

Management Message

## The Greatest Leisure for All People

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FIELDS CORPORATION 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 and CEO

### CEO Message

*Tadahito Yamamoto*

### Greetings

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

Moreover, I would like to convey our deepest apologies for any distress caused to our stakeholders

concerning the Company's results in the last fiscal year. We will not waste this experience, instead, we will use it to spur ourselves on to ensure vitality in the future, and our management and employees will strive diligently in unison.

### The Company's Establishment and Innovation of PS Distribution

Since the foundation of FIELDS, we have become integrated in the lives of many people in every region across Japan, discovering unrealized potential for enjoyment of pachinko, a form of mass entertainment, into the future. We have endeavored to find ways to develop pachinko as a form of entertainment with community-based value.

From the standpoint of a distribution-oriented trading company, rather than that of a manufacturer or pachinko hall operator, FIELDS has pursued the true needs of fans, and has embarked on reforms to meet these needs. We have provided a wide range of proposals to the industry as a whole, from the line-up

of pachinko and pachislot machines installed in pachinko halls, the services offered, through to the very format of the pachinko hall space itself.

As one approach, we have built systems for collaboration with major manufacturers to focus on the creation of highly entertaining pachinko and pachislot machines to take advantage of advances in hardware. We have proposed and driven the development of products that feature characters from comic, anime, and movie. Rather than focusing only on the success or failure of pachinko and pachislot, we launched a revolution to provide even more people with enjoyable entertainment.

### Dawning of the IP Business

Since its foundation, FIELDS has promoted planning and development of pachinko and pachislot machines utilizing intellectual property (IP) including well-known characters. After listing our shares on JASDAQ in 2003, we concentrated on securing merchandising rights for the IP that form the core of our strategy in all kinds of entertainment fields.

Following this, with the sale of comparable new machines from various manufacturers, we became concerned about the future depletion of IP, and in particular, a lack of IP compatible with machine characteristics, and so we began to engage in the creation and ownership of IP.

We created monthly magazines in collaboration with

major publishers. Rather than relying on traditional distribution practices, we established our own distribution channels, building a model for the creation of new IP. Also, in 2010, we welcomed Tsuburaya Productions Co., Ltd. into our Group—the creator of Japan’s most popular hero, Ultraman—to make use of the wealth of IP possessed by this company. With the intention of leveraging digital content, we also welcomed Digital Frontier Inc. into our Group—a company

possessing advanced CG technologies—and began to gradually build a foundation for business centered on IP.

In 2012, we announced a new business model focused on IP. At present, we are promoting a cyclical business model as an “IP-oriented” company that not only acquires IP but also creates and owns original IP, through development of IP over a variety of business platforms.

## Future Plans for the Long Term

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At present, Japanese comic and anime content are flourishing around the world. FIELDS is further 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.

In recent years, the entertainment sector has undergone a technological revolution which has seen advancements in hardware and software, together with a rise in people’s leisure time. We

demand, and to adapt to changing habits and culture globally, creating entertainment in a variety of forms for everyone from children to adults. To achieve this, we are leveraging all of the experiences we have amassed so far, exercising our innate sense of adventure, planning capabilities, and spirit of endeavor, which form the DNA of the Company, to advance our business model as we continue in our efforts. It is my sincere wish for us to spread happiness and excitement throughout the world with the greatest entertainment.

## Conclusion

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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.

We will continue our efforts to meet stakeholder expectations going forward, and ask for your continued guidance as we pursue our goals.

September 2017  
Chairman and CEO  
Hidetoshi Yamamoto

## MESSAGE FROM THE PRESIDENT and COO

### COO Message

*T. Shigematsu*



### Greetings

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

In regards to the Company's financial results for last fiscal year, we sincerely apologize for not achieving outcomes corresponding with the

expectations of our stakeholders. Based upon the financial results and the simultaneously announced three-year Medium-Term Management Plan, the Company's intention is firstly to drive an immediate recovery in results, followed by sustainable medium- to long-term growth.

### Preparation of the Medium-Term Management Plan

FIELDS has given careful consideration and held repeated discussions regarding what we have built and what we have lost since the Company's founding, our strengths and weaknesses, as well as strategy and tactics based on future market expectations. The Company has mapped out what it will achieve over the three years from this fiscal year through fiscal 2019 in the form of its Medium-Term Management Plan.

Looking back, having been established as a distribution-oriented trading company, FIELDS built business value chains centered on planning and production capabilities, not only for pachinko and pachislot machines, but in a range of entertainment fields. However, more recently, distortions of varying degrees have emerged in these value chains. Despite this, the causes of the

recent stagnation in our business results are not limited to external factors accompanying changes in market conditions, but are essentially due to internal factors.

Consequently, FIELDS intends to rebuild its business value chain at an early stage, upon which we will commercialize our unique business model [IP × Business Platforms] in an effort to revive and expand revenue. FIELDS is able to leverage its strengths, deploying IP in a range of unique business platforms, not restricted to pachinko and pachislot machines, games, or manga. By building a solid business foundation that is not swayed by changes in customer preferences and market conditions, we will realize sustainable growth over the medium- to long-term.

## Future Outlook

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Looking ahead, several events are expected to impact positively upon Japan's economy and bring great change to the entertainment market. These include the 2020 Tokyo Olympic and Paralympic Games, enactment of the Integrated Resort Promotion Bill resulting in the launch of the first integrated resort in Japan, and the 2025 World Expo, which Osaka hopes to host.

FIELDS will strive ambitiously in new technology.

and new fields, not limited to business platforms we already operate in, while expanding and deepening the IP business conceptualized by our company in diverse entertainment fields. We will also build a variety of partnerships both in Japan and in the global market, focusing upon Asia, and we will achieve further growth and expansion through business expansion adapted to the culture, customs and markets of each country.

## Our Pledge

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When FIELDS was listed on the first section of the Tokyo Stock Exchange in April 2015, we announced that "we aim to become a Company able to continuously create the greatest leisure for all people throughout the world," and our commitment to this pledge is unchanged. Moving forward, FIELDS will develop contact points between IP, such as characters, and all the people who enjoy them. Through its products and services, FIELDS hopes to contribute to the enrichment of people's lives.

To this end, we will work firstly to ensure the achievement of the three-year Medium-Term Management Plan. We will also build a business foundation and management structure to achieve growth thereafter.

We thank all our shareholders, investors, and other stakeholders for their support, and hope you continue looking forward to the Group's further growth.

September 2017  
President and COO  
Tetsuya Shigematsu