

Financial Presentation

for the First Quarter of the Year Ending March 31, 2019

August 10, 2018

FIELDS CORPORATION

Consolidated P/L (summary)

(Unit: Billions of yen)

	FY3/2018		FY3/2019			
	Q1	Full-year	Q1	YoY change	YoY change (%)	Full-year plan
Net sales	12.44	61.05	8.93	(3.51)	(28.2%)	95.00
Gross profit	1.96	13.40	1.42	(0.54)	(27.5%)	17.00
SG&A expenses	4.86	19.13	4.15	(0.70)	(14.6%)	15.00
Operating profit (loss)	(2.90)	(5.73)	(2.73)	+0.16	-	2.00
Ordinary profit (loss)	(3.05)	(5.20)	(2.75)	+0.3	-	2.50
Profit (loss) attributable to owners of parent	(2.75)	(7.69)	(2.95)	(0.2)	-	1.50

* The figures have been rounded down to the nearest million.

Consolidated B/S (summary)

(Unit: Billions of yen)

	End of Mar. 2018	End of Jun. 2018	Change	Main factors for increase/decrease
Current assets	42.17	37.60	(4.56)	Decrease in cash and deposits
(Cash and deposits)	24.47	21.13	(3.33)	
Property, plant and equipment	5.27	5.01	(0.26)	Decrease in sales of land
Intangible assets	1.38	1.08	(0.30)	
Investments and other assets	23.49	23.39	(0.09)	Decrease in sales of investment securities
Total assets	72.33	67.10	(5.23)	
Current liabilities	22.48	20.86	(1.61)	Decrease in notes and accounts payable-trade
Non-current liabilities	14.34	13.56	(0.78)	Decrease in long-term loans payable
Net assets	35.50	32.67	(2.82)	Decrease in retained earnings
Total liabilities and net assets	72.33	67.10	(5.23)	

* The figures have been rounded down to the nearest million.

Consolidated Cash flow (summary)

(Unit: Billions of yen)

	FY3/2018		FY3/2019	Factors
	Q1	Full-year	Q1	
Cash flows from operating activities	(0.91)	(1.09)	(2.74)	<ul style="list-style-type: none"> • Loss before income taxes (2.93) • Decrease in notes and accounts payable-trade (2.35) • Decrease in notes and accounts receivable-trade +1.81
Cash flows from investing activities	4.99	4.39	0.12	<ul style="list-style-type: none"> • Purchase of non-current assets (0.15) • Proceeds from sales of investment securities +0.52
Cash flows from financing activities	0.39	(2.02)	(0.72)	<ul style="list-style-type: none"> • Repayments of long-term loans payable (0.64) • Cash dividends paid (0.16)
Net increase (decrease) in cash and cash equivalents	4.47	1.28	(3.33)	
Cash and cash equivalents at beginning of period	23.09	23.09	24.37	
Cash and cash equivalents at end of period	27.57	24.37	21.03	

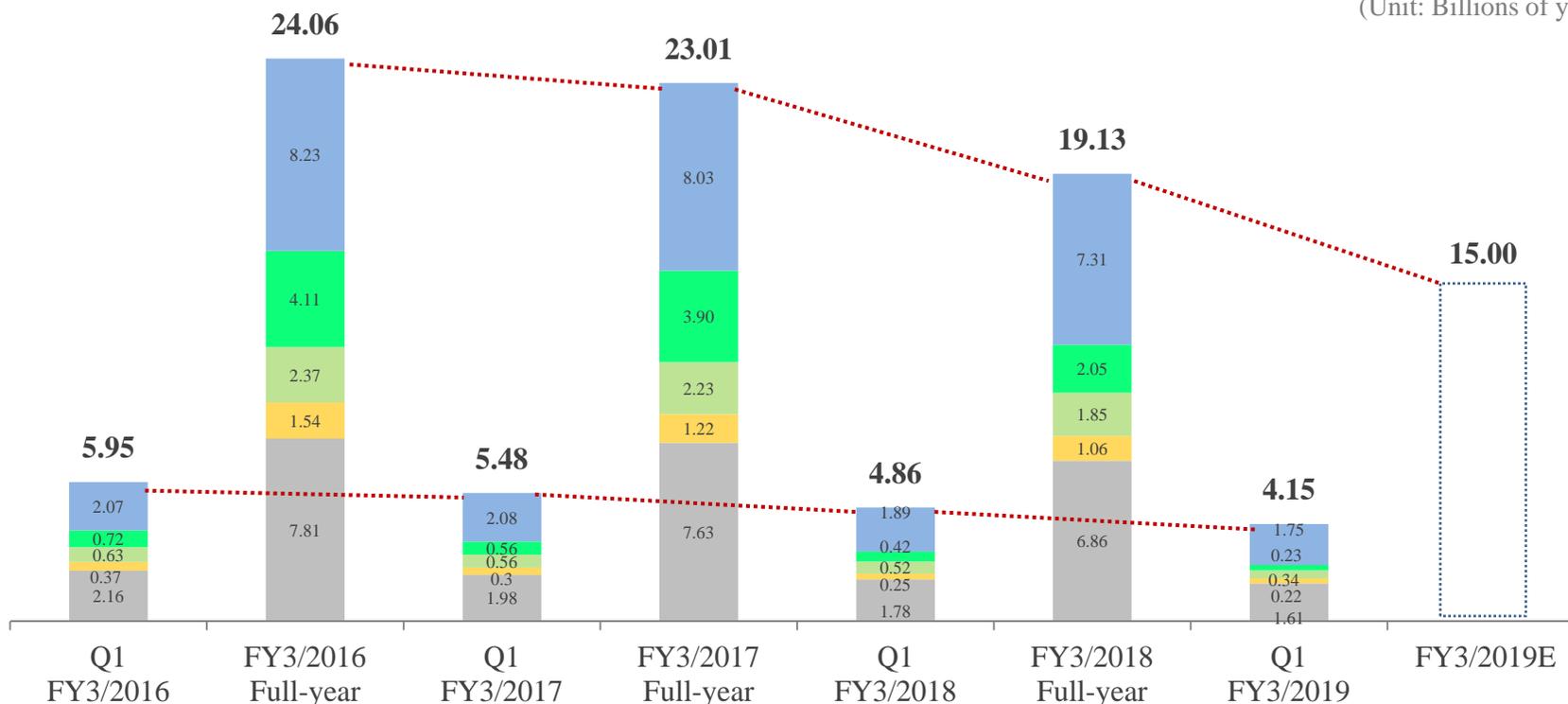
* The figures have been rounded down to the nearest million.

Change in SG&A expenses

SG&A decreased 0.70 billion yen compared to same period of last fiscal year, advertising expenses decreased 0.19 billion yen

■ Personnel expenses ■ Advertising expenses ■ Business consignment expenses ■ Depreciation ■ Other

(Unit: Billions of yen)



(Reference: number of employee)

(Unit: People)

Consolidated	1,868	1,845	1,796	1,713	1,606	1,514	1,507	
Non-consolidated	878	835	824	784	746	728	657	

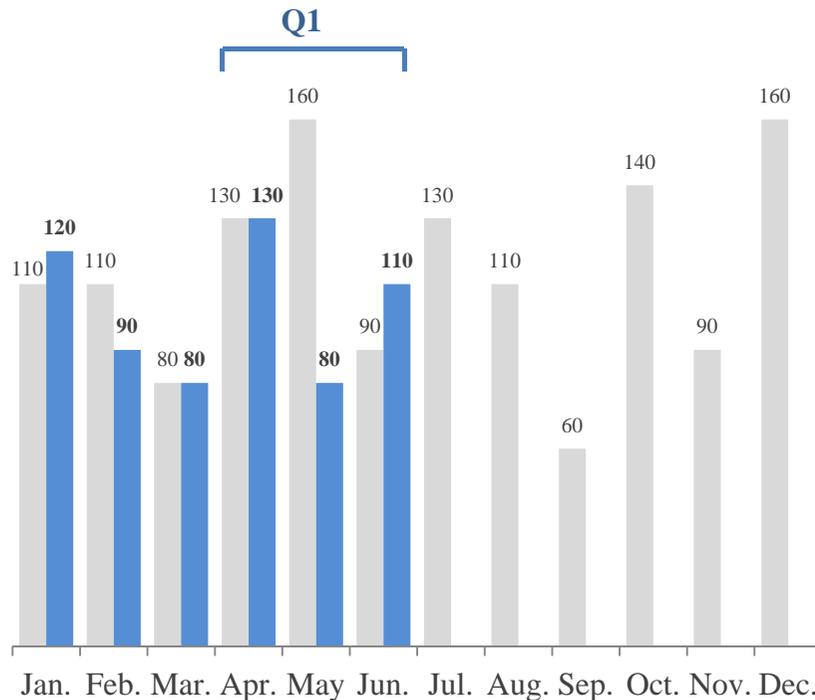
* "Other" is calculated on this sheet above. The figures have been rounded down to less than million yen.

Trends in PS* market in Q1

Decreased 10.5% YoY in pachinko/ decreased 44.4% in pachislot
Total sales of PS machines in the industry were sluggish due to a transition period in which customers were awaiting the introduction of new regulation machines

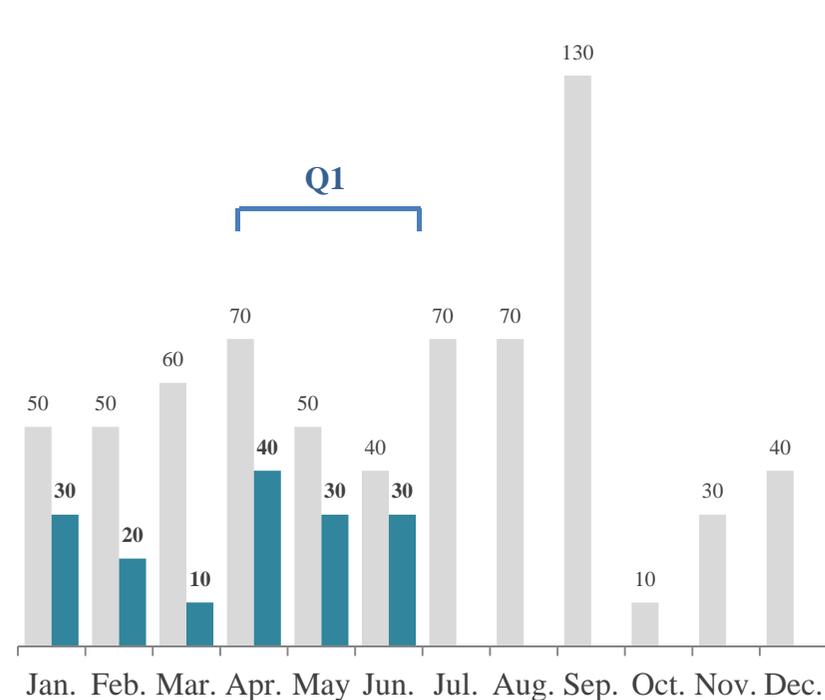
Results of pachinko sales market (thousand units)

Apr.-Jun. 2017: 380,000 units ■ 2017 ■ 2018
Apr.-Jun. 2018: 340,000 units (-10.5% YoY)



Results of pachislot sales market (thousand units)

Apr.-Jun. 2017: 180,000 units ■ 2017 ■ 2018
Apr.-Jun. 2018: 100,000 units (-44.4% YoY)



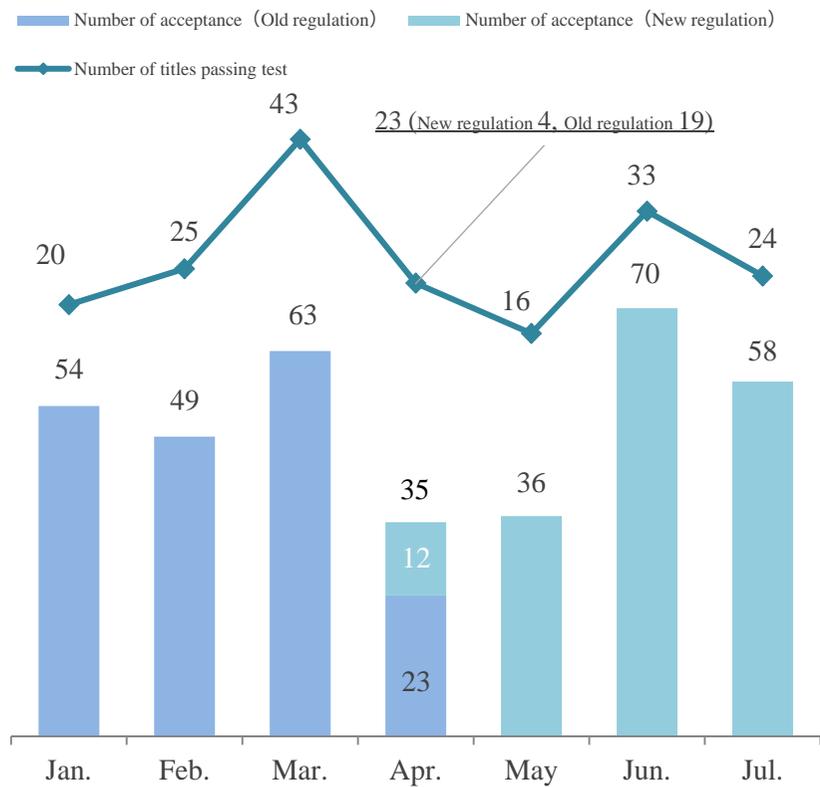
*PS: pachinko and pachislot

*Source: FIELDS/ number of units are rounded down to less than 10,000.

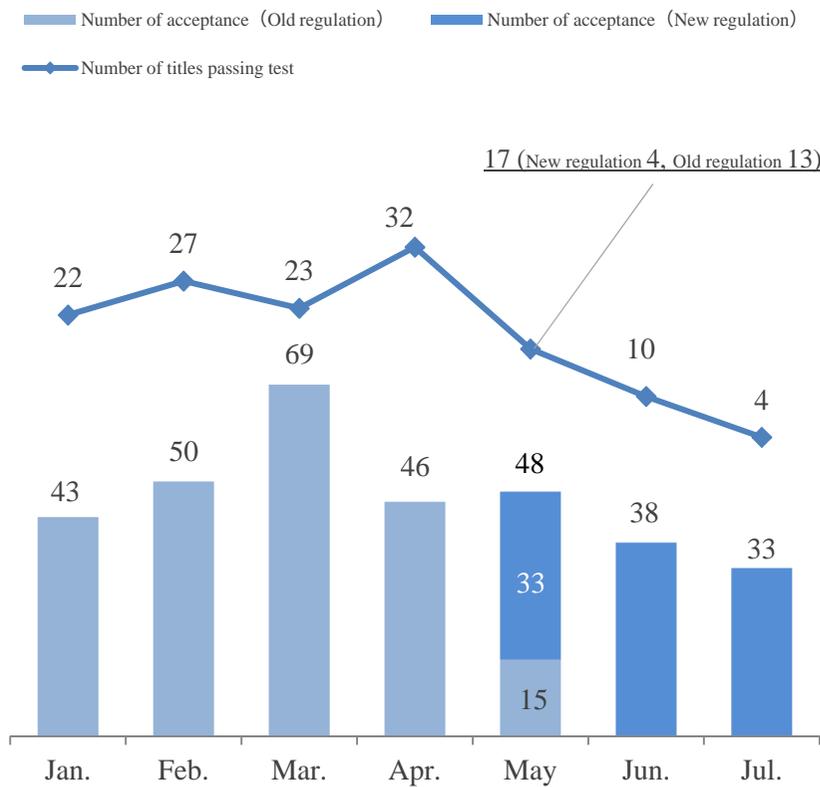
Trends in PS market (states of model certification test)

Model certification test of new regulation machines became full-scale

States of pachinko machine model certification test



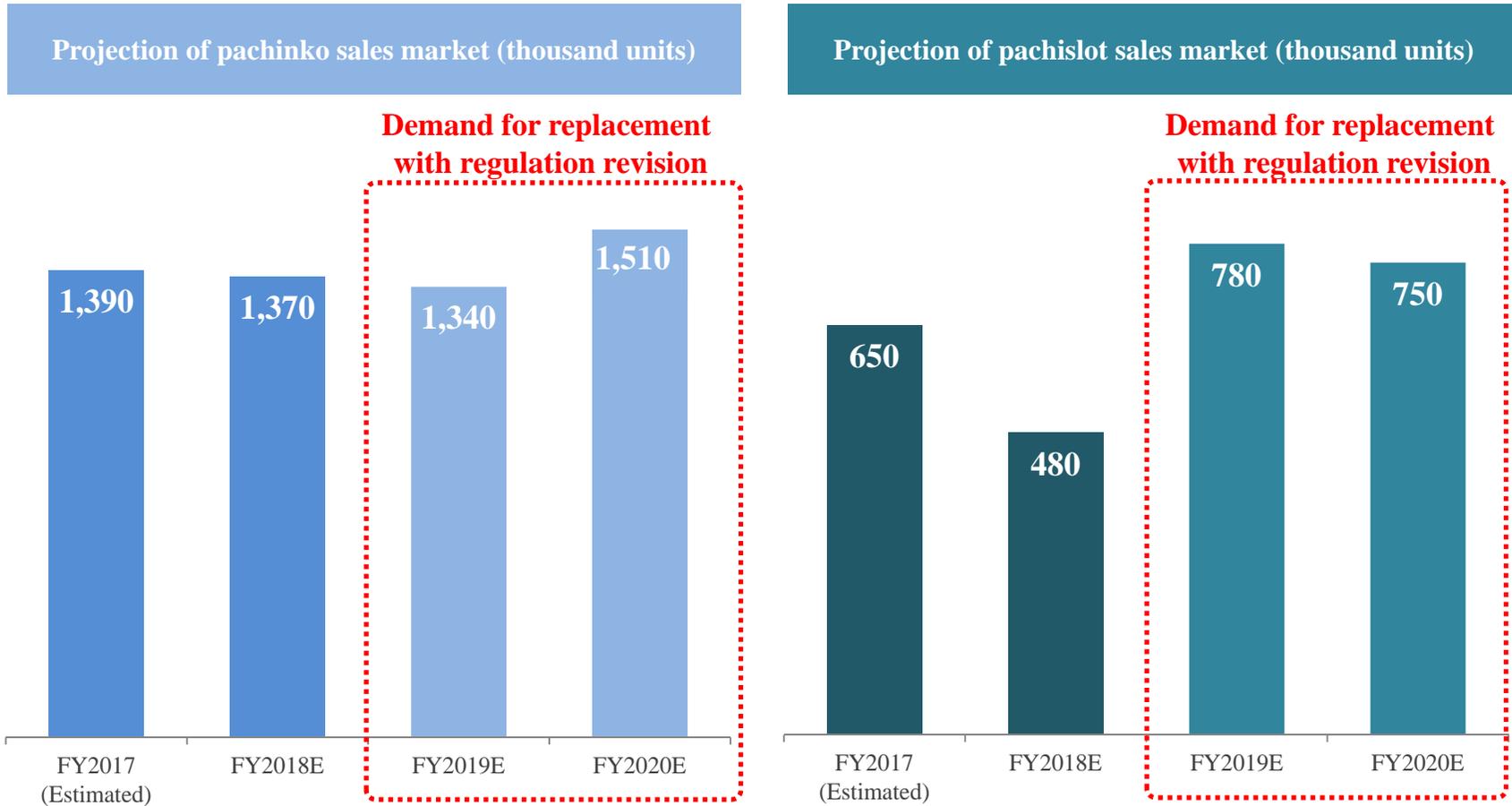
States of pachislot machine model certification test



*Source: FIELDS

Trends in PS market (3-year sales market expectation)

Expecting for demand for machine replacement to new regulation machines over the next three years

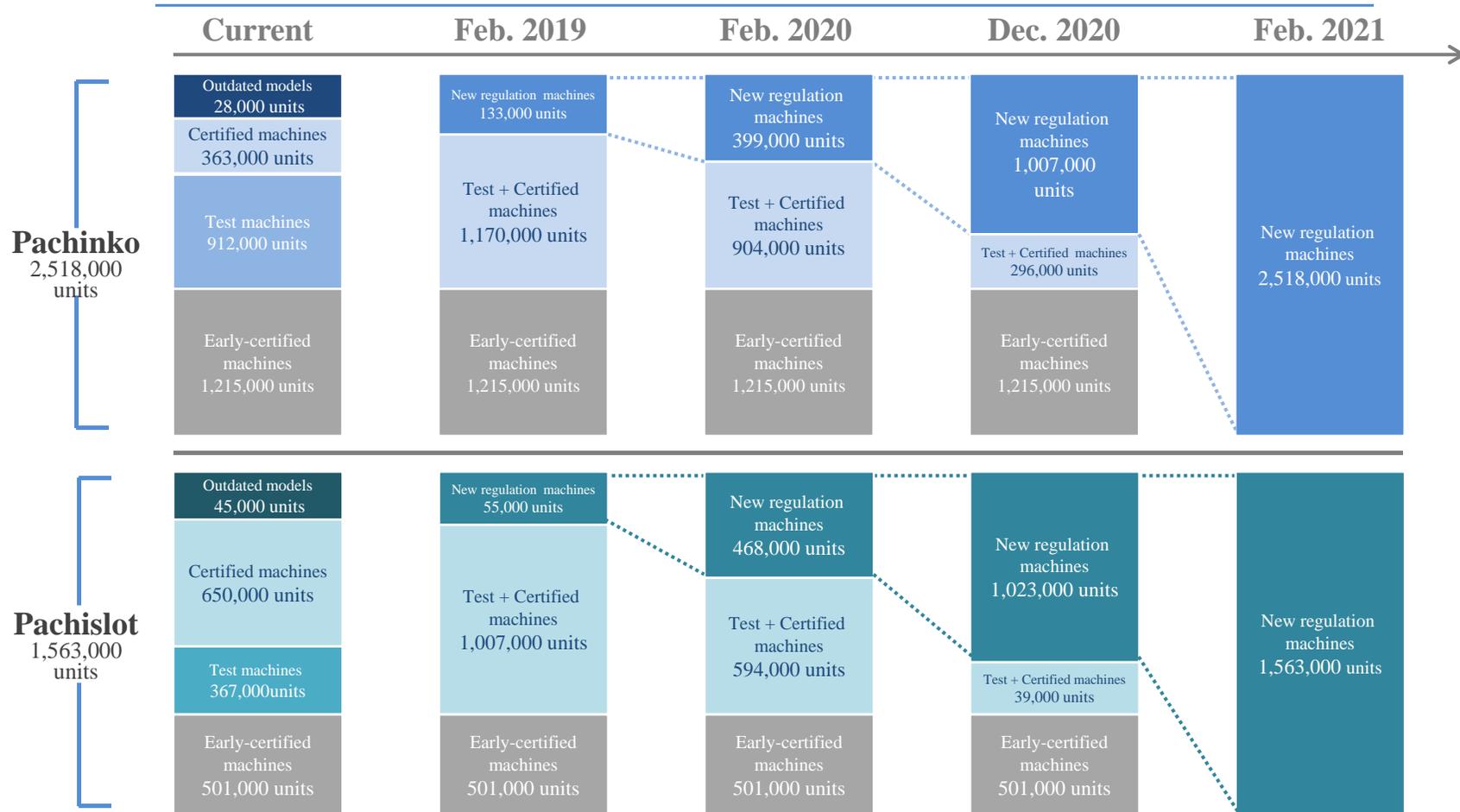


*Source: FIELDS

(Reference)

Time for switching to new regulation machines - Detail of machine installation trend -

**Expecting for demand for the new machine installation
due to removal of 4,080,000 units by Feb. 2021**



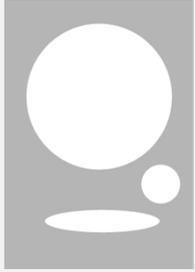
* Installation rate target of high-stakes pachislot machines : As of January 31, 2019, 15% or less of the installed number, As of January 31, 2020, 5% or less of the installed number, As of January 31, 2021, 0% of the installed number.

(1) Test machines : Machine that can be installed for up to 3 years from passing through the model certification test
 (2) Certified machines : Machine that can be extended for 3 years after the installation period of (1)

(3) Outdated models : Machine that does not fall under the (1) and (2) but continues to be installed
 (4) Early-certified machines : Machine that is certified in advance and can be installed until the end of Jan. 2021

Product lineup Q1-Q2

Development of machines by several brands underway for H2 sales

	Q1	Q2	H2
Pachinko	 <p>+ titles continuing to sell from FY3/2018, etc.</p> <p><i>CR INUYASHA JUDGEMENT[∞] (infinity)</i></p>	 <p><i>CR Drum ☆ EVANGELION PINK</i></p>	 <p><i>CR ULTIMATE JUDGEMENT</i></p>
Pachislot	 <p><i>Pachislo Okami</i></p>  <p><i>PACHISLOT Tengen Toppa Gurren Lagann -KIWAME-</i></p>	 <p><i>STREET FIGHTER V PACHISLOT EDITION</i></p>  <p><i>Pachislot Hananchu</i></p>	 <p><i>PACHISLOT ROCKMAN Ability</i></p>

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Forecast of FIELDS' initiatives in FY3/2019

Promotion of construction of business structure not affected by social change, such as regulation revision and moratorium of replacing machines, etc.

1 PS machine sales

■ Pachinko machine sales

– Continue to sell mainly old regulation machines during Q2

■ Pachislot machine sales

– Sell regulation 5.9 machines during Q2

⇒ Full-scale deployment of new regulation machines is planned for both pachinko / pachislot machines from H2

2 PS solutions

■ New service of video information distribution, “WE”

■ WEB targeting ad, “Fields AD Network”

■ Unification of installment of new PS machines, parts checking operation, PS secondary distribution platform, etc.

⇒ Work on the development and sales of each solution

⇒ Details will be announced in the medium-term management plan that to be announced in the interim term

**“WE”, a video information distribution service
aimed at revitalizing the PS industry**

- Contribute to reduction of cost spent on PS machine selection
- Eliminate information gap among pachinko halls nationwide,
aim for diversification for each pachinko halls

Main distribution content

WE news

Information of industry and PS machines useful for PS hall manager

New machine information for selection

Provision of important information for pachinko halls to purchase new PS machines/ Proposal of operation method

Tool and data analysis

Various tools to support planning of sales strategy and PS hall operation

⇒Start full-scale service deployment from Q3

**Pursuing new value and services
that can only be created by FILEDS as a “distribution company”**



**WEB
targeting ad**

Integrated marketing package utilizing big data

- Strengthen area marketing ability of pachinko halls, realize efficient ad distribution
- Measure the effect by visit detection which was impossible in the past

⇒ Introduced to about 700 PS halls as of Q1

**Unification of
installment and
parts checking
operation**

**Package receiving orders of installment of new PS machines
and parts checking operation**

【Benefit】

- Manufacturers : Reduce costs by outsourcing
- Pachinko halls : Reduce the burden on PS hall manager through unification of operations

⇒ Started accepting contracts from 5 manufacturers from Q2

Focus on expanding the number of manufacturers

Consolidated subsidiaries' main activities in Q1



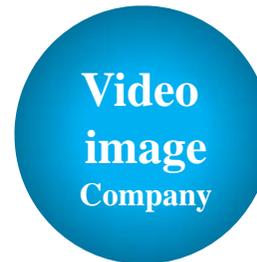
- ✓ Marketing measures to support sales of new regulation machines
- ✓ Promotion of development and sales of solutions
- ✓ Strengthening business alliance, etc.



- ✓ Created new TV series work and contents for baby, as a projects towards each purchasers layer
- ✓ Promotion of active global development of *Ultraman* works as a result of winning judgment in U.S. Lawsuit



- ✓ Promotion of new development to respond to regulation 6 machine by utilizing our group's experiences and knowledge



- ✓ Commissioned development of video image
- ✓ Promotion of projects of new business model such as IP planning and development by investment, acquisition of right, etc.

Disclaimer

The plans, strategies and estimates of the Company indicated in these documents, other than actual results and established facts, include potential risks and uncertainties and cannot be guaranteed.

Potential risks and uncertainties include, but are not limited to, the economic environment of the PS market in which the Company operates, market competition and the products handled by the Company.