

Financial Briefing Material

for the Year Ended March 31, 2019

FIELDS CORPORATION

Listed on: TSE 1st (2767)

May 16, 2019

FY3/2019

Overview of the financial results

[Differences between the consolidated performance forecast and actual results for the year ended March 31, 2019]

Consolidated business results for the current fiscal year were as set forth in section (1) above. The reasons for the difference from the forecast announced last time are as follows.

Previously, the Group's licensing sales revenues and profits relating to copyrights and other rights were reported as lump sums at the time of licensing. In accordance with this, "Notification of Revisions to Performance Forecast" released on March 6, 2019 included sales revenues and profits relating to licensing as of the time of licensing agreement execution. After that in the progress of the business activity, a forecast was made to the effect that operating profit would be approximately ¥200 million compared to the initial plan.

However, as a result of consultations with our accounting auditors conducted during the final stages of auditing regarding reporting of sales revenues relating to installment collection of royalties, FIELDS decided to report licensing sales revenues collected through long-term installments at the time of collection of each payment. This change will be made to appropriately reflect the actual status of sales revenues in response to the increase in installment collection in conjunction with the expansion of licensing transactions.

As a result of the above, approximately ¥1.6 billion in licensing royalty revenues forecast for the current fiscal year that will be collected through long-term installments will be reported in the next and subsequent fiscal years when actually received.

Going forward, we will from time to time engage in exchanges of opinions with the accounting auditors from various perspectives with regard to increasingly sophisticated accounting systems and make reference to the advice and opinions of other outside experts to enhance business management.

Consolidated P/L

(Unit: Billions of yen)

Consolidated P/L	FY3/2018	FY3/2019							YoY Change
	Full-year	Full year forecast as of May 2018	Revised plan as of March 2019					Full-year	
				Q1	Q2	Q3	Q4		
Net sales	61.05	95.00	53.00	8.93	9.11	19.57	14.02	51.63	(9.41)
Gross profit	13.40	17.00	-	1.42	2.43	6.32	3.59	13.76	+0.36
SG&A expenses	19.13	15.00	-	4.15	3.60	3.67	3.69	15.13	(4.00)
Operating profit (loss)	(5.73)	2.00	0	(2.73)	(1.17)	2.64	(0.10)	(1.36)	+4.37
Ordinary profit (loss)	(5.20)	2.50	0	(2.75)	(1.30)	2.74	(0.08)	(1.39)	+3.80
Profit (loss) attributable to owners of parent	(7.69)	1.50	0.70	(2.95)	(0.29)	3.23	(0.28)	(0.29)	+7.39

[Number of pachinko/pachislot (hereinafter, "PS") machines sales]

(Unit: Machine)

Pachinko machine	95,778	-	-	19,895	12,927	37,026	33,931	103,779	+8,001
Pachislot machine	95,679	-	-	3,341	6,863	9,983	14,057	34,244	(61,435)
Total	191,457	-	-	23,236	19,790	47,009	47,988	138,023	(53,434)

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

Consolidated B/S and cash flows

(Unit: Billions of yen)

Consolidated B/S	FY3/2018	FY3/2019	Change	Main factors
Current assets	42.17	48.22	+6.04	Increase in cash and deposits Increase in inventories
(Cash and deposits)	24.47	28.90	+4.43	
Property, plant and equipment	5.27	6.16	+0.88	
Intangible assets	1.38	3.17	+1.78	Increase in goodwill
Investments and other assets	23.49	10.63	(12.86)	Decrease in long-term loans receivable
Total assets	72.33	68.19	(4.13)	
Current liabilities	22.48	21.75	(0.72)	Decrease in notes and accounts payable-trade Increase in short-term loans payable
Non-current liabilities	14.34	11.33	(3.00)	Decrease in long-term loans payable
Net assets	35.50	35.10	(0.40)	
Total liabilities and net assets	72.33	68.19	(4.13)	

Consolidated cash flows	FY3/2018	FY3/2019	Breakdown for the FY3/2019
Cash flows from operating activities	(1.09)	2.17	Loss before income taxes (0.02)/ Decrease in notes and accounts payable-trade (2.66)/ Decrease in notes and accounts receivable-trade +1.65/ Loss on sales of shares of subsidiaries and associates (1.34)/ Depreciation +1.23/ Amortization of equity investment +1.07/ Share of (profit) loss of entities accounted for using equity method +0.45
Cash flows from investing activities	4.39	3.21	Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation+2.81/ Proceeds from sales of shares of subsidiaries and associates +1.80/ Purchase of non-current assets (1.39)
Cash flows from financing activities	(2.02)	(0.96)	Repayments of long-term loans payable (2.58)/ Increase in short-term loans payable +1.80/ Cash dividends paid (0.16)
Net increase (decrease) in cash and cash equivalents	1.28	4.43	
Cash and cash equivalents at beginning of period	23.09	24.37	
Cash and cash equivalents at end of period	24.37	28.80	

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

Initiatives for the FY3/2020

The Policy of the business

Planning, development and sales of optimum products considering market needs based on marketing analyses

- **Thorough reviewing and brush-up of products we developed**
- **Release of popular series machines**

Sound distribution business

- Alliance with nine manufacturers and contract with 5,500 halls regarding installation and parts checking operations
- Expanding number of alliance manufacturers and contracts above

Used machines distribution platform

- Working on security measure and complying change of the rule of document issuing
- Reconstructing the system and aiming at providing the service early

Mobile targeting ad business

- Installation of mobile targeting ad service in 900 pachinko halls
- Expanding development of the service to other industries (food and drink, SC industry etc.)

Media solution business

- *Pachinko Pachislot Information Station*
Scheduled to be distributed from July 2019



ULTRAMAN

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[Global distribution]

- Distributed worldwide on NETFLIX from April *except in China
Implemented massively promotion by TV commercials, etc.
as a focused work of NETFLIX
- Got a high reputation and a strong response
from viewers/in NETFLIX
Received a strong response in Asia
including Korea, Thailand and Malaysia

[Distribution in China]

- Distributed on Tencent, bilibili and other seven companies
⇒ In China, estimated **70 million views per month**



**ULTRA HEROES TAMASHII held in Shanghai
in 2019/3/1~3/31**

【Development in China】

- **ULTRA HEROES TAMASHII**, the first event targeted adult in China, held at shopping mall in Shanghai

⇒ **More than 700,000 visitors** in a month

【Development in Europe and America】

- **Started active development in Europe and America**

Promoting global strategy

starting from selling past contents

⇒ **Scheduled to exhibit at Licensing Expo**

in North America in June 2019

Using all of the Group's collective strength to promote business expansion
both inside and outside Japan

Movie

To be “profit” from “cost”

Attractive movie

Movie for
goods promotion

Character
business

To monetize by tie-ups with other companies

Global

Strategic expansion

Asia primarily in China → North America

Management Structure (since April 2019)

Takayuki Tsukagoshi (Chairman and CEO)

Held major positions in the videogram and visual categories at the Walt Disney Group in Japan

Main careers : President, Buena Vista Home Entertainment Japan Inc. (2000)

The Walt Disney Studios Japan (2010)

Executive Producer, The Walt Disney Company (Japan) Ltd. (2016)

Masayuki Nagatake (President and COO)

Been in charge of strategy and overseas business in the toy industry for the last decade after the finance and apparel industries

Main careers : Goldman Sachs Japan Co., Ltd. (1999)

UNIQLO (U.K.) Ltd. (2002)

President and Chief Operating Officer, TOMY International, Inc. (2016)

Experienced member of board of director in toy industry in US

Forecast of the FY3/2020

H1

Q1 sold **GANTZ:2** **25,000 units**

Others **15,000 units**

Q2 on sale **S Gurren Lagann**

7 titles

H2

11 titles

(Unit: billions of yen)

	FY3/2019	Forecast of FY3/2020	
	Full-year	Full-year	Change
Operating profit (loss)	(1.36)	1.5	2.86
Ordinary profit (loss)	(1.39)	1.5	2.89
Profit (loss) attributable to owners of parent	(0.29)	1.0	1.29

➔ The three fiscal year profit plan of the mid-term management plan will be announced anew

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.