

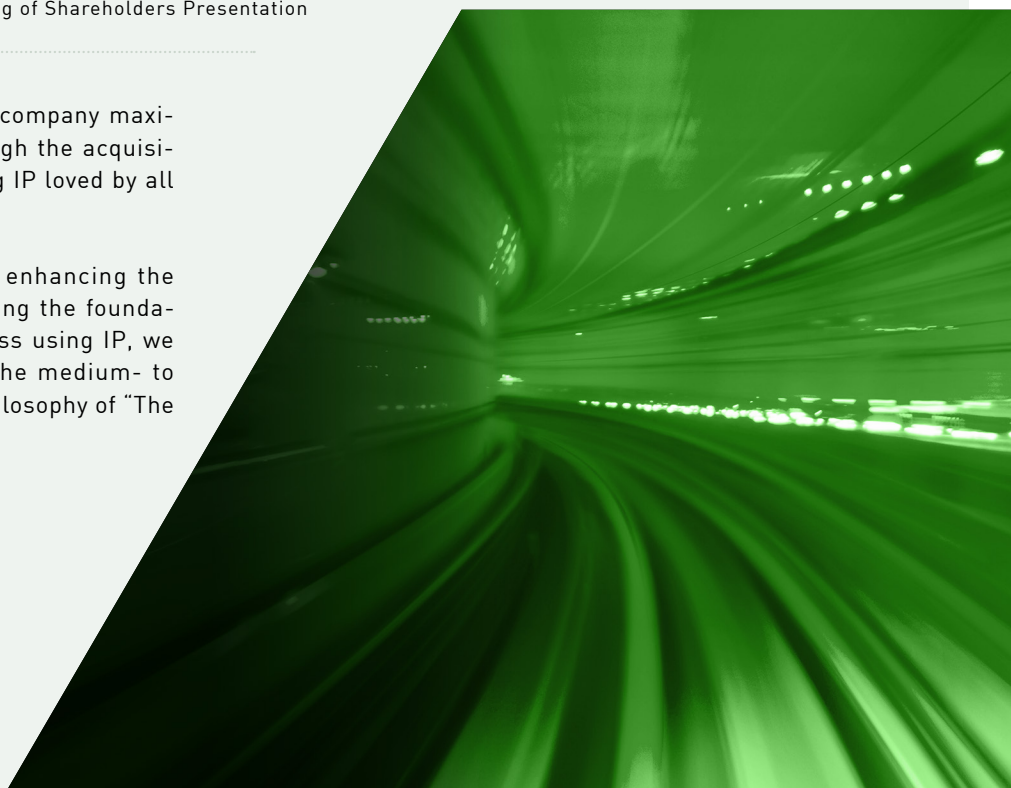
Special Feature Fields Business Strategy

Growth Strategy Centered on IP

Excerpt from the 28th Annual General Meeting of Shareholders Presentation

At Fields, our aim is to become an IP company maximizing its presence in the world through the acquisition, creation and cultivation of leading IP loved by all generations everywhere.

By deploying a cross-media strategy enhancing the maximization of IP value and reinforcing the foundation for the pachinko/pachislot business using IP, we will ensure sustainable growth over the medium- to long-term and realize our corporate philosophy of "The Greatest Leisure for All People."



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Growth Strategy

Aiming to Become an IP Company with a Global Presence

President & COO
Tetsuya Shigematsu

Media used to enjoy leisure time has become increasingly diverse as time goes by. It has become difficult to secure sufficient earnings and grow sustainably over the medium- to long-term with a business platform focused on just one type of media. For these reasons, Fields has created and is implementing a business model centered on IP that can be developed for all media rather than a model centered on media itself.

IP stands for intellectual property, such as characters and stories like *Ultraman* and *Evangelion*, which are the core elements of entertainment.

Media such as TV, games and pachinko/pachislot machines, will always require content. As media continues to diversify, we want to utilize content leveraging leading IP with strong brand recognition to garner the support of fans regardless of the media type. However, IP with high brand recognition is scarce, which demands we also make an effort to create and cultivate new IP.

For the past several years, Fields has engaged in the acquisition and creation of numerous IP, promoting a cross-media strategy enhancing the overall value of our IP business. By developing one IP for a variety of media, we not only enhance earnings, but also increase the value of that IP. Furthermore, if we increase the number IP use these earnings to fund the development and expansion of leading IP, we will be able to increase the business value of cross-media development overall.

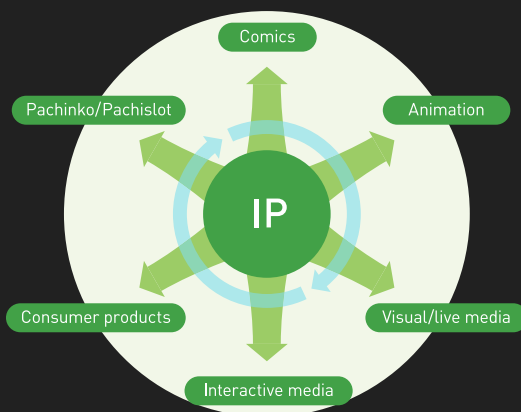
Fields is already collaborating with partner companies in each media segment to create a spiral of virtuous cycles, establishing a business model for enhancing the value of IP loved by a multitude of fans as the first stage of a growth strategy centered on IP.

In the second stage, we will form closer relationships with partner companies and accelerate initiatives to augment business platforms for the creation of IP business. Connecting with quality media will expand opportunities for even more people to spend leisure time wrapped in excitement and smiles. We are confident this will enable us to further raise the value of IP.

Fields seeks IP that will continue to be loved by all generations everywhere. To this end, the third stage necessarily involves a focus on global markets. We will focus efforts on expanding IP recognition and increasing content value by establishing a foothold with subscription video on demand (SVOD), which is able to provide the same IP throughout the world from one platform service, while deepening our relationship with global players in China and Hollywood.

The acquisition, creation and cultivation of leading content and the enhancing of the value of that content is linked to providing people of the world with the greatest leisure time.

Going forward, Fields will expand its IP, increase business platforms and accelerate efforts to expand business areas to realize enhanced IP value, increase earnings and become an IP company with a global presence.



Cross-Media Business

Love and Respect for IP Breeds Quality Content

Director; Division Manager, Cross Media Business Management
Eiichi Kamagata

In this sections, I will explain the IP cross-media development promoted by Fields using specific examples.



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The comic magazine *HERO'S Monthly* is the primary vehicle for Fields Group IP creation.

The new story *ULTRAMAN* comic depicting a life-sized *ULTRAMAN* has sold over 2 million copies (as of June 2016). One of our cross-media development movie projects *MAJESTIC PRINCE* is scheduled to be released in November 2016. Moreover, the content of this comic is being digitally distributed by China Mobile, China's largest telecommunications company, contributing to our global expansion.

While confirming that characters and stories resonate with readers, *HERO'S Monthly* plays a central role in our cross-media strategy in terms of animation and game content, demonstrating solid results in the five years since its debut.

We are also engaged in full-3D computer graphics (CG) animation productions to expand recognition of our IP. In the animation world, we are presently focused on CG animation. Fields collaborates with Group companies that possess the latest digital CG technologies to promote the production of movies for theatrical release.

APPLESEED ALPHA, released in 2015, won the Best Animated Film Prize at the VFX-Japan Awards 2016. Our invitation to the Shanghai International Film Festival provided us with the opportunity to receive proposals for games and movie distributions from Chinese entertainment companies.



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This fiscal year, we plan to release the full-3D CG animation movie *GANTZ:O* in October 2016. In addition, we are also preparing other super-sized copyright CG animation.

BERSERK is an IP promoting cross-media development that has its beginning in visual media. This IP is popular overseas because of its elaborate artwork and profound worldview.

In 2012, Fields produced a movie trilogy based on this IP, later developing social media games and pachinko/pachislot machines. Respect for the story and the potential of this IP led to new co-production relationships with NBCUniversal Entertainment Japan LLC and Crunchy Roll (U.S.) who began concurrent development of new visual content TV animation version of *BERSERK*, broadcast from July 2016 in the United States and Japan. We also plan to launch sales of video game *Berserk and the Band of the Hawk* in October 2016 for the PlayStation®4/PlayStation®3/ PlayStation®Vita through Koei Tecmo Games Co., Ltd.



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Fields views the IP business from a position of respect for the original story and meticulous, loving development of IP. This basic stance gives us a significant advantage in terms of acquiring leading IP and promoting a cross-media strategy due to technological capabilities enabling digital animation development with a high level of understanding with respect to the original story and the involvement of producers who collaborate with our global partner companies. The Fields Group will implement its cross-media strategy to deliver quality content to the world and enhance IP value maximization.



Pachinko/Pachislot Business

Leveraging Strengths in IP and Distribution to Enhance the PS Business Foundation

Senior Managing Director; Division Manager, Pachinko/Pachislot Business Division
Ei Yoshida

Since 2014, we have been visited by a wave of regulations, mainly voluntary regulations by industry bodies, which has caused the pachinko/pachislot business and its performance, a pillar of Fields' earnings, to decline. In response, the Pachinko/Pachislot Business Division is engaged in strengthening the foundation of this business from two perspectives.

The first perspective is focused on increasing share. We are collaborating with manufacturers to focus efforts on the creation of highly entertaining pachinko/pachislot machines utilizing IP within brands for which Fields is the primary sales agent. We will leverage our strength in distribution to the fullest extent possible in an effort to increase share.

The second perspective is focused on increasing profit ratios. Fields will attempt to maximize earnings by linking all operations and building an integrated structure encompassing the acquisition of IP highly compatible with pachinko/pachislot machines, the planning and development of pachinko/pachislot machines using IP, distribution networks building relationships of trust with halls across Japan and support for hall management and the pachinko/pachislot business.

At present in the pachinko/pachislot machines market, the introduction of series-themed machines with a proven track record is on the rise, with 66% of machines in the market comprised of series-themed machines. While series-themed machines are undoubtedly popular, fans also demand new IP.

Fields has the know-how to investigate and acquire leading IP able to be developed into a series based on distribution data accumulated up to now. We are making an effort to strategically acquire and utilize leading IP that can be developed into a series in the future. We are also collaborating with affiliated manufacturers and Group development companies to create highly entertaining pachinko/pachislot machines using IP. We will make an effort to further expand our lineup of brands for which we are the primary sales agent.

To build even more solid relationships of trust with halls, we are also strengthening the pachinko/pachislot business foundation, aiming for growth in line with Fields' pachinko/pachislot business market invigoration through the provision of "marketing reports" for conducting proposals based on market data for all kinds of machines, including brands for which we are the primary sales agent, the "WE" information distribution service useful for hall management and a support business based on advisory agreements providing more detailed advice.

Due to the series of voluntary regulations over the past two years, we are leaning toward reduction in the gambling element of pachinko/pachislot machines. We believe this will lead to a growth opportunity for a company that pursues entertainment such as Fields. Promoting and establishing the pachinko/pachislot business dual strengths of IP and distribution, we will overcome this severe environment as we make every effort to realize further growth and maintain profits.