BRIEF STATEMENT OF CONSOLIDATED FINANCIAL RESULTS
FOR THE FULL FISCAL YEAR ENDED MARCH 2024

This is an English translation of summarized consolidated financial results prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

May 14, 2024

Faith, Inc. (Stock code 4295, Listed on TSE 1st section)
(URL http://www.faith.co.jp/)
Representative: Hajime Hirasawa, CEO/President
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Date of General Meeting of Shareholders: June 21, 2024
Date of Submission of Annual Security Report: June 24, 2024
Starting Date of the Dividend Payment: June 5, 2024
Preparation of Supplementary Materials for Financial Results: Applicable/May 31, 2024
Information Meeting for Financial Results to be Held: Applicable/May 31, 2024 (for Institutional Investors and Analysts)

Amounts are rounded down to the nearest JPY 1 million.

1. Results for the Fiscal Year Ending March 2024 (From April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results

(Percentages indicate changes compared with the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Shareholders of the Parent	
Year ending	*Millions of yen*	%	*Millions of yen*	%	*Millions of yen*	%	*Millions of yen*	%
March 2024	13,738	△9.5	△534	—	△564	—	△1,096	—
March 2023	15,177	△0.9	△183	—	△148	—	△421	—

(Note) Comprehensive income: fiscal year ending March 2024: △2,008 million (—%); fiscal year ending March 2023: △311 million (—%)

	Net Income per Share	Diluted Net Income per Share	Return on Equity Capital	Ordinary Income on Total Assets	Operating Income on Net Sales
Year ending	*Yen*	*Yen*	%	%	%
March 2024	△101.13	—	△7.7	△2.4	△3.9
March 2023	△38.40	—	△2.6	△0.6	△1.2

(Reference) Equity in earnings of affiliates: fiscal year ending March 2024: ¥△154 million; fiscal year ending March 2023: ¥△35 million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Equity Capital	Net Assets per Share
Year ending	*Millions of yen*	*Millions of yen*	%	*Yen*
March 2024	21,903	13,274	60.6	1,224.35
March 2023	24,226	15,385	63.5	1,420.51

(Reference) Equity capital: fiscal year ending March 2024: ¥13,274 million; fiscal year ending March 2023: ¥15,385 million

(3) Consolidated Cash Flow Results

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at Year End
Year ending	*Millions of yen*	*Millions of yen*	*Millions of yen*	*Millions of yen*
March 2024	△288	△324	△602	9,758
March 2023	158	△339	△329	10,973

2. Dividends

	Dividends per Share					Total Dividend Payment (Annual)	Payout Ratio (Consolidated)	Dividend on Net Assets (Consolidated)
	1st Quarter	Interim	3rd Quarter	Year-end	Total (Annual)			
Year ending	*Yen*	*Yen*	*Yen*	*Yen*	*Yen*	*Millions of yen*	%	%
March 2023	—	5.00	—	5.00	10,00	119	—	0.7
March 2024	—	5.00	—	5.00	10.00	110	—	0.8
March 2025 (Forecast)	—	5.00	—	5.00	10.00		271.7	

3. Forecast for the Consolidated Results for the Year Ending March 2025 (from April 1, 2024 to March 31, 2025)

(Percentages show changes from the previous year for full-year figures and from the same quarter of the previous year for quarterly figures.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to the Shareholders of the Parent		Net Income per Share
	Millions of yen	%	*Millions of yen*	%	*Millions of yen*	%	*Millions of yen*	%	*Yen*
Full year	15,100	9.9	135	—	125	—	40	—	3.68

※ Notes

(1) Changes in significant subsidiaries (accompanying changes in scope of consolidation): Applicable
Newly added subsidiaries: 0 companies (subsidiary's name: None)
Removed subsidiaries: 1 company (subsidiary's name: Faith Wonderworks, Inc.)

(2) Changes in accounting policy, changes in accounting estimates, and restatements
(2)-1. Changes accompanying revisions of accounting standards, etc.: None
(2)-2. Changes other than the above: None
(2)-3. Changes in accounting estimates: None
(2)-4. Restatements: None

(3) Outstanding shares (common shares)
(3)-1. Outstanding shares at the end of the fiscal years (including treasury stock):
The fiscal year ending March 2024: 13,831,091 shares
The fiscal year ending March 2023: 13,831,091 shares
(3)-2. Treasury stock at the end of the fiscal year:
The fiscal year ending March 2024: 2,989,350 shares
The fiscal year ending March 2023: 2,999,883 shares
(3)-3. Average number of shares during the accounting period
The fiscal year ending March 2024: 10,840,526 shares
The fiscal year ending March 2023: 10,981,526 shares

(Note)
The number of shares of treasury stock at the end of the fiscal year includes those shares (245,900 shares for the fiscal year ending March 2024, 257,200 shares for the fiscal year ending March 2023) contributed as trust assets of the performance-linked stock compensation plan. In addition, these shares are included in the shares of treasury stock deducted in calculating the average number of shares during the accounting period (247,500 shares for the fiscal year ending March 2024, 257,200 shares for the fiscal year ending March 2023).

(Reference) Overview of Non-Consolidated Results
Results for the Fiscal Year Ending March 2024 (From April 1, 2023 to March 31, 2024)

(1) Non-Consolidated Operating Results

(Percentages indicate changes compared with the previous fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
Year ending	*Millions of yen*	%	*Millions of yen*	%	*Millions of yen*	%	*Millions of yen*	%
March 2024	1,946	6.0	△804	—	△676	—	△211	—
March 2023	1,835	△6.8	△761	—	△694	—	△603	—

	Net Income per Share	Diluted Net Income per Share
Year ending	*Yen*	*Yen*
March 2024	△19.49	—
March 2023	△54.98	—

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Equity Capital	Net Assets per Share
Year ending	*Millions of yen*	*Millions of yen*	%	*Yen*
March 2024	17,180	12,955	75.4	1,194.94
March 2023	19,413	14,087	72.6	1,300.67

(Reference) Equity capital: fiscal year ending March 2024: 12,955 million; fiscal year ending March 2023: ¥14,087 million

* This financial results report is exempt from quarterly review procedures.

* Statement regarding the proper use of financial forecasts and other special remarks

(Notice regarding statements concerning the future)

Statements concerning the future, such as performance forecasts, etc., described in the present material are based on information currently available to the Company and on certain assumptions judged as reasonable by the Company. The Company’s actual performance may differ substantially from these forecasts as a result of various factors beyond the Company’s control. For details of cautions, etc., employed in making performance forecasts and the assumptions underlying performance forecasts, please refer to “1. Overview of Operating Results, etc., (4) Future Outlook” on page 5 of the accompanying material.

(To obtain supplemental documents relating to financial results)

Supplemental Materials for Financial Results are posted on the company website on May 31, 2024.

Accompanying Material Contents

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Current Term

In the Japanese information and communications field in 2022, the Internet penetration rate remained high at 84.9%, while the percentage of households owning one or more smartphones increased to 90.1%, greatly exceeding the 69.0% of households owning one or more personal computers [*1]. In addition, while the movement away from television has continued since the year 2000, mainly centered on the young, advertising expenses for the Internet in Japan increased by 7.8% in 2023 from the previous year to ¥3,330.0 billion, exceeding the combined advertising expenses for the four largest mass media sectors (newspapers, magazines, radio, and television) of ¥2,316.1 billion, and accounting for 45.5% of Japan's total advertising expenditures [*2]. This trend is also evident worldwide, where in 2024 global spending on digital advertising is expected to reach approximately ¥65 trillion (US$442.6 billion), an increase of 6.5% from the previous year, with spending on digital advertising exceeding 58.8% of total spending on advertising [*3].

*1. Source: Ministry of Internal Affairs and Communications, *2022 Telecommunications Usage Trend Survey Results*
*2. Source: Dentsu Inc., *2023 Advertising Expenditures in Japan*
*3. Source: Dentsu Group Inc., *Global Ad Spend Forecasts (2023-2026)*

In the entertainment market in 2023, sales in the global music market centered on streaming services grew by 10.2% year over year to approximately ¥4,318.6 billion (US$28.6 billion), expanding for the ninth consecutive year and reaching its highest total since the beginning of this century. In particular, paid subscription streaming accounted for 67.3% of the total, increasing to ¥2,914.3 billion ($19.3 billion) [*4]. In Japan, the total production value of the music software market including music videos increased by 10.0% year over year to ¥337.2 billion, while paid music distribution sales increased by 11.0% to ¥116.5 billion and audio streaming sales increased by 14.0% year over year to ¥105.6 billion, accounting for more than 90% of total paid music distribution sales [*5].

In 2022, as the economy normalized through efforts to balance the spread of infection and economic activity, the live entertainment market underwent a rapid recovery to reach ¥565.2 billion, which was 10.2% lower than the level in 2019, the year before the start of the novel coronavirus pandemic (the corresponding figure for 2021 was 51.2% lower than in 2019). The size of the market is expected to grow to ¥640.8 billion in 2023, and after that it is forecast to expand at an annual growth rate of 0.9% and reach ¥652.5 billion in 2025 [*6].

*4. Source: IFPI, *Global Music Report 2023*
*5. Source: Recording Industry Association of Japan (RIAJ), *The Recording Industry in Japan 2024*
*6. Source: PIA Research Institute, *Japanese Live Entertainment Market Survey Results and Latest Future Forecasts* (published December 22, 2023)

Founded in 1992, Faith was the first company in the world to commercialize ringtones, and has steadily grown centered on the music distribution business and in step with the popularization of mobile phones. In the current music market, along with the spread of smartphones and the diversification of media such as streaming, user-generated content (UGC) [*7], which allows ordinary users to easily transmit information to society, and social media, the music industry is facing a situation in which all of its activities, including content distribution methods, consumption styles, and content production methods, are changing.

*7. User-generated content: images and videos generated and posted by users themselves on the Internet.

In this environment, the Faith Group is continuing to forge ahead with its Multi-Content and Multi-Device Strategy of creating environments in which people can enjoy a wide variety of content when and where they want, by utilizing the efforts it has focused on digital content distribution ever since its establishment. In addition, the Group is developing new services in response to the changing market environment, including platforms that collect and organize the information flooding the Internet and providing it to users after increasing its added value.

Our new platform sprayer® is an innovative music distribution service that allows artists to distribute and monetize their own original songs worldwide simply by registering them, and also directly deliver music videos, live performances, and other activities through the original spray LINK function. Spray LINK is equipped with a function that allows artists to recruit supporters (crowdfunding that allows them to return a portion of their proceeds from music distribution to their fans as rewards), allowing them not only to raise funds for their activities, but also to share profits with supporters so that their songs can reach as many listeners as possible. In December 2023, we began to support copyright management and distribution using text-to-speech characters not only in Japan but also internationally. For the future, we will continue to provide a platform that allows artists themselves to directly deliver information about their works to listeners and fans, thereby helping to build deeper engagement and facilitating monetization, and we will work to expand the artist economy at all levels and create a system that "allows artists to grow together with their fans."

The Faith Group reorganized its Content Business with effect from April 1, 2023, with the goal of establishing an organization that is better adapted to the needs of the present era. By breaking down the functions that each group company has developed to date and clarifying their core competencies, we are aiming to create an organizational structure that facilitates business development, differentiates the profit structure, and further improves efficiency. Moreover, by building a system capable of promptly responding to the rapidly changing tastes and trends in the music market, we are enhancing our ability to create appealing content and improving our competitiveness. By consolidating our major labels, further strengthening and increasing the efficiency of our administrative and sales functions, and integrating the assets belonging to each label using the Group's own technology, we are aiming to achieve even greater Group synergies. We also intend to continue to pursue more flexible ways of working in line with changes in consumer behavior and the establishment of new values.

In addition, Faith, which had been listed on the Prime Market of the Tokyo Stock Exchange, transferred to the Standard Market of the Tokyo Stock Exchange as of October 20, 2023, following its application for selection for listing on the Standard Market subsequent to the revision of the Tokyo Stock Exchange rules, which came into effect on April 1, 2023. Looking ahead, we will continue to pursue flexible organizational management, centralize our business strategies, speed up decision-making, and effectively utilize our resources including knowhow and human resources to further strengthen the Faith Group’s creative capabilities so that we can respond appropriately to changes in the music industry and enhance the corporate value of the entire Group.

Amid the rapid decline in sales of packaged goods in the domestic music market since 2018, the Faith Group has worked to minimize the impact of the market contraction on its business by utilizing its catalog sound source assets. However, in recent years, the share of the total sales of the Content Business accounted for by packaged products has continued to decline, and the business environment that surrounds the Company remains challenging. In order to reestablish a structure that can adapt to the current period of change in the music industry, the Company has decided to undertake organizational reforms by implementing transitional support measures, as was announced on March 26, 2024. In addition to promoting further selection and concentration in our existing businesses, we will steadily promote fundamental organizational reforms with a view to realizing sustainable growth and increasing our corporate value over the medium to long term.

Regarding the Faith Group’s business performance for the consolidated fiscal year ending March 31, 2024, net sales decreased by 9.5% from the previous fiscal year to ¥13,738 million, the operating loss amounted to ¥534 million (compared with an operating loss of ¥183 million for the previous fiscal year), and the ordinary loss amounted to ¥564 million (compared with an ordinary loss of ¥148 million for the previous fiscal year). The net loss attributable to shareholders of the parent amounted to ¥1,096 million (compared with a net loss attributable to shareholders of the parent of ¥421 million for the previous fiscal year). Major factors in the net loss included impairment losses of ¥106 million associated with system development in the Content Business, business structure improvement expenses of ¥68 million, and an income tax adjustment of ¥367 million due to the reversal of deferred tax assets in consideration of the possibility of future recoveries.

Information on each business segment is as follows.

Platform Business
In the Platform Business, as sales in our existing distribution businesses continue to decline, we will make further investments in new growth areas by linking and platforming each of our services with the aim of developing innovative products and capturing diversified revenue-generating opportunities.

Through FaRao PRO, we are focusing not only on providing BGM for commercial use, but also on actively developing sales activities centered on the expansion of functions necessary for store operations, such as solutions that propose store branding, as well as announcement functions. In the future, we will continue to aim at the creation and activation of a new BGM market. In Fans’, our platform for artists, we are enhancing the functions essential to artists’ musical activities such as constructing official websites, distributing music and videos, selling artists’ goods, and operating fan clubs. By strengthening links with SNS, this service can contribute to building a community by sharing the information that creators send out.

The point service provides a platform for retailers to operate point systems and offers total support from planning to operation as a series of cycles for acquiring, analyzing, and utilizing point issuance data for sales promotion use, as well as outsourcing services to maximize the efficiency of retail sales promotions. Moreover, in line with the recovery of the real-live market, our live-streaming platform Thumva ceased providing services at the end of November 2023, after fulfilling its original purpose of “delivering exciting live experiences online” under the restrictions on activity imposed due to the spread of infectious disease. Meanwhile, the business transfer of Thumva BIZ, our new service for stores that utilizes Thumva’s resources, was completed on December 1, 2023.

Regarding the performance of this segment for the current consolidated fiscal year, artist-oriented platform sales increased, and sales of official carrier website services for mobile phone content distribution remained at the same level as the previous year, while points issuance to existing member stores on the retailer point system operation platform decreased. In addition, due to the termination of the aforementioned Thumva platform, net sales decreased by 9.0% year over year to ¥1,955 million, and this segment recorded a loss of ¥216 million (compared with a segment loss of ¥236 million for the previous fiscal year).

Content Business

In the Content Business, we are strengthening new businesses with an eye to the future in order to overcome our dependence on sales of packaged products in the severe environment faced by the music and video-related industries due to the changing music market. In an effort to create new hits, the three label companies, Nippon Columbia, DREAMUSIC, and KSR, are developing and nurturing content suitable for the next-generation music business. In addition, they are actively utilizing their extensive catalog assets in new projects, with the goal of expanding their IP domains both in Japan and globally.

Regarding the performance of this segment, although major live events by the company's artists were held during the period and sales of high-margin sound sources increased, due to cancelations and postponements of new releases and a decline in sales of major packaged goods, net sales decreased by 9.6% year over year to ¥11,782 million and segment income decreased by 70.9% year over year to ¥125 million.

*Product and service names appearing in this document are trademarks or registered trademarks of Faith, Inc. either in Japan or in other countries.

(2) Overview of Financial Position for the Current Term

Total assets as of the end of the consolidated fiscal year ended March 31, 2024 decreased by ¥2,323 million year over year to ¥21,903 million, a decrease of 9.6% from the end of the previous fiscal year. This result was mainly attributable to a decrease in cash and deposits, an increase in accounts receivable-trade, and a decrease in investments and other assets.

Total liabilities decreased by ¥211 million year over year to ¥8,629 million, a decrease of 2.4% compared with the end of the previous fiscal year. This was mainly attributable to an increase in notes and accounts payable-trade and a decrease in repayment of long-term loans payable.

Net assets decreased by ¥2,111 million year over year to ¥13,274 million, a decrease of 13.7% compared with the end of the previous fiscal year. This was mainly the result of a net loss attributable to shareholders of the parent and a decrease in the valuation difference on other marketable securities. The equity ratio was 60.6%.

(3) Overview of Cash Flow for the Current Term

Cash and cash equivalents at the end of the consolidated fiscal year ended March 31, 2024 decreased by ¥1,215 million year over year to ¥9,758 million, a decrease of 1.11% compared with the end of the previous fiscal year.

Details of cash flow during the fiscal year under review and its main contributory factors were as follows:

(Cash flow from operating activities)

Net cash flow from operating activities amounted to an outflow of ¥288 million (compared with an inflow of ¥158 million for the previous fiscal year), attributable mainly to a loss before income taxes and minority interests of ¥664 million, and to expenditures of ¥186 million in respect of depreciation expenses, ¥120 million in respect of amortization of goodwill, as well as to income tax refunds of ¥190 million and income tax payments of ¥24 million, etc.

(Cash flow from investing activities)

Net cash flow from investing activities amounted to an outflow of ¥324 million (compared with an outflow of ¥339 million for the previous fiscal year), attributable mainly to expenditures of ¥79 million in respect of the acquisition of tangible non-current assets, ¥70 million in respect of the acquisition of software, and ¥276 in respect of expenditure for loans receivable.

(Cash flow from financing activities)

Net cash flow from financing activities amounted to an outflow of ¥602 million (compared with an outflow of ¥329 million for the previous fiscal year), mainly due to expenditures of ¥495 million in respect of repayment of long-term borrowing and ¥110 million in respect of dividend payments.

(4) Future Outlook

The Faith Group's business performance forecasts for next consolidated fiscal year (FY 2024; ending March 31, 2025) are for net sales of ¥15,100 million, operating income of ¥135 million, ordinary income of ¥125 million, and net income attributable to the shareholders of the parent of ¥40 million.

With the aim of creating "future entertainment", the Faith Group will respond quickly and flexibly to changes in the business environment.

(5) Basic Policy on Profit Allocation and Current Term/Next Term Dividend Distribution

Faith Inc. will continue its policy of placing priority on strengthening its corporate structure and securing the funds necessary for making aggressive business investments. At the same time, the Company also recognizes that the return of profits to shareholders is an important management task. For this reason, the Company will consider the payment of dividends while taking into account its operating results and financial position.

As initially announced, the Company is planning to pay a dividend of ¥10 per share for the current fiscal year (including an interim dividend of ¥5 that has already been paid), based on the decision of the Board of Directors to continue to make flexible payments to shareholders regardless of the timing of the Annual General Meeting of Shareholders. For the next fiscal year, based on its fundamental policy of paying continuous stable dividends, the Company is also planning to pay a dividend of ¥10 per share (including an interim dividend of ¥5).

(6) Business Risks

1) Risks related to business content

Platform Business

(a) Business environment

The Faith Group develops new markets by creating services that users want to use based on original business solution proposals and develops content services and wide-ranging enterprise support services through tie-ups with leading companies in various fields such as content providers. Competition is intense in the Platform Business that the Group and its collaborating content providers are striving to develop, and it is possible that the number of new entrants in this business will continue to increase in future. If unit prices of content decrease due to price competition, etc., if the content services of the Group and its collaborating content providers fail to meet the needs of users, or if the number of users decreases, then there is a possibility that sales will not expand.

In some cases, the Group may provide server construction and operation services in order to meet the needs of content provider customers. In so doing, the Group makes every effort to prevent operational management failures, and even in the unlikely event of such a failure occurring, we take emergency measures and have a system in place that allows us to restore operation quickly by remote control. However, in the case that unavoidable failures occur due to natural disasters, etc., that would make it difficult to provide services for an extended period, this may adversely affect the Group's performance.

(b) Quality control

The Faith Group makes every effort to ensure quality control by operating a thorough system supported by technological development. However, even after the customer company's acceptance inspection, if deficiencies, discrepancies or defects are found in the Group's technology, in the case that a user suffers a loss as a consequence of using a product or service that employs the Group's technology, this may adversely affect the Group's current or future business performance.

(c) Legal regulations

Increasing damage caused by illegal acquisition and modification of data on the Internet or by leakage of personal information has led to the development of legal regulations in Japan and elsewhere. The Faith Group's operations are related to the business of distributing content via the Internet, so in the case that laws and regulations or voluntary restraints between businesses are established in this field, or if the application of laws and regulations becomes clear, there is a possibility that the Group's business development will be restricted and that costs may be incurred with regard to the implementation of countermeasures.

(d) Point service

The Faith Group sells points to participating point member stores, and in order to prepare for the cost burden of using points, with regard to the balance of unexchanged points among issued points, the required amount that is expected to be used in future is estimated and recorded as a provision based on the past point collection rate. However, if points are exchanged in excess of the estimated amount, this may adversely affect the Group's business performance.

Contents Business

(a) Economic situation and market environment
The Faith Group's main businesses, including the sale and distribution of music and video titles such as CDs and DVDs, and the Sales/Digital Distribution Business, are affected by the economic conditions in the regions and countries where these products are sold. Many of the Group's products are not necessarily indispensable for consumers, and their sales are strongly influenced by market trends, consumer preferences and consumption behavior. For this reason, if the demand for the products of the music and video-related industry in general declines due to a recession or reduced consumer spending, the Group's business performance and financial condition may be adversely affected. An increase in illegal copying and downloading is considered to be one of the factors causing the current decline in sales of music and video-related titles and the contraction in the overall scale of the music and video-related industry. Competition in the music and video-related industry is intensifying in this shrinking market, and this has a significant effect on the Group's sales and profitability. Digital music distribution has become popular in recent years, and the Group is focusing its efforts on this field as well. However, the expansion of this market may have a negative impact on sales of the Group's conventional products such as music CDs. Due to the recent revision of the Japanese Copyright Act, downloading of illegal copies is now prohibited, and consequently it is expected that the number of illegal downloads will decrease, but illegal downloads from illegal distribution sites still appear to be at a high level, which is likely to adversely affect the Group's sales. Moreover, in the music market, price competition is intensifying, as can be seen in the release of low-priced CDs, which may adversely affect the Group's business performance and financial condition.

(b) Music works and artists
Most of the revenue generated by the Faith Group's business depends on the creation of hits by popular artists, and the stability and growth of the Group's management derives from the creation of artists and music works that are expected to become hits. The Group will continue to discover and develop new artists who will be accepted by consumers, but since the creation of hit titles involves complex and uncertain factors such as consumer preferences and trends, lack of success at producing hits may adversely affect the Group's business performance and financial condition.

(c) Performance plan
The Faith Group's sales and profitability rest on a low proportion of fixed and continuous income, and are strongly influenced by the sales situation of individual music titles. Since the sales situation changes due to a number of factors such as the trends of the times and consumer preferences, sales may fall below the forecast levels predicted from past results so that the targets specified in the initial performance plan may not be achieved. In addition, the production of music CDs and other products may be postponed or canceled due to factors involving artists, production, and manufacturing and sales outsourcing, which may cause the Group's performance to fall below the level specified in the initial performance plan. For this reason, it is difficult to predict business performance elements such as sales forecasts, and a decline in profit for a specific quarter may change the business performance plan and affect the business performance. In the manufacturing and sales contract business, depending on the circumstances of individual business partners, the subcontractor may be changed from the Group to another subcontractor, which may be a factor in driving the Group's actual business performance below level specified in the initial performance plan.

(d) Retail price maintenance system and return prevention measures
Under the Antimonopoly Act, copyrighted works such as music CDs, newspapers, books, etc. may be legally resold under a resale price maintenance system (resale system). Although there is no guarantee that the system will last forever, the Japan Fair Trade Commission has announced its view that it is reasonable to leave the system in place for the foreseeable future. Moreover, in recent years, the copyright law has been revised to protect the interests of copyright holders of music CDs produced locally under license agreements for the purpose of selling them in Asia at low cost. A so-called return prevention measure has been introduced to prohibit the import of commercial records produced for the purpose of distribution overseas under certain conditions. If in the future, the Antitrust Law or Copyright Act is reviewed, there is a possibility that the Faith Group's sales may be reduced.

(e) Returns
Due to the resale system for products such as music CDs, retailers cannot set the selling price freely. Instead, there is a business practice under which retailers can return products within a certain range. For this reason, some

products that do not sell well may be returned in the future. The Faith group properly prepares for this eventuality by recording contract liabilities based on past returns and other provisions. However, if more returns occur due to unexpectedly poor sales, etc., there is a possibility that the Group's business performance may be adversely affected through decreases in sales and profit.

2) Intellectual property rights

The Faith Group has filed patent applications and trademark applications related to its technology, and the Group intends to continue making similar promotion efforts in future. With respect to intellectual property rights such as patent rights, trademark rights, and copyrights, the Group is strengthening its efforts to protect these rights and to prevent infringements. However, it is difficult to predict how the intellectual property rights of third parties will be applied to the Group's business. For example, in the future, if a patent right related to the Group's business model or to a related technology is established by a third party, or if a patent right not recognized by the Group is established, there is a possibility that the Group may be required to compensate the patent holder for damages related to an infringement of the said patent right, or it may become impossible for the Group to continue to conduct all or part of the business related to the patent. In addition, even if the patent holder allows the use to continue, payment of a license fee may be obligated, and in such a case, this may adversely affect the Group's performance.

Among the intellectual property rights owned by the Group, rights such as copyrights and neighboring rights represent one of the strengths of the Group's business. However, there is a possibility that third parties may infringe on the rights regarding songs sold by the Group or for which the Group holds rights or that the Group may unintentionally infringe the rights of third parties. Such copyright infringements may adversely affect the Group's business performance and financial condition.

3) Leakage of personal information

Regarding the protection of personal information, the Faith Group has established a personal information protection policy for the purpose of completing the internal system and instilling an awareness of compliance among its employees, as well as exercising the utmost caution in conducting internal education and implementing security measures for information systems. However, if personal information is leaked for some reason, it may damage the Group's social credibility and adversely affect its business performance and financial condition.

4) Disposal of businesses

The Group conducts business reviews as appropriate, which may result in losses if it decides to sell or dispose of related assets. On the other hand, the Group actively considers business tie-ups with other companies, and there is a possibility that such business tie-ups may adversely affect the Group's business performance and financial condition.

5) Pension system

The Group has established a defined-benefit corporate pension plan for beneficiaries and a pension plan for employees that combines a lump-sum retirement allowance plan with a defined contribution pension plan. However, if in the future pension asset management yields decline, or if the actuarial assumptions or the assumptions used to calculate retirement benefit obligations are changed, retirement benefit obligations and retirement benefit expenses may increase, which could adversely affect the Group's business performance and financial condition.

6) Large-scale natural disasters and pandemics

In the event of a natural disaster such as a large-scale earthquake, severe storm or flood, or a pandemic such as the novel coronavirus infection, the Group's business performance could be affected by such factors as voluntary restraints on business activities and the prolonged closure of store facilities. In addition, if the Group's head office, business offices, store facilities, artists, production companies, contract manufacturers, or sales consignees experience a disruption of their business activities due to the aforementioned natural disasters or pandemics, there is a possibility that this could hinder the Group's business activities and adversely affect its business performance and financial condition.

2. Basic Philosophy on Selection of Accounting Standards

For the present, the Faith Group is following a policy of producing its consolidated financial statements under Japanese standards in the interest of maintaining comparability between the financial statements of its constituent companies. Furthermore, concerning the future application of the International Financial Reporting Standards (IFRS), we intend to respond appropriately based on the movements of other companies, etc.

3. Consolidated Financial Statements and Main Explanatory Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY 2022 (As of March 31, 2023)	FY 2023 (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	11,024,018	9,808,298
Notes receivable	6,873	5,831
Accounts receivable	1,992,323	2,360,257
Contract assets	920	120
Marketable securities	218,509	214,953
Merchandise and finished goods	290,769	287,356
Work in process	373,434	562,519
Raw materials and supplies	62,796	44,505
Income taxes refundable	175,393	405
Other	796,954	1,178,706
Allowance for doubtful accounts	△23,801	△20,364
Total current assets	14,918,191	14,442,592
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,349,898	2,636,521
Accumulated depreciation	△753,527	△826,293
Buildings and structures (net base)	1,596,370	1,810,228
Machinery and delivery equipment	618,462	619,341
Accumulated depreciation	△583,498	△587,721
Machinery and delivery equipment (net base)	34,964	31,620
Tools, devices and equipment	815,982	829,607
Accumulated depreciation	△701,522	△736,582
Tools, devices and equipment (net base)	114,460	93,024
Boats and ships	2,894	2,894
Accumulated depreciation	△482	△1,688
Boats and ships (net base)	2,412	1,206
Land	1,558,120	1,558,120
Construction in progress	275,212	—
Total tangible non-current assets	3,581,540	3,494,199
Intangible assets		
Software	100,278	133,404
Goodwill	1,149,180	1,028,423
Other	258,789	129,649
Total intangible non-current assets	1,508,248	1,291,477
Investment and other assets		
Investment securities	3,621,214	2,168,088
Deferred tax assets	210,402	70,091
Other	1,064,557	546,213
Allowance for doubtful accounts	△677,703	△109,238
Total investment and other assets	4,218,470	2,675,154
Total non-current assets	9,308,259	7,460,831
Total assets	24,226,451	21,903,424

(Thousands of yen)

	FY 2022 (As of March 31, 2023)	FY 2023 (As of March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable- trade	765,755	1,107,266
Short-term loans payable	390,000	385,002
Current portion of long-term debt	495,350	433,200
Accounts payable-other	906,621	801,762
Accrued expenses payable	3,141,533	3,008,212
Income taxes payable	27,201	83,716
Provision for bonuses	295,468	274,752
Contract liabilities	48,216	32,651
Provision for business structure improvement	―	68,162
Other	742,554	1,087,841
Total current liabilities	6,812,700	7,282,567
Non-current liabilities		
Long-term loans payable	924,800	491,600
Retirement benefit liabilities	504,822	450,133
Provision for share awards for directors (and other officers)	47,158	37,479
Asset retirement obligations	39,333	39,383
Deferred tax liabilities	482,410	324,855
Other	29,335	3,271
Total non-current liabilities	2,027,860	1,346,723
Total liabilities	8,840,561	8,629,291
Net assets		
Shareholders' equity		
Share capital	3,218,000	3,218,000
Capital surplus	2,840,496	2,840,416
Retained earnings	9,851,724	8,644,481
Treasury shares	△2,422,510	△2,414,684
Total shareholders' equity	13,487,710	12,288,213
Accumulated other comprehensive income		
Valuation difference on other marketable securities	1,848,510	959,469
Foreign currency translation adjustment	△8,879	△8,877
Accumulated retirement benefit adjustment	58,547	35,327
Total accumulated other comprehensive income	1,898,179	985,919
Non-controlling interests	―	―
Total net assets	15,385,889	13,274,133
Total liabilities and net assets	24,226,451	21,903,424

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

(Thousands of yen)

	FY 2022 (April 1, 2022 ~ March 31, 2023)	FY 2023 (April 1, 2023 ~ March 31, 2024)
Net sales	15,177,877	13,738,355
Cost of sales	9,382,883	8,547,751
Gross profit	5,794,994	5,190,603
Selling, general and administrative expenses	5,978,124	5,725,161
Operating income (loss =△)	△183,130	△534,557
Non-operating income		
Interest income	104	163
Dividend income	4,440	6,628
Interest on securities	232	534
Foreign exchange gains	—	1,003
Gain on investments in investment partnerships	2,481	6,355
Subsidy income	55,438	11,190
Gain on liquidation of unpaid royalties	—	110,815
Gain on reversal of provision for directors' share benefits	—	6,853
Miscellaneous receipts	39,675	28,454
Total non-operating Income	102,372	172,000
Non-operating expenses		
Interest paid	8,470	8,428
Foreign exchange loss	622	—
Share of loss of entities accounted for using equity method	35,416	154,183
Loss on valuation of securities	6,439	5,312
Loss on investments in investment partnerships	9,922	6,731
Settlement payment	—	11,155
Miscellaneous expenses	6,546	16,300
Total non-operating expenses	67,417	202,112
Ordinary income (loss =△)	△148,174	△564,669
Extraordinary income		
Gain on sale of non-current assets	4,832	2,327
Gain on sale of investment securities	—	1,372
Gain on transfer of business	—	26,000
Compensation income	—	70,015
Total extraordinary income	4,832	99,714
Extraordinary losses		
Loss on disposal of non-current assets	18,807	15
Loss on valuation of investment securities	—	25,040
Impairment loss	13,170	106,576
Business structure improvement expenses	—	68,162
Total extraordinary losses	31,977	199,794
Net income (loss =△) before income taxes	△175,319	△664,749
Corporate, inhabitant, and enterprise taxes	81,746	64,534
Corporate tax adjustment	164,711	367,076
Total income taxes	246,457	431,610
Net income (loss = △)	△421,777	△1,096,360
Net income (loss = △) attributable to noncontrolling interests	—	—
Net income (loss = △) attributable to shareholders of parent	△421,777	△1,096,360

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	FY 2022 (April 1, 2022 ~ March 31, 2023)	FY 2023 (April 1, 2023 ~ March 31, 2024)
Profit (loss = △)	△421,777	△1,096,360
Other comprehensive income		
Valuation difference on other marketable securities	107,795	△889,041
Foreign currency translation adjustment	2	2
Retirement benefit adjustment (before any applicable tax effect)	2,204	△23,219
Total other comprehensive income	110,001	△912,259
Comprehensive income	△311,775	△2,008,620
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of parent	△311,775	△2,008,620
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Changes in Shareholders' Equity

Previous consolidated fiscal year/FY 2022 (April 1, 2022 ~ March 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	3,218,000	2,840,498	10,393,392	△1,122,330	15,329,560
Changes of items during period					
Dividend of surplus			△119,890		△119,890
Net gain or net loss (△) attributable to shareholders of parent			△421,777		△421,777
Acquisition of treasury stock				△1,300,188	△1,300,188
Disposal of treasury stock		△2		9	6
Changes in non-equity items during period (net amount)					—
Total changes during period	—	△2	△541,667	△1,300,179	△1,841,849
Balance at end of period	3,218,000	2,840,496	9,851,724	△2,422,510	13,487,710

	Accumulated other comprehensive income				Minority Interests	Total net assets
	Valuation difference on other marketable securities	Foreign currency translation adjustments	Retirement benefit-related adjustments	Total other accumulated comprehensive income		
Balance at beginning of period	1,740,714	△8,881	56,343	1,788,177	—	17,117,737
Changes of items during period						
Dividend of surplus						△119,890
Net gain or net loss (△) attributable to shareholders of parent						△421,777
Acquisition of treasury stock						△1,300,188
Disposal of treasury stock						6
Changes in non-equity items during period (net amount)	107,795	2	2,204	110,001		110,001
Total changes during period	107,795	2	2,204	110,001	—	△1,731,847
Balance at end of period	1,848,510	△8,879	58,547	1,898,179	—	15,385,889

Current consolidated fiscal year/FY 2023 (April 1, 2023 ~ March 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	3,218,000	2,840,496	9,851,724	△2,422,510	13,487,710
Changes of items during period					
Dividend of surplus			△110,882		△110,882
Net gain or net loss (△) attributable to shareholders of parent			△1,096,360		△1,096,360
Acquisition of treasury stock				△485	△485
Disposal of treasury stock		△79		8,311	8,231
Changes in non-equity items during period (net amount)					—
Total changes during period	—	△79	△1,207,243	7,825	△1,199,497
Balance at end of period	3,218,000	2,840,416	8,644,481	△2,414,684	12,288,213

	Accumulated other comprehensive income				Minority Interests	Total net assets
	Valuation difference on other marketable securities	Foreign currency translation adjustments	Retirement benefit-related adjustments	Total other accumulated comprehen-sive income		
Balance at beginning of period	1,848,510	△8,879	58,547	1,898,179	—	15,385,889
Changes of items during period						
Dividend of surplus						△110,882
Net gain or net loss (△) attributable to shareholders of parent						△1,096,360
Acquisition of treasury stock						△485
Disposal of treasury stock						8,231
Changes in non-equity items during period (net amount)	△889,041	2	△23,219	△912,259		△912,259
Total changes during period	△889,041	2	△23,219	△912,259	—	△2,111,756
Balance at end of period	959,469	△8,877	35,327	985,919	—	13,274,133

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY 2022 (April 1, 2022 ~ March 31, 2023)	FY 2023 (April 1, 2023 ~ March 31, 2024)
Cash flow from operating activities		
Income or loss (△) before income taxes, etc.	△175,319	△664,749
Depreciation expenses	186,636	186,242
Impairment losses	13,170	106,576
Amortization of goodwill	121,757	120,757
Business structure improvement expenses	―	68,162
Increase/decrease in allowance for doubtful accounts (△ = decrease)	47,832	△3,314
Increase/decrease in reserve for bonuses (△ = decrease)	57,206	△20,715
Increase/decrease in net defined retirement liabilities (△ = decrease)	△37,722	△54,688
Increase/decrease in for stock benefits for directors (△ = decrease)	7,466	△9,679
Interest and dividend income	△4,544	△6,792
Interest on marketable securities	△232	△534
Gain or loss on valuation of marketable securities (△ = gain)	6,439	5,312
Interest paid	8,470	8,428
Subsidy income	△55,438	△11,190
Gain or loss on transfer of business (△ = gain)	―	△26,000
Compensation income	―	△70,015
Gain or loss on equity method investment (△ = gain)	35,416	154,183
Gain or loss on investment partnership management (△ = gain)	7,441	376
Gain or loss on valuation of investment securities (△ = gain)	―	23,668
Gain or loss on disposal of non-current assets (△ = gain)	18,807	15
Increase/decrease in trade receivables (△ = increase)	52,582	△411,898
Increase/decrease in inventory assets (△ = increase)	212,214	△166,580
Increase/decrease in trade payables (△ = decrease)	△635,309	341,511
Increase/decrease in consumption tax receivable (△ = increase)	69,431	△108,499
Increase/decrease in consumption tax payable (△ = decrease)	22,867	63,222
Other	371,456	△57,370
Sub-total	330,630	△533,572
Amount of subsidy income received	55,438	11,190
Amount of interest and dividends received	4,776	7,326
Amount of interest paid	△7,525	△8,722
Amount of compensation income received	―	70,015
Amount of income tax refunded	138,186	190,240
Amount of income tax paid	△363,105	△24,632
Net cash flow from operating activities	158,400	△288,155

(Thousands of yen)

	FY 2022 (April 1, 2022 ~ March 31, 2023)	FY 2023 (April 1, 2023 ~ March 31, 2024)
Cash flow from investing activities		
Expenditure for acquisition of tangible non-current assets	△304,144	△79,124
Income from sale of tangible non-current assets	4,832	2,327
Expenditure for acquisition of software	△76,824	△70,992
Expenditure for acquisition of investment securities	△5,000	△25,000
Income from sale of investment securities	1,218	1,400
Income from share of profits from investment partnerships	—	902
Expenditure for loans	—	△276,200
Income from collection of loans receivable	180	736
Expenditure for security deposits	△162	△40
Income from collection of security deposits	131,597	—
Expenditure for fulfillment of asset retirement obligations	50	—
Income from transfer of business	—	26,000
Other	△91,648	95,229
Net cash flow from investing activities	△339,902	△324,761
Cash flow from financing activities		
Net increase/decrease in short-term borrowing (△ = decrease)	50,000	△4,998
Expenditure for repayment of long-term borrowing	△409,700	△495,350
Income from long-term borrowing	1,450,000	—
Expenditure for acquisition of treasury stock	△1,300,188	△485
Income from disposal of treasury stock	6	8,231
Payment of dividends	△119,249	△110,203
Net cash flow from financing activities	△329,131	△602,805
Effect of exchange rate on cash and cash equivalents	—	2
Net increase/decrease in cash and cash equivalents (△ = decrease)	△510,633	△1,215,720
Cash and cash equivalents at the beginning of the year	11,484,630	10,973,997
Cash and cash equivalents at the end of the year	10,973,997	9,758,276

(5) Notes Concerning the Consolidated Financial Statements

(Note Concerning the Premise of a Going Concern)

Not applicable

(Segment Information)

1. Outline of reportable segments

The Company's reportable segments provide financial information separated according to its various structural units and are also subject to periodic review when the Board of Directors decides on the allocation of management resources and makes performance appraisals. The Faith Group's main businesses are the Platform Business the Content Business.

Platform Business

In order to promote its Multi-Content and Multi-Platform Strategy, the Faith Group's Platform Business provides one-stop solutions ranging from content creation and production, to development and provision of distribution platform technology, construction and operation of network systems for content distribution, and content distribution services for users. This business also provides point services to retailers and other services. Main companies involved in this business: Faith, Inc. and GoodyPoint Co., Ltd.

Content Business

The Content Business encompasses the planning, production and sales of sound sources and videos, as well as the music copyright acquisition and management business, the manufacturing and sales consignment business, and the facility and event consignment business. Main companies involved in this business: Nippon Columbia Co., Ltd., DREAMUSIC Inc., and KSR Corp.

2. Calculation method for sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting method for the reportable business segments is in accordance with the accounting policies adopted for preparing the consolidated financial statements.

For the profit figures of the reportable segments, the operating income base figures are used. Inter-segment sales and transfer amounts are decided in consideration of the market price and other factors.

3. Information on sales, profit or loss, assets, liabilities and other items by reportable segment

Previous consolidated fiscal year/FY 2022 (April 1, 2022 ~ March 31, 2023)

(Thousands of yen)

	Platform	Content	Total	Adjustment amount (Notes 1, 2, 4 & 5)	Amount recorded in Consolidated Financial Statements (Note 3)
Net sales					
Goods transferred at a single point in time	2,150,231	12,840,225	14,990,457	―	14,990,457
Goods transferred over a period of time	―	187,420	187,420	―	187,420
Revenue from contracts with customers	2,150,231	13,027,646	15,177,877	―	15,177,877
Sales to external customers	2,150,231	13,027,646	15,177,877	―	15,177,877
Intersegment sales or transfer amount	385,156	64,857	450,014	△450,014	―
Total	2,535,388	13,092,503	15,627,892	△450,014	15,177,877
Segment income or segment loss (△)	△236,860	433,171	196,311	△379,441	△183,130
Segment assets	14,165,422	14,204,306	28,369,729	△4,143,277	24,226,451
Other items					
Depreciation expenses	116,082	70,553	186,636	―	186,636
Amortization of goodwill	1,000	120,757	121,757	―	121,757
Investment in equity-method affiliates	224,627	116,374	341,001	△35,225	305,775
Increase in tangible and intangible non-current assets	328,170	52,798	380,968	―	380,968

(Notes)
1. The segment income or segment loss adjustment amount of △¥379,441 thousand for the current fiscal year is due to the elimination of intersegment transactions of △¥11,429 thousand and corporate expenses of ¥390,870 thousand that are not allocated to reportable segments.
2. The segment assets adjustment amount eliminates intersegment transactions, etc.
3. The segment income or segment loss is adjusted with the operating loss in the consolidated financial statements.
4. The amortization of goodwill adjustment amount of represents the elimination of intersegment transactions.
5. The investment in equity-method affiliates adjustment amount represents the elimination of intersegment transactions.

Current consolidated fiscal year/FY 2023 (April 1 2023 ~ March 31, 2024)

(Thousands of yen)

	Platform	Content	Total	Adjustment amount (Notes 1, 2, 4 & 5)	Amount recorded in Consolidated Financial Statements (Note 3)
Net sales					
Goods transferred at a single point in time	1,955,852	11,519,274	13,475,126	―	13,475,126
Goods transferred over a period of time	―	263,228	263,228	―	263,228
Revenue from contracts with customers	1,955,852	11,782,502	13,738,355	―	13,738,355
Sales to external customers	1,955,852	11,782,502	13,738,355	―	13,738,355
Intersegment sales or transfer amount	503,394	96,335	599,730	△599,730	―
Total	2,459,246	11,878,838	14,338,085	△599,730	13,738,355
Segment income or segment loss (△)	△216,123	125,952	△90,170	△444,387	△534,557
Segment assets	11,755,394	14,038,520	25,793,915	△3,888,277	21,905,638
Other items					
Depreciation expenses	134,917	51,324	186,242	―	186,242
Amortization of goodwill	―	120,757	120,757	―	120,757
Investment in equity-method affiliates	170,567	94,149	264,716	△113,124	151,591
Increase in tangible and intangible non-current assets	90,481	59,635	150,116	―	150,116

(Notes)
1. The segment income or segment loss adjustment amount of △¥444,387 thousand for the current fiscal year is due to the elimination of intersegment transactions of △¥2,967 thousand and corporate expenses of ¥447,354 thousand that are not allocated to reportable segments.
2. The segment assets adjustment amount eliminates intersegment transactions, etc.
3. The segment income or segment loss is adjusted with the operating loss in the consolidated financial statements.
4. The amortization of goodwill adjustment amount of represents the elimination of intersegment transactions.
5. The investment in equity-method affiliates adjustment amount represents the elimination of intersegment transactions.

[Related Information]

Previous consolidated fiscal year/FY 2022 (April 1, 2022 ~ March 31, 2023) and current consolidated fiscal year/FY 2023 (April 1 2023 ~ March 31, 2024)

1. Information by product and service
   This information is omitted because similar information appears under (Segment Information).

2. Information by region
   (1) Sales: Information on sales by region is omitted because sales to external customers in Japan account for over 90% of the net sales amount reported on the consolidated statement of income.
   (2) Tangible non-current assets: Information on tangible non-current assets by region is omitted because the amount of tangible non-current assets in Japan accounts for over 90% of the amount of tangible non-current assets reported on the consolidated balance sheet.

3. Information on major customers
   Information on major customers is omitted because there were no sales to a single external customer accounting for 10% or more of net sales on the consolidated statement of income.

[Information on Impairment Losses on Non-Current Assets for Each Reportable Segment]

Previous consolidated fiscal year/FY 2022 (April 1, 2022 ~ March 31, 2023)

(Thousands of yen)

	Platform	Content	Total	Company-wide/ elimination	Total
Impairment losses	13,170	—	13,170	—	13,170

Current consolidated fiscal year/FY 2023 (April 1 2023 ~ March 31, 2024)

(Thousands of yen)

	Platform	Content	Total	Company-wide/ elimination	Total
Impairment losses	6,387	100,189	106,576	—	106,576

[Information on Amortization of Goodwill and Unamortized Balance for Each Reportable Segment]

Previous consolidated fiscal year /FY 2022 (April 1, 2022 ~ March 31, 2023)

(Thousands of yen)

	Platform	Content	Total	Company-wide/ elimination	Total
Impairment losses	—	1,149,180	1,149,180	—	1,149,180

(Note) Information on amortization of goodwill is omitted as this information appears in [Segment Information].

Current consolidated fiscal year/FY 2023 (April 1 2023 ~ March 31, 2024)

(Thousands of yen)

	Platform	Content	Total	Company-wide/ elimination	Total
Impairment losses	—	1,028,423	1,028,423	—	1,028,423

(Note) The amount of amortization of goodwill is omitted as this information appears in [Segment Information].

[Information on Gains on Negative Goodwill by Reportable Segment]

Previous consolidated fiscal year/FY 2022 (April 1, 2022 ~ March 31, 2023) and current consolidated fiscal year/FY 2023 (April 1 2023 ~ March 31, 2024)

Not applicable

(Per Share Information)

(Yen)

FY 2022 (April 1, 2022 ~ March 31, 2023)		FY 2023 (April 1 2023 ~ March 31, 2024)	
Net assets per share	1,420.51	Net assets per share	1,224.351
Net loss (△) per share	△38.40	Net loss (△) per share	△101.13

(Notes)

1. The amount of net income per share fully diluted during the current fiscal year and diluted net income per share for the previous fiscal year are not recorded because there are no residual shares subject to a dilution effect.
2. The basis of the calculation of net loss per share is as follows.

	FY 2022 (April 1, 2022 ~ March 31, 2023)	FY 2023 (April 1 2023 ~ March 31, 2024)
Net loss (△) per share		
Net loss (△) attributable to the shareholders of the parent (thousands of yen)	△421,777	△1,096,360
Amount not attributable to ordinary shareholders (thousands of yen)	—	—
Net loss (△) pertaining to common stock attributable to the shareholders of the parent (thousands of yen)	△421,777	△1,096,360
Average number of shares outstanding during the period (shares)	10,981,526	10,840,526

(Note) The Company's shares contributed as trust assets for the performance-linked stock compensation plan are included in the amount of treasury stock deducted in the calculation of the average number of shares during the period for the purpose of calculating the net loss per share (257,200 shares for the previous fiscal year ending March 2023, and 247,200 shares for the current fiscal year ending March 2024).

3. The basis of the calculation of net assets per share is as follows.

	End of FY 2022 (As of March 31, 2023)	End of FY 2023 (As of March 31, 2024)
Total amount of net assets (thousands of yen)	15,385,889	13,274,133
Amount deducted from total amount of net assets (thousands of yen)	—	—
(Of which, non-controlling interests (thousands of yen))	(−)	(−)
Year-end net assets pertaining to common stock (thousands of yen)	15,385,889	13,274,133
Year-end number of shares of common stock used in calculating net assets per share (shares)	10,831,208	10,841,741

(Significant Subsequent Events)

Not applicable