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On **August 7, 2019**, Fields Corporation announced earnings results for Q1 FY03/20.

Cumulative (JPYmn)	FY03/19				Q1	FY03/20			FY03/20	
	Q1	Q2	Q3	Q4		Q2	Q3	Q4	% of FY	FY Est.
Sales	8,930	18,041	37,615	51,639	19,098					
YoY	-28.3%	-48.8%	-16.9%	-15.4%	113.9%					
Gross profit	1,421	3,852	10,175	13,769	2,714					
YoY	-27.5%	-44.5%	-5.1%	2.8%	91.0%					
GPM	15.9%	21.4%	27.1%	26.7%	14.2%					
SG&A expenses	4,155	7,759	11,437	15,132	3,397					
YoY	-14.6%	-20.2%	-20.2%	-20.9%	-18.2%					
SG&A ratio	46.5%	43.0%	30.4%	29.3%	17.8%					
Operating profit	-2,733	-3,906	-1,261	-1,363	-683				-	1,500
YoY	-	-	-	-	-					-
OPM	-	-	-	-	-					-
Recurring profit	-2,755	-4,062	-1,314	-1,396	-630				-	1,500
YoY	-	-	-	-	-					-
RPM	-	-	-	-	-					-
Net income	-2,957	-3,251	-14	-298	-677				-	1,000
YoY	-	-	-	-	-					-
Net margin	-	-	-	-	-					-

  

Quarterly (JPYmn)	FY03/19				Q1	FY03/20		
	Q1	Q2	Q3	Q4		Q2	Q3	Q4
Sales	8,930	9,111	19,574	14,024	19,098			
YoY	-28.3%	-60.0%	94.7%	-11.2%	113.9%			
Gross profit	1,421	2,431	6,323	3,594	2,714			
YoY	-27.5%	-51.2%	67.5%	34.1%	91.0%			
GPM	15.9%	26.7%	32.3%	25.6%	14.2%			
SG&A expenses	4,155	3,604	3,678	3,695	3,397			
YoY	-14.6%	-25.8%	-20.2%	-23.1%	-18.2%			
SG&A ratio	46.5%	39.6%	18.8%	26.3%	17.8%			
Operating profit	-2,733	-1,173	2,645	-102	-683			
YoY	-	-	-	-	-			
OPM	-	-	13.5%	-	-			
Recurring profit	-2,755	-1,307	2,748	-82	-630			
YoY	-	-	-	-	-			
RPM	-	-	14.0%	-	-			
Net income	-2,957	-294	3,237	-284	-677			
YoY	-	-	-	-	-			
Net margin	-	-	16.5%	-	-			

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Note: Net Income refers to the net income attributable to parent company shareholders.

### SG&A expenses

Cumulative (JPYmn)	FY03/18				Q1	FY03/19			
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4
SG&A expenses	4,864	9,724	14,332	19,138	4,155	7,759	11,437	15,132	
YoY	-11.3%	-15.2%	-17.8%	-16.8%	-14.6%	-20.2%	-20.2%	-20.9%	
Advertising expenses	426	1,143	1,554	2,059	238	425	731	1,034	
Salaries	1,468	2,882	4,266	5,639	1,392	2,621	3,781	4,900	
Outsourcing expenses	520	996	1,441	1,851	343	612	853	1,108	
Depreciation	255	518	790	1,060	221	407	576	761	
Rents	462	893	1,329	1,793	413	802	1,164	1,494	
Goodwill amortization	81	163	242	322	77	155	295	435	
Other	1,652	3,129	4,710	6,414	1,471	2,737	4,037	5,400	

  

Quarterly (JPYmn)	FY03/18				Q1	FY03/19		
	Q1	Q2	Q3	Q4		Q2	Q3	Q4
SG&A expenses	4,864	4,860	4,608	4,806	4,155	3,604	3,678	3,695
YoY	-11.3%	-18.7%	-22.8%	-13.9%	-14.6%	-25.8%	-20.2%	-23.1%
Advertising expenses	426	717	411	505	238	187	306	303
Salaries	1,468	1,414	1,384	1,373	1,392	1,229	1,160	1,119
Outsourcing expenses	520	476	445	410	343	269	241	255
Depreciation	255	263	272	270	221	186	169	185
Rents	462	431	436	464	413	389	362	330
Goodwill amortization	81	82	79	80	77	78	140	140
Other	1,652	1,477	1,581	1,704	1,471	1,266	1,300	1,363

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

**Pachinko and pachislot machine unit sales**

Pachinko and pachislot machine sales (Cumulative; units)		FY03/18				FY03/19			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Pachinko and pachislot machines		27,102	99,493	146,717	191,457	23,236	43,026	90,035	138,023
YoY		-26.3%	36.2%	12.3%	-21.4%	-14.3%	-56.8%	-38.6%	-27.9%
Total pachinko machines		14,531	30,254	69,425	95,778	19,895	32,822	69,848	103,779
YoY		-41.1%	-32.3%	-11.0%	-38.5%	36.9%	8.5%	0.6%	8.4%
Bisty		1,605	7,332	43,339	56,865	7,639	11,911	15,094	37,146
OK!		9,207	15,317	15,327	19,110	216	216	15,211	24,038
Mizuho		-	-	-	6,316	-	5,331	5,367	5,367
Daiichi		-	-	-	-	8,914	9,590	9,656	10,278
NANASHOW		665	665	665	665	-	-	16,567	16,567
Others		3,054	6,940	10,094	12,822	3,126	5,774	7,953	10,383
Total pachislot machines		12,571	69,239	77,292	95,679	3,341	10,204	20,187	34,244
YoY		3.8%	144.3%	46.7%	8.8%	-73.4%	-85.3%	-73.9%	-64.2%
Rodeo		-	629	629	629	-	-	-	-
Bisty		1,272	1,272	1,272	12,294	17	17	17	13,186
OK!		1,755	7,039	7,039	7,039	-	-	-	-
NANASHOW		2,087	3,558	10,983	10,989	-	-	7,961	7,985
Spiky		-	-	-	7,064	1,865	3,246	6,656	6,660
Enterrise		4,171	22,326	22,326	22,326	1,088	4,376	4,376	4,854
D-light		2,316	3,357	3,357	3,357	-	-	-	-
Mizuho		-	4,000	4,000	4,000	-	-	-	-
Others		970	27,058	27,686	27,981	371	700	1,177	1,559
Titles		5	15	17	21	3	7	12	17
Pachinko		-	-	1	3	1	2	4	6
Pachislot		5	15	16	18	2	5	8	11

  

Pachinko and pachislot machine sales (Quarterly; units)		FY03/18				FY03/19			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Pachinko and pachislot machines		27,102	72,391	47,224	44,740	23,236	19,790	47,009	47,988
YoY		-26.3%	99.6%	-18.1%	-60.4%	-14.3%	-72.7%	-0.5%	7.3%
Total pachinko machines		14,531	15,723	39,171	26,353	19,895	12,927	37,026	33,931
YoY		-41.1%	-21.5%	17.7%	-66.0%	36.9%	-17.8%	-5.5%	28.8%
Bisty		1,605	5,727	36,007	13,526	7,639	4,272	3,183	22,052
OK!		9,207	6,110	10	3,783	216	-	14,995	8,827
Mizuho		-	-	-	6,316	-	5,331	36	-
Daiichi		-	-	-	-	8,914	676	66	622
NANASHOW		665	-	-	-	-	-	16,567	-
Others		3,054	3,886	3,154	2,728	3,126	2,648	2,179	2,430
Total pachislot machines		12,571	56,668	8,053	18,387	3,341	6,863	9,983	14,057
YoY		3.8%	249.0%	-66.9%	-47.9%	-73.4%	-87.9%	24.0%	-23.5%
Rodeo		-	629	-	-	-	-	-	-
Bisty		1,272	-	-	11,022	17	-	-	13,169
OK!		1,755	5,284	-	-	-	-	-	-
NANASHOW		2,087	1,471	7,425	6	-	-	7,961	24
Spiky		-	-	-	7,064	1,865	3,246	1,545	4
Enterrise		4,171	18,155	-	-	1,088	3,288	-	478
D-light		2,316	1,041	-	-	-	-	-	-
Mizuho		-	4,000	-	-	-	-	-	-
Others		970	26,088	628	295	371	329	477	382
Titles		5	10	2	4	3	4	5	5
Pachinko		-	-	1	2	1	1	2	2
Pachislot		5	10	1	2	2	3	3	3

Source: Shared Research based on company data  
 Note: Figures may differ from company materials due to differences in rounding methods.

**Model certification testing (for reference)**

Pachinko	FY03/18				FY03/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Models inspected	213	209	165	166	141	173	190	261
Pass	86	82	86	88	72	75	100	89
Success rate	40.4%	39.2%	52.1%	53.0%	51.1%	43.4%	52.6%	34.1%
Kaido (Pachislot)	FY03/18				FY03/19			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Models inspected	231	182	191	162	132	117	237	227
Pass	73	82	86	72	59	19	53	39
Success rate	31.6%	45.1%	45.0%	44.4%	44.7%	16.2%	22.4%	17.2%

Source: Shared Research based on statistical material from the Security Communication Association's "Situation of Model Certification Testing"

**Q1 FY03/20 results**
**Summary of earnings**

- ▷ Sales: JPY19.1bn (+113.9% YoY)
- ▷ Operating loss: JPY683mn (versus a loss of JPY2.7bn in Q1 FY03/19)
- ▷ Recurring loss: JPY630mn (versus a loss of JPY2.8bn in Q1 FY03/19)
- ▷ Net loss\*: JPY677mn (versus a loss of JPY3.0bn in Q1 FY03/19)

\*Net loss attributable to parent company shareholders

Sales were up primarily on an increase in the number of pachinko and pachislot machines sold. The company sold some 41,000 machines (+76.5% YoY), with the increase driven by the *Pachinko Gantz: 2* model, which sold 25,000 units. The amusement machine installation and component inspection business generated sales of JPY90mn (about 9x the Q1 FY03/19 figure) and the online advertising business generated sales of JPY220mn (about 22x the Q1 FY03/19 figure). In the development division, the company steadily received orders for development projects, and performance was robust. In addition, Tsuburaya Productions advanced measures to monetize motion pictures and globalize goods sales.

Losses shrank from the operating profit/loss line on down as gross profit increased on higher sales and lower SG&A expenses of JPY3.4bn (-18.2% YoY).

**Company initiatives**

- ▷ Fields shifted to a four-company structure in May 2018. As a result, it reduced costs, improved synergies between companies, and accelerated management decision-making.
- ▷ At its core pachinko/pachislot machine business, the company expects all machines conforming to the previous standards to be replaced by the end of January 2021 with machines compliant with the Amendment of the Regulation for Enforcement of the Amusement Businesses Law. In particular, demand for replacement of major machines conforming to the previous standards is set to increase toward the end of 2019, so Fields plans to launch a number of amusement machine models, including major titles.
- ▷ Tsuburaya Productions, the mainstay of Fields' IP business, in April 2019 began global distribution of its new *Ultraman* animated series to companies including Netflix, and has already ordered a second season. In connection with this, Fields expects to expand sales of goods and licenses in Japan, China, and other parts of Asia, and in North America.

This note is the most recent addition to the [full report](#).

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