

This PDF document is an updated note on the company. A comprehensive version of the report on the company, including this latest update, is available on [our website](#) and various professional platforms.

On **May 15, 2020**, Fields Corporation announced earnings results for full-year.

Cumulative (JPYmn)	FY03/19				FY03/20				FY03/20	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	8,930	18,041	37,615	50,755	19,164	27,772	37,165	66,587		
YoY	-28.3%	-48.8%	-16.9%	-16.9%	114.6%	53.9%	-1.2%	31.2%		
Gross profit	1,421	3,852	10,175	13,300	2,798	4,151	6,336	14,809		
YoY	-27.5%	-44.5%	-5.1%	-0.7%	96.9%	7.8%	-37.7%	11.3%		
GPM	15.9%	21.4%	27.1%	26.2%	14.6%	14.9%	17.0%	22.2%		
SG&A expenses	4,155	7,759	11,437	15,132	3,397	6,902	10,449	14,095		
YoY	-14.6%	-20.2%	-20.2%	-20.9%	-18.2%	-11.0%	-8.6%	-6.9%		
SG&A ratio	46.5%	43.0%	30.4%	29.8%	17.7%	24.9%	28.1%	21.2%		
Operating profit	-2,733	-3,906	-1,261	-1,832	-599	-2,750	-4,113	713	713.0%	100
YoY	-	-	-	-	-	-	-	-		
OPM	-	-	-	-	-	-	-	1.1%		
Recurring profit	-2,755	-4,062	-1,314	-1,864	-546	-2,534	-3,970	939	313.0%	300
YoY	-	-	-	-	-	-	-	-		
RPM	-	-	-	-	-	-	-	1.4%		
Net income	-2,957	-3,251	-14	-614	-607	-2,756	-4,287	490	-	-100
YoY	-	-	-	-	-	-	-	-		
Net margin	-	-	-	-	-	-	-	0.7%		

Quarterly (JPYmn)	FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	8,930	9,111	19,574	13,140	19,164	8,608	9,393	29,422
YoY	-28.3%	-60.0%	94.7%	-16.8%	114.6%	-5.5%	-52.0%	123.9%
Gross profit	1,421	2,431	6,323	3,125	2,798	1,353	2,185	8,473
YoY	-27.5%	-51.2%	67.5%	16.6%	96.9%	-44.3%	-65.4%	171.1%
GPM	15.9%	26.7%	32.3%	23.8%	14.6%	15.7%	23.3%	28.8%
SG&A expenses	4,155	3,604	3,678	3,695	3,397	3,505	3,547	3,646
YoY	-14.6%	-25.8%	-20.2%	-23.1%	-18.2%	-2.7%	-3.6%	-1.3%
SG&A ratio	46.5%	39.6%	18.8%	28.1%	17.7%	40.7%	37.8%	12.4%
Operating profit	-2,733	-1,173	2,645	-571	-599	-2,151	-1,363	4,826
YoY	-	-	-	-	-	-	-	-
OPM	-	-	13.5%	-	-	-	-	16.4%
Recurring profit	-2,755	-1,307	2,748	-550	-546	-1,988	-1,436	4,909
YoY	-	-	-	-	-	-	-	-
RPM	-	-	14.0%	-	-	-	-	16.7%
Net income	-2,957	-294	3,237	-600	-607	-2,149	-1,531	4,777
YoY	-	-	-	-	-	-	-	-
Net margin	-	-	16.5%	-	-	-	-	16.2%

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 net income attributable to owners of the parent.

SG&A expenses

Cumulative (JPYmn)	FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SG&A expenses	4,155	7,759	11,437	15,132	3,397	6,902	10,449	14,095
YoY	-14.6%	-20.2%	-20.2%	-20.9%	-18.2%	-11.0%	-8.6%	-6.9%
Advertising expenses	238	425	731	1,034	138	483	871	
Salaries	1,392	2,621	3,781	4,900	1,133	2,249	3,358	
Outsourcing expenses	343	612	853	1,108	286	556	850	
Depreciation	221	407	576	761	140	282	427	
Rents	413	802	1,164	1,494	326	652	988	
Goodwill amortization	77	155	295	435	139	279	419	
Other	1,471	2,737	4,037	5,400	1,235	2,401	3,536	

Quarterly (JPYmn)	FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SG&A expenses	4,155	3,604	3,678	3,695	3,397	3,505	3,547	3,646
YoY	-14.6%	-25.8%	-20.2%	-23.1%	-18.2%	-2.7%	-3.6%	-1.3%
Advertising expenses	238	187	306	303	138	345	388	
Salaries	1,392	1,229	1,160	1,119	1,133	1,116	1,109	
Outsourcing expenses	343	269	241	255	286	270	294	
Depreciation	221	186	169	185	140	142	145	
Rents	413	389	362	330	326	326	336	
Goodwill amortization	77	78	140	140	139	140	140	
Other	1,471	1,266	1,300	1,363	1,235	1,166	1,135	

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)		FY03/19				FY03/20			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Pachinko and pachislot machines		23,236	43,026	90,035	138,023	41,928	64,561	98,973	
YoY		-14.3%	-56.8%	-38.6%	-27.9%	80.4%	50.1%	9.9%	
Total pachinko machines		19,895	32,822	69,848	103,779	37,464	55,906	72,964	
YoY		36.9%	8.5%	0.6%	8.4%	88.3%	70.3%	4.5%	
Bisty		7,639	11,911	15,094	37,146	6,448	12,058	20,755	
OK!!		216	216	15,211	24,038	28,085	38,129	38,636	
Mizuho		-	5,331	5,367	5,367	-	-	-	
Daiichi		8,914	9,590	9,656	10,278	-	-	4,386	
NANASHOW		-	-	16,567	16,567	1,375	1,605	3,142	
Others		3,126	5,774	7,953	10,383	1,556	4,114	6,045	
Total pachislot machines		3,341	10,204	20,187	34,244	4,464	8,655	26,009	
YoY		-73.4%	-85.3%	-73.9%	-64.2%	33.6%	-15.2%	28.8%	
Rodeo		-	-	-	-	-	-	-	
Bisty		17	17	17	13,186	1,326	1,821	9,714	
OK!!		-	-	-	-	-	-	-	
NANASHOW		-	-	7,961	7,985	2,631	5,178	5,178	
Spiky		1,865	5,111	6,656	6,660	-	-	-	
Enterrise		1,088	4,376	4,376	4,854	25	25	25	
D-light		-	-	-	-	-	-	-	
Mizuho		-	-	-	-	-	-	-	
Others		371	700	1,177	1,559	482	1,631	11,092	
Titles		3	7	12	17	2	5	10	
Pachinko		1	2	4	6	1	3	6	
Pachislot		2	5	8	11	1	2	4	

Pachinko and pachislot machine sales (Quarterly; units)		FY03/19				FY03/20			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Pachinko and pachislot machines		23,236	19,790	47,009	47,988	41,928	22,633	34,412	
YoY		-14.3%	-72.7%	-0.5%	7.3%	80.4%	14.4%	-26.8%	
Total pachinko machines		19,895	12,927	37,026	33,931	37,464	18,442	17,058	
YoY		36.9%	-17.8%	-5.5%	28.8%	88.3%	42.7%	-53.9%	
Bisty		7,639	4,272	3,183	22,052	6,448	5,610	8,697	
OK!!		216	-	14,995	8,827	28,085	10,044	507	
Mizuho		-	5,331	36	-	-	-	-	
Daiichi		8,914	676	66	622	-	-	4,386	
NANASHOW		-	-	16,567	-	1,375	230	1,537	
Others		3,126	2,648	2,179	2,430	1,556	2,558	1,931	
Total pachislot machines		3,341	6,863	9,983	14,057	4,464	4,191	17,354	
YoY		-73.4%	-87.9%	24.0%	-23.5%	33.6%	-38.9%	73.8%	
Rodeo		-	-	-	-	-	-	-	
Bisty		17	-	-	13,169	1,326	495	7,893	
OK!!		-	-	-	-	-	-	-	
NANASHOW		-	-	7,961	24	2,631	2,547	-	
Spiky		1,865	3,246	1,545	4	-	-	-	
Enterrise		1,088	3,288	-	478	25	-	-	
D-light		-	-	-	-	-	-	-	
Mizuho		-	-	-	-	-	-	-	
Others		371	329	477	382	482	1,149	9,461	
Titles		3	4	5	5	2	3	5	
Pachinko		1	1	2	2	1	2	3	
Pachislot		2	3	3	3	1	1	2	

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	FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Models inspected	141	173	190	261	242	228	258	
Pass	72	75	100	89	119	113	109	
Success rate	51.1%	43.4%	52.6%	34.1%	49.2%	49.6%	42.2%	

Kaido (Pachislot)	FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Models inspected	132	117	237	227	221	211	253	
Pass	59	19	53	39	46	49	57	
Success rate	44.7%	16.2%	22.4%	17.2%	20.8%	23.2%	22.5%	

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

Full-year FY03/20 (April 2019–March 2020) results

Summary of earnings

- ▷ Sales: JPY66.6bn (+31.2% YoY)
- ▷ Gross profit: JPY14.8bn (+11.3% YoY)
- ▷ Operating profit: JPY713mn (versus a loss of JPY1.8bn in FY03/19)
- ▷ Recurring profit: JPY939mn (versus a loss of JPY1.9bn in FY03/19)
- ▷ Net income*: JPY490mn (versus a loss of JPY614mn in FY03/19)

*Net income attributable to owners of the parent

Fields has reorganized and strengthened its management structure since FY03/19. The company's businesses are now divided and concentrated into four business units: 1) the pachinko and pachislot distribution unit for which Fields Corporation is the main operating company; 2) the pachinko and pachislot development unit for which BOOOM Corporation is the main operating company; 3) the intellectual property (IP) & merchandise (MD) unit headed by Tsuburaya Productions Co., Ltd., and 4) the video production unit headed by Digital Frontier Inc. Each division has undertaken initiatives to improve its profitability. In the core pachinko and pachislot businesses, the company has focused on strengthening its products' appeal by bolstering alliances with amusement machine manufacturers as well as collaboration between its distribution and development units. Meanwhile, its efforts to reduce costs have lowered SG&A expenses by roughly JPY10.0bn, from JPY24.1bn in FY03/16 to JPY14.1bn in FY03/20.

In February 2020, the company downwardly revised its FY03/20 earnings forecast announced at the start of the fiscal year owing to postponement of the launch of a core new pachislot machine originally scheduled to be released in FY03/20 until FY03/21. However, in Q4 FY03/20 (January–March 2020) sales efforts focused on new amusement machines introduced in March 2020, including *PACHI SLOT Onimusha: Dawn of Dreams* and *PACHI SLOT EVANGELION FESTIVAL* resulted in higher-than-expected sales. As a result of boost to sales and operating profit thanks to favorable new machine sales, FY03/20 results came in above the revised forecast. The efforts at management reform undertaken over the past two years thus have come to fruition and Fields recorded its first profit in four years.

- ▷ In the pachinko and pachislot business, the company developed products to meet changing market needs stemming from new industry regulations. New machines were launched successively on schedules determined by the time required from application for Security Communication Association testing to achieving conformity, and the main models planned for launch during FY03/20 were introduced on schedule. As a result, the number of pachinko and pachislot machines sold during FY03/20 totaled 191,000 units (53,000 more than in FY03/19).
- ▷ Tsuburaya Productions focused on generating earnings from its movies and TV programs and laying the foundation for overseas business in China and Asia. It began production of the feature film *Shin Ultraman* scheduled for a 2021 release, as well as the second season of the 3D computer graphic animation *Ultraman*, which is being distributed globally on NETFLIX. Overseas, sales of toys and other products were strong in China, and the company has been making plans to expand sales throughout Southeast Asia as well as China in expectation of a rebound in consumption once the novel coronavirus pandemic has been brought under control.
- ▷ Digital Frontier responded to robust demand from domestic game companies and has been contracted computer graphics video production of game images.

Full-year company forecast for FY03/21

Full-year company forecast for FY03/21

Fields decided to forego disclosure of FY03/21 forecast at the beginning of the fiscal year, as it is continuing to assess the situation and impact of the novel coronavirus pandemic. The company says that it will announce its plan as soon as it is possible to make a reasonable forecast.

Each business unit's planned initiatives in FY03/21 are as follows.

Pachinko and pachislot distribution unit

Several models planned for release in 1H FY03/21 have already been tested and approved for conformity with new regulations; others are now being tested. Considering the current market situation, the company expects the pachislot machines it planned to deliver in May 2020 will be delivered in mid-June 2020, but it anticipates to release other models as planned. In 2H FY03/21, Fields plans to supply a sufficient number of new models to meet monthly replacement demand created by removal of old machines and sell at the optimal timing.

In addition, the company plans to leverage its strengths as a distribution trading company to expand into areas other than new machine sales, such as targeted online advertisements and the installation inspection business, while also meeting demand for products that prevent the spread of the novel coronavirus disease. Furthermore, the company aims to win widespread acceptance of its next-generation information platform, the Pachinko Pachislot Information Station.

Tsuburaya Productions

Based on its current medium-term business strategy, Tsuburaya Productions is developing new markets in such areas as video, publishing, apparel, and toys. In the video area, consumption driven by the stay-at-home orders during the novel coronavirus pandemic have increased subscribers to the Tsuburaya Production official YouTube channel, distributed domestically and internationally, to above 1mn. In response, the company has begun developing new services based on the subscription model. In the publishing area, it plans to publish the *THE RISE OF ULTRAMAN* comic before the end of 2020 in collaboration with Marvel Entertainment.

Digital Frontier

The company expects strong demand for computer graphics video production from domestic game companies and video distribution companies will continue and is ready to meet this demand. It also aims to develop a video platform business that goes beyond its conventional contract business, including new projects with partner companies that want to use Digital Frontier's world-class video production technologies.

Dividend forecast

The company's dividend forecast for FY03/21 is undetermined.

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

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