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## Summary

(Translation)  
May 10, 2022

# FIELDS CORPORATION

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Under Japanese GAAP)

Company name: FIELDS CORPORATION  
(URL: <https://www.fields.biz/ir/e/>)  
Listing: Tokyo Stock Exchange, Prime Market  
Securities code: 2767  
URL: <https://www.fields.biz/ir/e/>  
Representative: Hidetoshi Yamamoto, Chairman, President and Group CEO  
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Scheduled date of annual general meeting of shareholders: June 22, 2022  
Scheduled date to commence dividend payments: June 23, 2022  
Scheduled date to file annual securities report: June 22, 2022  
Preparation of supplementary material on financial results: Yes  
Holding of financial results briefing: Yes (for analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results (Percentages indicate YoY changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	94,900	144.6	3,444	-	3,634	-	2,471	-
March 31, 2021	38,796	(41.7)	(2,241)	-	(2,032)	-	(3,452)	-

(Notes) Certain differences have arisen between consolidated net sales for the fiscal year ended March 31, 2022 and the results for the previous fiscal year. The reasons for these are given in (1) Overview of operating results for the fiscal year under review, 1. Overview of operating results and (5) Note regarding the consolidated financial statements, 3. Consolidated financial statements and important notes.

(Notes) Comprehensive income For the fiscal year ended March 31, 2022: ¥3,046 million [-%]  
For the fiscal year ended March 31, 2021: ¥(3,214) million [-%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2022	76.43	76.18	8.2	5.9	3.6
March 31, 2021	(105.78)	-	(10.9)	(3.5)	(5.8)

Reference: Share of profit (loss) of entities accounted for using equity method For the fiscal year ended March 31, 2022: ¥59 million  
For the fiscal year ended March 31, 2021: ¥205 million

### (2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2022	70,001	31,551	43.4	939.42
March 31, 2021	52,370	30,443	56.9	921.80

Reference: Equity As of March 31, 2022: ¥30,372 million  
As of March 31, 2021: ¥29,803 million

### (3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	7,980	(1,586)	1,385	32,304
March 31, 2021	3,692	(1,072)	(2,835)	24,510

## 2. Cash dividends

	Annual dividends per share					Total cash dividends	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	Q1 end	Q2 end	Q3 end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	-	0.00	-	10.00	10.00	323	-	1.0
Fiscal year ended March 31, 2022	-	0.00	-	20.00	20.00	646	26.2	2.1
Fiscal year ending March 31, 2023 (Forecast)	-	-	-	20.00	20.00		21.6	

## 3. Forecast of consolidated earnings for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(Percentages indicate YoY changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full-year	98,000	3.3	4,000	16.1	4,000	10.1	3,000	21.4	92.79

**\*Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to reasons other than (2) (i): None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	34,700,000 shares
As of March 31, 2021	34,700,000 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2022	2,368,300 shares
As of March 31, 2021	2,368,300 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2022	32,331,700 shares
Fiscal year ended March 31, 2021	32,643,086 shares

**Reference: Overview of non-consolidated financial results**

**Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)**

**Non-consolidated operating results**

(Percentages indicate YoY changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	83,604	181.3	1,311	—	1,512	—	1,595	—
March 31, 2021	29,723	(48.3)	(3,468)	—	(3,497)	—	(4,120)	—

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	49.35	49.19
March 31, 2021	(126.21)	—

(Note) Certain differences have arisen between non-consolidated net sales for the fiscal year ended March 31, 2022 and the results for the previous fiscal year. The reasons for these are given in (1) *Overview of operating results for the fiscal year under review*, 1. *Overview of operating results* and (5) *Note regarding the consolidated financial statements*, 3. *Consolidated financial statements and important notes*.

\*Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

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## 1. Overview of operating results

## (1) Overview of operating results for the fiscal year under review

## i. Consolidated financial statement

Since our founding in line with our corporate philosophy of “The Greatest Leisure for All People”, we have worked on increasing shareholder’s value based on the twin pillars of growth and profitability.

The initiatives of each business and group company in the fiscal year under review are as follows.

Tsuburaya Productions Co., Ltd. (hereinafter, “TPC”), which is responsible for dynamic promotion of our growth potential, has benefited from the increasing value of *Ultraman* brand globally. As shown in Table 1 below, the merchandising (MD) in the domestic and overseas markets has performed well, and in particular, MD growth in China and other Asian regions has been remarkable, contributing significantly to earnings.

[Table 1: Trends in TPC’s MD and licensing revenue]

(Unit: millions of yen)

	Current fiscal year (ended March 31, 2022)	Previous fiscal year (ended March 31, 2021)	YoY change
Domestic MD and license revenue	1,386	713	+94.2%
Overseas MD and license revenue	2,087	959	+117.5%
China	1,547	524	+195.3%
Total MD and licensing revenue	3,473	1,673	+107.6%
Imaging business revenue	1,429	1,011	+41.4%

In Digital Frontier Inc. (hereinafter, “DF”), CG video production, mainly by major domestic gaming companies, and VFX video production with Netflix remained firm as in the previous fiscal year.

In FIELDS CORPORATION (hereinafter, “FIELDS”), which is responsible for a central role for our profitability, new machine sales in the fiscal year under review were strong, as shown in table 2 below.

In the PS market, we have emerged from the slump since regulatory amendment/ revised regulations in 2018, and PS machine which meets the expectations of fans centered on pachinko has been highly regarded. As a result, total sales in the market have reached approximately 1,820,000 units, the highest number in the past three years (up 618,000 units YoY). Manufacturers are finally coming out of the slump, and pachinko machines have bounced back while pachislot machines are not far behind.

[Table 2: Trends in FIELDS’s sales of new machine]

		Current fiscal year (ended March 31, 2022)	Previous fiscal year (ended March 31, 2021)	YoY change
Pachinko	Sales titles	Six titles	Three titles	-
	Units sold	140,000 units	50,000 units	+90,000 units
Pachislot	Sales titles	Seven titles	Eight titles	-
	Units sold	51,000 units	46,000 units	+5,000 units
Total	Units sold	191,000 units	96,000 units	+95,000 units

The performance of the other group companies also progressed steadily.

Consequently, consolidated results for the fiscal year under review were net sales ¥94,900 million (up 144.6% YoY), operating profit ¥3,444 million (up ¥5,686 million YoY), ordinary profit ¥3,634 million (up ¥5,666 million YoY), and profit attributable to owners of parent ¥2,471 million (up ¥5,923 million YoY).

In the content and digital business, operating profit was ¥1,467 million (up 220.4% YoY), ordinary profit was ¥1,466 million (up 230.3% YoY), and profit was ¥1,060 million (up 475.9% YoY). TPC’s non-consolidated results were operating profit of ¥1,272 million (up 238.7% YoY), ordinary profit of ¥1,255 million (up 232.9% YoY), and profit of ¥923 million (up 474.5% YoY).

In the PS business, operating profit was ¥1,750 million (up ¥5,284 million YoY), ordinary profit was ¥1,883 million (up ¥5,779 million YoY), and profit was ¥1,706 million (up ¥6,239 million YoY). Certain differences have arisen between consolidated net sales for the current fiscal year and the results for the previous fiscal year, and between non-consolidated net sales for the current fiscal year and the results for the previous fiscal year. The main factors are indicated in “Changes

in accounting policies (see page 15)” and the above.

ii. Forecasts for the next fiscal year

In TPC, which is responsible for the Group’s growth strategy, Netflix *ULTRAMAN* season 2 which was launched globally in April, has been well received and the movie *SHIN ULTRAMAN* is scheduled to be released on May 13. Going forward, we expected to gain broad support of customers and see further increase in the value of *Ultraman*. Domestic and overseas MD is expected to grow, particularly in China. In addition, as triggered by the 2018 U.S. lawsuit winning ruling (finalized in 2020), it will newly focus on developing MD license market in the North America.

For these factors, we expect revenue from the imaging business to be ¥2,200 million and MD license revenue to be ¥5,000 million.

DF is expected to make stable earnings, with steady orders for domestic video projects and others.

Furthermore, the creation of massive new markets using metaverse and other virtual spaces as well as NFT has been drawing attention in recent years. In response to this business opportunity, we will work to develop digital domain businesses by combining IP, CG/ digital technologies, and other technologies possessed by TPC and DF.

For these reasons, in the content and digital business for the next fiscal year, we forecast net sales of ¥10,800 million (up ¥1,694 million YoY) and operating profit of ¥2,000 million (up ¥532 million YoY).

In the PS business for the next fiscal year, we expect it to be the year we enable to bring PS machine that satisfy the PS machines that satisfy pachinko halls and fans into the marketplace, and are preparing a lineup to increase unit sales. In the marketplace, there are some concerns about materials procurement. However, we plan to sell about 220,000 new machines in total in the next fiscal year, including seven titles for pachinko machines and eight titles for pachislot machines.

We will also expand our digital communications business, which supports PS machine industry. Revenues from these businesses are expected to be ¥2,000 million due to the strengthening of services such as a media for halls *PS Information Station*, *Optimize*, a web advertising distribution to support for attracting customers to pachinko halls, and *Net-pachi.com*, a media for fans. In August, we plan to launch *Pachinko.com*, a website for used machine distribution that aims to revitalize the market for the industry.

Therefore, net sales of the PS business for the next fiscal year is expected to be ¥85,000 million (up ¥1,284 million YoY) and operating profit is expected to be ¥2,500 million (up ¥749 million YoY).

For the above factors, we plan to increase our consolidated performance by ¥98,000 million (up 3.3% YoY), ¥4,000 million (up 16.1% YoY) for operating profit, ¥4,000 million (up 10.1% YoY) for ordinary profit, and ¥3,000 million (up 21.4% YoY) for profit attributable to owners of parent in the fiscal year ending March 31, 2023.

<Announcement of medium-term management plan>

Details of the medium-term management plan, including various measures for the next fiscal year, will be announced at the upcoming briefing for institutional investors and analysts scheduled for May 11, 2022, and will be posted on our website (<https://www.fields.biz/ir/e/>) promptly thereafter.

iii. Basic policy on profit distribution and dividends for the fiscal year under review and the next fiscal year

We regard the enhancement of corporate value as an important management issue, and our basic policy is to pay dividends in an appropriate manner in line with profits. On the other hand, we believe that prioritizing securing investment funds to increase earnings and stabilizing our financial base from a medium-to-long-term perspective in response to rapid changes in the business climate will lead to the greatest shareholder return, including future enhancement of corporate value.

For the fiscal year under review, the year-end dividend will be ¥20 per share, which will be discussed at the 34th Annual General Meeting of Shareholders to be held on June 22, 2022.

The dividend forecast for the next fiscal year will be ¥20 per share (year-end).

(Notes) 1. All figures in this report are based on our estimates.

2. Merchandise names in this report are trademarks or registered trademarks of each company.

3. The results of Contents and digital and PS businesses are calculated by considering the elimination of intra-group transactions from the simple sum of the figures within the respective businesses.

## (2) Overview of financial position for the fiscal year under review

	End of current fiscal year (As of the end of March 2022)	End of the previous fiscal year (As of the end of March 2021)	YoY change
Total assets	¥70,001 million	¥52,370 million	¥ 17,630 million
Total liabilities	¥38,449 million	¥21,927 million	¥ 16,522 million
Total net assets	¥31,551 million	¥30,443 million	¥ 1,108 million

## (Assets)

Current assets increased by ¥17,551 million from the end of the previous fiscal year to ¥56,698 million. This was mainly due to an increase in trade receivables.

Property, plant and equipment increased by ¥266 million from the end of the previous fiscal year to ¥4,538 million. This was mainly due to an increase in land.

Intangible assets decreased by ¥146 million from the end of the previous fiscal year to ¥2,482 million. This was mainly due to a decrease in goodwill.

Investments and other assets decreased by ¥40 million from the end of the previous fiscal year to ¥6,282 million. This was mainly due to a decrease in leasehold and guarantee deposits.

Consequently, assets increased by ¥17,630 million from the end of the previous fiscal year to ¥70,001 million.

## (Liabilities)

Current liabilities increased by ¥16,968 million from the end of the previous fiscal year to ¥27,864 million. This was mainly due to an increase in trade payables.

Non-current liabilities decreased by ¥446 million from the end of the previous fiscal year to ¥10,584 million. This was mainly due to a decrease in long-term borrowings.

Consequently, liabilities increased by ¥16,522 million from the end of the previous fiscal year to ¥38,449 million.

## (Net assets)

Net assets increased by ¥1,108 million from the end of the previous fiscal year to ¥31,551 million. This was mainly due to an increase in retained earnings and an increase in non-controlling interests.

## (3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year under review increased by ¥7,793 million from the end of the previous fiscal year to ¥32,304 million.

Cash flows for the fiscal year under review are summarized as follows:

	Current period (Year ended March 31, 2022)	Previous period (Year ended March 31, 2021)	YoY change
Cash flows from operating activities	¥7,980 million	¥3,692 million	¥ 4,287 million
Cash flows from investing activities	¥ (1,586) million	¥ (1,072) million	¥ (513) million
Cash flows from financing activities	¥ 1,385 million	¥ (2,835) million	¥ 4,220 million

## (Cash flows from operating activities)

Net cash provided by operating activities was ¥7,980 million (¥3,692 million provided in the same period of the previous fiscal year). This was mainly due to a profit before income taxes of ¥3,941 million, an increase in trade payables of ¥9,433 million, an increase in trade receivables of ¥7,644 million, a decrease in inventories of ¥864 million, a depreciation of ¥737 million.

## (Cash flows from investing activities)

Net cash used in investing activities was ¥1,586 million (¥1,072 million used in the same period of the previous fiscal year). This was mainly due to payments for investments in capital of ¥1,475 million, purchase of non-current assets of ¥1,187 million, proceeds from sale of shares of subsidiaries and associates of ¥502 million, and proceeds from sale of investment securities of ¥492 million.

## (Cash flows from financing activities)

Net cash provided by financing activities was ¥1,385 million (¥2,835 million used in the same period of the previous fiscal year). This was mainly due to proceeds from long-term borrowings of ¥4,858 million, repayments of long-term borrowings of ¥4,063 million, an increase in short-term borrowings of ¥946 million, and payments of dividends of ¥322 million.

## (Reference) Trends in cash flow-related indicators

	FY2017	FY2018	FY2019	FY2020	FY2021
Shareholders' equity ratio	48.4%	50.8%	52.6%	56.9%	43.4%
Shareholders' equity ratio based on market value	53.4%	35.6%	14.7%	35.6%	41.6%
Cash flow to interest-bearing liabilities ratio	-	7.1 years	-	3.0 years	1.6 years
Interest coverage ratio	-	28.6 times	-	40.7 times	102.5 times

Shareholders' equity ratio: shareholders' equity/ total assets

Shareholders' equity ratio based on market value: market capitalization (closing share price at the end of the period)/ total assets

Cash flow to interest-bearing liabilities ratio: interest-bearing liabilities/ operating cash flow

Interest coverage ratio: operating cash flow/ interest expenses

(Notes) 1. All figures are calculated based on consolidated financial figures.

2. Market capitalization is calculated based on the number of shares outstanding excluding treasury shares.

3. Interest-bearing liabilities covers all liabilities that pay interest out of liabilities recorded in the consolidated balance sheet.

4. Cash flow to interest-bearing liabilities ratio and interest coverage ratio are not stated when operating cash flow is negative.

## 2. Basic policy regarding selection of accounting standards

The Group considers the financial statements prepared in accordance with Japanese GAAP to be appropriate for the purpose of presenting the status of the Company's current business. With regard to the application of IFRS, we intend to respond appropriately, taking into account various domestic and overseas circumstances.



## 3. Consolidated financial statements and important notes

## (1) Consolidated balance sheets

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	24,610	32,404
Notes and accounts receivable-trade	5,325	-
Notes receivable-trade	-	881
Accounts receivable-trade	-	11,334
Contract assets	-	474
Electronically recorded monetary claims-operating	67	708
Merchandise and finished goods	700	388
Work in process	3,589	2,874
Raw materials and supplies	1,901	1,831
Merchandise rights	1,451	3,207
Other	1,572	2,615
Allowance for doubtful accounts	(71)	(23)
<b>Total current assets</b>	<b>39,147</b>	<b>56,698</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	5,355	5,137
Accumulated depreciation	(3,245)	(3,264)
Buildings and structures, net	2,109	1,872
Machinery, equipment and vehicles	77	90
Accumulated depreciation	(64)	(70)
Machinery, equipment and vehicles, net	12	20
Tools, furniture and fixtures	3,579	3,722
Accumulated depreciation	(3,123)	(3,233)
Tools, furniture and fixtures, net	455	489
Land	1,645	1,922
Construction in progress	49	233
<b>Total property, plant and equipment</b>	<b>4,272</b>	<b>4,538</b>
Intangible assets		
Goodwill	1,875	1,623
Other	752	859
<b>Total intangible assets</b>	<b>2,628</b>	<b>2,482</b>
Investments and other assets		
Investment securities	1,803	1,429
Long-term loans receivable	457	215
Deferred tax assets	496	529
Leasehold and guarantee deposits	2,859	2,226
Other	1,113	2,210
Allowance for doubtful accounts	(408)	(328)
<b>Total investments and other assets</b>	<b>6,322</b>	<b>6,282</b>
<b>Total non-current assets</b>	<b>13,223</b>	<b>13,303</b>
<b>Total assets</b>	<b>52,370</b>	<b>70,001</b>

(Unit: millions of yen)

	Previous consolidated fiscal year (As of March 31, 2021)	Current consolidated fiscal year (As of March 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	3,610	13,128
Short-term borrowings	253	1,202
Current portion of long-term borrowings	3,863	5,030
Income taxes payable	100	608
Contract liabilities	-	1,464
Provision for bonuses	288	291
Provision for bonuses for directors (and other officers)	14	46
Other	2,764	6,092
<b>Total current liabilities</b>	<b>10,895</b>	<b>27,864</b>
Non-current liabilities		
Long-term borrowings	6,837	6,530
Retirement benefit liability	770	809
Asset retirement obligations	861	800
Other	2,561	2,444
<b>Total non-current liabilities</b>	<b>11,031</b>	<b>10,584</b>
<b>Total liabilities</b>	<b>21,927</b>	<b>38,449</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	7,948	7,948
Capital surplus	7,579	7,576
Retained earnings	16,104	16,771
Treasury shares	(1,946)	(1,946)
<b>Total shareholders' equity</b>	<b>29,686</b>	<b>30,349</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	116	18
Foreign currency translation adjustment	1	1
Remeasurements of defined benefit plans	(0)	3
<b>Total accumulated other comprehensive income</b>	<b>117</b>	<b>23</b>
Share acquisition rights	7	28
Non-controlling interests	632	1,150
<b>Total net assets</b>	<b>30,443</b>	<b>31,551</b>
<b>Total liabilities and net assets</b>	<b>52,370</b>	<b>70,001</b>

## (2) Consolidated statements of income and consolidated statements of comprehensive income

## Consolidated statements of income

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Net sales	38,796	94,900
Cost of sales	28,869	79,116
Gross profit	9,927	15,784
Selling, general and administrative expenses		
Advertising expenses	940	1,021
Salaries	3,978	4,103
Provision for bonuses	165	135
Retirement benefit expenses	73	64
Outsourcing expenses	946	828
Travel and transportation expenses	247	258
Depreciation	554	415
Rent expenses on land and buildings	1,247	1,199
Provision of allowance for doubtful accounts	47	15
Amortization of goodwill	280	252
Provision for bonuses for directors (and other officers)	14	46
Other	3,672	3,998
Total selling, general and administrative expenses	12,169	12,339
Operating profit (loss)	(2,241)	3,444
Non-operating income		
Interest income	6	2
Dividend income	8	1
Purchase discounts	35	157
Share of profit of entities accounted for using equity method	205	59
Distributions from investments	17	33
Other	114	110
Total non-operating income	386	365
Non-operating expenses		
Interest expenses	90	77
Financing expenses	22	67
Provision of allowance for doubtful accounts for subsidiaries and associates	20	17
Other	44	13
Total non-operating expenses	178	176
Ordinary profit (loss)	(2,032)	3,634

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
<b>Extraordinary income</b>		
Gain on sale of shares of subsidiaries and associates	-	304
Gain on sale of non-current assets	0	2
Gain on sale of investment securities	16	231
Other	1	2
Total extraordinary income	18	541
<b>Extraordinary losses</b>		
Loss on retirement of non-current assets	60	56
Impairment losses	174	-
Loss on litigation	34	24
Losses from coronavirus disease (COVID-19)	601	46
Loss on business liquidation	-	105
Other	22	3
Total extraordinary losses	893	234
Profit (loss) before income taxes	(2,908)	3,941
Income taxes - current	191	698
Income taxes - deferred	199	104
Total income taxes	391	803
Profit (loss)	(3,299)	3,137
Profit attributable to non-controlling interests	153	666
Profit (loss) attributable to owners of parent	(3,452)	2,471

## Consolidated statement of comprehensive income

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Profit (loss)	(3,299)	3,137
Other comprehensive income		
Valuation difference on available-for-sale securities	107	(95)
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans, net of tax	(22)	3
Total other comprehensive income	84	(91)
Comprehensive income	(3,214)	3,046
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,369)	2,377
Comprehensive income attributable to non-controlling interests	155	669

## (3) Consolidated statement of change in equity

Previous fiscal year (April 1, 2020 to March 31, 2021)

(Unit: millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Opening balance	7,948	7,579	20,060	(1,821)	33,767
Cumulative effects of changes in accounting policies					
Restated balance	7,948	7,579	20,060	(1,821)	33,767
Changes during period					
Dividends of surplus			(331)		(331)
Profit (loss) attributable to owners of parent			(3,452)		(3,452)
Purchase of treasury shares				(365)	(365)
Disposal of treasury shares			(171)	240	68
Change in scope of consolidation					-
Purchase of shares of consolidated subsidiaries					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(3,956)	(124)	(4,081)
Ending Balance	7,948	7,579	16,104	(1,946)	29,686

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Opening balance	10	0	22	34	-	477	34,279
Cumulative effects of changes in accounting policies							-
Restated balance	10	0	22	34		477	34,279
Changes during period							
Dividends of surplus							(331)
Profit (loss) attributable to owners of parent							(3,452)
Purchase of treasury shares							(365)
Disposal of treasury shares							68
Change in scope of consolidation							-
Purchase of shares of consolidated subsidiaries							-
Net changes in items other than shareholders' equity	105	0	(22)	82	7	155	245
Total changes during period	105	0	(22)	82	7	155	(3,836)
Ending Balance	116	1	(0)	117	7	632	30,443

Current consolidated fiscal year (April 1, 2021 to March 31, 2022)

(Unit: millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Opening balance	7,948	7,579	16,104	(1,946)	29,686
Cumulative effects of changes in accounting policies			(1,441)		(1,441)
Restated balance	7,948	7,579	14,663	(1,946)	28,245
Changes during period					
Dividends of surplus			(323)		(323)
Profit (loss) attributable to owners of parent			2,471		2,471
Purchase of treasury shares					-
Disposal of treasury shares					-
Change in scope of consolidation			(39)		(39)
Purchase of shares of consolidated subsidiaries		(3)			(3)
Net changes in items other than shareholders' equity					
Total changes during period	-	(3)	2,107	-	2,104
Ending Balance	7,948	7,576	16,771	(1,946)	30,349

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Opening balance	116	1	(0)	117	7	632	30,443
Cumulative effects of changes in accounting policies						(146)	(1,587)
Restated balance	116	1	(0)	117	7	486	28,856
Changes during period							
Dividends of surplus							(323)
Profit (loss) attributable to owners of parent							2,471
Purchase of treasury shares							-
Disposal of treasury shares							-
Change in scope of consolidation							(39)
Purchase of shares of consolidated subsidiaries							(3)
Net changes in items other than shareholders' equity	(98)	0	3	(93)	21	663	591
Total changes during period	(98)	0	3	(93)	21	663	2,695
Ending Balance	18	1	3	23	28	1,150	31,551

## (4) Consolidated statements of cash flows

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(2,908)	3,941
Depreciation	873	737
Impairment losses	174	-
Amortization of goodwill	280	252
Increase (decrease) in allowance for doubtful accounts	76	18
Increase (decrease) in provision for bonuses	37	3
Increase (decrease) in provision for bonuses for directors (and other officers)	-	31
Increase (decrease) in retirement benefit liability	73	41
Interest and dividend income	(14)	(4)
Purchase discounts	(35)	(157)
Share of loss (profit) of entities accounted for using equity method	(205)	(59)
Interest expenses	90	77
Amortization of investments in capital	305	361
Loss (gain) on sale of shares of subsidiaries and associates	-	(304)
Loss (gain) on sale of investment securities	(16)	(231)
Decrease (increase) in trade receivables	10,239	(7,644)
Decrease (increase) in inventories	1,569	864
Decrease (increase) in merchandising rights	236	(197)
Loss (gain) on sale of non-current assets	(0)	(2)
Decrease (increase) in prepaid expenses	289	55
Decrease (increase) in advances paid	12	3
Increase (decrease) in trade payables	(6,003)	9,433
Increase (decrease) in accounts payable-other	(29)	240
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(701)	486
Increase (decrease) in deposits received	(27)	602
Other, net	(355)	(230)
Subtotal	3,960	8,321
Interest and dividends received	13	5
Interest paid	(90)	(77)
Income taxes refund (paid)	(190)	(268)
Net cash provided by (used in) operating activities	3,692	7,980
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(353)	(943)
Proceeds from sale of property, plant and equipment	6	2
Purchase of intangible assets	(233)	(243)
Purchase of investment securities	(47)	(70)
Proceeds from sale of investment securities	85	492
Proceeds from redemption of investment securities	-	109
Purchase of shares of subsidiaries and associates	(99)	(10)
Proceeds from sale of shares of subsidiaries and associates	-	502
Payments for investments in capital	(260)	(1,475)
Loan advances	(87)	(0)
Proceeds from collection of loans receivable	38	56
Payments of leasehold and guarantee deposits	(80)	(0)
Proceeds from refund of leasehold and guarantee deposits	23	109
Other, net	(64)	(113)
Net cash provided by (used in) investing activities	(1,072)	(1,586)



(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	53	946
Repayments of long-term borrowings	(5,329)	(4,063)
Proceeds from long-term borrowings	2,990	4,858
Dividends paid	(331)	(322)
Purchase of treasury shares	(365)	-
Other, net	147	(33)
Net cash provided by (used in) financing activities	(2,835)	1,385
Effect of exchange rate change on cash and cash equivalents	(0)	0
Net increase (decrease) in cash and cash equivalents	(215)	7,779
Cash and cash equivalents at beginning of year	24,725	24,510
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	14
Cash and cash equivalents at end of year	24,510	32,304

## (5) Note regarding the consolidated financial statements

(Notes on the going concern assumption)

Not applicable.

(Changes in accounting policies)

The Company adopts the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, hereinafter, the “Accounting Standard for Revenue Recognition”) and the “Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021) from the beginning of the current fiscal year and recognizes revenue when control of promised goods or services is transferred to customers in an amount that is expected to be received in exchange for those goods or services.

Major changes due to the adoption of the Accounting Standard for Revenue Recognition are as follows:

## 1. Revenue from PS machines agency sales

Previously, all revenue related to PS machine’s agency sales was recognized as revenue in the amount of the agency commission received from manufacturers when the machines are delivered to pachinko halls and PS machine price is delivered to manufacturers. However, for transactions for which we are the sole distributor, we have changed to a method of recognizing revenues as the price of PS machines sold to pachinko halls when PS machines are shipped, as well as distribution sales.

## 2. Revenue recognition for merchandise licensing agreements

All revenues related to the license agreement to use merchandise rights that we acquired and held were previously recognized under the license agreement with PS machine manufacturer for use. However, we have changed the method to deduct the paid portion from the purchase price at the time of sales of the applicable PS machine after determining that the right to merchandise PS machine, which is the sole distributor, is a payable payment transaction that corresponds to the repurchase agreement.

With regard to the application of the Accounting Standard for Revenue Recognition, etc., in accordance with the transitional treatment stipulated in the provisions of paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the fiscal year under review has been adjusted to retained earnings at the beginning of the fiscal year under review, and the new accounting policy has been applied from the beginning of the fiscal year under review. In addition, the Company applies the methodology set forth in the explanatory note (1), paragraph 86 of the Accounting Standard for Revenue Recognition to account for contract modifications made prior to the beginning of fiscal year under review in accordance with the terms of the contract after reflecting all contract modifications, and adjusts the cumulative effect to retained earnings at the beginning of fiscal year under review.

In addition, “Notes and accounts receivable-trade,” which had been presented in “Current assets” in the consolidated balance sheet for the previous fiscal year, has been included in “Notes receivable-trade,” “Accounts receivable-trade” and “Contract assets.” “Other,” which had been presented in “Current liabilities” in the consolidated balance sheet for the previous fiscal year, has been included in “Contract liabilities” and “Other.” However, in accordance with the transitional treatment set forth in paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassifications have been made to the prior period under the new presentation method.

Consequently, net sales increased by ¥36,286 million, cost of sales increased by ¥35,276 million, and operating profit, ordinary profit, and profit before income taxes increased by ¥1,009 million each for the fiscal year under review, compared with the amounts prior to the adoption of the new accounting standard for revenue recognition.

As a result of the cumulative effect being reflected in net assets at the beginning of the fiscal year under review, the beginning balance of retained earnings on the consolidated statement of changes in equity decreased by ¥1,441 million.

The impact on information per share is stated in the relevant section.

(Applying Accounting Standard for Fair Value Measurement)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter, the “Accounting Standard for Fair Value Measurement”) and other standards have been applied from the beginning of the current fiscal year, and in accordance with the transitional treatment stipulated in Article 19 of the Accounting Standard for Calculation of Fair Value and Article 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policy stipulated by the Accounting Standard for Fair Value Measurement will be applied in the future. There is no impact on the quarterly consolidated financial statements.

(Segment information, etc.)

[Segment information]

This statement is omitted as the Group engages in a single segment.

[Related information]

Previous fiscal year (April 1, 2020 to March 31, 2021)

1. Information on each product and service

Disclosure is omitted because net sales of a single finished goods and service category to external customers exceeds 90% of net sales of the consolidated statement of income.

2. Information for each region

(1) Net sales

This information is omitted because net sales to external customers in Japan accounts for more than 90% of net sales of consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of balance sheet on a consolidated basis.

3. Information for each major customer

This information is omitted because there are no external customers that account for 10% of net sales of consolidated statement of income.

Current fiscal year (April 1, 2021 to March 31, 2022)

1. Information on each product and service

Disclosure is omitted because net sales of a single finished goods and service category to external customers exceeds 90% of net sales of the consolidated statement of income.

2. Information for each region

(1) Net sales

This information is omitted because net sales to external customers in Japan accounts for more than 90% of net sales of consolidated statement of income.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of balance sheet on a consolidated basis.

3. Information for each major customer

This information is omitted because there are no external customers that account for 10% of net sales of consolidated statement of income.

[Information relating to impairment loss of non-current assets by reportable segment]

This statement is omitted as the Group engages in a single segment.

[Information relating to amortization of goodwill and unamortized balance by reportable segment]

This statement is omitted as the Group engages in a single segment.

[Information relating to gain on bargain purchase by reportable segment]

Not applicable.

(Per share information)

Item	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Net assets per share	¥921.80	¥939.42
Profit (loss) per share	(¥105.78)	¥76.43
Diluted profit (loss) per share	-	¥76.18

(Note) 1. Diluted profit (loss) per share for the previous fiscal year is not presented because the Company posted a loss per share despite the existence of dilutive shares.

2. The basis for calculating profit per share or loss per share is as follows:

Item	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Profit per share or loss per share		
Profit (loss) attributable to owners of parent (millions of yen)	(3,452)	2,471
Amounts not attributable to common shareholders (millions of yen)	-	-
Profit (loss) attributable to owners of parent attributable to common stock (millions of yen)	(3,452)	2,471
Average number of shares of common stock outstanding during the period (shares)	32,643,086	32,331,700
Diluted profit (loss) per share		
Adjustment of profit attributable to owners of parent (millions of yen)	-	-
Increase in common stock (shares)	-	104,560
Outline of dilutive shares not included in the calculation of diluted profit per share because they have no dilutive effect	-	-

3. As described in “Changes in accounting policies,” the Company has applied the “Accounting Standard for Revenue Recognition.” Consequently, net assets per share, profit (loss) per share, and diluted profit (loss) per share for the current fiscal year increased by ¥23.24, ¥23.24 and ¥23.17, respectively.

(Significant subsequent events)

Not applicable.