

## Summary

(Translation)

### FIELDS CORPORATION Summary of Financial Information and Consolidated Business Results for the First Quarter of the Year Ending March 31, 2021 (Japan GAAP)

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Company Name: FIELDS CORPORATION  
(URL: <https://www.fields.biz/ir/e/>)  
Stock code: 2767  
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Planned date for submission of the quarterly report: August 7, 2020  
Planned date for start of dividend payment: —  
Quarterly earnings supplementary explanatory materials: No  
Quarterly earnings presentation: No

(Rounded down to the nearest million)

#### 1. Consolidated business results for the first quarter of the year ending March 31, 2021 (April 1, 2020 to June 30, 2020)

##### (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, 2021	2,341	(87.8)	(2,403)	—	(2,383)	—	(2,910)	—
First quarter, year ended March 31, 2020	19,164	114.6	(599)	—	(546)	—	(607)	—

(Note) Comprehensive income First quarter of the year ending March 31, 2021: ¥ (2,979) million (—%)  
First quarter of the year ended March 31, 2020: ¥ (940) million (—%)

	Profit per share	Diluted profit per share
First quarter, year ending March 31, 2021	Yen (87.71)	Yen —
First quarter, year ended March 31, 2020	(18.31)	—

##### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
First quarter, year ending March 31, 2021	Millions of yen 51,655	Millions of yen 30,968	% 59.2
Year ended March 31, 2020	64,317	34,279	52.6

(Reference) Shareholders' equity First quarter of the year ending March 31, 2021: ¥ 30,567 million  
Year ended March 31, 2020: ¥ 33,801 million

#### 2. Dividends

	Annual dividends				
	Q1-end	Q2-end	Q3-end	Year-end	Annual
Year ended March 31, 2020	Yen —	Yen 0.00	Yen —	Yen 10.00	Yen 10.00
Year ending March 31, 2021	—	—	—	—	—
Year ending March 31, 2021 (Forecast)	—	—	—	—	—

(Note) Revision of the most recently released dividend forecasts: No  
We have yet to decide the dividend forecast for the year ending March 31, 2021.

#### 3. Forecast of consolidated earnings for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

With regard to forecast of consolidated earnings, the Company will not disclose the forecast at this time, and will continue to collect rationale for calculations while assessing the impact of coronavirus disease (COVID-19), with the aim of disclosing them when it becomes possible to disclose reasonable forecasts.

**\*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, 2021	34,700,000 shares
Year ended March 31, 2020	34,700,000 shares

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

First quarter of the year ending March 31, 2021	1,516,300 shares
Year ended March 31, 2020	1,516,300 shares

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

First quarter of the year ending March 31, 2021	33,183,700 shares
First quarter of the year ended March 31, 2020	33,183,700 shares

\* Summary of Financial Information and Consolidated Business Results are not subject to certified public accountants or audit corporation.

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

# With regard to forecast of consolidated earnings for the FY2020, the Company will not disclose the forecast at this time, and will continue to collect rationale for calculations while assessing the impact of coronavirus disease (COVID-19), with the aim of disclosing them when it becomes possible to disclose reasonable forecasts.

Table of contents of Attached Document

- 1. Qualitative information on the quarterly financial results ..... 2
  - (1) Analysis of operating results and consolidated earnings forecasts .....2
  - (2) Analysis of financial position.....3
- 2. Quarterly consolidated balance sheets and important notes ..... 4
  - (1) Quarterly consolidated balance sheets .....4
  - (2) Quarterly consolidated statements of income and consolidated statements of comprehensive income.....6
  - (3) Quarterly consolidated statements of cash flows .....8
  - (4) Note regarding the quarterly consolidated financial statements .....9
    - (Note regarding the operation of the company as a going concern) .....9
    - (Note regarding occurrence of significant change in amount of shareholders' equity).....9
    - (Application of the accounting method specific to quarterly consolidated financial statements) .....9

1. Qualitative information on the quarterly financial results

(1) Analysis of operating results and consolidated earnings forecasts

i.) Overview of the Q1 of the current fiscal year (April to June 2020)

In pachinko/pachislot markets, at the request of the prefectural government in accordance with the government's declaration of emergency situation, pachinko halls in various areas of the country suspended operations, and the purchase of new machines was refrained. Since the termination of the emergency declaration, however, pachinko halls have resumed operations while thoroughly implementing measures to prevent infections, and their operation and purchase intentions have tended to recover to previous levels. In addition, as the deadline for removal of the old regulation machines, which had been set at the end of January 2021, was extended for 1 year, we expect steady and planned replacement demand for pachinko halls.

Under these circumstances, in our pachinko/pachislot sales business, we have changed the delivery date for merchandise such as *BLACK LAGOON4*, which was scheduled to be delivered in the Q1 to the Q2 or later, taking into account the demand of the marketplace.

At present, we have begun sales of *BLACK LAGOON4*, *Pachislot for CHAR AZNABLE -RED COMET's Counterattack* and *PACHISLOT Ring-ni-kakero1 -World champion carnival version* in pachislot machine and *NEON GENESIS EVANGELION Decisive Battle -Crimson-* in pachinko machine. In addition, we are also developing titles for the current term and making model certification test applications as planned.

We launched sales of merchandise for the prevention of infectious diseases in order to contribute to safe sales of pachinko halls by leveraging our strengths as a distributor. At the same time, we will continue to promote the use of pachinko/pachislot information stations and provide online advertising services and other services. In online advertising services, we collaborated with RAKSUL INC., which is involved in the sharing platform business for printing and customer attraction, and launched *Optimize*, a new advertising distribution platform.

Tsuburaya Productions Co., Ltd. is working in the image field with partner companies to study new content distribution services in Japan and overseas in order to respond to rising consumption from staying at home. In the publication field, ahead of the publication of *THE RISE OF ULTRAMAN*, a collaborative work with Marvel Entertainment, LLC, new information has been successively released worldwide, and expectation of fans are growing.

Digital Frontier Inc. has built a telework-based development system and continued to respond to the need for CG-related video production from domestic game companies and others. In addition, utilizing the company's visual production technologies, the company, NIKKATSU CORPORATION and AOI TYO Holdings Co., Ltd. established VIRTUAL LINE STUDIOS CORPORATION. By combining the strengths of each company, it will provide a solution that replicates high-quality CG images at all locations around the world while staying in a studio.

As a result, consolidated results for the Q1 were as follows: net sales ¥2,341 million (down 87.8% YoY); operating loss ¥2,403 million (¥599 million in Q1 FY2019); ordinary loss ¥2,383 million (¥546 million in Q1 FY2019); and net loss attributable to owners of parent ¥2,910 million (¥607 million in Q1 FY2019).

ii.) Explanation of consolidated earnings forecasts and other forward-looking statements

We intend to continue collecting reasonable rationales while assessing the effects of the spread of coronavirus disease infection, as reported in the March 2020 Report, released on May 15, 2020, and to release the forecast promptly as soon as it becomes possible to disclose reasonable predictions.

(Note) Merchandise names in this report are the trademarks or registered trademarks of each company.

(2) Analysis of financial position

(Assets)

Current assets decreased by ¥12,736 million from the end of the previous fiscal year to ¥37,844 million. This was mainly due to a decrease in trade receivables.

Property, plant and equipment decreased by ¥54 million from the end of the previous fiscal year to ¥4,680 million. This was mainly due to a reduction in tools, furniture and fixtures.

Intangible assets decreased by ¥37 million from the end of the previous fiscal year to ¥2,955 million. This was mainly due to a reduction in goodwill.

Investments and other assets increased by ¥165 million from the end of the previous fiscal year to ¥6,174 million. The main factor was an increase in investments in capital and leasehold deposits.

As a consequence, assets decreased by ¥12,661 million from the end of the previous fiscal year to ¥51,655 million.

(Liabilities)

Current liabilities decreased by ¥8,301 million from the end of the previous fiscal year to ¥9,695 million. This was mainly attributable to a decrease in trade payables.

Non-current liabilities decreased by ¥1,048 million from the end of the previous fiscal year to ¥10,992 million. This was mainly due to a reduction in long-term borrowings.

As a consequence, liabilities decreased by ¥9,350 million from the end of the previous fiscal year to ¥20,687 million.

(Net assets)

Net assets decreased by ¥3,311 million from the end of the previous fiscal year to ¥30,968 million. This was mainly due to a reduction in retained earnings.

(Analysis of cash flows)

Cash and cash equivalents (hereinafter, "cash") at the end of the first quarter of the current fiscal year decreased by ¥1,802 million from the end of the previous fiscal year to ¥22,922 million.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥256 million (¥4,234 million revenue for same period of the previous fiscal year). The main factors were a loss before income taxes of ¥2,950 million, a decrease in trade receivables of ¥13,576 million, a decrease in trade payables of ¥7,691 million, an increase in inventories of ¥1,376 million, and an increase/decrease in consumption taxes receivable/payable of ¥901 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥404 million (¥1,083 million expenditure for the same period of the previous fiscal year). The main factors were a ¥175 million in payments for investments in capital and a ¥126 million in purchase of non-current assets.

(Cash flows from financing activities)

Net cash used in financing activities was ¥1,654 million (¥2,226 million expenditure for the same period of the previous fiscal year). The main factors were repayments of long-term borrowings of ¥1,332 million and cash dividends paid of ¥320 million.

## 2. Quarterly consolidated balance sheets and important notes

## (1) Quarterly consolidated balance sheets

	(Unit: Millions of yen)	
	Previous fiscal year (as of March 31, 2020)	Q1 of current fiscal year (as of June 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	24,825	23,022
Notes and accounts receivable-trade	14,171	1,741
Electronically recorded monetary claims-operating	1,087	747
Merchandise and finished goods	446	1,672
Work in process	4,852	5,290
Raw materials and supplies	2,574	2,282
Other	2,652	3,103
Allowance for doubtful accounts	(29)	(16)
Total current assets	50,580	37,844
Non-current assets		
Property, plant and equipment		
Land	1,644	1,644
Other	3,090	3,036
Total property, plant and equipment	4,734	4,680
Intangible assets		
Goodwill	2,156	2,081
Other intangible assets	836	873
Total intangible assets	2,992	2,955
Investments and other assets		
Investment securities	1,325	1,358
Long-term loans receivable	373	377
Other	4,682	4,811
Allowance for doubtful accounts	(373)	(373)
Total investments and other assets	6,008	6,174
Total non-current assets	13,736	13,810
Total assets	64,317	51,655
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	9,336	1,652
Short-term borrowings	200	200
Current portion of long-term borrowings	5,329	4,829
Income taxes payable	127	53
Provision for bonuses	251	129
Provision for bonuses for directors	14	—
Other	2,736	2,830
Total current liabilities	17,996	9,695
Non-current liabilities		
Long-term borrowings	7,691	6,858
Retirement benefit liability	674	691
Asset retirement obligations	889	916
Other	2,784	2,525
Total non-current liabilities	12,040	10,992
Total liabilities	30,037	20,687

(Unit: Millions of yen)

	Previous fiscal year (as of March 31, 2020)	Q1 of current fiscal year (as of June 30, 2020)
Net assets		
Shareholders' equity		
Share capital	7,948	7,948
Capital surplus	7,579	7,579
Retained earnings	20,060	16,818
Treasury shares	(1,821)	(1,821)
Total shareholders' equity	33,767	30,525
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10	18
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans	22	22
Total accumulated other comprehensive income	34	41
Non-controlling interests	477	401
Total net assets	34,279	30,968
Total liabilities and net assets	64,317	51,655

## (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)

	Q1 of previous fiscal year (April 1, 2019 to June 30, 2019)	Q1 of current fiscal year (April 1, 2020 to June 30, 2020)
Net sales	19,164	2,341
Cost of sales	16,365	2,000
Gross profit	2,798	340
Selling, general and administrative expenses	3,397	2,744
Operating profit (loss)	(599)	(2,403)
Non-operating income		
Interest income	10	1
Dividend income	75	1
Purchase discounts	—	2
Share of profit of entities accounted for using equity method	—	22
Other	31	23
Total non-operating income	117	52
Non-operating expenses		
Interest expenses	17	26
Foreign exchange losses	16	0
Share of loss of entities accounted for using equity method	16	—
Other	13	5
Total non-operating expenses	64	32
Ordinary profit (loss)	(546)	(2,383)
Extraordinary income		
Gain on sales of non-current assets	16	—
Total extraordinary income	16	—
Extraordinary profit (loss)		
Loss on retirement of non-current assets	0	1
Loss on litigation	22	1
Loss from coronavirus disease (COVID-19)	—	562
Other	1	—
Total extraordinary losses	24	566
Profit (loss) before income taxes	(554)	(2,950)
Income taxes	39	38
Profit (loss)	(594)	(2,988)
Profit (loss) attributable to non-controlling interests	13	(77)
Profit (loss) attributable to owners of parent	(607)	(2,910)



## Quarterly consolidated statements of comprehensive income

First quarter of the year ending March 31, 2020

(Unit: Millions of yen)

	Q1 of previous fiscal year (April 1, 2019 to June 30, 2019)	Q1 of current fiscal year (April 1, 2020 to June 30, 2020)
Profit (loss)	(594)	(2,988)
Other comprehensive income		
Valuation difference on available-for-sale securities	(347)	8
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans	0	0
Total other comprehensive income	(346)	8
Comprehensive income	(940)	(2,979)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(954)	(2,902)
Comprehensive income attributable to non-controlling interests	13	(76)

## (3) Quarterly consolidated statements of cash flows

(Unit: Millions of yen)

	Q1 of previous fiscal year (April 1, 2019 to June 30, 2019)	Q1 of fiscal year under review (April 1, 2020 to June 30, 2020)
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(554)	(2,950)
Depreciation	401	193
Amortization of goodwill	139	74
Increase (decrease) in allowance for doubtful accounts	5	(13)
Increase (decrease) in provision for bonuses	(119)	(122)
Increase (decrease) in provision for bonuses for directors	(10)	(14)
Increase (decrease) in retirement benefit liability	9	16
Interest and dividend income	(86)	(3)
Share of loss (profit) of entities accounted for using equity method	16	(22)
Interest expenses	17	26
Decrease (increase) in trade receivables	891	13,576
Decrease (increase) in inventories	(192)	(1,376)
Decrease (increase) in advance payments for merchandise rights	(45)	(60)
Increase (decrease) in trade payables	3,493	(7,691)
Increase (decrease) in consumption taxes receivable/payable	380	(901)
Other, net	(73)	(340)
Subtotal	4,274	388
Interest and dividends received	86	3
Interest paid	(17)	(26)
Income taxes (paid) refund	(109)	(108)
Net cash provided by (used in) operating activities	4,234	256
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(896)	(60)
Proceeds from sales of property, plant and equipment	47	0
Purchase of intangible assets	(96)	(65)
Proceeds from redemption of investment securities	200	—
Proceeds from sales of investment securities	29	4
Payments for investments in capital	(172)	(175)
Proceeds from sales of shares of subsidiaries and associates	1	—
Loan advances	—	(38)
Collection of loans receivable	7	8
Other, net	(202)	(77)
Net cash provided by (used in) investing activities	(1,083)	(404)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(1,496)	—
Proceeds from long-term borrowings	250	—
Repayments of long-term borrowings	(651)	(1,332)
Dividends paid	(322)	(320)
Other, net	(5)	(1)
Net cash provided by (used in) financing activities	(2,226)	(1,654)
Effect of exchange rate change on cash and cash equivalents	(0)	(0)
Net increase (decrease) in cash and cash equivalents	923	(1,802)
Cash and cash equivalents at beginning of period	28,807	24,725
Cash and cash equivalents at end of period	29,731	22,922

(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)

Calculation of tax expenses

Tax expenses are calculated by multiplying profit before income taxes by a reasonably estimated effective tax rate after the application of tax effect accounting to profit before income taxes for the fiscal year, including the Q1 of the fiscal year under review.