

The greatest leisure



Financial Presentation

Financial Results Briefing for the Year Ended March 31, 2016

Full-Year

for all people

Fields Corporation (2767)

April 28, 2016

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(Consolidated)
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1 Overview

Results

3.2016 Results: Net sales of **94.4** billion yen, Ordinary income of **1.3** billion yen

- Net sales decreased 5.1%, and ordinary income decreased 74.9% compared to the previous fiscal year

Pachinko/Pachislot machines Sales

Total sales: **289,000** units (Pachinko machine: 162,000 units, Pachislot machine: 126,000 units)

- The number of units sold declined 27.6% year-on-year; work toward planning/development and increased sales of pachinko/pachislot machines using IP

Cross media business

Total number of IP: **176**

Number of media for IP development in year ended March 31, 2016: **96**

- The total number of IP increased 17.3% year-on-year with the implementation of a range of measures for cross media expansion, including overseas

Forecast

Full-year : Net sales of **115.0** billion yen, Ordinary income **2.0** billion yen

- Strengthen the foundation of pachinko/pachislot and cross media fields centered on IP

2 Summary of Results for the Year Ended March 31, 2016 (Consolidated)

- Consolidated P/L
- Main pachinko/pachislot machine lineup
- Consolidated B/S
- Consolidated cash flow

Consolidated P/L

Summary of Results for the Year Ended
March 31, 2016 (Consolidated)


















(Unit: Billions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016			
	Full-Year	Previous Forecast	Revised Forecast	Full-Year	YoY Increase/Decrease (%)
Net sales	99.5 (100.0%)	120.0 (100.0%)	95.0 (100.0%)	94.4 (100.0%)	-5.1%
Gross profit	28.4 (28.6%)	-	-	25.4 (27.0%)	-10.5%
SG&A expenses	23.7 (23.8%)	-	-	24.0 (25.5%)	1.5%
Operating income	4.7 (4.8%)	6.0 (5.0%)	1.0 (1.1%)	1.4 (1.5%)	-70.4%
Ordinary income	5.4 (5.5%)	6.5 (5.4%)	1.0 (1.1%)	1.3 (1.5%)	-74.9%
Extraordinary income (loss)	0.2 (0.3%)	-	-	(0.4) (-)	-
Net income attributable to owners of parent	3.0 (3.0%)	3.5 (2.9%)	0 (-)	0.1 (0.1%)	-96.1%

*Figures within parentheses are the ratio to sales.

Main pachinko/pachislot machine lineup

Summary of Results for the Year Ended
March 31, 2016 (Consolidated)

	Q1	Q2	Q3	Q4	Full-Year	
Pachinko		<p>CR Million GOD RISING</p>  <p>CR Martian Successor NADESICO</p>  <p>CR Sakigake Otokojuku</p> 	<p>CR EVANGELION X</p>  <p>CR Midoridon Hanabi DE Buon giorno</p> 	<p>CR Tengen Toppa Gurren Lagann</p> 	<p>Pachinko Marvel's Avengers</p> 	<p>162,000 machines</p> <p>YoY 46.2% down</p>
					<p>※Released in April 2016/ Posted a part of sales</p>	
Pachislot	<p>EVANGELION —Spear of Hope</p> 	<p>Resident Evil 6</p>  <p>ASURA'S WRATH</p> 	<p>MAJESTIC PRINCE</p>  <p>Oh My Goddess!</p>  <p>EVANGELION —Tamashii wo Tsunagumono</p> 	<p>MOBILE SUIT GUNDAM —Awakening— —Chained battle—</p>  <p>NINJA GAIDEN</p>  <p>HIGURASHI NO NAKUKORONI —KIZUNA</p>  <p>Pachislot Ultraman</p> 	<p>126,000 Machines</p> <p>YoY 30.4% up</p>	

Full-Year: Number of pachinko/pachislot machines sold: 289,000 (YoY 27.6% down)

* The above number of machines within parentheses posted to sales includes pachinko/pachislot machines other than the titles noted here.

Consolidated B/S

Summary of Results for the Year Ended
March 31, 2016 (Consolidated)

Notes and accounts receivable—trade, and notes and accounts payable—trade decreased with pachinko and pachislot machines sales

(Unit: Billions of yen)

	March 31, 2015	March 31, 2016	Increase/Decrease	Main factors for increase/decrease
Current assets	71.0	52.9	-18.0	Decrease in notes and accounts receivable— trade
Tangible fixed assets	12.1	11.4	-0.7	
Intangible fixed assets	4.4	3.7	-0.7	
Investments and other assets	22.6	24.3	1.7	Increase in Long-term loans
Total assets	110.3	92.4	-17.8	
Current liabilities	45.7	29.8	-15.9	Decrease in notes and accounts payable—trade
Fixed liabilities	4.2	4.3	0.1	
Net assets	60.2	58.2	-1.9	Decrease in retained earnings
Total liabilities and net assets	110.3	92.4	-17.8	

Consolidated cash flow

Summary of Results for the Year Ended
March 31, 2016 (Consolidated)

**Cash and cash equivalents stood at ¥32.2 billion as of March 31, 2016,
an increase of ¥16.3 billion since the beginning of the period**

(Unit: Billions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016	Main factors for increase/decrease
Operating cash flows	(9.0)	13.3	Income before income taxes and minority interests + 0.9 Decrease in notes and accounts receivable—trade + 36.6 Decrease in notes and accounts payable—trade - 22.8 Income taxes paid - 3.3
Investing cash flows	(6.2)	(2.1)	Expenditure for loans - 7.1 Proceeds from loans receivable + 2.5 Proceeds from redemption of investments in other securities of subsidiaries and affiliates + 3.1
Financial cash flows	1.6	5.2	Proceeds from short-time borrowings + 7.4 Dividends paid - 1.9
Cash and cash equivalents at beginning of period	29.5	15.8	
Cash and cash equivalents at end of period	15.8	32.2	

3 Forecast of Earnings for the Year Ending March 31, 2017

- Forecast of earnings (consolidated)

Forecast of earnings (consolidated)

Forecast of Earnings for the Year Ending
March 31, 2017

(Unit: Billions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016	Year ending March 31, 2017		
	Results	Results	Plan	YoY(%)	Increase/Decrease
Net sales	99.5 (100.0%)	94.4 (100.0%)	115.0 (100.0%)	+21.7%	+20.5
Operating income	4.7 (4.8%)	1.4 (1.5%)	2.0 (1.7%)	+41.7%	+ 0.5
Ordinary income	5.4 (5.5%)	1.3 (1.5%)	2.0 (1.7%)	+44.9%	+ 0.6
Net income attributable to owners of parent	3.0 (3.0%)	0.1 (0.1%)	1.0 (0.9%)	+742.7%	+ 0.8
Divident per share	60 yen <small>*Commemorative Dividend 10 yen</small>	50 yen	50 yen		
Payout ratio (consolidated)	66.0%	1,398.1%			

*Figures within parentheses are the ratio to sales.

Forecast of earnings (consolidated)

Strengthen the foundation of pachinko/pachislot and cross media with an eye on medium- to long-term growth

Pachinko and pachislot business

- Sell a series of product groups that use IP and have superior game and entertainment elements.
- Transform to an operating structure in which planning and development, production and sales are carried out in an integrated manner based on IP.
- Carry out measures to strengthen product appeal, improve services as a distributor and trading company and expand the fan base, and also aim to transform the earnings structure.

Cross media business

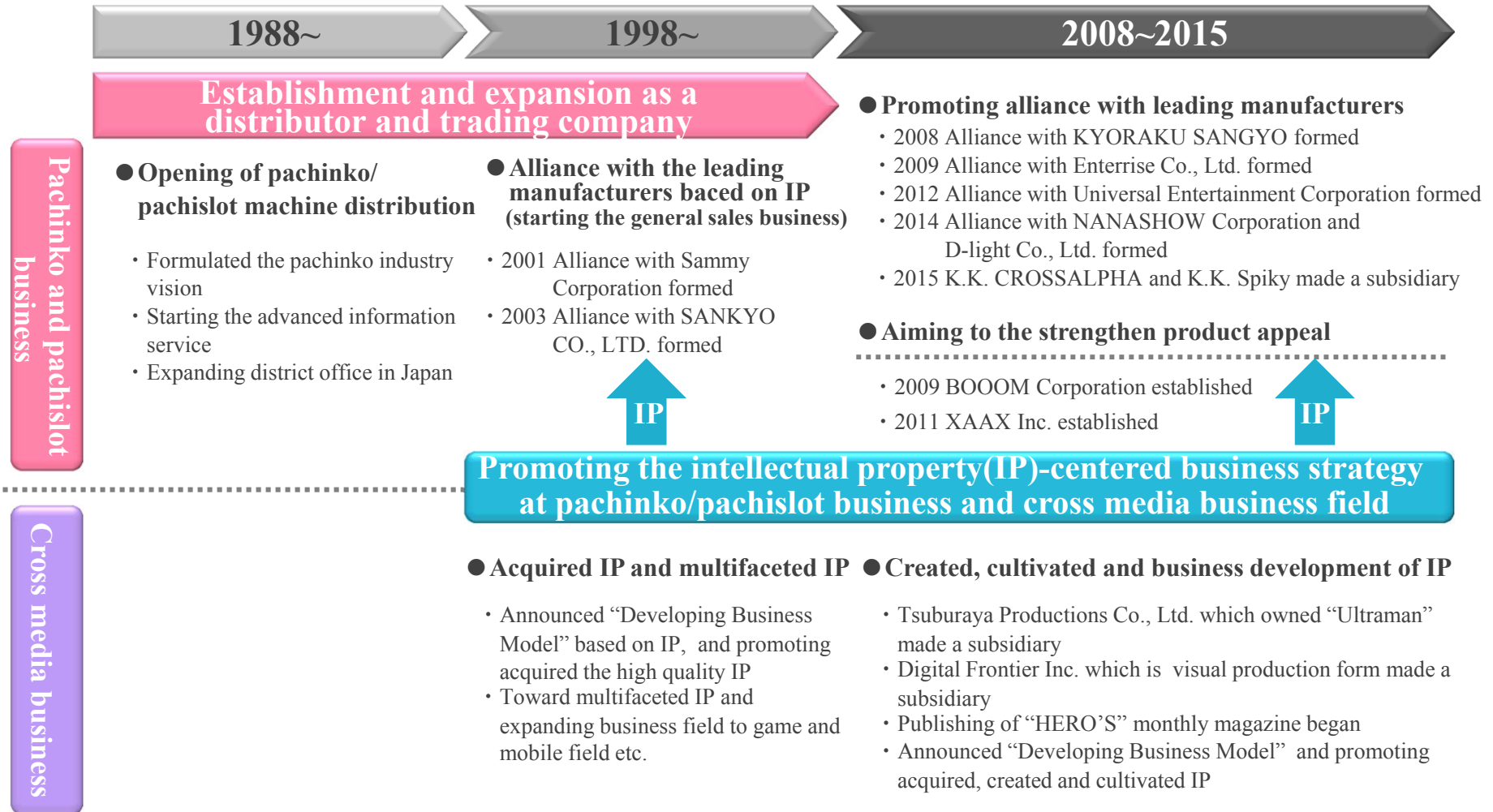
- Concentrate investments in IP that is expected to become a major product (= major IP).
- Accelerate the expansion of major IP on a global scale through cooperation with partners both in Japan and overseas.

4 Future Objectives

- History of FIELDS' business
- Business Environment
- Future Objectives

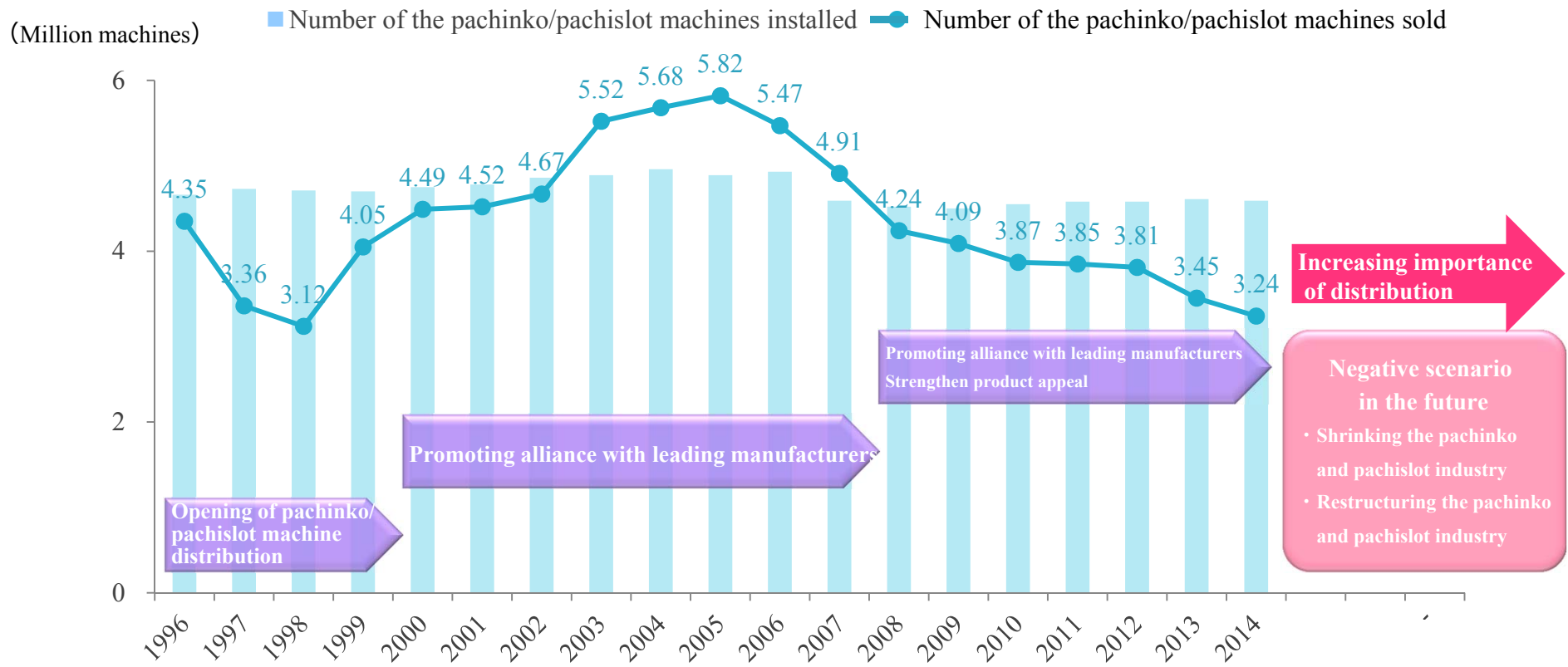
History of FIELDS' business

Provided to the greatest leisure for all people through the entertainment business



Business Environment (pachinko and pachislot machine market)

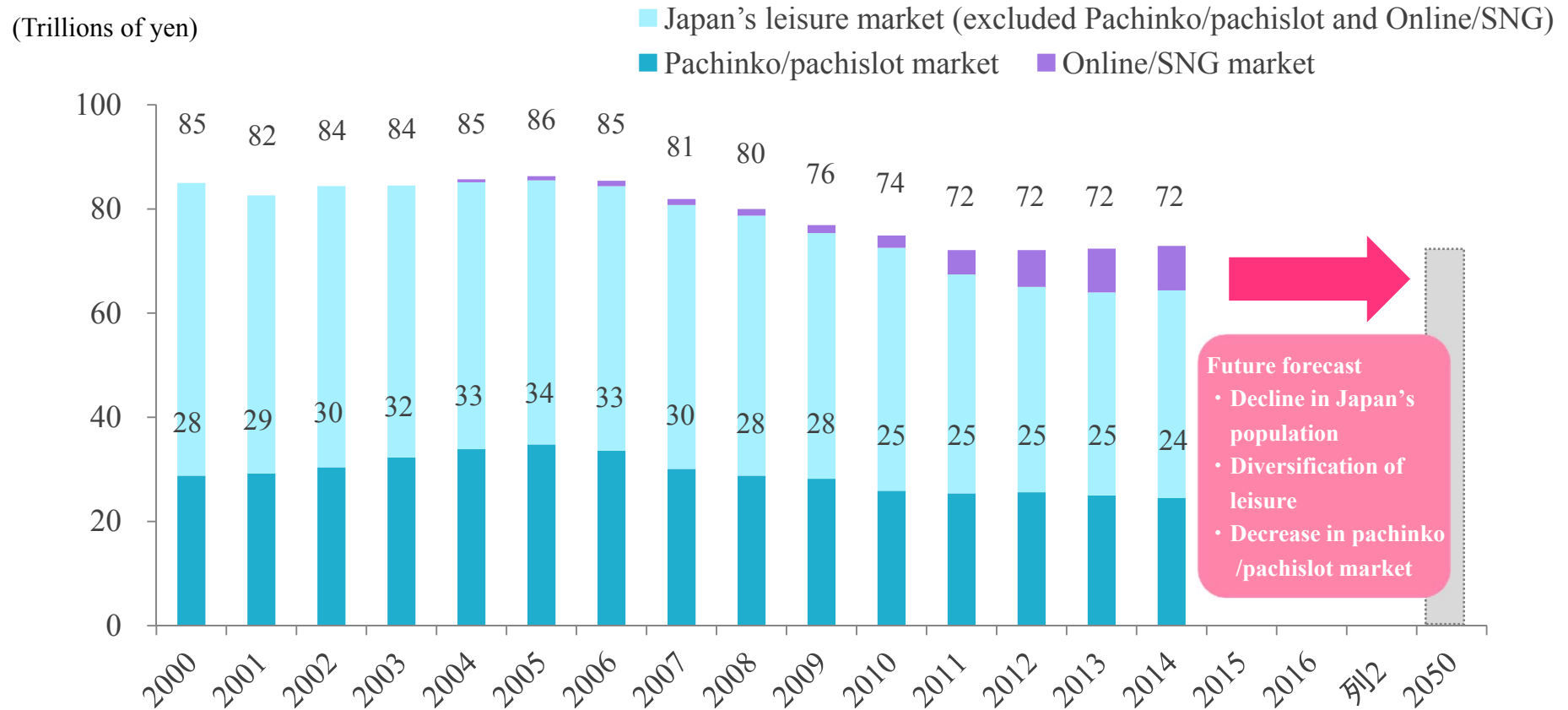
Promote the development of PS foundations in preparation for the age of distribution



Source: "Trend and Market Share of Pachinko Related Manufacturers" by Yano Research Institute
National Police Agency's data

Business Environment (Leisure market)

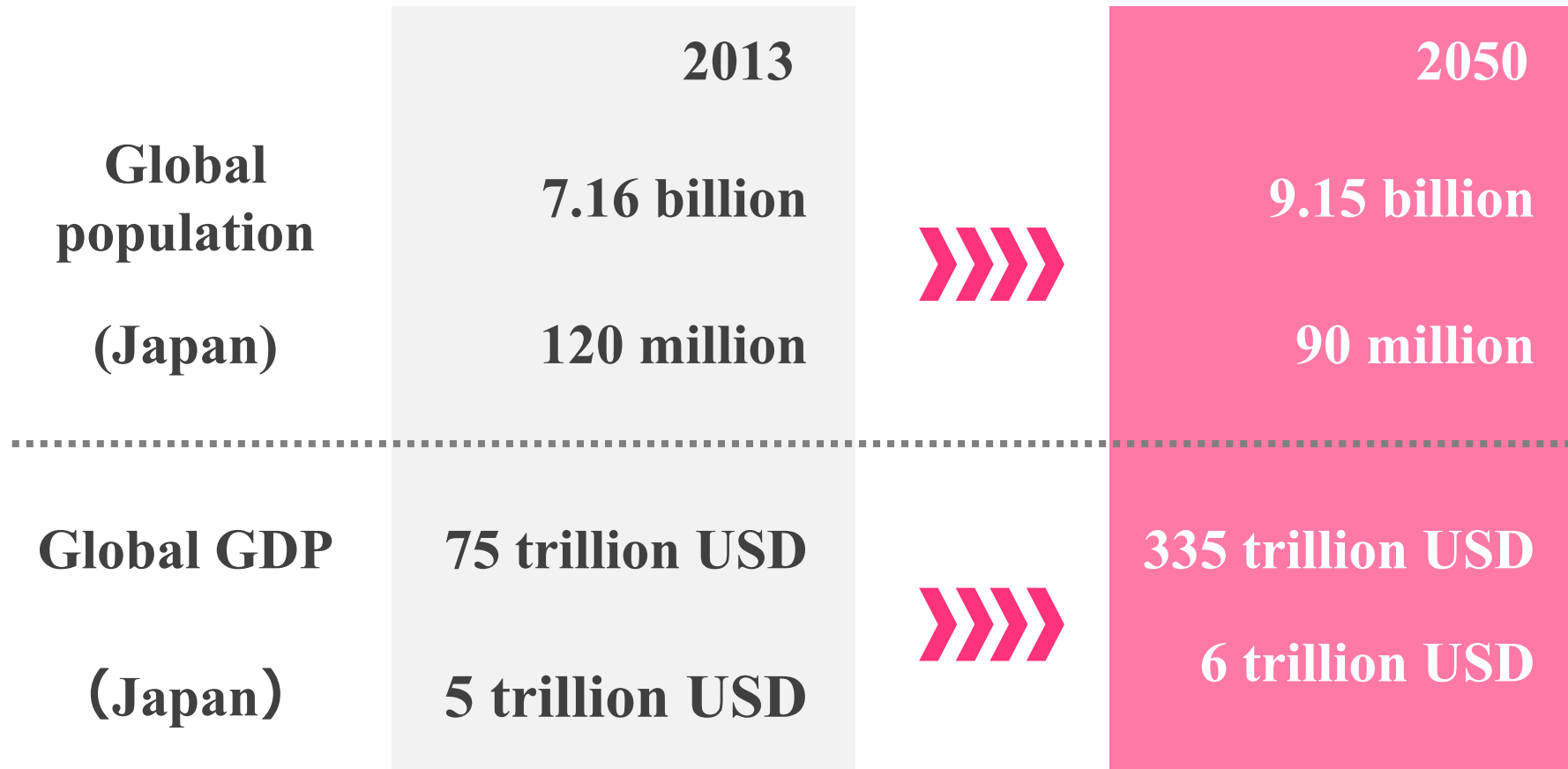
Media in the leisure market is diversifying. At same time, pachinko/pachislot market (total fees from rental ball operations) is contracting



Source: "White Paper on Leisure" of Japan Productivity Center

Business Environment (Leisure market)

By 2050, Japan's population will decrease by 30 million, and the growth of domestic GDP will slow



Sources: 2013 figures are quoted from *Sekai no Tokei* (International Statistical Compendium), Statistics Bureau, Ministry of Internal Affairs and Communications (MIC).
Global population and GDP for 2050 are quoted from documents produced by the Asian Development Bank. Japanese population is quoted from *Sekai no Tokei* (International Statistical Compendium), Statistics Bureau, MIC, and Japanese GDP is quoted from forecasts produced by HSBC.

Future Objectives

Promoting the intellectual property(IP)-centered business strategy at pachinko/pachislot business and cross media business field

Future business environment	Objective of pachinko/pachislot business	Objective of cross media business
Decline in Japan's population	Activating the Market <ul style="list-style-type: none"> • Strengthen product appeal with dominant IP • Enhanced the service as distributor 	Promoting global development with dominant IP
Diversification of leisure		Achieved dominant IP And promoting cross media development
Decrease in pachinko /pachislot market	<ul style="list-style-type: none"> • Expanding fan-base — Build mechanism for helping IP fans to migrate to pachinko/pachislot 	

Moving forward, place importance on the ROI based on projects

4 Pachinko and Pachislot

- Pachinko and pachislot industry so far
- A pressing issue
(Ex. consumer electronics industry)
 1. Past efforts of pachinko/pachislot
- Strategy of pachinko and pachisot business
 1. Strengthen product appeal
 2. Enhanced the service as distributor
 3. For expanding Fan-base

Pachinko and pachislot industry so far

Industry is contracting as a consequence of changes in the market attributable to the external and internal environments

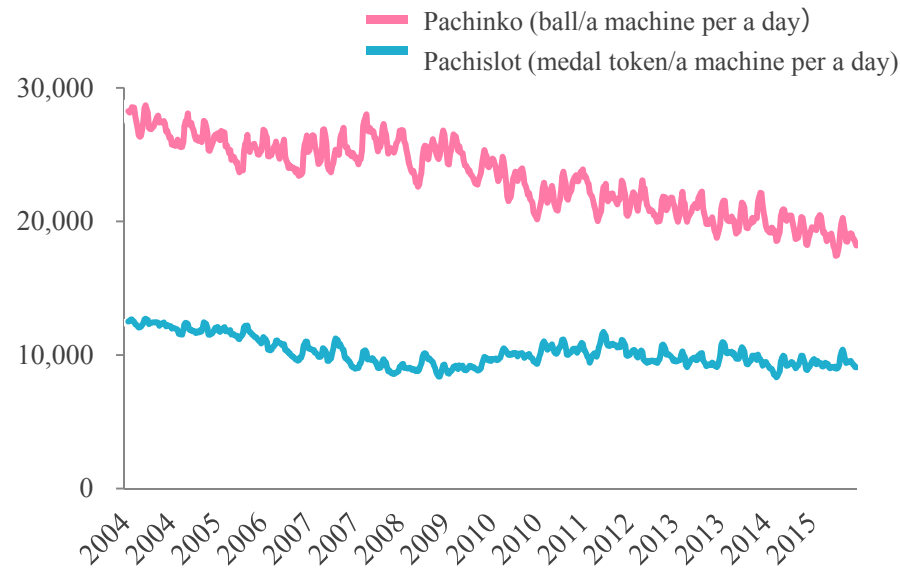
External environment

- Diversification of leisure
- Declining birthrate and a growing proportion of elderly people
- Change of the society and economy

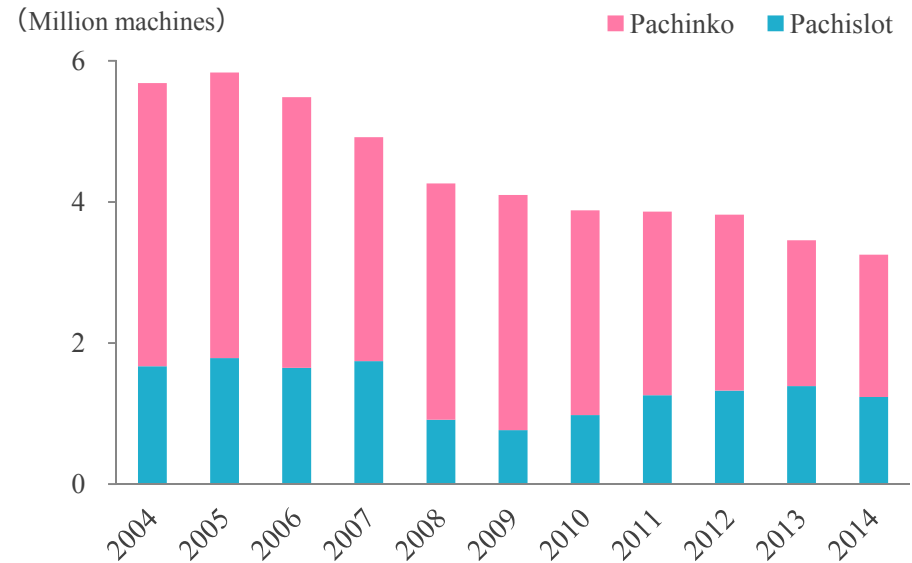
Internal environment

- Changed regulation, internal regulation, voluntary regulation
- Evolution of technology, utilized IP

~ Change in pachinko and pachislot average operating ~



~ Number of pachinko and pachislot machines sales ~



A pressing issue

**As the needs of halls and the needs of fans diverge,
the pachinko/pachislot machine market is shrinking**

2005

- Pachinko and pachislot machines sales market **1.4 trillion**
- Pachinko hall's needs (the nature of gambling) = Fans' needs (the nature of gambling)
- Products development and sales of manufacturers-led



2014

- Pachinko and pachislot machines sales market **1.0 trillion**
- Pachinko hall's needs (the nature of gambling) \neq Fans' needs (Entertainment element)
- Products development and sales of manufacturers-led



As a distributor that is situated between Manufacturers and pachinko halls/Fans

Developing the high quality products by distribution-led = Toward the distribution era

Ex.) Change of consumer electronics industry

Realize innovation in distribution, in a way that meets consumer needs

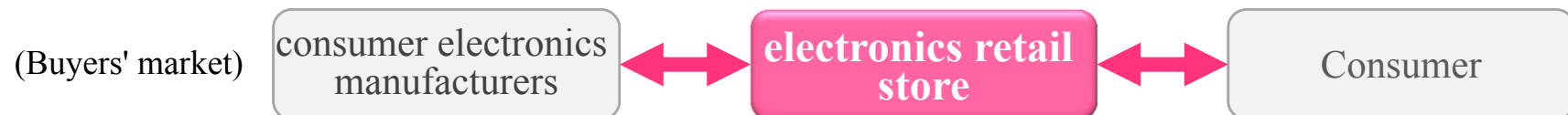
(1935 ~ 1980's)

- An age when manufacturers develop new products, and many consumers all want to buy new products of convenience too
- Distribution channels formed primarily by electrical appliance manufacturers (manufacturer-affiliated stores)



(1990's ~ now)

- An age when material goods are in abundance, and consumers can choose the things they need according to their lifestyle
- Shakeout of manufacturers
- In terms of distribution, as consumer needs diversify, mass retailers with expanded product lineups and sales districts gain force



Strategy of pachinko and pachislot business

1. Strengthen product appeal

- ▶ Taking advantage of IP' dominance and implement additional product appeal enhance

2. Enhanced the service as distributor

- ▶ In addition to provision of new solutions and development and expansion of the business offices and branch offices in Japan

3. For expanding Fan-base

- ▶ By using IP, pursue the migration of fans of game/anime that have a strong connection with pachislots

1. Strengthen product appeal

Taking advantage of IP' dominance and implement additional product appeal enhance

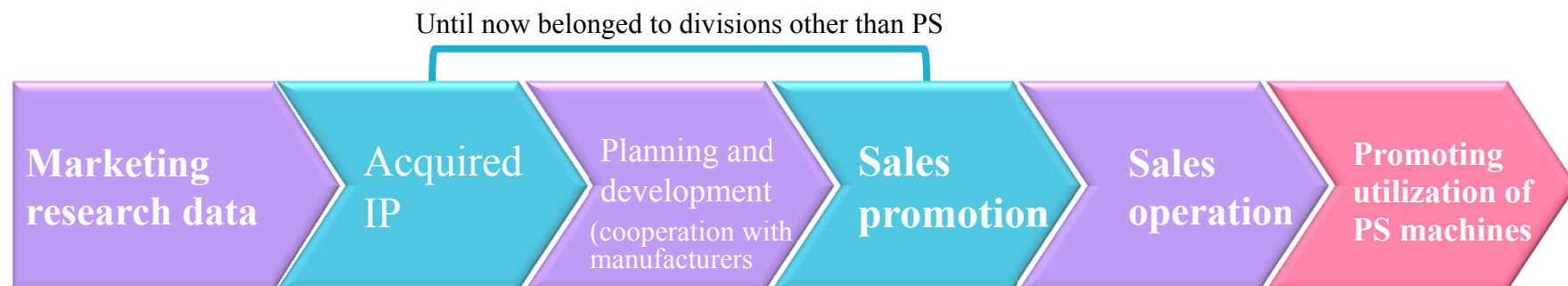
The needs of halls and fans

- B to B (needs of halls)
 - Purchase side is conservative and demands product series
- B to C (needs of fans)
 - Consumer side is progressive and demands new products

Toward a framework that takes advantage of our superiority by using IP

- With marketing data as a base, acquire IP that can offer both innovation and be a series
- Toward a framework that is consistent across IP acquisition, planning/development, sales promotion, sales, and promoting utilization of pachinko and pachislot machines

~Future Pachinko/Pachislot Business Management Division~



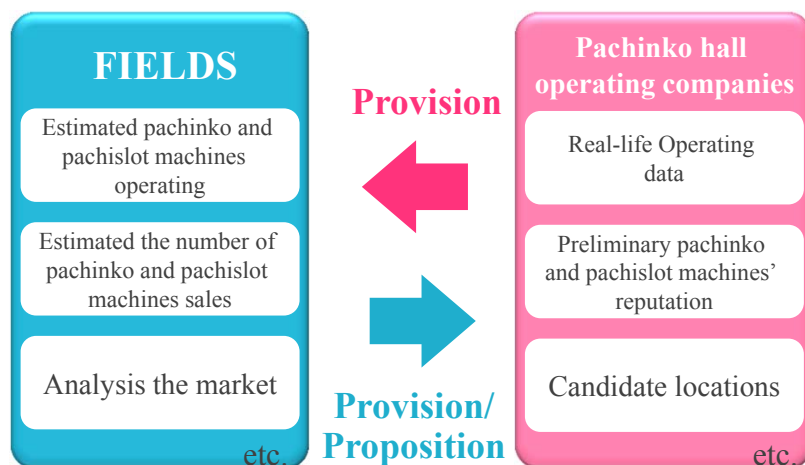
2. Enhanced the service as distributor

In addition to provision of new solutions and development and expansion of the business offices and branch offices in Japan

Provision of new solutions

- Build a partnership structure with customers, and provide a variety of information services
- Promote research studies aimed at utilizing cutting-edge technologies

~Image of the partnership with customers~



Development and expansion of the business offices and branch offices in Japan

- Build industry's largest distribution network
- Establish a 400-strong sales force
- Developed 26 branches under 7 regional offices

~The number of FIELDS and major manufacturers' branch offices and salespersons~

	Number of the business offices and branch offices	Salespersons
A Company	30	400
FIELDS	26	400
B Company	28	330
C Company	19	180
D Company	16	—

Source: "Trend and Market Share of Pachinko Related Manufacturers" by Yano Research Institute

3. For expanding Fan-base

By using IP, pursue the migration of fans of game/anime that have a strong connection with pachislots

Interconnection between pachislot and game/anime fans

- Game/anime content has monopoly on top titles
- Pachislot fans, centered in 20-39 age group, intuitively select content from their teens

Top pachislot titles in year ended March 31, 2016 (9-week average)

	Titles	Main development media	Release
1	Title A	Comics/Anime	1983~
2	Title B	Light novels/Anime	2009~
3	Title C	—	1997~
4	Title D	Original	2008~
5	Title E	Game	1996~
6	Title F	Game	2010~
7	Title G	Anime	2012~

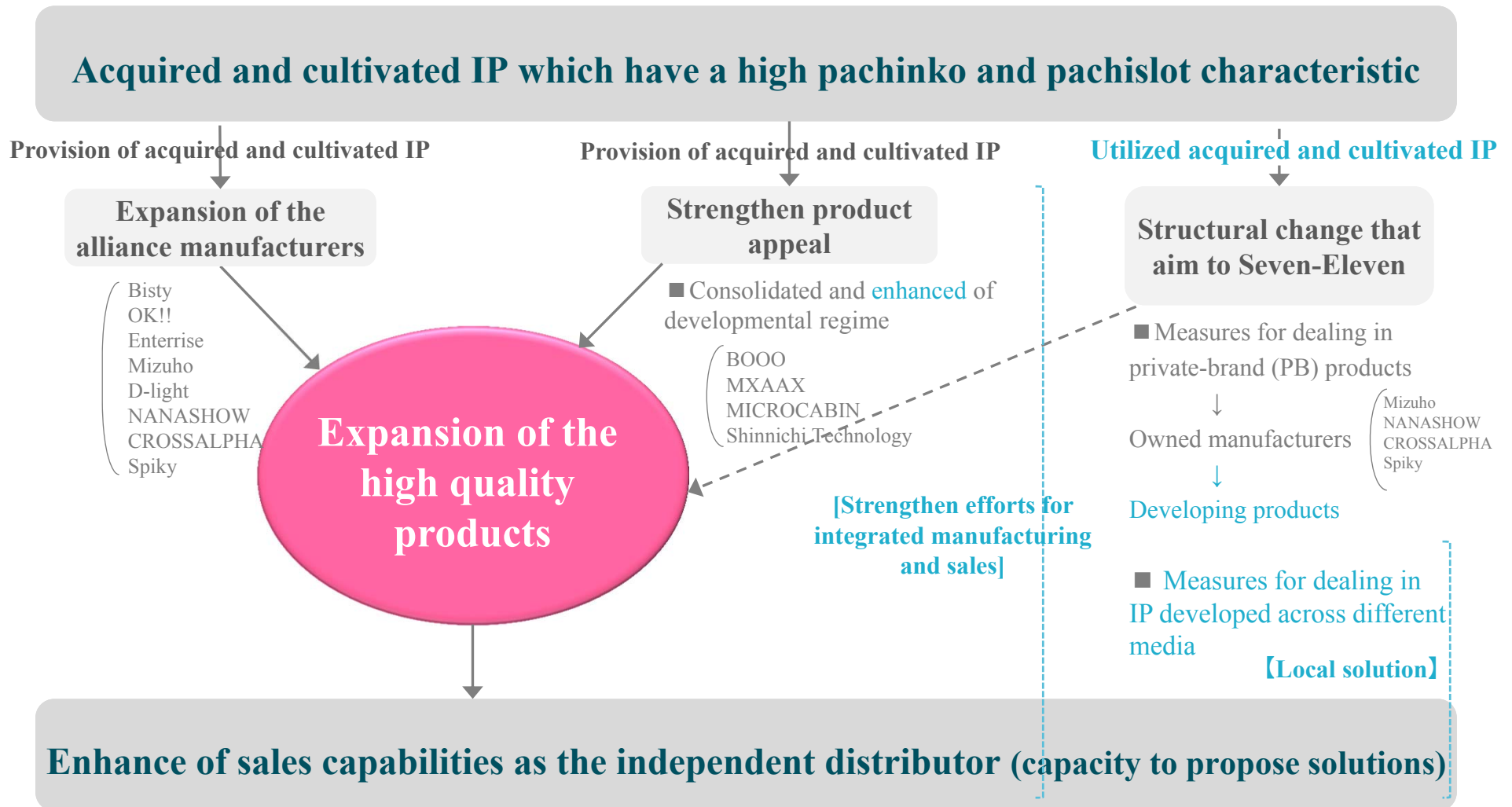
Attracting the younger generation

- Test hypothesis that “IP targeted at younger generation = Pachislot”
- In cooperation with cross-media, focus on acquiring/creating game/anime IP targeted at younger generation

~IP categories of FIELDS' pachislot machine for the year ended March 31, 2016~

IP categories	The number of product development
Anime IP	4
Game IP	4
Comics IP	1
Other IP	1

Past efforts of pachinko/pachislot and future objective (overview)



- Development of branch offices (26 branch office in Japan) + expansion
- Increase the number of salesperson (400 salespersons)

4 Cross media business

- Past efforts of IP
- Advantage of cross media business
- Strategy of cross media business
 1. Shift from diversified investment to concentrated investment for IP
 2. Accelerate global expansion with powerful partners

Past efforts of IP

Promoting acquired IP from 2000

Creating IP from 2012 and focus on cross media development

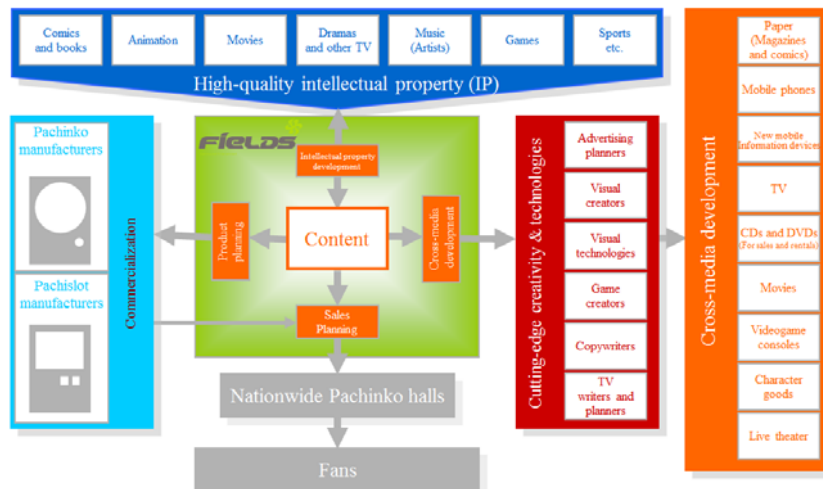
2000~

- Formulation of IP acquired structure as part of pachinko and pachislot's media development
- Expanding business domains across a variety of entertainment field
- Relationship-buildings with partner part of multifaceted IP development
- Tsuburaya Productions and Digital Frontier made a subsidiary

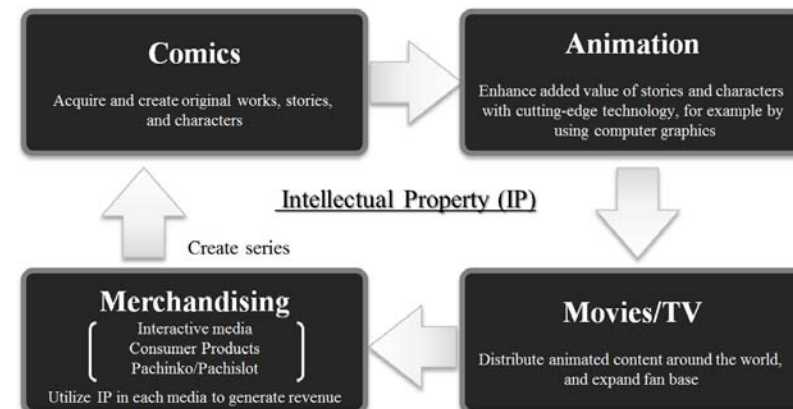
2012~

- Announced IP-centered business model
- In addition to acquired IP and focus on creating and cultivating IP
- Strengthen partnership with the domestic and foreign partners, and promoting cross media development of IP

~ 2003 Business models we have developed since listed~



~ IP-centered "Developing Business Model ~



Advantage of cross media business

Leveraging the strengths of cross-media, produce films using prominent IP

Produce/Production

- Best visual quality in Japan
- Develop across multiple media formats, starting with film development
- Leveraging 2 points above, acquire rights to produce film for prominent IP

Cross media development

- Formulation the global network with the domestic and foreign entertainment related companies
- Owned pachinko and pachislot media



Grand Prize, VFX-JAPAN Awards 2016



Released in theaters in 2016



Broadcast on TV in 2016

Strategy of cross media business

1. Shift from diversified investment to concentrated investment for IP

- ▶ Concentrate investment in IP for which cross-media development is possible, and at same time build a low-risk high-return business

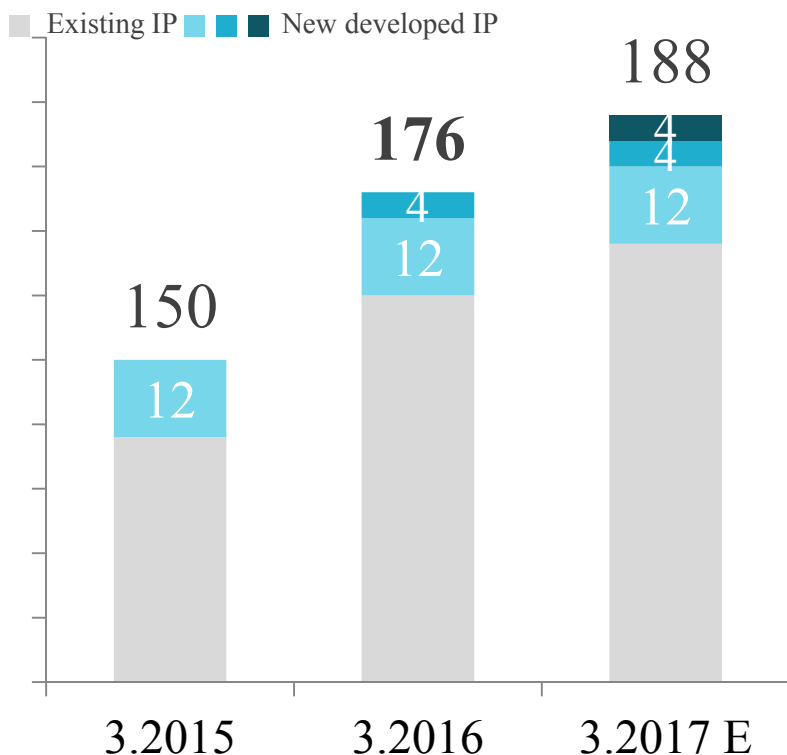
2. Accelerate global expansion with powerful partners

- ▶ Strengthen our global network centered on prominent IP, and at same time develop products, taking full advantage of the commercial distribution of Ultraman, etc.

1. Shift from diversified investment to concentrated investment for IP ~ current status IP

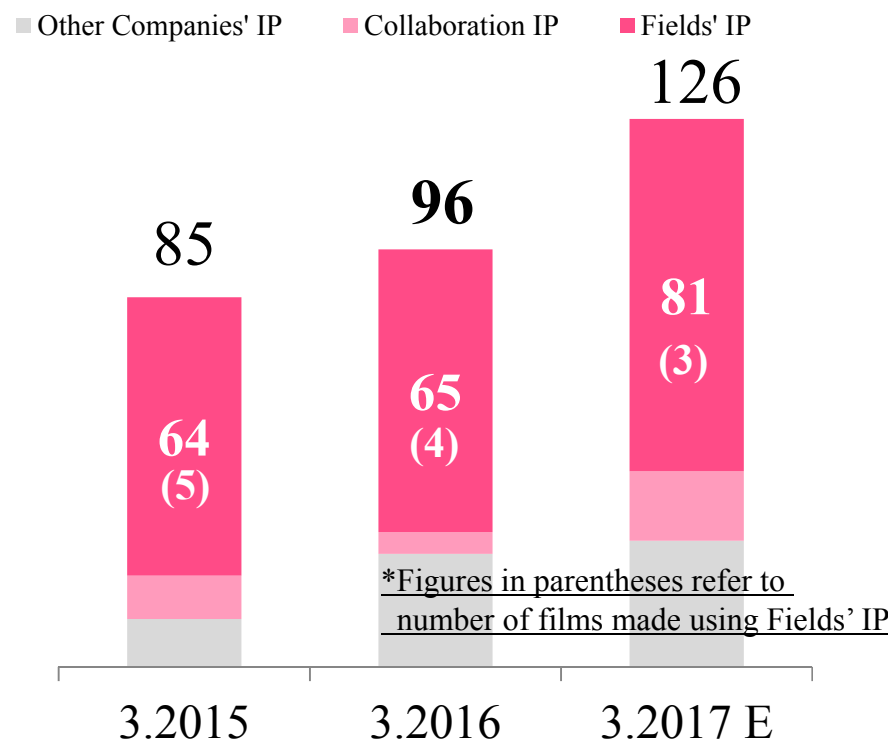
Total number of IP: 176 titles
Developed in 96 media in year ended March 31,

Total IP



Number of media for IP development

(Number of media developments finalized as of March 31, 2016)



*Figures in parentheses refer to number of films made using Fields' IP

* The creation of our own IP refers primarily to the number of new works published in "HERO'S" Monthly. /Merchandising refers primarily to the total number of social games, PS and publications in book format.

1. Shift from diversified investment to concentrated investment for IP ~Future IP

Concentrate investment in IP for which cross-media development is possible / Build a low-risk high-return business

Narrow down IP

- Focus on cross-media development of 7 titles
- In year ending March 31, 2019, aim to return to profitability just through producing films and games

New video production scheme (updated)

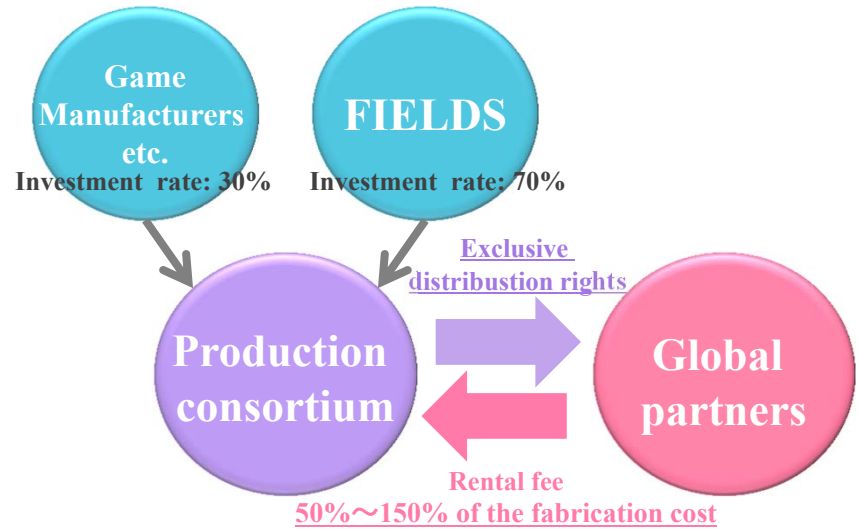
- Distribution-first production scheme
- Secure earnings by fixing license revenue from overseas distributors prior to development

Pipeline of core IP

Titles	3.2017	3.2018	3.2019
ULTRAMAN	(Ongoing) visualize development/	license + MD	
BERSERK	Visualize development/	license + MD	
GANTZ	Visualize development/	license	
IP-A	License + MD		
IP-B			Visualize development
IP-C			Visualize development
IP-D			

*MD: merchandising

Example: Image of distribution-first earnings



2. Accelerate global expansion with powerful partners: Ultraman Series

Build foundation for overseas expansion, centered around Ultraman Series

Status of overseas development

- Shows in Hong Kong, Thailand, Malaysia and Brunei
- Expanding Advertising development (BOLT!/ Bridgestone etc.)
- Development the products and licenses to focus on Southeast Asia

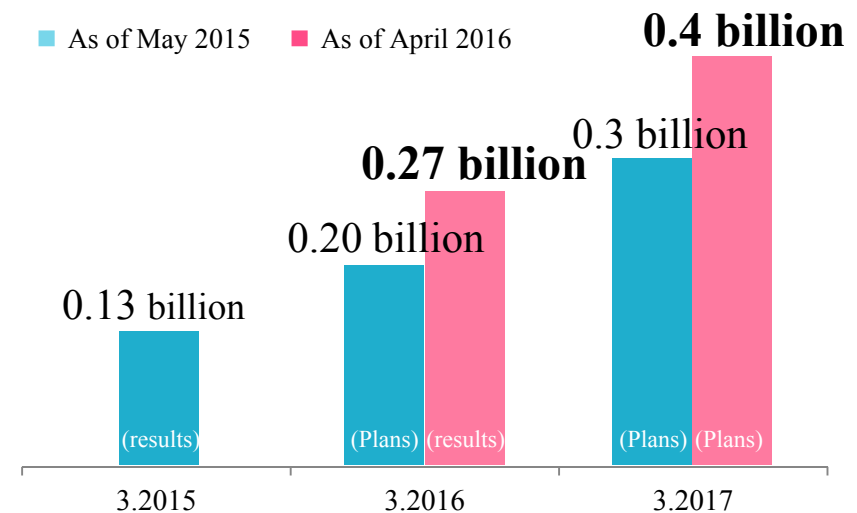
~ Shows in Brunei ~



Future development

- Improvement shows and expanding venue
- New visual development with local partners
- Expanded advertising/product development, based on visual media
- Activation of Tsuburaya IP with strong local support

~Tsuburaya Productions' gross profit image (overseas)~



2. Accelerate global expansion with powerful partners: except Ultraman series

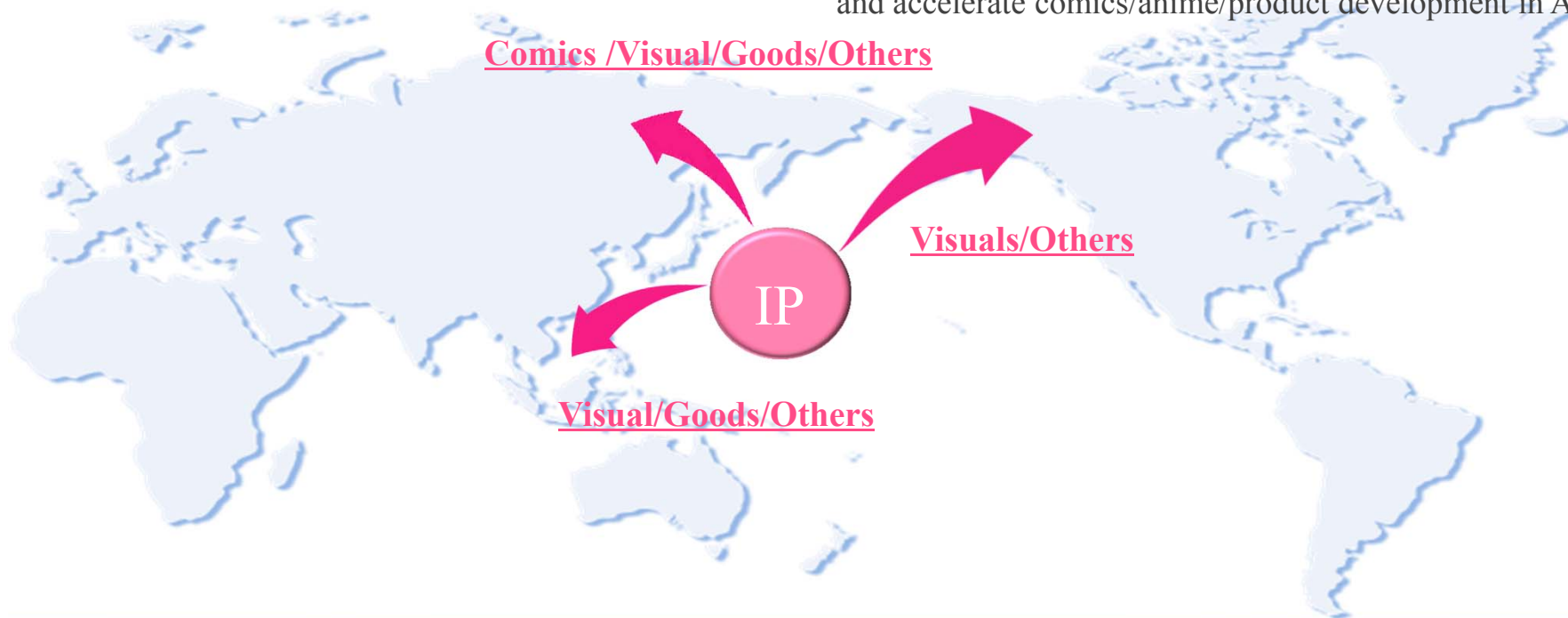
**Strengthen global framework of cooperation, centered on prominent IP /
Take full advantage of the commercial distribution of Ultraman, etc.**

Status of overseas development

- Establish a global framework of cooperation
- Commence distribution of HERO'S series in China

Future development image

- Take full advantage of the commercial distribution of Ultraman, etc.,
and accelerate comics/anime/product development in Asia



Disclaimer/Contact Information

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 pachinko/pachislot market in which the Company operates, market competition and the products handled by the Company.

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