

## Summary

(Translation)

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

November 13, 2020  
Listed on: TSE 1st

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: November 13, 2020  
Planned date for start of dividend payment: —  
Quarterly earnings supplementary explanatory materials: Yes  
Quarterly financial briefing: Yes (For institutional investors and security analysts)

(Rounded down to the nearest million)

#### 1. Consolidated business results for the first half of the year ending March 31, 2021 (April 1, 2020 to September 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 half of year ending March 31, 2021	10,591	(61.9)	(3,327)	—	(3,247)	—	(3,923)	—
First half of year ended March 31, 2020	27,772	53.9	(2,750)	—	(2,534)	—	(2,756)	—

(Note) Comprehensive income First half of the year ending March 31, 2021: ¥(3,907) million (—%)  
First half of the year ended March 31, 2020: ¥(3,253) million (—%)

	Profit per share	Diluted profit per share
	Yen	Yen
First half of year ending March 31, 2021	(119.06)	—
First half of year ended March 31, 2020	(83.08)	—

##### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
First half of year ending March 31, 2021	50,613	29,743	57.8
Year ended March 31, 2020	64,317	34,279	52.6

(Reference) Shareholders' equity First half of the year ending March 31, 2021: ¥29,259 million  
Year ended March 31, 2020: ¥33,801 million

#### 2. Dividends

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

(Note) Revision of the most recently released dividend forecasts: Yes

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

(Percentage figures denote YoY changes)

	Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full-year	1,200	68.1	1,200	27.7	350	(28.7)	10.72

(Note) Revision of the most recently released performance forecasts: Yes

A full-year forecast of net sales is not disclosed considering the current pachinko/pachislot market environment.

**\*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 half 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 half of the year ending March 31, 2021	2,368,300 shares
Year ended March 31, 2020	1,516,300 shares

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

First half of the year ending March 31, 2021	32,952,771 shares
First half 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

# This document contains projections of performance and other projections that were made based on information currently available and certain assumptions judged to be reasonable. The actual results may differ significantly from forecast figures due to the various factors. Please refer to (1) *Analysis of operating results and consolidated earnings forecasts* under 1. *Qualitative information on the quarterly financial results* on page two of the attached documents for details of assumptions for financial forecasts and other related matters.

# The Company is planning to hold a financial briefing (online) for analysts and institutional investors on Monday, November 16, 2020. Materials used at that briefing will be posted on the Company's website after the briefing as soon as possible.

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1. Qualitative information on the quarterly financial results
  - (1) Analysis of operating results and consolidated earnings forecasts

**i.) Overview of the Q2 (April-September 2020)**

The total sales forecast for this fiscal year in pachinko/pachislot (hereinafter, "PS") marketplace was originally expected to increase by 40% from the previous fiscal year to approximately 2.5 million units, mainly due to the planned removal of approximately 2.3 million old regulation machines installed in the initial marketplace.

However, due to the impact of the spread of coronavirus disease (COVID-19), pachinko hall's self-restraint, delays in the procurement of manufacturing materials, and the decision to extend a portion of the removal deadline, total PS machines sales in the H1 of the fiscal year were sluggish at 400,000 units.

Sales were also sluggish in the H1 of the fiscal year due to compliance with declaration of emergency situation caused by the spread of coronavirus disease (COVID-19) and the postponement of sales of titles, which is scheduled to be sold in the H1 of the fiscal year. In the H1 of the fiscal year, the Company mainly sold 3 titles: the pachislot *BLACK LAGOON4*, the *Gundam* series pachislot *Pachislot for CHAR AZNABLE -RED COMET's Counterattack*, and the pachislot *PACHISLOT Ring-ni-kakero1 -World champion carnival version*. In the H1 of the fiscal year, we sold 16,500 units of PS in the H1 of the fiscal year.

Tsuburaya Productions Co., Ltd. was forced to discontinue or scale back event-live shows due to compliance with governmental declaration of emergency situation guidelines for restrictions on outings and holding events. In addition, Tsuburaya Productions was directly affected by the spread of coronavirus disease (COVID-19), including delays in the production of films and postponement of their release. As a result of these factors, Tsuburaya Productions initially anticipated tough H1 financial results, but in the Q2, domestic and Chinese merchandising trended favorably, resulting in a recovery that exceeded expectations.

Digital Frontier Inc. received a number of orders for CG video production from domestic gaming companies, which is rising as a result of consumption from staying at home. Digital Frontier responded to this need by establishing a system in a short period of time that allows more than half of its engineers to perform video production work from home while maintaining high CG video quality. This is also expected to result in cost reductions due to the reduction of office space.

As a results, consolidated results for the H1 of the fiscal year under review were as follows: net sales ¥10,591 million (down 61.9% YoY); operating loss ¥3,327 million (2,750 million in the same period of the previous fiscal year); ordinary loss ¥3,247 million (2,534 million in the same period of the previous fiscal year); and net loss attributable to owners of parent ¥3,923 million (2,756 million in the same period of the previous fiscal year).

## ii.) Full-year outlook

Demand for more than 1 million units of new machines is forecast for the H2 of the fiscal year under review. This is attributable to the fact that pachinko hall operations are rapidly recovering, PS machine which is equipped with a new game function due to the revision of the internal regulation of pachinko and other, has been highly regarded in the market, and that about 900,000 units have been removed during the H2 of the fiscal year.

In anticipation of this demand, the Company have already received more than 50,000 orders in the H2 of the fiscal year by launching titles for pachinko machines such as *NEON GENESIS EVANGELION Decisive Battle -Crimson-*, *Pachinko ULTRASEVEN Cho Rambu*, *Pachislot MONSTER HUNTER: WORLD*, *PACHISLOT TETSUYA -Destiny and real ability-*, and pachislot *AKAME GA KILL!*. Furthermore, with regard to the titles, which are scheduled to be delivered in the Q4, the Company will respond to replacement demand associated with removal so that we can introduce the optimal merchandise in a timely manner.

Tsuburaya Productions Co., Ltd. announced the release of *Shin Ultraman* in early summer 2021, a movie that was launched by Hideaki Anno and Shinji Higuchi, who made a big hit with the movie *SHIN GODZILLA*.

Tsuburaya Productions is expanding the number of *Ultraman* fans by offering video products such as live-action and anime suitable for domestic and foreign fans through movies, TV, and distribution, etc. and is also promoting a medium-term business strategy that will generate profits in both the video business and merchandising. In addition, the expansion of domestic licensees and the growth of merchandising in China and other Asian regions are certainly showing results.

In Digital Frontier Inc., demand for CG video production from domestic game production companies is expected to continue broadly in the H2 of the fiscal year. In addition, orders for VFX production from home and abroad increased.

Other group companies will continue to strengthen management efficiency by improving profitability and reducing costs in order to contribute to consolidated results.

As a results of the above, operating profit for the fiscal year under review is forecast to reach ¥1,200 million (up 68.1% YoY), ordinary profit to ¥1,200 million (up 27.7% YoY), and profit attributable to owners of parent to ¥350 million (down 28.7% YoY).

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

(Note 2) Product names in this report are trademarks or registered trademarks of each company.

(2) Analysis of financial position

(Assets)

Current assets decreased by ¥13,657 million from the end of the previous fiscal year to ¥36,923 million. This was mainly due to a decrease in trade receivable.

Property, plant and equipment decreased by ¥165 million from the end of the previous fiscal year to ¥4,569 million. This was mainly due to a decrease in buildings and structures.

Intangible assets decreased by ¥151 million from the end of the previous fiscal year to ¥2,841 million. This was mainly due to a decrease in goodwill.

Investments and other assets increased by ¥269 million from the end of the previous fiscal year to ¥6,278 million. This was mainly due to an increase in investment securities.

Consequently, assets decreased by ¥13,703 million from the end of the previous fiscal year to ¥50,613 million.

(Liabilities)

Current liabilities decreased by ¥7,307 million from the end of the previous fiscal year to ¥10,689 million. This was mainly due to a decrease in trade payable.

Non-current liabilities decreased by ¥1,859 million from the end of the previous fiscal year to ¥10,181 million. This was mainly due to a decrease in long-term borrowings.

Consequently, liabilities decreased by ¥9,167 million from the end of the previous fiscal year to ¥20,870 million.

(Net assets)

Net assets decreased by ¥4,536 million from the end of the previous fiscal year to ¥29,743 million. This was mainly due to a decrease in retained earnings.

(Analysis of cash flows)

Cash and cash equivalents (hereinafter, "cash") at the end of the Q2 of the current fiscal year decreased by ¥2,683 million from the end of the previous fiscal year to ¥22,042 million.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥1,037 million (¥2,361 million used in the same period of the previous fiscal year). This was mainly due to a loss before income taxes of ¥3,866 million, a decrease in trade receivable of ¥12,926 million, a decrease in notes and accounts payable-trade of ¥6,328 million, a decrease/increase in consumption taxes receivable/payable of ¥968 million, and an increase in inventories of ¥797 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥666 million (¥1,715 million provided in the same period of the previous fiscal year). This was mainly due to purchase of non-current assets of ¥290 million and payments for investments in capital of ¥260 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥3,055 million (¥4,935 million used in the same period of the previous fiscal year). This was mainly due to repayments of long-term borrowings of ¥2,664 million, purchase of treasury shares of ¥365 million and dividends paid of ¥331 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)	End of Q2 of current fiscal year (as of September 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	24,825	22,142
Notes and accounts receivable-trade	14,171	2,830
Electronically recorded monetary claims-operating	1,087	54
Merchandise and finished goods	446	1,288
Work in process	4,852	4,967
Raw materials and supplies	2,574	2,412
Other	2,652	3,245
Allowance for doubtful accounts	(29)	(16)
Total current assets	50,580	36,923
Non-current assets		
Property, plant and equipment		
Land	1,644	1,645
Other	3,090	2,923
Total property, plant and equipment	4,734	4,569
Intangible assets		
Goodwill	2,156	2,010
Other	836	831
Total intangible assets	2,992	2,841
Investments and other assets		
Investment securities	1,325	1,471
Long-term loans receivable	373	373
Other	4,682	4,840
Allowance for doubtful accounts	(373)	(406)
Total investments and other assets	6,008	6,278
Total non-current assets	13,736	13,689
Total assets	64,317	50,613
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	9,336	3,131
Short-term borrowings	200	508
Current portion of long-term borrowings	5,329	4,322
Income taxes payable	127	40
Provision for bonuses	251	305
Provision for bonuses for directors (and other officers)	14	4
Other	2,736	2,376
Total current liabilities	17,996	10,689
Non-current liabilities		
Long-term borrowings	7,691	6,033
Retirement benefit liability	674	711
Asset retirement obligations	889	913
Other	2,784	2,522
Total non-current liabilities	12,040	10,181
Total liabilities	30,037	20,870

(Unit: Millions of yen)

	Previous fiscal year (as of March 31, 2020)	End of Q2 of current fiscal year (as of September 30, 2020)
Net assets		
Shareholders' equity		
Share capital	7,948	7,948
Capital surplus	7,579	7,579
Retained earnings	20,060	15,634
Treasury shares	(1,821)	(1,946)
Total shareholders' equity	33,767	29,216
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10	19
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans	22	23
Total accumulated other comprehensive income	34	43
Non-controlling interests	477	483
Total net assets	34,279	29,743
Total liabilities and net assets	64,317	50,613

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income  
 Quarterly consolidated statements of income  
 H1 of the year ending March 31, 2021

(Unit: Millions of yen)

	H1 of previous fiscal year (April 1, 2019 to September 30, 2019)	H1 of current fiscal year (April 1, 2020 to September 30, 2020)
Net sales	27,772	10,591
Cost of sales	23,620	8,022
Gross profit	4,151	2,568
Selling, general and administrative expenses	6,902	5,896
Operating profit (loss)	(2,750)	(3,327)
Non-operating income		
Interest income	14	2
Dividend income	79	2
Purchase discounts	107	2
Share of profit of entities accounted for using equity method	42	90
Distributions from investments	11	9
Other	56	73
Total non-operating income	313	181
Non-operating expenses		
Interest expenses	34	50
Provision of allowance for doubtful accounts	8	28
Financing expenses	23	1
Other	31	21
Total non-operating expenses	97	100
Ordinary profit (loss)	(2,534)	(3,247)
Extraordinary income		
Gain on sales of non-current assets	16	0
Gain on liquidation of subsidiaries and associates	17	-
Total extraordinary income	34	0
Extraordinary losses		
Loss on retirement of non-current assets	0	2
Loss on sales of investment securities	212	-
Loss on litigation	30	8
Losses from coronavirus disease (COVID-19)	-	607
Other	1	0
Total extraordinary losses	244	619
Profit (loss) before income taxes	(2,744)	(3,866)
Income taxes	(0)	56
Profit (loss)	(2,744)	(3,923)
Profit (loss) attributable to non-controlling interests	12	0
Profit (loss) attributable to owners of parent	(2,756)	(3,923)

## Quarterly consolidated statements of comprehensive income

First half of the year ending March 31, 2021

(Unit: Millions of yen)

	H1 of previous fiscal year (April 1, 2019 to September 30, 2019)	H1 of current fiscal year (April 1, 2020 to September 30, 2020)
Profit (loss)	(2,744)	(3,923)
Other comprehensive income		
Valuation difference on available-for-sale securities	(511)	14
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans, net of tax	1	0
Total other comprehensive income	(509)	15
Comprehensive income	(3,253)	(3,907)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,270)	(3,914)
Comprehensive income attributable to non-controlling interests	16	6

## (3) Quarterly consolidated statements of cash flows

(Unit: Millions of yen)

	H1 of previous fiscal year (April 1, 2019 to September 30, 2019)	H1 of current fiscal year (April 1, 2020 to September 30, 2020)
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(2,744)	(3,866)
Depreciation	726	396
Amortization of goodwill	279	145
Increase (decrease) in allowance for doubtful accounts	2	19
Increase (decrease) in provision for bonuses	10	54
Increase (decrease) in provision for bonuses for directors (and other officers)	(5)	(9)
Increase (decrease) in retirement benefit liability	15	37
Interest and dividend income	(94)	(4)
Share of loss (profit) of entities accounted for using equity method	(42)	(90)
Interest expenses	34	50
Decrease (increase) in trade receivables	1,930	12,926
Decrease (increase) in inventories	(149)	(797)
Decrease (increase) in merchandising rights advances	(153)	(41)
Increase (decrease) in trade payables	(3,080)	(6,328)
Decrease/increase in consumption taxes receivable/payable	188	(968)
Other, net	692	(328)
Subtotal	(2,390)	1,193
Interest and dividends received	94	4
Interest paid	(34)	(50)
Income taxes (paid) refund	(30)	(110)
Net cash provided by (used in) operating activities	(2,361)	1,037
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,413)	(142)
Proceeds from sales of property, plant and equipment	48	4
Purchase of intangible assets	(207)	(147)
Proceeds from redemption of investment securities	200	-
Proceeds from sales of investment securities	3,519	29
Purchase of shares of subsidiaries and associates	(10)	(36)
Proceeds from sales of shares of subsidiaries and associates	1	-
Payments for investments in capital	(232)	(260)
Loan advances	-	(38)
Collection of loans receivable	24	20
Other, net	(213)	(96)
Net cash provided by (used in) investing activities	1,715	(666)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(1,496)	308
Proceeds from long-term borrowings	250	-
Repayments of long-term borrowings	(3,324)	(2,664)
Purchase of treasury shares	-	(365)
Dividends paid	(331)	(331)
Other, net	(33)	(1)
Net cash provided by (used in) financing activities	(4,935)	(3,055)
Effect of exchange rate change on cash and cash equivalents	(0)	(0)
Net increase (decrease) in cash and cash equivalents	(5,581)	(2,683)
Cash and cash equivalents at beginning of period	28,807	24,725
Cash and cash equivalents at end of period	23,226	22,042

(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 Q2 of the fiscal year under review.