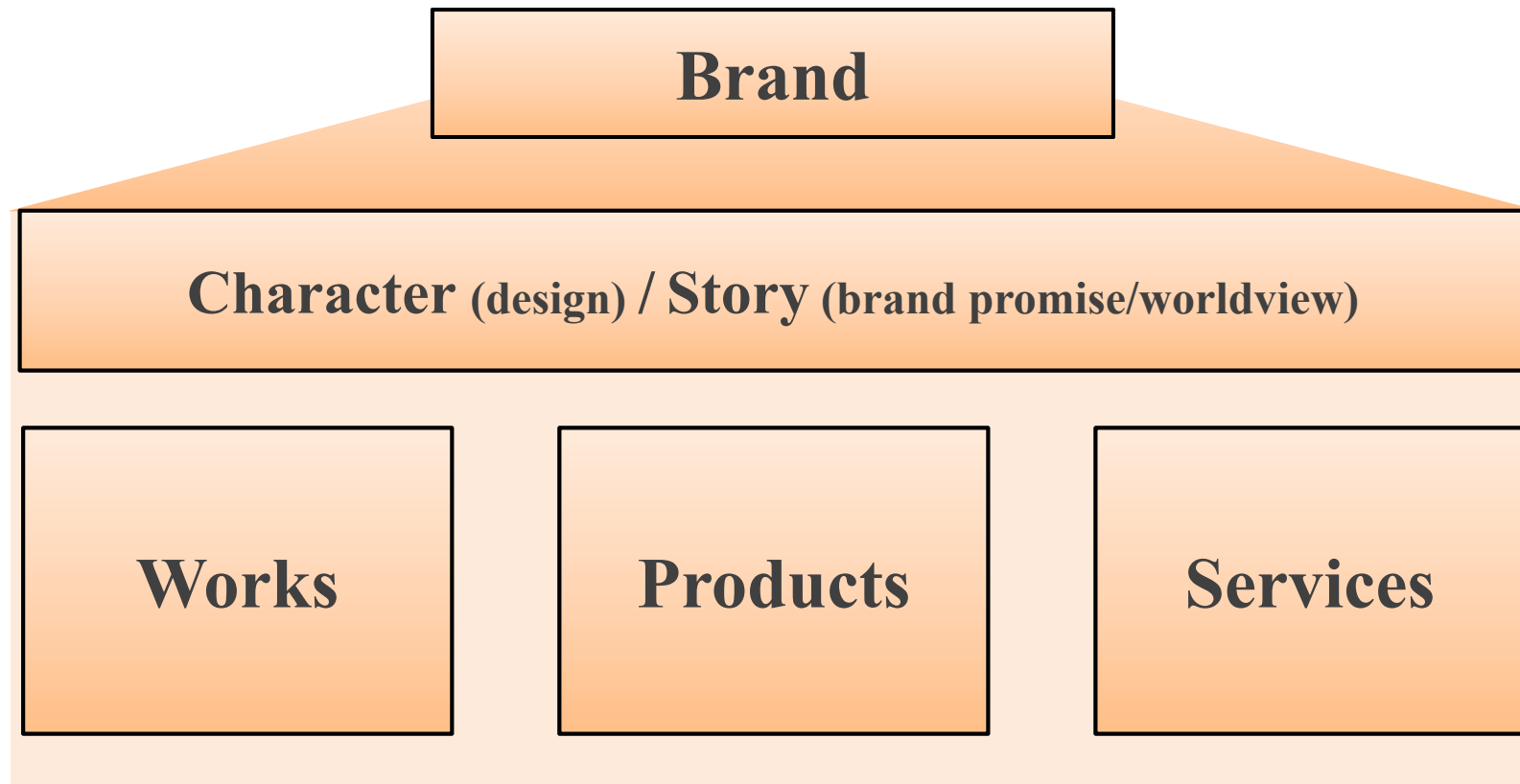
Changing to

- *Brand* from *Character*
- *TSUBURAYA* from *ULTRAMAN*
- *Studio* from *Production*
- *Global* from *Domestic*
- *Digital* from *Analog*

■ Changing to *Brand* for people of all ages from *Character* for 3 to 6-year-old-boys



- Changing to *Brand* for people of all ages
from *Character* for 3 to 6-year-old-boys

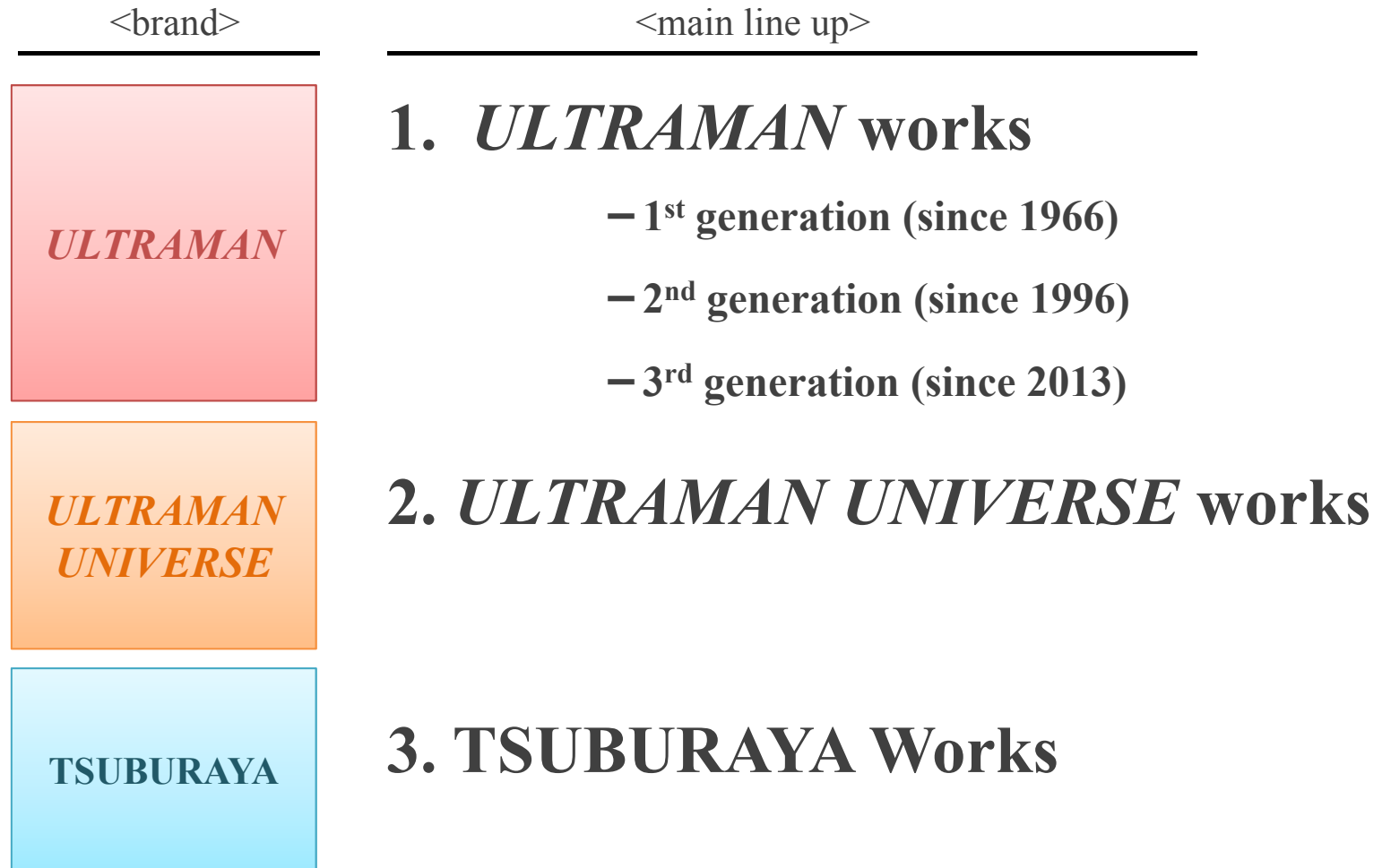


- Changing to *Brand* for people of all ages
from *Character* for 3 to 6-year-old-boys

ULTRAMAN

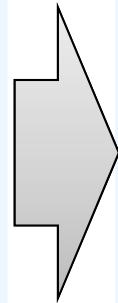


■ 3 core brands of IP strategy for the global market



■ Changing to IP production studio from TV program movie development

- **Movie development
ULTRAMAN TV series,
special effects video**



- **Planning/producing
existing IP**
 - Novel/Comic
 - Game
 - Stage show
 - Digital entertainment
Series
 - Movie . . .
- **Producing new IPs**

■ Overseas expansion

- 1st **Europe/America**

China

- 2nd **Asia/Australia**

- 3rd **South America/Middle East**

- 4th **Africa**

■ Developing technology foundation

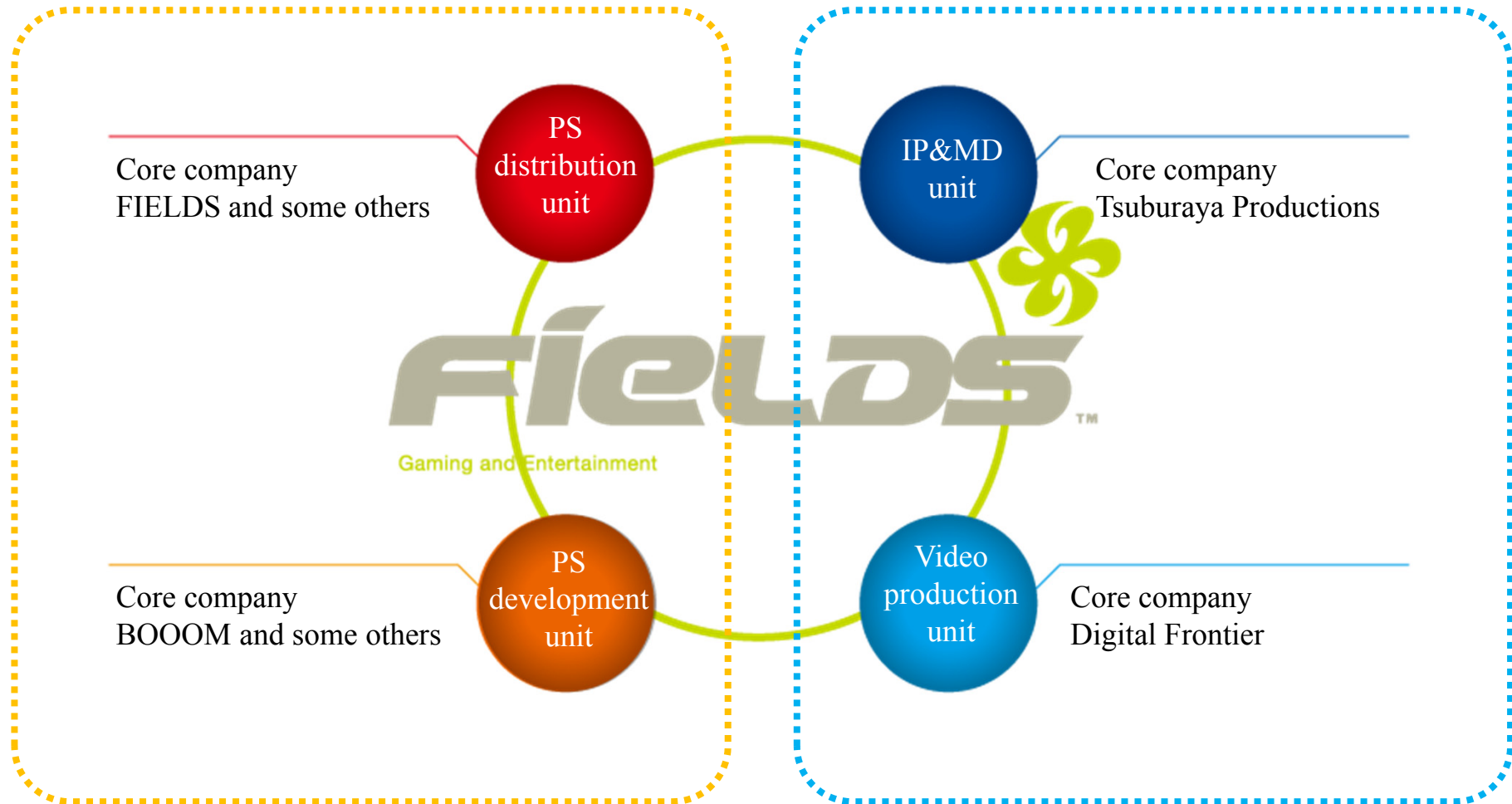
which constantly create a new surprise

(“TSUBURAYA IMAGINEERING”)

- Applying digital visual effect
- Improving entertainment value of stage shows
- Developing digital contents

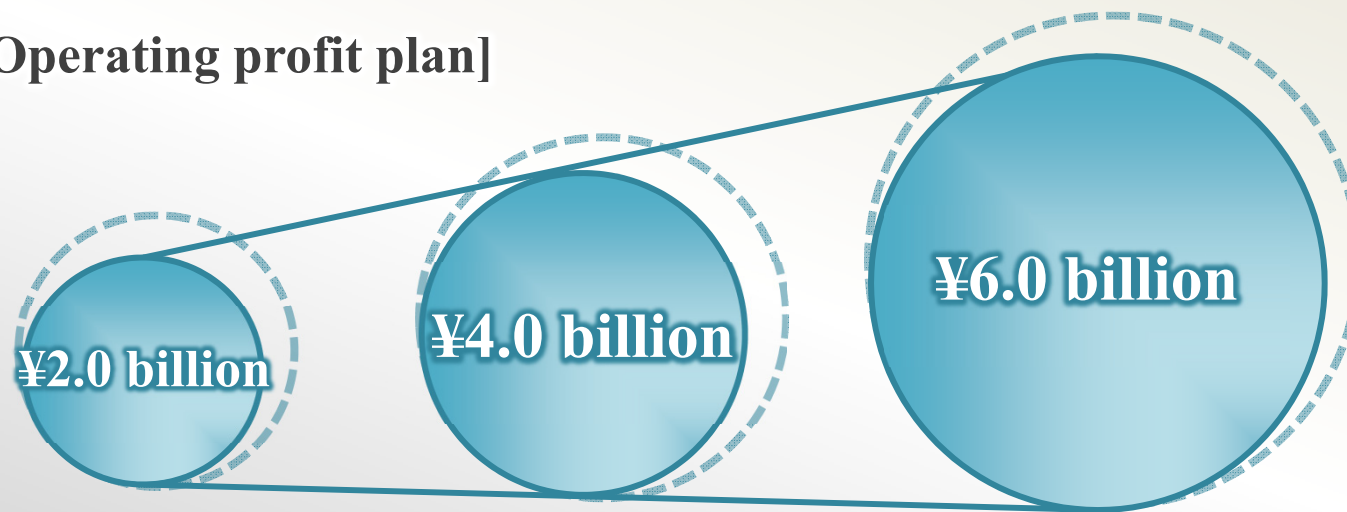
Summary

Summary



Business plan

[Operating profit plan]



	FY3/2019	FY3/2020	FY3/2021
Tsuburaya Productions	¥0.50 billion	¥0.60 billion	¥0.70 billion
PS development	¥1.00 billion	¥1.50 billion	¥2.50 billion
PS distribution	¥0.50 billion	¥2.00 billion	¥2.50 billion
Other	¥0.00 billion	¥0.00 billion	¥0.30 billion
	¥2.00 billion	¥4.00 billion+	¥6.00 billion+

Disclaimer

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.