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On **August 6, 2020**, Fields Corporation announced earnings results for Q1 FY03/21.

Cumulative (JPYmn)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	19,164	27,772	37,165	66,587	2,341			
YoY	114.6%	53.9%	-1.2%	31.2%	-87.8%			
Gross profit	2,798	4,151	6,336	14,809	340			
YoY	96.9%	7.8%	-37.7%	11.3%	-87.8%			
GPM	14.6%	14.9%	17.0%	22.2%	14.5%			
SG&A expenses	3,397	6,902	10,449	14,095	2,744			
YoY	-18.2%	-11.0%	-8.6%	-6.9%	-19.2%			
SG&A ratio	17.7%	24.9%	28.1%	21.2%	117.2%			
Operating profit	-599	-2,750	-4,113	713	-2,403			
YoY	-	-	-	-	-			
OPM	-	-	-	1.1%	-			
Recurring profit	-546	-2,534	-3,970	939	-2,383			
YoY	-	-	-	-	-			
RPM	-	-	-	1.4%	-			
Net income	-607	-2,756	-4,287	490	-2,910			
YoY	-	-	-	-	-			
Net margin	-	-	-	0.7%	-			

  

Quarterly (JPYmn)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	19,164	8,608	9,393	29,422	2,341			
YoY	114.6%	-5.5%	-52.0%	123.9%	-87.8%			
Gross profit	2,798	1,353	2,185	8,473	340			
YoY	96.9%	-44.3%	-65.4%	171.1%	-87.8%			
GPM	14.6%	15.7%	23.3%	28.8%	14.5%			
SG&A expenses	3,397	3,505	3,547	3,646	2,744			
YoY	-18.2%	-2.7%	-3.6%	-1.3%	-19.2%			
SG&A ratio	17.7%	40.7%	37.8%	12.4%	117.2%			
Operating profit	-599	-2,151	-1,363	4,826	-2,403			
YoY	-	-	-	-	-			
OPM	-	-	-	16.4%	-			
Recurring profit	-546	-1,988	-1,436	4,909	-2,383			
YoY	-	-	-	-	-			
RPM	-	-	-	16.7%	-			
Net income	-607	-2,149	-1,531	4,777	-2,910			
YoY	-	-	-	-	-			
Net margin	-	-	-	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	1,233
Salaries	1,392	2,621	3,781	4,900	1,133	2,249	3,358	4,486
Outsourcing expenses	343	612	853	1,108	286	556	850	1,162
Depreciation	221	407	576	761	140	282	427	595
Rents	413	802	1,164	1,494	326	652	988	1,318
Goodwill amortization	77	155	295	435	139	279	419	559
Other	1,471	2,737	4,037	5,400	1,235	2,401	3,536	4,742

  

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	362
Salaries	1,392	1,229	1,160	1,119	1,133	1,116	1,109	1,128
Outsourcing expenses	343	269	241	255	286	270	294	312
Depreciation	221	186	169	185	140	142	145	168
Rents	413	389	362	330	326	326	336	330
Goodwill amortization	77	78	140	140	139	140	140	140
Other	1,471	1,266	1,300	1,363	1,235	1,166	1,135	1,206

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		FY03/19				FY03/20			
(Cumulative; units)		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	191,335
YoY		-14.3%	-56.8%	-38.6%	-27.9%	80.4%	50.1%	9.9%	38.6%
Total pachinko machines		19,895	32,822	69,848	103,779	37,464	55,906	72,964	136,452
YoY		36.9%	8.5%	0.6%	8.4%	88.3%	70.3%	4.5%	31.5%
Bisty		7,639	11,911	15,094	37,146	6,448	12,058	20,755	57,423
OK!!		216	216	15,211	24,038	28,085	38,129	38,636	63,026
Mizuho		-	5,331	5,367	5,367	-	-	-	-
Daiichi		8,914	9,590	9,656	10,278	-	-	4,386	4,386
NANASHOW		-	-	16,567	16,567	1,375	1,605	3,142	3,921
Others		3,126	5,774	7,953	10,383	1,556	4,114	6,045	7,696
Total pachislot machines		3,341	10,204	20,187	34,244	4,464	8,655	26,009	54,883
YoY		-73.4%	-85.3%	-73.9%	-64.2%	33.6%	-15.2%	28.8%	60.3%
Rodeo		-	-	-	-	-	-	-	-
Bisty		17	17	17	13,186	1,326	1,821	9,714	14,870
OK!!		-	-	-	-	-	-	-	-
NANASHOW		-	-	7,961	7,985	2,631	5,178	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	19,868
D-light		-	-	-	-	-	-	-	-
Mizuho		-	-	-	-	-	-	-	-
Others		371	700	1,177	1,559	482	1,631	11,092	14,967
Titles		3	7	12	17	2	5	10	13
Pachinko		1	2	4	6	1	3	6	7
Pachislot		2	5	8	11	1	2	4	6

  

Pachinko and pachislot machine sales		FY03/19				FY03/20			
(Quarterly; units)		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	92,362
YoY		-14.3%	-72.7%	-0.5%	7.3%	80.4%	14.4%	-26.8%	92.5%
			-14.8%	137.5%	2.1%	-12.6%	-46.0%	52.0%	168.4%
Total pachinko machines		19,895	12,927	37,026	33,931	37,464	18,442	17,058	63,488
YoY		36.9%	-17.8%	-5.5%	28.8%	88.3%	42.7%	-53.9%	87.1%
Bisty		7,639	4,272	3,183	22,052	6,448	5,610	8,697	36,668
OK!!		216	-	14,995	8,827	28,085	10,044	507	24,390
Mizuho		-	5,331	36	-	-	-	-	-
Daiichi		8,914	676	66	622	-	-	4,386	-
NANASHOW		-	-	16,567	-	1,375	230	1,537	779
Others		3,126	2,648	2,179	2,430	1,556	2,558	1,931	1,651
Total pachislot machines		3,341	6,863	9,983	14,057	4,464	4,191	17,354	28,874
YoY		-73.4%	-87.9%	24.0%	-23.5%	33.6%	-38.9%	73.8%	105.4%
Rodeo		-	-	-	-	-	-	-	-
Bisty		17	-	-	13,169	1,326	495	7,893	5,156
OK!!		-	-	-	-	-	-	-	-
NANASHOW		-	-	7,961	24	2,631	2,547	-	-
Spiky		1,865	3,246	1,545	4	-	-	-	-
Enterrise		1,088	3,288	-	478	25	-	-	19,843
D-light		-	-	-	-	-	-	-	-
Mizuho		-	-	-	-	-	-	-	-
Others		371	329	477	382	482	1,149	9,461	3,875
Titles		3	4	5	5	2	3	5	3
Pachinko		1	1	2	2	1	2	3	1
Pachislot		2	3	3	3	1	1	2	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	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Models inspected	242	228	258	198	165			
Pass	119	113	109	68	51			
Success rate	49.2%	49.6%	42.2%	34.3%	30.9%			

  

Kaido (Pachislot)	FY03/20				FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Models inspected	221	211	253	212	166			
Pass	46	49	57	53	37			
Success rate	20.8%	23.2%	22.5%	25.0%	22.3%			

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

**Q1 FY03/21 (April–June 2020) results**
**Summary of earnings**

- ▷ Sales: JPY2.3bn (-87.8% YoY)
- ▷ Gross profit: JPY340mn (-87.8% YoY)
- ▷ Operating loss: JPY2.4bn (versus a loss of JPY599mn in Q1 FY03/20)
- ▷ Recurring loss: JPY2.4bn (versus a loss of JPY546mn in Q1 FY03/20)
- ▷ Net loss\*: JPY2.9bn (versus a loss of JPY607mn in Q1 FY03/20)

\*Net loss attributable to owners of the parent

In the pachinko and pachislot market, pachinko halls around the country closed in Q1 after the Japanese government declared a state of emergency, resulting in cutbacks to the purchase of new amusement machines. However, pachinko halls reopened with strict COVID-19 protocols in place after the state of emergency was lifted. According to the company, motivation to operate and purchase pachinko and pachislot machines is recovering to pre-COVID-19 levels. Fields also anticipates replacement demand that will be more stable and planned than before, because the government extended the deadline for removal of the older machines from the market by up to one year from the initial deadline of end-January 2021.

**Pachinko and pachislot distribution business**

In the pachinko and pachislot distribution business, the company postponed the delivery timing of products scheduled for delivery in Q1 (including *BLACK LAGOON 4*) to Q2 or later in consideration of market needs. The company has started sales of new pachislot machine models including *BLACK LAGOON 4*, *Pachislot for CHAR AZNABLE -RED COMET's Counterattack-*, and *Ring-ni-Kakero1 – World champion carnival version*, and pachinko machine models including *NEON GENESIS EVANGELION Decisive Battle – Crimson*. The company is also on track with development and applications for model certification testing of models scheduled for release in FY03/21.

Fields continues to harness its strengths as a distribution company. It began selling products for preventing the spread of COVID-19 to help pachinko halls operate safely, as well as publicizing the Pachinko Pachislot Information Station service and providing online advertising services. In online advertising services, the company launched Optimize, a new ad delivery platform in collaboration with Raksul Inc., which runs a printing and customer attraction sharing platform business.

**Tsuburaya Productions**

Tsuburaya Productions Co., Ltd. has started considering a new video content delivery service targeting users in Japan and overseas in collaboration with its partner companies. In publishing, the company released new information in stages ahead of the publication of *The Rise of Ultraman* in collaboration with Marvel Entertainment.

**Digital Frontier**

Digital Frontier Inc. established a teleworking-based development structure and continued to fulfill the computer graphic (CG) video production needs of domestic game companies and others. Taking advantage of its video production technologies, Digital Frontier formed Virtual Line Studios in partnership with Nikkatsu Corporation and AOI TYO Holdings Inc. Combining the

strengths of all three companies, the new company will provide solutions that recreate locations around the world in the studio using CG technology.

#### Booked loss associated with the COVID-19 outbreak

Fields closed its stores and offices temporarily in Q1 FY03/21 after the government declared a state of emergency to prevent the spread of COVID-19. The company booked a JPY562mn loss associated with the COVID-19 pandemic as an extraordinary loss to cover fixed costs during the period that it closed its business—such as personnel expenses, rent, and depreciation—due to their one-off nature.

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

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