

## Management Message

### The Greatest Leisure for All People

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One day is 24 hours. One year is 365 days. Leisure constitutes the few precious moments available during this limited time.

For this reason, we want leisure to provide the greatest fun, excitement and memories.

At Fields, we aim to become a Company able to continuously create the greatest leisure for all people throughout the world.



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## MESSAGE FROM THE CHAIRMAN & CEO

### CEO Message

*Hidetoshi Yamamoto*

I would like to express my sincere appreciation for the understanding and continued support of our shareholders, investors and all our stakeholders.

### From Our Founding Until Today

The history of Fields up to now can be expressed in one word: challenge. What can we do as a Company to fill people's lives with passion, excitement and spiritual enrichment? To find this out, since our founding we have continued to take on challenges with an eye toward the future.

In the 1980s, pachinko halls could be found throughout Japan where ever people lived. Pachinko halls were supported by countless fans as a familiar place where people could enjoy their leisure time. We felt that there was a major potential in amusement close to people's hearts. We created a business out of realizing the transformation of pachinko/pachislot into valuable community-based entertainment.

At that time, the industry custom was "one hall, one manufacturer." Each hall comprised machine lineups biased toward the machines made by certain manufacturers. But was this what pachinko fans really wanted? Were they satisfied and enjoying this arrangement? Fields promoted distribution innovations and made various proposals enabling halls to provide fans with a selection of machines from among numerous new machines. We proposed an entirely new concept for pachinko halls, including the provision of information about all kinds of new machines and proposals for differentiating from rival halls aimed at creating a space for providing better services. As a result of pachinko hall advancements and management support, Fields grew into a unique Company as an independent distributor.

Additionally, in line with advances in hardware as the driving force of LED development, we collaborated with major manufacturers to enable the promotion of product development using IP such as characters, stories and others. Rather than focusing only on the success or

failure of pachinko/pachislot, we launched a revolution to provide people with even more enjoyment in their leisure time. Collaborating with numerous manufacturers to create highly entertaining machines using IP provided by Fields, after listing our shares on JASDAQ in 2003, we have concentrated on securing properties in animation, movies and all kinds of entertainment fields with IP merchandising rights as the core of our strategy.

Machines utilizing IP have become mainstream in the pachinko/pachislot machines market. With the sale of comparable new machines from non-affiliated manufacturers, we became concerned about the future depletion of IP, and in particular, a lack of IP compatible with machine characteristics, thus we began to engage in the creation and ownership IP. We created monthly magazines in collaboration with major publishers, and rather than relying on traditional distribution practices, we established exclusive distribution channels with major convenience stores, building a model for the creation of new IP. Also, in 2010, we welcomed into the Group Tsuburaya Productions Co., Ltd., creators of *Ultraman*, Japan's most popular hero, in an attempt to utilize the wealth of IP possessed by this company. Furthermore, with the intention of leveraging digital content, we also welcomed into the Group Digital Frontier Inc., which possesses advanced digital technologies, and began little by little to create a foundation for business centered on IP.

In 2012, we announced a new business model attempting to transition to a strategy focused on IP. At present, we are promoting a cyclical IP business targeting medium- to long-term growth as an IP oriented company that not only acquires IP but also creates and owns original IP.

## Why Make a Business of Leisure?

Since the industrial revolution, in which agrarian societies were transformed into industrial societies, and the information revolution, which has transformed industrial societies into information societies, modern societies are asking what kind of society will we have next? What kind of era is on the horizon? The answer Fields came up with is “spirit.”

During the industrial revolution that occurred in the 18th and 19th centuries, industrialization caused rapid economic growth. In the 20th century, technological innovations advanced even further, with the introduction of commercial computers and automation reducing the need for excessive labor. Also, in the area of healthcare, technological achievements have enabled societies with longer lifespans. In 1950, the average life span for Japanese people was 50 years; today, both men and women in Japan live well past 80 years old. As society becomes more convenient and people’s lifespan continues to grow, the

amount of leisure time available has naturally increased as well.

Against the backdrop of these societal changes, media and platform modes have also changed. In Japan, movies were mainstream entertainment through the 1950s. Then, in the 1960s, TV began spreading across Japan. In the 1990s, along with the birth of the internet, a variety of devices arrived on the scene. And, variety spread in the entertainment world, with the advent of theme parks and the popularity of home-console video games.

As a result, people today have a variety of choices when it comes to deciding how to spend their leisure time. We can do what we like, when we like, in the way we like.

By providing the greatest entertainment for people’s leisure time, Fields wants to contribute to enriching people’s spirits. Anticipating the time consumption needs of a variety of people, we will strive to provide products and services that enrich people’s spirit.

## Why Focus on IP?

Throughout the world, popular Disney characters continued to be loved across generations and geographical areas despite changing times and without being influenced by the rise and fall of the media creating them. To continue providing the world with the greatest entertainment, Fields has searched for content with everlasting value forming the core of our business.

With a broad perspective on the wide world of entertainment, through the process of repeated investigations and research into the ways in which people spend leisure time to enrich their spirit, we think that IP such as characters, stories and others are one important aspect of providing people with happiness and joy. To this end, we have pro-

moted initiatives aimed at creating and developing IP with several leading companies.

A sense of love and respect for IP is the linchpin for expanding and accelerating our proprietary IP business. As each of our employees strives to engage in business activities with a sense of love and respect for IP, we first gain the trust of partners to enable the creation and development of the ultimate IP.

Going forward, Fields will build partnerships with a variety of corporations to provide the world with even more characters that capture the hearts and stories that permeate people’s spirit.

## Thoughts on the Future

At present, Japanese comic and animation content are flourishing throughout the world. Fields is accelerating business deployment focused on IP to contribute to the development of a contents industry that holds significant promise for the future of Japan. We aim to become a Company able to continuously provide the greatest leisure time to everyone on the planet.

*Ultraman*, created 50 years ago by Tsuburaya Productions, has today grown beyond generational and geographic boundaries to bring smiles to people throughout the world. When the 2011 Great East Japan and 2016 Kumamoto earthquakes struck, in addition to other relief items, the Fields Group sent *Ultraman* to visit affected

areas and bring smiles to children’s faces. Even in these extremely hard conditions, the smiling faces of children meeting a hero made me personally aware of the power and potential of IP as well as the mission and responsibilities of our Company.

Fields, along with its Group companies and partner companies, wants to create and deliver IP using a variety of media throughout the world that brings a smile to the faces of people, from children to adults. It is my sincere wish that we can spread happiness and excitement throughout the world with the greatest entertainment.

## Corporate Philosophy: The Greatest Leisure for All People

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In modern society there is sufficient material satisfaction, but many deficiencies in terms of spiritual fulfillment. Through the provision of products and services, Fields conducts business that contributes to spiritual enrichment. People who are spiritually fulfilled feel happy, and Fields wants to create as many instances of this kind of happiness as it can.

Our corporate philosophy of “The Greatest Leisure for All People” is the cornerstone of our corporate activities. We aim to become a Company that contributes to overall societal happiness by creating excellent entertainment providing people with emotion and excitement. To this end, we research and analyze changes in people’s lifestyles and living environments, repeatedly testing hypotheses while attempting to forecast the future. For example, what will life be like for people 10 years from now? And what will leisure time mean to them? At that time, what should Fields’ relationship with people of the world

be like? And what can Fields do for those people? We are constantly exploring the answers to these questions with respect to our business from a long-term perspective. From our founding until today, we have expanded our business domain to include a wide range of entertainment genres in an effort to embody our corporate philosophy.

All Fields employees are united as one under our corporate philosophy of “The Greatest Leisure for All People.” We will continue moving forward to realize this goal.

We are grateful to all of our stakeholders for the support shown for our corporate philosophy and the strength given to us through the years, and will continue our efforts to meet stakeholder expectations going forward. We would like to ask for your continued support as we pursue our goals.

November 2016  
Chairman & CEO  
Hidetoshi Yamamoto



## MESSAGE FROM THE PRESIDENT & COO

COO Message

*T. Shigematsu*

We are extremely grateful for all our shareholders and investors and sincerely appreciate your continued support.

### Presidential Appointment Resolutions and New Structure Responsibilities

In April 2016, I was appointed President and COO. Along with Chairman and CEO Yamamoto, I will accelerate Fields' business centered on IP that contributes to the enrichment of people's spirits.

To promote business centered on IP such as characters and others comprising the cornerstone of entertainment, for the past several years we have attempted to engage in cross-media development through the acquisition and creation of numerous intellectual properties. I joined Fields in 2007, promoting cross-media development of IP including *AKB48* and *Ultraman*, striving to commercialize and expand our business domain standing on the front line of business centered on IP. Having recently assumed the weighty responsibility of president, I will redouble my efforts toward the ongoing expansion of Fields' IP business including the pachinko/pachislot business.

In terms of implementing a new structure to promote business, I have appointed Director Eiichi Kamagata, who possesses a wealth of production experience in the visual field, as Division Manager of Cross Media Business Management. I also appointed Senior Managing Director Ei Yoshida, who has many years of pachinko hall operation and management experience, and most recently has been passionately focused on human resource development for the future of the pachinko/pachislot industry, as Division Manager of Pachinko/Pachislot Business Management. Fields will promote the IP business with more strength than ever before as we advance toward the realization of our corporate philosophy.

### The Business Environment Surrounding Fields

Recently, in the business environment surrounding the Company, a paradigm shift is advancing aimed at curbing gambling to ensure the soundness of the pachinko/pachislot market, our business domain since Fields was founded, affecting gaming machine manufacturers, distribution, halls and all other areas in the industry. Although these conditions are having an impact on our performance, we will leverage our abundant experience in responding to changes in the industry up to now in the pachinko/pachislot business in an attempt to respond quickly and flexibly to this transition period.

At the same time, we will promote initiatives aimed at creating a structure to that is not dependent on a specific media linked to achieving solid results in our IP business Company-wide.

At present, we are moving forward with multiple visual projects using IP created by the Fields Group, steadily cultivating the seeds of business. We are also proactively promoting the global development of digital contents including e-books and visual content in an attempt to expand awareness of our IP while expanding and accelerating our business.

Fields' promotion of cross-media development in response to people's diverse needs centered on IP will create strong structures unaffected by the changing environments of specific media. These initiatives, which are moving forward right now, will hopefully enable us to achieve sustainable growth for the future.

## Business Strategies to Maximize IP Value

In view of the business environment, Fields will promote business along the following three focus points as a medium- to long-term strategy.

1. Acquire and create leading IP
2. Expand platforms for IP deployment and maximize IP value
3. Regional deployment expansion = global deployment

In terms of the first point, we will maximize IP value through cooperation with partner companies in each media while acquiring and creating IP in accordance with our cross media strategy. IP creation efforts will mainly focus on the creation of hero's IP through *HERO'S Monthly*.

Regarding the second point, we will provide IP for a variety of platforms to maximize earnings along with our partner companies. We will accelerate cross media deployment by strengthening our alliance with partner companies in a variety of media, including e-books and comics, visual content, video games, live entertainment, licensing business and pachinko/pachislot machines.

As for the third point, we will promote IP development focused on global markets and enter into alliances with e-book and SVOD operators in pursuit of global development. In particular, in China, Southeast Asia and North America, we have been promoting IP media development through alliances with major platforms.

In line with these strategies, to quickly establish the IP business we are aiming for, we will focus investments on IP expected to become major and able to be developed as a series, promoting deployment in Japan as well as overseas.

## About Fields' Social Responsibility

Fields' exists to provide the people of the world with happiness and joy through the creation of characters and stories that touch the hearts of people and developed globally using a variety of media. Believing we have an obligation to fulfill our social responsibility, we will continue to engage in business with this conviction going forward.

Part of the Fields Group CSR efforts involve the *ULTRAMAN FOUNDATION*, activities we wholeheartedly continue to engage in aimed at using this hero to bring smiles and courage to children throughout Japan, including those affected by Great East Japan Earthquake in March 2011 and

the Kumamoto earthquake in April 2016. Through these activities, the words of encouragement children offer to the hero from the bottom of their hearts also provide all of us at Fields with energy and power. Through these experiences, we develop a strong awareness of our responsibilities to society and will continue to take the encouraging words of children to heart as we move forward toward the future.

We thank all our stakeholders for their guidance and encouragement and hope you continue looking forward to the Group's further growth.

November 2016  
President & COO  
Tetsuya Shigematsu