

## Review of Business Activities IP Cross-Media Development Implementation

At Fields, we promote IP cross-media development for a variety of media and strive to maximize IP value through the implementation of a “Developing Business Model” centered on IP.

We seek to enhance corporate value and strengthen monetization through the circulation of multiple IP balanced across each media from the perspective of strategically enhancing IP value.



© カラー ©SANKYO ©Bisty © 創通・フィールズ / MJP 製作委員会  
© 創通 / フィールズ © ヒーローズ Produced by D-light © 円谷プロ

## CONTENTS

Consolidated Financial Highlight .....	19
Business Performance Review .....	20
Market Data .....	22

# Consolidated Financial Highlights

## Six-Year Summary of Key Financial Indicators

Results of Operations (Millions of yen)	FY03/11		FY03/12		FY03/13		FY03/14		FY03/15		FY03/16	
		YoY change		YoY change		YoY change		YoY change		YoY change		YoY change
Net sales	103,593	56.2%	92,195	(11.0)%	108,141	17.3%	114,904	6.3%	99,554	(13.4)%	94,476	(5.1)%
Gross profit	35,129	30.6%	31,330	(10.8)%	33,279	6.2%	33,812	1.6%	28,468	(15.8)%	25,480	(10.5)%
Gross profit margin	33.9%		34.0%		30.8%		29.4%		28.6%		27.0%	
Operating income	13,136	61.7%	8,527	(35.1)%	10,314	21.0%	9,791	(5.1)%	4,743	(51.6)%	1,411 <sup>*1</sup>	(70.4)%
Operating margin	12.7%		9.2%		9.5%		8.5%		4.8%		1.5%	
Ordinary income	13,684	76.3%	8,661	(36.7)%	10,268	18.6%	9,765	(4.9)%	5,491	(43.8)%	1,380	(74.9)%
Ordinary margin	13.2%		9.4%		9.5%		8.5%		5.5%		1.5%	
Net income attributable to owners of parent	7,520	128.6%	5,991	(20.3)%	4,720	(21.2)%	5,370	13.7%	3,018	(43.8)%	118	(96.1)%
Net margin	7.3%		6.5%		4.4%		4.7%		3.0%		0.1%	

\*1 From FY03/16, business contract fee calculation categorization changed.

Financial Position (Millions of yen)	FY03/11		FY03/12		FY03/13		FY03/14		FY03/15		FY03/16	
		YoY change		YoY change		YoY change		YoY change		YoY change		YoY change
Total assets	78,971	(2,357)	93,601	14,630	106,628	13,026	104,869	(1,758)	110,316	5,447	92,478	(17,838)
Total net assets	47,021	5,834	51,555	4,533	55,098	3,543	58,753	3,654	60,246	1,493	58,291	(1,954)
Shareholders' equity	46,779	5,714	51,071	4,291	54,559	3,487	58,279	3,720	59,492	1,212	57,304	(2,188)
Interest-bearing liabilities	1,834	(395)	1,660	(172)	1,052	(609)	743	(308)	4,065	3,321	11,423	7,357
<b>Cash Flows (Millions of yen)</b>		YoY change		YoY change		YoY change		YoY change		YoY change		YoY change
Cash flows from operating activities	8,005	(424)	10,015	2,010	13,570	3,554	16,322	2,752	(9,086)	(25,408)	13,353	22,439
Cash flows from investing activities	(4,356)	(3,344)	(4,798)	(441)	(6,263)	(1,465)	(8,018)	(1,754)	(6,297)	1,720	(2,191)	4,106
Cash flows from financing activities	(3,915)	(1,227)	(2,565)	1,349	(2,277)	288	(2,018)	258	1,624	3,643	5,214	3,590
Free cash flow	3,649	(3,769)	5,217	1,568	7,307	2,088	8,303	997	(15,384)	(23,687)	11,162	26,546
<b>Per share data (JPY)<sup>*2</sup></b>												
Net income	226.44		180.45		142.27		161.83		90.97		3.58	
Total net assets	1,408.53		1,539.04		1,644.15		1,756.27		1,792.83		1,726.88	
Dividends per share	50		50		50		50		60		50	
<b>Key Financial Indicators</b>												
Return on equity (ROE)	17.1%		12.2%		8.9%		9.5%		5.1%		0.2%	
Return on assets (ROA)	17.1%		10.0%		10.3%		9.2%		5.1%		1.4%	
Shareholders' equity ratio	59.2%		54.6%		51.2%		55.6%		53.9%		62.0%	

\*2 October 1, 2012, a stock split at a ratio of 100 shares for each common share was executed, thus the retroactive calculation takes into account this stock split retroactively.

# Business Performance Review

## Consolidated Business Performance Overview

Business performance in FY03/16 is as follows. As in the previous fiscal year, performance was affected by regulations and other developments in the pachinko/pachislot industry, which represents the largest market for our IP rollout in terms of media.

Results of Operations (Millions of yen)	FY03/15		FY03/16		FY03/17	
	Full-year performance	YoY change	Full-year performance	YoY change	Full-year performance	YoY change
Net sales	99,554	86.6%	94,476	94.9%	115,000	121.7%
Gross profit	28,468	84.2%	25,480	89.5%		
As a percent of sales	28.6%		27.0%			
Operating income	4,743	48.4%	1,411	29.6%	2,000	141.7%
As a percent of sales	4.8%		1.5%			
Ordinary income	5,491	56.2%	1,380	25.1%	2,000	144.9%
As a percent of sales	5.5%		1.5%			
Net income attributable to owners of parent	3,018	56.2%	118	3.9%	1,000	842.7%
As a percent of sales	3.0%		0.1%			

## Explanation of Recent Pachinko/Pachislot Market Regulations and Other Developments

In August 2014, the National Police Agency (NPA) informed industry bodies of partial changes in the model certification test method for pachislot machines. These changes were implemented about two weeks after this announcement.

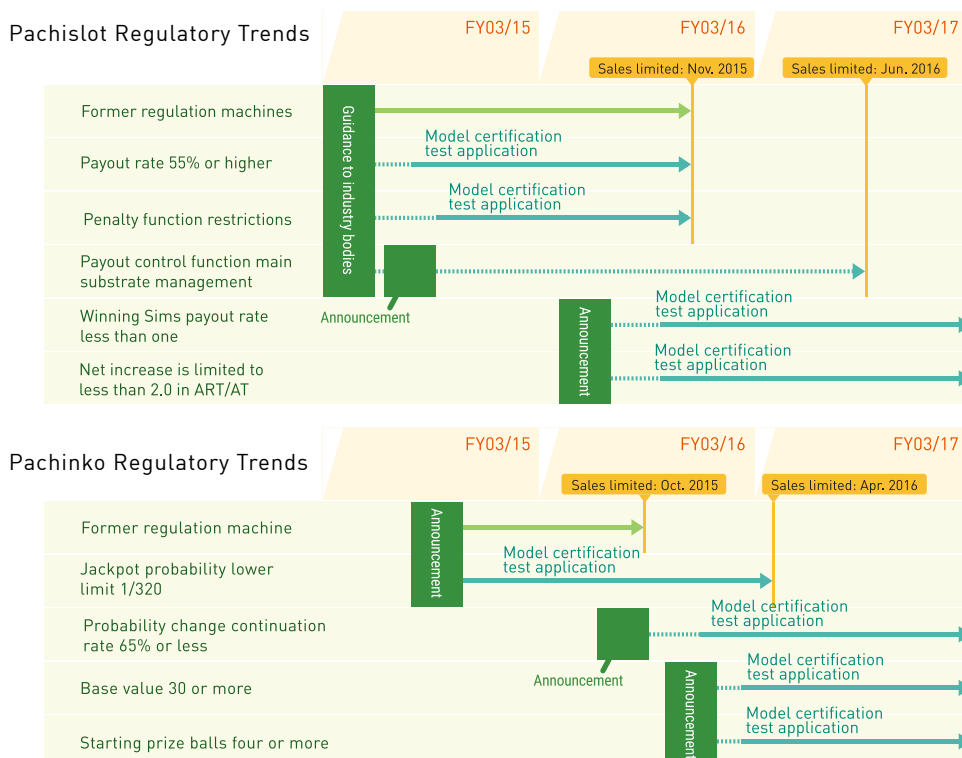
Along with this, several announcements were made by industry bodies pertaining to pachislot machine specifications requiring design reviews in multiple areas as well as the date by which these changes had to be implemented and sales timeframes.

About this time, in March 2015, industrial bodies announced "initiatives to restrict gambling" affecting pachinko machines. Multiple requirements were established, including the date by which these measures had to be implemented and sales timeframes.

As a result, the market fell into disarray due to a significant drop in the number of machines conforming to tests and plunging sales caused by sales concentration and during and after the sales timeframe.

Faced with these conditions, Fields collaborated with each of our affiliated manufacturers as a distribution trading company handling multiple brands to pursue responses and countermeasures including the review and development of new specifications and streamlined sales lineups.

As a result, 5 pachislot machines in the previous fiscal year and 2 pachinko/pachislot machines in the fiscal year under review were postponed until next fiscal year.



## Total Assets, Liabilities and Net Assets

Total assets decreased ¥17,838 million from the end of the previous fiscal year, to ¥92,478 million. This was due mainly to a decline in notes and accounts receivable–trade related to pachinko/pachislot machines sales, resulting in an ¥18,079 million decrease in total current assets from the end of the previous fiscal year.

Total liabilities declined ¥15,884 million from the end of the previous fiscal year, to ¥34,186 million. This was due mainly to a decrease in accounts payable–trade related to pachinko/pachislot machines sales, resulting in a ¥15,963 million decline in total current liabilities from the end of the previous fiscal year.

Total net assets shrank ¥1,954 million from the end of the previous fiscal year, to ¥58,291 million. This was due mainly to a ¥1,872 million decrease in retained earnings from the end of the previous fiscal year.

(Millions of yen)

	At March 31, 2015	End of March, 2016	Increase (decrease)
Total current assets	71,014	52,934	(18,079)
Tangible assets	12,197	11,447	(749)
Intangible assets	4,490	3,746	(743)
Investments, other assets	22,614	24,348	1,734
Total assets	110,316	92,478	(17,838)

	At March 31, 2015	End of March, 2016	Increase (decrease)
Total current liabilities	45,773	29,809	(15,963)
Total fixed liabilities	4,296	4,376	79
Net assets	60,246	58,291	(1,954)
Total liabilities and net assets	110,316	92,478	(17,838)

## Cash Flows

Net cash provided in operating activities amounted to ¥13,353 million, compared with ¥9,086 million provided by operating activities in the previous fiscal year. This was mainly attributable to a ¥36,663 million decrease in notes and accounts receivable–trade and a ¥22,828 decrease in accounts payable–trade, both related to pachinko/pachislot machines sales, as well as ¥3,382 million in income taxes paid.

Net cash used in investing activities amounted to ¥2,191 million, compared with ¥6,297 million provided by investing activities in the previous fiscal year. This was mainly attributable to a ¥7,121 million increase in payment of loans receivable, ¥3,110 million and proceeds from redemption of other affiliated companies' investment securities and ¥2,502 million from collection of loans receivable.

Net cash provided in financing activities amounted to ¥5,214 million, compared with ¥1,624 million provided by financing activities in the previous fiscal year. This was mainly attributable to ¥7,400 million increase in short-term loans payable and ¥1,990 million in cash dividends paid.

As a result, free cash flows amounted to ¥11,162 million.

(Millions of yen)

	FY03/15	FY03/16	Increase (decrease)
Cash flows from operating activities	(9,086)	13,353	22,439
Cash flows from investing activities	(6,297)	(2,191)	4,106
Cash flows from financing activities	1,624	5,214	3,590

For details, please check the below



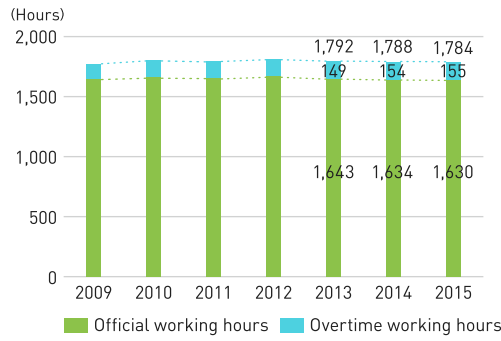
Summary of Financial Information and Business Results (consolidated)  
for the Year Ended March 31, 2016.

[http://www.fields.biz/ir/j/files/press/2016/press\\_20160427ae.pdf](http://www.fields.biz/ir/j/files/press/2016/press_20160427ae.pdf)

# Market Data

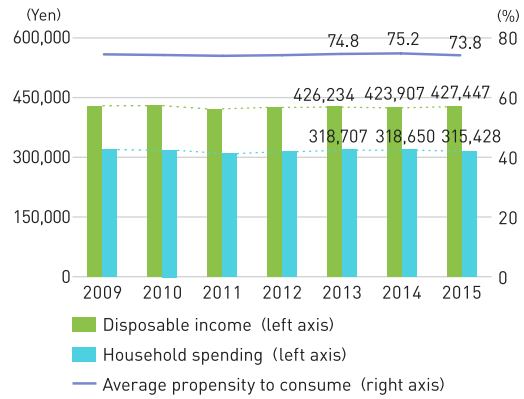
## The Environment Surrounding Leisure

Trends in Working Hours



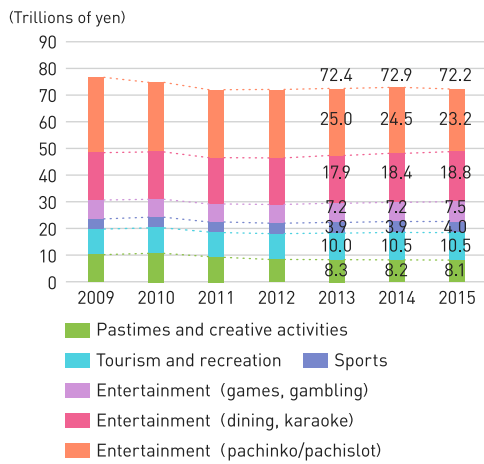
Source: Monthly Labour Survey, Ministry of Health, Labour and Welfare.

Trends in Household Consumption



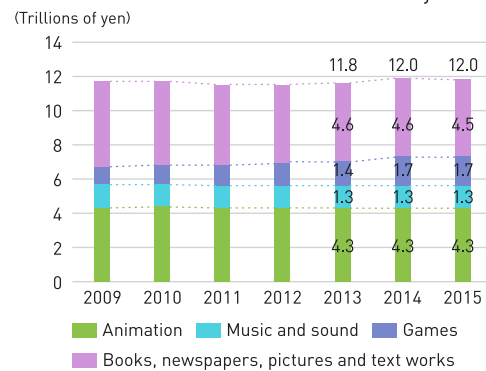
Source: Survey of Household Economy, Ministry of Internal Affairs and Communications.

Trends in the Leisure Market

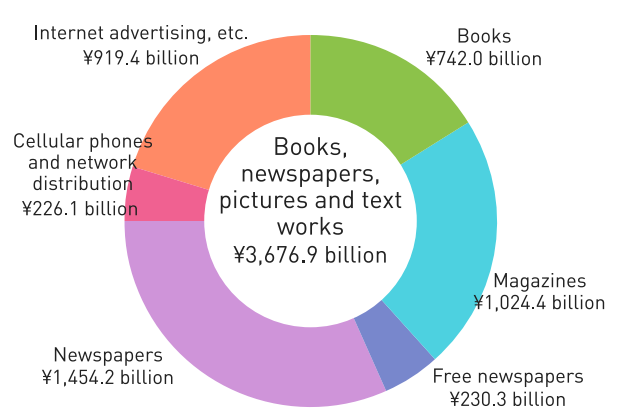
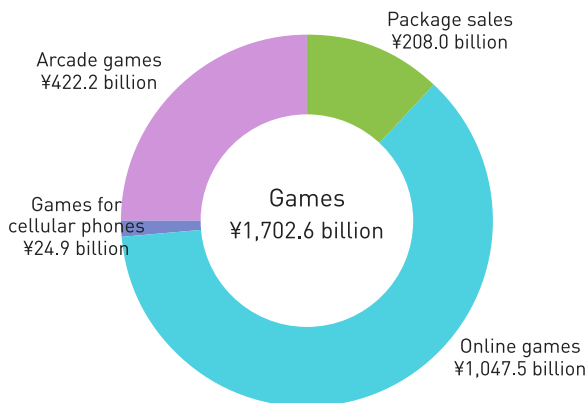
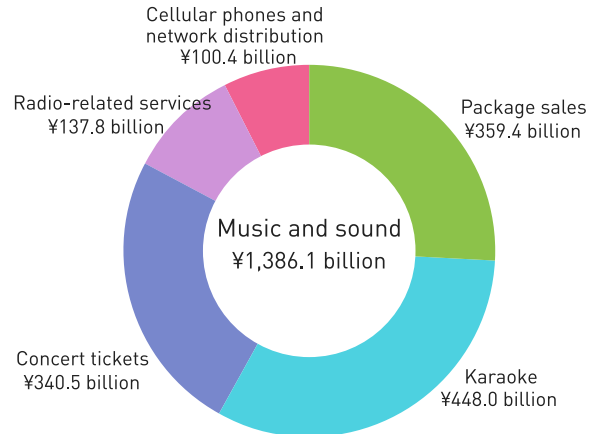
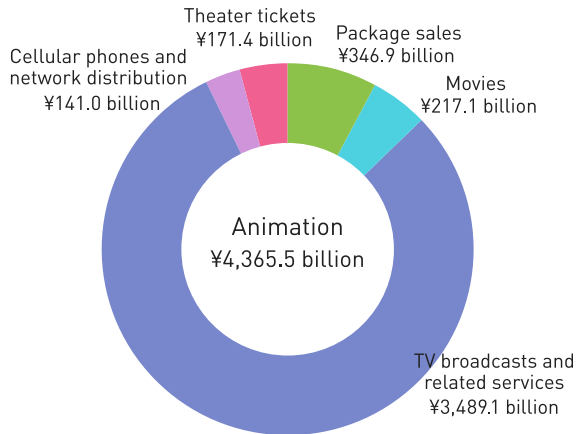


Source: White Paper on Leisure 2016, Japan Productivity Center.

Trends in the Content Industry

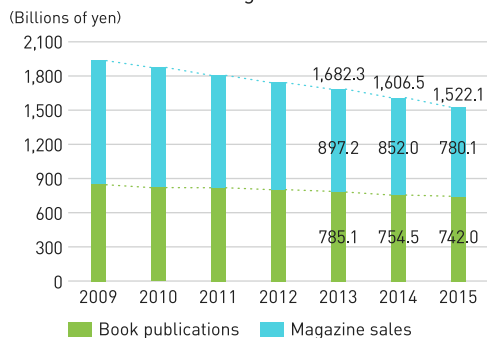


Source: White Paper on Digital Content 2016, Digital Content Association of Japan.

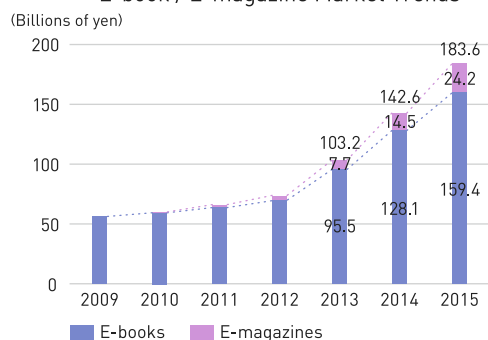


Source: White Paper on Digital Content 2016, Digital Content Association of Japan.

### Publishing Market Trends

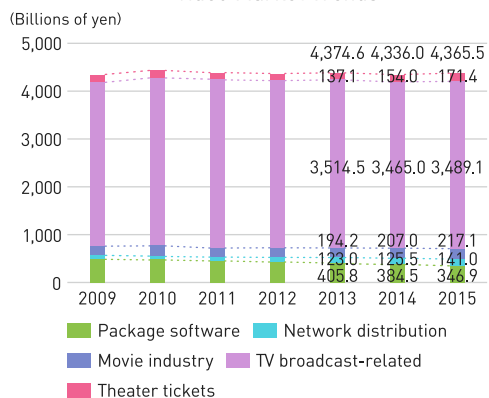


### E-book / E-magazine Market Trends



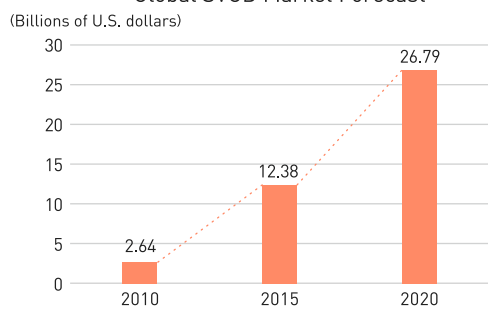
Source: White Paper on Digital Content 2016, Digital Content Association of Japan.

### Video Market Trends



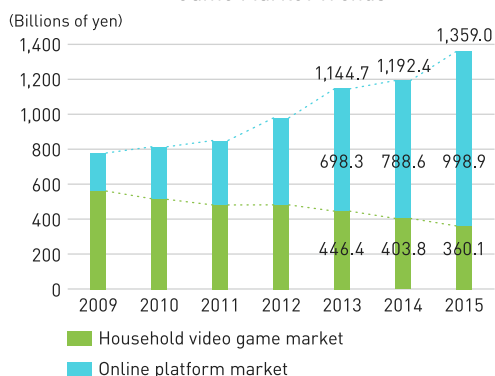
Source: White Paper on Digital Content 2016, published by the Digital Content Association of Japan.

### Global SVOD Market Forecast



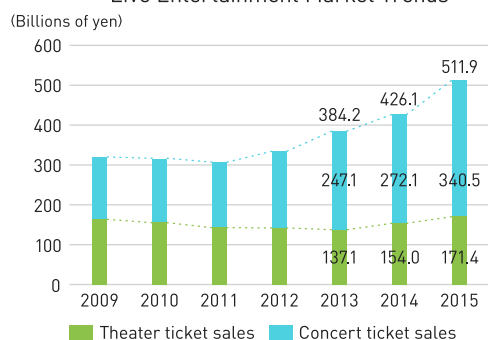
Source: Digital TV Research

### Game Market Trends



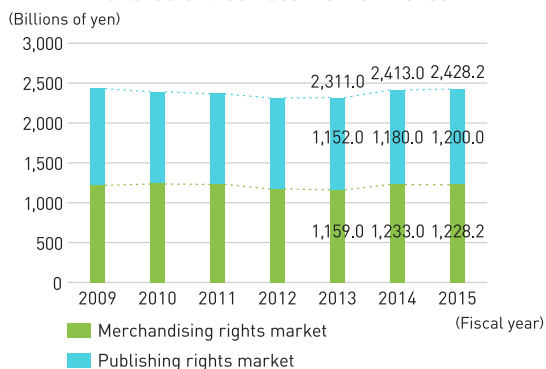
Source: KADOKAWA DWANGO CORPORATION's Famitsu Game White Paper 2016

### Live Entertainment Market Trends



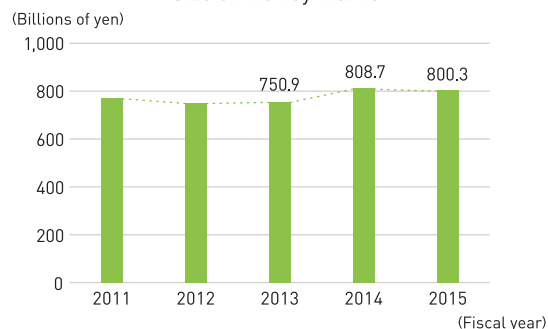
Source: White Paper on Digital Content 2016, published by the Digital Content Association of Japan.

### Character Business Market Trends



Source: Yano Research Institute Ltd.'s Character Business 2016 research report.

### Size of the Toy Market

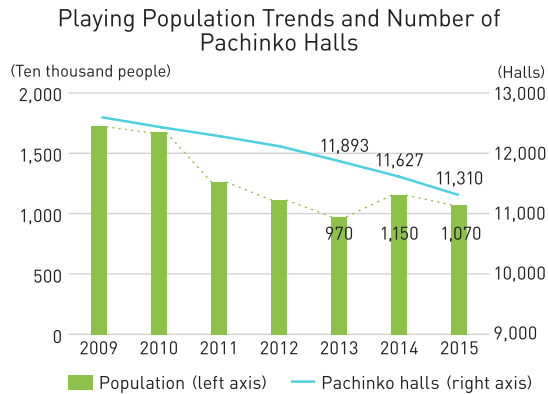


Source: Data released by the Japan Toy Association

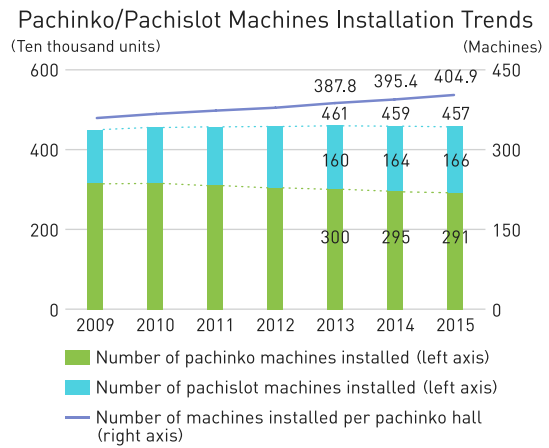
**Merchandising rights** ... The right to use characters for ancillary products. Calculated on a retail sales amount basis.

**Copyrights** ... The right to use character images in published materials and advertising. Calculated on a contract amount basis.

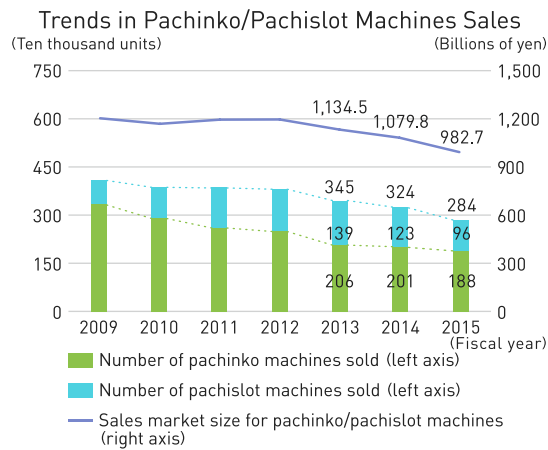
# Pachinko/Pachislot Market Trends



Source: White Paper on Leisure 2016, Japan Productivity Center; 2015 White Paper on Adult Entertainment Businesses, National Police Agency.



Source: 2015 White Paper on Adult Entertainment Businesses, National Police Agency.



Source: 2016 Trends and Market Share of Pachinko Related Manufacturers, Yano Research Institute Ltd.