

(Translation)
May 15, 2020

To all parties concerned:

FIELDS CORPORATION
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Notification of Partial Revisions of Summary of Financial Information and Business Results for the First Half of the Year Ending March 31, 2020 (revision of texts and numerical data)

FIELDS CORPORATION hereby announces that it has partially revised the *Summary of Financial Information and Business Results for the First Half of the Year Ending March 31, 2019* released on November 7, 2019. The Company also hereby announces the revision of numerical data.

1. Details and reason of revision

Please refer to the *Notification Regarding Partial Revision of Summary of Financial Information and Consolidated Business Results, etc. for the Previous Fiscal Year* announced on May 15, 2020.

2. Revised parts

The whole revised sentence is attached, and the revisions are marked with underline.

Summary

(Translation)

FIELDS CORPORATION Summary of Financial Information and Consolidated Business Results for the First Half of the Year Ending March 31, 2020 (Japan GAAP)

November 7, 2019
Listed on: TSE 1st

Company Name: FIELDS CORPORATION
(URL: <https://www.fields.biz/ir/e/>)
Stock code: 2767
Representative Director: Hidetoshi Yamamoto
Chairman, President and Group CEO
Inquiries: Hideaki Hatanaka
Corporate Officer
Tel: +81-3-5784-2111

Planned date for submission of the quarterly report: November 13, 2019
Planned date for start of dividend payment: —
Quarterly earnings supplementary explanatory materials: No
Quarterly financial briefing: Yes (For institutional investors and security analysts)

(Rounded down to the nearest million)

1. Consolidated business results for the first half of the year ending March 31, 2020 (April 1, 2019 to September 30, 2019)

(1) Consolidated operating results (cumulative total)

(Percentage figures denote YoY changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half of year ending March 31, 2020	27,772	53.9	(2,750)	—	(2,534)	—	(2,756)	—
First half of year ended March 31, 2019	18,041	(48.8)	(3,906)	—	(4,062)	—	(3,251)	—

(Note) Comprehensive income First half of the year ending March 31, 2020: ¥(3,412) million (—%)
First half of the year ended March 31, 2019: ¥(2,849) million (—%)

	Profit per share	Diluted profit per share
	Yen	Yen
First half of year ending March 31, 2020	(83.08)	—
First half of year ended March 31, 2019	(97.98)	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
First half of year ending March 31, 2020	55,334	31,056	55.4
Year ended March 31, 2019	67,450	34,638	50.8

(Reference) Shareholders' equity First half of the year ending March 31, 2020: ¥30,635 million
Year ended March 31, 2019: ¥34,233 million

2. Dividends

	Annual dividends				
	Q1-end	Q2-end	Q3-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	—	0.00	—	10.00	10.00
Year ending March 31, 2020	—	0.00			
Year ending March 31, 2020 (Forecast)			—	10.00	10.00

(Note) Revision of the most recently released dividend forecasts: No

3. Forecast of consolidated earnings for the fiscal year ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Percentage figures denote YoY changes)

	Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full-year	1,500	—	1,500	—	1,000	—	30.14

(Note) Revision of the most recently released performance forecasts: No

FIELDS CORPORATION discloses a full-year business forecast, as it manages its business performance on an annual basis.

A full-year forecast of net sales is not disclosed considering the current pachinko/pachislot market environment.

***Notes**

(1) Transfer of important subsidiaries during the year under review (Transfer of specific subsidiaries that results in a change in the scope of consolidation): No

(2) Application of the accounting method specific to quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, accounting estimates, and revisions/restatements

- 1) Changes in account policies due to the revision to the accounting standards, etc.: No
- 2) Changes in accounting policies due to any reason other than those in 1) above: No
- 3) Changes in accounting estimates: No
- 4) Revisions/restatements: No

(4) Number of shares issued (common shares)

1) Number of shares issued at end of year (including treasury shares)

First half of the year ending March 31, 2020	34,700,000 shares
Year ended March 31, 2019	34,700,000 shares

2) Number of shares of treasury shares at end of year

First half of the year ending March 31, 2020	1,516,300 shares
Year ended March 31, 2019	1,516,300 shares

3) Average number of shares outstanding (quarterly consolidated cumulative period)

First half of the year ending March 31, 2020	33,183,700 shares
First half of the year ended March 31, 2019	33,183,700 shares

* Summary of Financial Information and Consolidated Business Results are not subject to audit.

* Explanation of the appropriate usage of forecast earnings and other specific matters

This document contains projections of performance and other projections that were made based on information currently available and certain assumptions judged to be reasonable. The actual results may differ significantly from forecast figures due to the various factors. Please refer to (1) *Analysis of operating results and consolidated earnings forecasts* under 1. *Qualitative information on the quarterly financial results* on page two of the attached documents for details of assumptions for financial forecasts and other related matters.

The Company is planning to hold a financial briefing for analysts and institutional investors on Friday, November 8, 2019. Materials distributed at that briefing will be posted on the Company's website after the briefing as soon as possible.

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1. Qualitative information on the quarterly financial results

(1) Analysis of operating results and consolidated earnings forecasts

i.) Analysis of operating results

In the pachinko/pachislot market, manufacturers are developing and bringing new-regulation machine* to market. New-regulation machine, which offers a variety of new game functions within a reasonable amount of money, has received a certain reputation from pachinko halls and fans as a “pachinko/pachislot that customers can enjoy with peace of mind.” This has raised expectations for market revitalization.

Amid these market conditions, we have conducted marketing analyses from the user’s point of view on all the new-regulation machine that have been introduced into pachinko halls, and have refined the quality so that all products can be introduced into pachinko halls as an attractive products that users can enjoy.

[Results for the first half of the current fiscal year (six months)]

In the pachinko/pachislot distribution services business, we sold 22,600 units in the second quarter and recorded sales of a total of 64,500 units (up 50.1% YoY) including 41,900 units in the first quarter. In the pachinko/pachislot machine installation and parts checking business, sales grew to net sales ¥144 million (up approximately 2.4 times YoY) and net sales ¥400 million (up approximately 3.2 times YoY) in the web ad business. The pachinko/pachislot development division has steadily won orders for development projects from the next fiscal year onward.

At the other company, Tsuburaya Productions Co., Ltd. (hereinafter referred to as “Tsuburaya Productions”) is pursuing a variety of initiatives, including the production of the large film *SHIN ULTRAMAN*, monetization of movies, and expansion of licensing revenues. In Digital Frontier Inc., which conducts the video production business, its performance is proceeding steadily with orders for animation, games, pachinko/pachislot and other video production.

As a result, consolidated results for the first half of the fiscal year under review were as follows: net sales ¥27,772 million (up 53.9% YoY), operating loss ¥2,750 million (an improvement of ¥1,156 million YoY), ordinary loss ¥2,534 million (an improvement of ¥1,527 million YoY), and loss attributable to owners of parent ¥2,756 million (an improvement of ¥494 million YoY).

ii.) Explanation of consolidated earnings forecasts

The full-year consolidated financial results forecast, including the current situation, is progressing as planned, and there are no changes to the content in the “Summary of Financial Information and Consolidated Business Results for the Year Ended March 31, 2019” announced on May 15, 2019.

[Progress in the second half of the fiscal year ending March 31, 2020]

In the pachinko/pachislot distribution services business, we have already commenced sales of several pachinko/pachislot machines, including the mainstay title *NEON GENESIS EVANGELION Rebirth of Angels*, as well as *Pachislot Salaryman Kintaro -MAX-*, *CARD BATTLE PACHI-SLOT MOBILE SUIT GUNDAM X-OVER*, and *ayumi hamasaki -LIVE in CASINO-*. In addition, preparations for the launch of titles, scheduled for release in the fourth quarter, are proceeding smoothly.

Tsuburaya Productions is expanding its business both in Japan and overseas. During the fiscal year under review, the distribution of *ULTRAMAN*, a 3DCG animation series in NETFLIX and elsewhere, as well as season 2 production, merchandising and licensing, progressed largely as planned.

The performance of the other companies was also favorable, and the business for the fiscal year under review was in line with the plan.

*Pachinko/pachislot machine based on *Regulation Partially Amending the Ordinance for Enforcement of the Act on Control and Improvement of Amusement Business and the Regulations for the Verification of Licenses, Formats and Other Aspects of Pachinko and Pachislot Machines* effective on February 1, 2018

(2) Analysis of financial position

(Assets)

Current assets decreased ¥6,667 million from the end of the previous fiscal year to ¥40,718 million. This was mainly due to a decrease in cash and deposits and a decrease in notes and accounts receivable-trade.

Property, plant and equipment decreased ¥986 million from the end of the previous fiscal year to ¥5,178 million. This was mainly due to a decrease in tools, furniture and fixtures.

Intangible assets decreased by ¥161 million from the end of the previous fiscal year to ¥3,009 million. This was mainly due to a decrease in goodwill.

Investments and other assets decreased ¥4,300 million from the end of the previous fiscal year to ¥6,427 million. This was mainly due to a decrease in investment securities.

As a result, total assets amounted to ¥55,334 million, down ¥12,115 million from the end of the previous fiscal year.

(Liabilities)

Current liabilities decreased ¥5,178 million from the end of the previous fiscal year to ¥16,295 million. This was mainly due to a decrease in notes and accounts payable-trade and a decrease in short-term loans payable.

Non-current liabilities decreased ¥3,354 million from the end of the previous fiscal year to ¥7,982 million. This was mainly due to a decrease in long-term loans payable.

As a result, total liabilities amounted to ¥24,278 million, down ¥8,533 million from the end of the previous fiscal year.

(Net assets)

Net assets decreased ¥3,581 million from the end of the previous fiscal year to ¥31,056 million. This was mainly due to a decrease in retained earnings.

(Analysis of cash flows)

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the second quarter of the current fiscal year decreased by ¥5,581 million from the end of the previous fiscal year to ¥23,226 million.

(Cash flows from operating activities)

Net cash used in operating activities was ¥2,361 million (¥4,177 million used in the same period of the previous fiscal year). This was mainly attributable to a loss before income taxes of ¥2,744 million, a decrease in notes and accounts payable-trade of ¥3,080 million, a decrease in notes and accounts receivable-trade of ¥1,930 million, depreciation of ¥726 million, and amortization of goodwill of ¥279 million.

(Cash flows from investing activities)

Net cash provided by investing activities amounted to ¥1,715 million (¥1,652 million provided in the same period of the previous fiscal year). This was mainly due to proceeds from sales of investment securities of ¥3,519 million and purchase of non-current assets of ¥1,621 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥4,935 million (compared with ¥531 million used in the same period of the previous fiscal year). This was mainly due to repayments of long-term loans payable of ¥3,324 million, a decrease of short-term loans payable of ¥1,496 million, and cash dividends paid of ¥331 million.

2. Quarterly consolidated balance sheets and important notes

(1) Quarterly consolidated balance sheets

	(Unit: Millions of yen)	
	Fiscal year ended March 31, 2019 (as of March 31, 2019)	Six months ended September 30, 2019 (as of September 30, 2019)
Assets		
Current assets		
Cash and deposits	28,907	23,326
Notes and accounts receivable-trade	6,157	5,795
Electronically recorded monetary claims-operating	1,070	97
Merchandise and finished goods	750	545
Work in process	5,130	5,440
Raw materials and supplies	2,229	2,273
Other	3,247	3,365
Allowance for doubtful accounts	(108)	(126)
Total current assets	<u>47,385</u>	<u>40,718</u>
Non-current assets		
Property, plant and equipment		
Land	1,676	1,644
Other	4,488	3,534
Total property, plant and equipment	<u>6,165</u>	<u>5,178</u>
Intangible assets		
Goodwill	2,715	2,435
Other	455	574
Total intangible assets	<u>3,170</u>	<u>3,009</u>
Investments and other assets		
Investment securities	5,785	1,460
Long-term loans receivable	1,738	1,722
Other	4,893	4,919
Allowance for doubtful accounts	(1,689)	(1,673)
Total investments and other assets	<u>10,728</u>	<u>6,427</u>
Total non-current assets	<u>20,064</u>	<u>14,616</u>
Total assets	<u>67,450</u>	<u>55,334</u>
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,160	4,966
Short-term loans payable	5,960	4,464
Current portion of long-term loans payable	2,580	2,663
Income taxes payable	120	75
Provision for bonuses	249	259
Provision for directors' bonuses	10	4
Other	4,391	3,861
Total current liabilities	<u>21,474</u>	<u>16,295</u>
Non-current liabilities		
Long-term loans payable	6,847	3,689
Net defined benefit liability	628	642
Asset retirement obligations	903	882
Other	2,957	2,767
Total non-current liabilities	<u>11,337</u>	<u>7,982</u>
Total liabilities	<u>32,811</u>	<u>24,278</u>

	(Unit: Millions of yen)	
	Fiscal year ended March 31, 2019 (as of March 31, 2019)	Six months ended September 30, 2019 (as of September 30, 2019)
Net assets		
Shareholders' equity		
Capital stock	7,948	7,948
Capital surplus	7,579	7,579
Retained earnings	<u>19,904</u>	<u>16,815</u>
Treasury shares	(1,821)	(1,821)
Total shareholders' equity	<u>33,610</u>	<u>30,522</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	598	87
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans	23	24
Total accumulated other comprehensive income	622	112
Non-controlling interests	<u>404</u>	<u>421</u>
Total net assets	<u>34,638</u>	<u>31,056</u>
Total liabilities and net assets	<u>67,450</u>	<u>55,334</u>

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

Quarterly consolidated statements of income

First half of the year ending March 31, 2020

	(Unit: Millions of yen)	
	Six months ended September 30, 2018 (April 1, 2018 –September 30, 2018)	Six months ended September 30, 2019 (April 1, 2019 –September 30, 2019)
Net sales	18,041	<u>27,772</u>
Cost of sales	14,189	<u>23,620</u>
Gross profit	3,852	<u>4,151</u>
Selling, general and administrative expenses	7,759	6,902
Operating loss	(3,906)	<u>(2,750)</u>
Non-operating income		
Interest income	52	14
Dividend income	78	79
Purchase discounts	37	107
Share of profit of entities accounted for using equity method	-	42
Distribution from investments	85	11
Other	68	56
Total non-operating income	323	313
Non-operating expenses		
Interest expenses	39	34
Share of loss of entities accounted for using equity method	421	-
Amortization of equity investment	1	-
Financing expenses	1	23
Other	14	39
Total non-operating expenses	478	97
Ordinary loss	(4,062)	<u>(2,534)</u>
Extraordinary income		
Gain on sales of non-current assets	18	16
Gain on sales of investment securities	361	-
Gain on sales of shares of subsidiaries and associates	1,400	-
Gain on liquidation of subsidiaries and associates	-	17
Other	9	-
Total extraordinary income	1,790	34
Extraordinary losses		
Loss on retirement of non-current assets	38	0
Impairment loss	315	-
Loss on sales of investment securities	-	212
Loss on business restructuring	386	-
Loss on litigation	63	30
Other	59	1
Total extraordinary losses	863	244
Profit (loss) before income taxes	(3,135)	<u>(2,744)</u>
Income taxes	100	(0)
Profit (loss)	(3,236)	<u>(2,744)</u>
Profit attributable to non-controlling interests	15	12
Profit (loss) attributable to owners of parent	(3,251)	<u>(2,756)</u>

Quarterly consolidated statements of comprehensive income

First half of the year ending March 31, 2020

	(Unit: Millions of yen)	
	Six months ended September 30, 2018 (April 1, 2018 –September 30, 2018)	Six months ended September 30, 2019 (April 1, 2019 –September 30, 2019)
Profit (loss)	(3,236)	<u>(2,744)</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	364	(511)
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans	21	1
Total other comprehensive income	386	(509)
Comprehensive income	<u>(2,849)</u>	<u>(3,253)</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,867)	<u>(3,270)</u>
Comprehensive income attributable to non-controlling interests	17	<u>16</u>

(3) Quarterly consolidated statements of cash flows

	(Unit: Millions of yen)	
	Six months ended September 30, 2018 (April 1, 2018 –September 30, 2018)	Six months ended September 30, 2019 (April 1, 2019 –September 30, 2019)
Cash flows from operating activities		
Loss before income taxes	(3,135)	<u>(2,744)</u>
Depreciation	527	726
Impairment loss	315	-
Amortization of goodwill	155	279
Increase (decrease) in allowance for doubtful accounts	(35)	2
Increase (decrease) in provision for bonuses	(50)	10
Increase (decrease) in provision for directors' bonuses	(5)	(5)
Increase (decrease) in net defined benefit liability	(4)	15
Interest and dividend income	(130)	(94)
Share of (profit) loss of entities accounted for using equity method	421	(42)
Interest expenses	39	34
Decrease (increase) in notes and accounts receivable-trade	3,042	<u>1,930</u>
Decrease (increase) in inventories	1,286	<u>(149)</u>
Decrease (increase) in merchandising right advances	(84)	(153)
Increase (decrease) in notes and accounts payable-trade	(6,610)	<u>(3,080)</u>
Loss (gain) on sales of shares of subsidiaries and associates	(1,348)	-
Other, net	966	<u>881</u>
Subtotal	<u>(4,650)</u>	<u>(2,390)</u>
Interest and dividend income received	132	94
Interest expenses paid	(39)	(34)
Income taxes (paid) refund	381	(30)
Net cash provided by (used in) operating activities	<u>(4,177)</u>	<u>(2,361)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(145)	(1,413)
Proceeds from sales of property, plant and equipment	117	48
Purchase of intangible assets	(66)	(207)
Proceeds from redemption of investment securities	-	200
Proceeds from sales of investment securities	528	3,519
Purchase of shares of subsidiaries and associates	-	(10)
Proceeds from sales of shares of subsidiaries and associates	1,800	1
Payments of loans receivable	(140)	-
Collection of loans receivable	24	24
Other, net	(465)	(446)
Net cash provided by (used in) investing activities	<u>1,652</u>	<u>1,715</u>
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	938	(1,496)
Proceeds from long-term loans payable	-	250
Repayments of long-term loans payable	(1,290)	(3,324)
Cash dividends paid	(168)	(331)
Other, net	(11)	(33)
Net cash provided by (used in) financing activities	<u>(531)</u>	<u>(4,935)</u>
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	<u>(3,055)</u>	<u>(5,581)</u>
Cash and cash equivalents at beginning of period	<u>24,373</u>	<u>28,807</u>
Cash and cash equivalents at end of period	<u>21,318</u>	<u>23,226</u>

(4) Note regarding the quarterly consolidated financial statements

(Note regarding the operation of the company as a going concern)

No relevant items

(Note regarding occurrence of significant change in amount of shareholders' equity)

No relevant items

(Application of the accounting method specific to quarterly consolidated financial statements)

Assessment of tax expenses

The Company makes a reasonable estimate of the effective tax rate after the application of tax effect accounting on profit before income taxes for the year ending March 31, 2020, including the six months ended September 30, 2019, and calculates tax expenses by multiplying profit before income taxes during the six months ended June September, 2019 by the estimated effective tax rate.