

(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 Quarter 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 Quarter of the Year Ending March 31, 2020* released on August 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 Quarter of the Year Ending March 31, 2020 (Japan GAAP)

August 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
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Planned date for submission of the quarterly report: August 9, 2019
Planned date for start of dividend payment: —
Quarterly earnings supplementary explanatory materials: No
Quarterly earnings presentation: Yes (For institutional investors and security analysts)

(Rounded down to the nearest million)

1. Consolidated business results for the first quarter of the year ending March 31, 2020 (April 1, 2019 to June 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 quarter, year ending March 31, 2020	19,164	114.6	(599)	—	(546)	—	(607)	—
First quarter, year ended March 31, 2019	8,930	(28.2)	(2,733)	—	(2,755)	—	(2,957)	—

(Note) Comprehensive income First quarter of the year ending March 31, 2020: ¥(940) million (—%)
First quarter of the year ended March 31, 2019: ¥(2,663) million (—%)

	Profit per share	Diluted profit per share
	Yen	Yen
First quarter, year ending March 31, 2020	(18.31)	—
First quarter, year ended March 31, 2019	(89.11)	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
First quarter, year ending March 31, 2020	66,901	33,365	49.2
Year ended March 31, 2019	67,450	34,638	50.8

(Reference) Shareholders' equity First quarter of the year ending March 31, 2020: ¥32,947 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 (Forecast)	—	0.00	—	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 quarter 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 quarter 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 quarter of the year ending March 31, 2020	33,183,700 shares
First quarter 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 results briefing for analysts and institutional investors on Thursday, August 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.) Overview of operations for the three months ended June 30, 2019 (April 1 to June 30, 2019)

In May 2018, our group concentrated our management resources to each of the four units for management optimization. As a result, we have not only cut costs, but also leveraged synergy effects among business unit and accelerated management decisions.

For our main business, the pachinko and pachislot (hereinafter, “PS”) business during the first quarter under review, we have sold a total of 41,000 units (increase of 18,000 units YoY), including 25,000 units of *Pachinko GANTZ:2*. In terms of the installation and parts checking operations of PS machines, we recorded net sales of ¥90 million (about nine times YoY), and in the terms of the web ad business, recorded net sales of ¥220 million (about 22 times YoY). In the PS development business, consigned development from various manufacturers is progressing strongly and its performance is proceeding steadily.

Tsuburaya Productions Co., Ltd. (hereinafter, “Tsuburaya Productions”) is promoting various measures aimed at producing profits in movies and developing goods sales etc. into foreign countries.

As a result of the above initiatives, our consolidated earnings for the first quarter of this term were net sales of ¥19,164 million (increase of ¥10,233 million YoY), an operating loss of ¥599 million (a YoY improvement of ¥2,133 million), an ordinary loss of ¥546 million (a YoY improvement of ¥2,208 million), and loss attributable to owners of parent of ¥607 million (a YoY improvement of ¥2,349 million).

ii.) Summary of forecasts for consolidated earnings

In the PS market, all of the old regulation machines are expected to be removed by end of January 2021 and replaced with new regulation machines following the *Regulation for Enforcement of the Amusement Businesses Law**. It is expected that particularly strong demand will increase for the replacement of major old regulation machines toward the end of the year. Therefore, we will sell various PS machines including major titles successively.

In Tsuburaya Productions, *ULTRAMAN* has been distributed worldwide on NETFLIX etc. from April 2019. The production of season two was decided on as a result of a strong response being received from viewers. We expect the anime to expand goods and license sales not only in Japan but in China, Asia and North America. Also in movie, the production of *SHIN ULTRAMAN* was announced on August 1, 2019. This project is highly anticipated and garnering much attention, as it will be produced and screenplay by Hideaki Anno, who worked on the *Evangelion* series and *Shin Godzilla*, and directed by Shinji Higuchi, who directed *Shin Godzilla*.

As a result of the above, our consolidated earnings forecasts for the year ending March 31, 2020 remain unchanged from those stated in the “Summary of Financial Information and Consolidated Business Results for the Year Ended March 31, 2019,” released on May 15, 2019.

*1: *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*, which enforced on February 1, 2018.

(2) Analysis of financial position

(Assets)

Current assets amounted to ¥48,066 million, up ¥680 million from the end of the previous fiscal year. The principal factor behind this was an increase in cash and deposits.

Property, plant and equipment amounted to ¥5,435 million, down ¥729 million from the end of the previous fiscal year. The principal factor behind this was a decrease in tools, furniture and fixtures.

Intangible assets amounted to ¥3,092 million, down ¥78 million from the end of the previous fiscal year. The principal factor behind this was a decrease in goodwill.

Investments and other assets amounted to ¥10,306 million, down ¥421 million from the end of the previous fiscal year. This was mainly due to a decrease in investment securities.

As a result of the above, total assets amounted to ¥66,901 million, down ¥548 million from the end of the previous fiscal year.

(Liabilities)

Current liabilities amounted to ¥22,806 million, up ¥1,332 million from the end of the previous fiscal year. The principal factor behind this was an increase in notes and accounts payable-trade even though a decrease in short-term loans payable.

Non-current liabilities amounted to ¥10,728 million, down ¥608 million from the end of the previous fiscal year. The principal factor behind this was a decrease in long-term loans payable.

As a result of the above, total liabilities amounted to ¥33,535 million, up ¥723 million from the end of the previous fiscal year.

(Net assets)

Net assets amounted to ¥33,365 million, down ¥1,272 million from the end of the previous fiscal year. This primarily reflected a decrease in retained earnings.

(Analysis of cash flows)

During the first quarter of the fiscal year under review, cash and cash equivalents (hereinafter referred to as “cash”) increased by ¥923 million from the end of the previous fiscal year, amounting to ¥29,731 million.

(Cash flows from operating activities)

Net cash provided in operating activities amounted to ¥4,234 million (¥2,742 million of expenditure for the same period of the previous fiscal year). This was mainly due to a loss before income taxes of ¥554 million, an increase in notes and accounts payable-trade of ¥3,493 million, a decrease in notes and accounts receivable-trade of ¥891 million, and depreciation totaling ¥401 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥1,083 million (¥124 million of revenue for the same period of the previous fiscal year). This was mainly due to purchase of non-current assets of ¥993 million and proceeds from redemption of investment securities totaling ¥200 million.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥2,226 million (¥721 million of expenditure for the same period of the previous fiscal year). This was mainly attributable to a decrease in short-term loans payable totaling ¥1,496 million, repayment of long-term loans payable totaling ¥651 million, and dividends paid totaling ¥322 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)	Three months ended June 30, 2019 (as of June 30, 2019)
Assets		
Current assets		
Cash and deposits	28,907	29,831
Notes and accounts receivable-trade	<u>6,157</u>	<u>4,980</u>
Electronically recorded monetary claims-operating	1,070	1,835
Merchandise and finished goods	750	533
Work in process	<u>5,130</u>	<u>5,446</u>
Raw materials and supplies	2,229	2,324
Other	<u>3,247</u>	3,225
Allowance for doubtful accounts	(108)	(109)
Total current assets	<u>47,385</u>	<u>48,066</u>
Non-current assets		
Property, plant and equipment		
Land	1,676	1,644
Other	<u>4,488</u>	<u>3,791</u>
Total property, plant and equipment	6,165	5,435
Intangible assets		
Goodwill	2,715	2,575
Other	455	517
Total intangible assets	3,170	3,092
Investments and other assets		
Investment securities	5,785	5,236
Long-term loans receivable	1,738	1,729
Other	<u>4,893</u>	<u>5,034</u>
Allowance for doubtful accounts	(1,689)	(1,693)
Total investments and other assets	<u>10,728</u>	<u>10,306</u>
Total non-current assets	<u>20,064</u>	<u>18,834</u>
Total assets	<u>67,450</u>	<u>66,901</u>
Liabilities		
Current liabilities		
Notes and accounts payable-trade	<u>8,160</u>	<u>11,625</u>
Short-term loans payable	5,960	4,464
Current portion of long-term loans payable	2,580	2,663
Income taxes payable	<u>120</u>	35
Provision for bonuses	249	130
Provision for directors' bonuses	10	—
Other	<u>4,391</u>	<u>3,888</u>
Total current liabilities	<u>21,474</u>	<u>22,806</u>
Non-current liabilities		
Long-term loans payable	6,847	6,362
Net defined benefit liability	628	637
Asset retirement obligation	903	903
Other	<u>2,957</u>	<u>2,824</u>
Total non-current liabilities	11,337	10,728
Total liabilities	<u>32,811</u>	<u>33,535</u>

	(Unit: Millions of yen)	
	Fiscal year ended March 31, 2019 (as of March 31, 2019)	Three months ended June 30, 2019 (as of June 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>18,965</u>
Treasury shares	(1,821)	(1,821)
Total shareholders' equity	<u>33,610</u>	<u>32,671</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	598	251
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans	23	23
Total accumulated other comprehensive income	622	275
Non-controlling interest	<u>404</u>	<u>418</u>
Total net assets	<u>34,638</u>	<u>33,365</u>
Total liabilities and net assets	<u>67,450</u>	<u>66,901</u>

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

Quarterly consolidated statements of income

First quarter of the year ending March 31, 2020

	(Unit: Millions of yen)	
	Three months ended June 30, 2018 (April 1, 2018–June 30, 2018)	Three months ended June 30, 2019 (April 1, 2019–June 30, 2019)
Net sales	8,930	<u>19,164</u>
Cost of sales	7,509	<u>16,365</u>
Gross profit	1,421	<u>2,798</u>
Selling, general and administrative expenses	4,155	3,397
Operating profit (loss)	<u>(2,733)</u>	<u>(599)</u>
Non-operating income		
Interest income	27	10
Dividend income	74	75
Purchase discounts	5	—
Other	47	31
Total non-operating income	<u>155</u>	<u>117</u>
Non-operating expenses		
Interest expenses	19	17
Foreign exchange losses	2	16
Share of loss of entities accounted for using equity method	145	16
Amortization of equity investment	0	—
Other	9	13
Total non-operating expenses	<u>177</u>	<u>64</u>
Ordinary profit (loss)	<u>(2,755)</u>	<u>(546)</u>
Extraordinary income		
Gain on sales of non-current assets	18	16
Gain on sales of investment securities	361	—
Total extraordinary income	<u>380</u>	<u>16</u>
Extraordinary losses		
Loss on retirement of non-current assets	15	0
Impairment loss	147	—
Restructuring loss	365	—
Loss on litigation	29	22
Other	3	1
Total extraordinary losses	<u>561</u>	<u>24</u>
Profit (loss) before income taxes	<u>(2,936)</u>	<u>(554)</u>
Income taxes	37	39
Profit (loss)	<u>(2,974)</u>	<u>(594)</u>
Profit (loss) attributable to non-controlling interests	(17)	(0)
Profit (loss) attributable to owners of parent	<u>(2,957)</u>	<u>(607)</u>

Quarterly consolidated statements of comprehensive income

First quarter of the year ending March 31, 2020

	(Unit: Millions of yen)	
	Three months ended June 30, 2018 (April 1, 2018–June 30, 2018)	Three months ended June 30, 2019 (April 1, 2019–June 30, 2019)
Loss	(2,974)	<u>(594)</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	299	(347)
Foreign currency translation adjustment	(0)	0
Remeasurements of defined benefit plans, net of tax	10	0
Total other comprehensive income	310	(346)
Comprehensive income	<u>(2,663)</u>	<u>(940)</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,649)	<u>(954)</u>
Comprehensive income attributable to non-controlling interests	(14)	<u>(13)</u>

(3) Quarterly consolidated statements of cash flows

	(Unit: Millions of yen)	
	Three months ended June 30, 2018 (April 1, 2018–June 30, 2018)	Three months ended June 30, 2019 (April 1, 2019–June 30, 2019)
Cash flows from operating activities		
Profit (loss) before income taxes	(2,936)	(554)
Depreciation	287	401
Impairment loss	147	—
Amortization of goodwill	77	139
Increase (decrease) in allowance for doubtful accounts	(9)	5
Increase (decrease) in provision for bonuses	(161)	(119)
Increase (decrease) in provision for directors' bonuses	(9)	(10)
Increase (decrease) in net defined benefit liability	5	9
Interest and dividend income	(102)	(86)
Share of (profit) loss of entities accounted for using equity method	145	16
Interest expenses	19	17
Decrease (increase) in notes and accounts receivable -trade	1,818	891
Decrease (increase) in inventories	(115)	(192)
Decrease (increase) in merchandising right advances	19	(45)
Increase (decrease) in notes and accounts payable -trade	(2,352)	3,493
Other, net	464	307
Subtotal	(2,701)	4,274
Interest and dividend income received	102	86
Interest expenses paid	(19)	(17)
Income taxes (paid) refund	(124)	(109)
Net cash provided by (used in) operating activities	(2,742)	4,234
Cash flows from investing activities		
Purchase of property, plant and equipment	(124)	(896)
Proceeds from sales of property, plant and equipment	119	47
Purchase of intangible assets	(34)	(96)
Proceeds from redemption of investment securities	—	200
Proceeds from sales of investment securities	528	29
Proceeds from sales of shares of subsidiaries and associates	—	1
Payments of loans receivable	(50)	—
Collection of loans receivable	17	7
Other, net	(330)	(375)
Net cash provided by (used in) investing activities	124	(1,083)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	90	(1,496)
Proceeds from long-term loans payable	—	250
Repayments of long-term loans payable	(645)	(651)
Cash dividends paid	(161)	(322)
Other, net	(5)	(5)
Net cash provided by (used in) financing activities	(721)	(2,226)
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	(3,339)	923
Cash and cash equivalents at beginning of period	24,373	28,807
Cash and cash equivalents at end of period	21,034	29,731

(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 three months ended June 30, 2019, and calculates tax expenses by multiplying profit before income taxes during the three months ended June 30, 2019 by the estimated effective tax rate.

(Significant subsequent events)

(Sales of investment securities)

As we are reviewing our policy-held stock based on the Corporate Governance Code in the aim of enhancing our financing framework and improving asset efficiency, we sold the investment securities that we own (one listed securities brand: ¥3,675 million). As a result, we will record the ¥212 million from the loss on sales of investment securities as an extraordinary loss in the second quarter consolidated accounting period for the year ending March 31, 2020.