

**BRIEF STATEMENT OF CONSOLIDATED FINANCIAL RESULTS
FOR THE 2nd QUARTER OF THE FISCAL YEAR ENDING MARCH 2023**

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.

November 14, 2022

Faith, Inc. (Stock code 4295, Listed on TSE Prime Section)

(URL <http://www.faith.co.jp/>)

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Date of Submission of Securities Report: November 14, 2022

Starting Date of the Dividend Payment: December 8, 2022

Preparation of Supplementary Materials for Quarterly Financial Results: Applicable

Information Meeting for Quarterly Financial Results to be Held: None

Amounts are rounded down to the nearest JPY 1 million.

1. Results for the 2nd Quarter of the Fiscal Year Ending March 2023

(From April 1, 2022 to September 30, 2022)

(1) Consolidated Operating Results (cumulative totals)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ending March 2023 Q2	7,299	1.2	△240	—	△218	—	△263	—
Year ending March 2022 Q2	7,212	△27.9	96	△82.5	234	△64.9	53	△83.2

(Note) Comprehensive income: 2nd quarter of the fiscal year ending March 2023: △¥64 million (—%); 2nd quarter of fiscal year ending March 2022: ¥78 million (—%)

	Net Income per Share		Diluted Net Income per Share	
	Yen		Yen	
Year ending March 2023 Q2	△23.64		—	
Year ending March 2022 Q2	4.20		—	

(2) Consolidated Financial Position

	Total Assets		Net Assets		Ratio of Equity Capital	
	Millions of yen		Millions of yen		%	
Year ending March 2023 Q2	24,551		15,801		64.4	
Year ending March 2022	25,291		17,117		67.7	

(Reference) Equity capital: 2nd quarter of fiscal year ending March 2023: ¥15,801 million; fiscal year ending March 2022: ¥17,117 million

2. Dividends

(Record dates)	Dividends per Share				
	1 st Quarter	Interim	3 rd Quarter	Year-end	Total
Year ending March 2022	Yen —	Yen 5.00	Yen —	Yen 5.00	Yen 10.00
Year ending March 2023	—	5.00			
Year ending March 2023 (Forecast)			—	5.00	10.00

(Note) These figures have not been modified since the time of the most recently announced dividend forecast.

3. Forecast for the Consolidated Results for the Year Ending March 2023 (from April 1, 2022 to March 31, 2023)

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to the Shareholders of the Parent Company		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	17,000	11.0	350	—	345	152.0	295	—	26.86

(Note) These figures have not been modified since the time of the most recently announced business result forecast.

* Notes

(1) Changes in significant subsidiaries (accompanying changes in scope of consolidation): None

Newly added subsidiaries: 0 companies (subsidiary's name:)

Removed subsidiaries: 0 companies (subsidiary's name:)

(2) Adoption of simplified accounting practices or specific procedures in preparation of the quarterly consolidated financial reports: None

(3) Changes in accounting policy, changes in accounting estimates, and restatements

(i) Changes accompanying revisions of accounting standards, etc.: Applicable

(ii) Changes other than the above: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(Note) For details, please refer to "2. Consolidated Financial Statements and Important Explanatory Notes, (4) Notes Concerning the Consolidated Financial Statements (Changes in Accounting Policies)" on page 12 of the accompanying material.

(4) Outstanding shares (common shares)

(i) Outstanding shares at the end of the term (including treasury shares):

The 2nd quarter of the fiscal year ending March 2023: 13,831,091 shares

The fiscal year ending March 2022: 13,831,091 shares

(ii) Treasury shares at the end of the term:

The 2nd quarter of the fiscal year ending March 2023: 1,198,938 shares

The fiscal year ending March 2022: 2,999,557 shares

(iii) Average number of shares during the interim accounting period:

The 2nd quarter of the fiscal year ending March 2023: 11,131,726 shares

The 2nd quarter of the fiscal year ending March 2022: 12,632,813 shares

(Note) The number of shares of treasury stock at the end of the period includes the Company's shares (257,200 shares in Q2 of the fiscal year ending March 2023, 257,200 shares in the fiscal year ending March 2022) contributed as trust assets in the performance-based stock compensation plan). In addition, such shares are also included in the treasury shares that are deducted in calculating the average number of shares during the accounting period (257,200 shares in Q2 of the fiscal year ending March 2023, 257,200 shares in Q2 of the fiscal year ending March 2022)

* 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. Qualitative Information Concerning the Settlement of Accounts for the 2nd Quarter, (3) Explanation Concerning Future Forecast Information on the Consolidated Financial Results, etc." on page 5 of the accompanying material.

(To obtain supplemental documents relating to financial results)

Supplemental information on the Company's quarterly financial results will be posted on the company website on November 30, 2022.

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1. Qualitative Information Concerning the Settlement of Accounts for the 2nd Quarter

(1) Explanation Concerning the Operating Results

In the Japanese information and communications field in 2021, the Internet penetration rate remained high at 82.9%, while the percentage of households owning one or more smartphones increased to 88.6%, greatly exceeding the 69.8% 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 21.4% in 2021 from the previous year to ¥2,705.2 billion, exceeding the combined advertising expenses for the four largest mass media sectors (newspapers, magazines, radio, and television) of ¥2,453.8 billion ^{(*)2}. This trend is also evident worldwide, where in 2022 global spending on digital advertising is expected to reach approximately ¥54 trillion (US\$409.9 billion), an increase of 14.2% from the previous year, with spending on digital advertising exceeding 55.5% of total spending on advertising ^{(*)3}.

*1. Source: Ministry of Internal Affairs and Communications, *2021 Telecommunications Usage Trend Survey Results*

*2. Source: Dentsu Inc., *2021 Advertising Expenditures in Japan*

*3. Source: Dentsu Group Inc., *Global Ad Spend Forecasts (2022-2024)*

In the entertainment market in 2021, sales in the global music market centered on streaming services grew by 18.5% year over year to approximately ¥3,367 billion (US\$25.9 billion), marking its seventh consecutive year of growth and recording its highest sales total since the beginning of this century ^{(*)4}. In Japan, the production value of music software including music videos was almost unchanged from the previous year at ¥193.6 billion, and while sales of packaged products continued to decline, paid music distribution sales increased by 14% to ¥89.5 billion. In the paid music distribution sales category, subscription audio streaming increased by 26% year over year to ¥74.4 billion, accounting for 83% of total paid music distribution sales ^{(*)5}.

The impact of the novel coronavirus infection forced the postponement or cancellation of major events and live concerts, causing the live entertainment market to shrink by 82.4% from its 2019 level to ¥110.6 billion in 2020. In 2021, music events in real venues began to resume in line with the government's guidelines for infection prevention measures, and the market size showed signs of recovery to ¥307.2 billion, although this was still 51.2% below the 2019 level ^{(*)6}. Meanwhile, new ways of enjoying live entertainment are taking root, with many artists offering “hybrid performances” in which a limited audience is allowed into the venue and the performance is also distributed online. With live performances in front of various audience sizes being streamed, the scale of the pay-per-view online live performance market was estimated at ¥44.8 billion in 2019, rising to an estimated ¥51.2 billion in 2021 ^{(*)7}.

*4. Source: IFPI, *Global Music Report 2022*

*5. Source: Recording Industry Association of Japan (RIAJ), *The Recording Industry in Japan 2022*

*6. Source: PIA Research Institute, *Japanese Live Entertainment Market Size Confirmed Report* (published June 15, 2021)

*7. Source: PIA Research Institute, *Japanese Online Live Entertainment Market Survey* (published June 15, 2022)

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. However, in the current music market, with the spread of smartphones, the music industry is facing a situation in which all manner of activities, including content distribution methods, consumption styles, and content production methods, are changing as media such as streaming, user upload content (UUC)—which allows general users to easily transmit information to society, and social media become more diverse.

In this environment, the Faith Group is continuing to utilize the results of the efforts it has been pouring into digital content distribution ever since its establishment, and is forging ahead with its Multi-Content and Multi-Device Strategy of creating environments in which people can enjoy a wide diversity of contents whenever and wherever they choose. We are also strengthening the development of new services in response to the changing market environment, which include platforms that collect and organize the information flooding the Internet and provide this to users after increasing its added value.

In June 2020, Faith released Thumva, a new live streaming platform, as an Internet viewing service that provides a novel kind of live experience. In addition to group viewing and comment posting, Thumva includes a gifting function for artists, allowing users to share a sense of excitement and togetherness as if they were attending a live concert. In addition to live performances by a slew of artists, a diverse lineup of backstage and other events and online interactive attractions have already been made available on

Thumva, and a variety of other content is scheduled to be distributed in the future.

In July 2021, utilizing Thumva's resources, we launched Thumva BIZ as a new online service for stores that allows customers who wish to make inquiries or seek consultations online begin business negotiations with a single click. Our proposal consists of an online retail store service that meets the needs of the age of digital transformation, and the service has already been introduced by companies in a variety of industries as well as in the form of a business negotiation system for online exhibitions. Thumva BIZ will continue to expand its sales channels as a new DX service for stores in a wide range of fields, and particularly in face-to-face customer service industries.

In anticipation of changes in behavior patterns and the establishment of new values, the Faith Group has established a permanent teleworking system and consolidated its main office functions in the Minami Aoyama Office. We are also actively engaged in a company-wide effort to reestablish and activate cross-company communication. Going forward, we will continue to pursue more flexible workstyles and realize new, diverse, and efficient ways of working.

Regarding the Faith Group's business performance for the second quarter of the consolidated fiscal year ending March 2023, the Group reported an increase in net sales of 1.2% year over year to ¥7,299 million, an operating loss of ¥240 million (compared with an operating income of ¥96 million for the same period of the previous year), an ordinary loss of ¥218 million (compared with an ordinary income of ¥234 million for the same period of the previous year), and a net loss attributable to the owners of the parent of ¥263 million (compared with a net income attributable to the owners of the parent of ¥53 million for the same period of the previous fiscal year).

Information on each business segment is as follows.

Historically, the Faith Group has had three reportable segments: the Content Business, the Point Service Business, and the Label Business. However, after reassessing its business management decision-making and performance classifications, with effect from the first quarter of the current consolidated fiscal year, the Group has begun operate under two reportable segments: the Platform Business and the Content Business.

Please note the comparative analysis with the previous second quarter consolidated cumulative period is based on the segment classifications adopted following the change.

Platform Business

In the Platform Business, as sales in existing distribution businesses continue to decline, we will continue to invest in new growth areas by linking and platforming each of our services with the aim of developing new and innovative products and grasping diversified profit 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 of services for artists based on the D2C ^(*8) business model, which is expected to expand further in future, we are enhancing the functions essential to artists' musical activities such as official website construction, music and video distribution, sales of artists' goods, and fan club operation. By improving linkage with SNS, we have introduced a system that allows fans to contribute to the creation of a community by spreading the information that creators send out. Furthermore, by offering a service that allows more artists to freely disseminate their work and information, we are aiming to expand our user base and improve the quality of the service by pursuing enhanced convenience.

*8. Abbreviation of "Direct to Consumer"
—a business model for delivering services and products planned and manufactured by Faith directly to users

In addition, the Retail Point System Operation Platform allows retailers to operate point issuing systems and other services, and also offers total support from planning to operation as a series of cycles of point issuance data acquisition, analysis, and sales promotion utilization, as well as providing outsourcing services to maximize sales promotion efficiency in the retail industry.

Regarding the performance of this segment for the cumulative second quarter of the current consolidated fiscal year, due to a decrease in sales of carrier official website services for mobile phone content distribution and a decrease in point issuance to existing member stores in the Retail Point System Operation Platform, the Platform Business recorded net sales of ¥1,068 million (a decrease of 19.9% year over year), and a segment loss of ¥168 million (compared with a segment income of ¥66 million in the same period of the previous year).

Content Business

In the Content Business, we are proceeding with the strengthening of new businesses with a view to the future in order to overcome our dependence on sales of packaged products in view of the severe environment faced by the music and video-related industries in the changing music market.

Regarding the performance of this segment, net sales increased by 6.0% year over year to ¥6,230 million, mainly due to an increase in activities by affiliated artists, a recovery of sales related to the use of sound sources, and an increase in sales of exclusive mail-order products amid signs of recovery in the entertainment market. However, net income in this segment decreased by 39.2% year over year to ¥112 million due mainly due to the postponement of releases of large-scale works.

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

(2) Explanation Concerning the Financial Position

(Analysis of Financial Position)

As of the end of the second quarter of the current consolidated fiscal year ending March 2023 (September 30, 2022), total assets decreased by ¥740 million compared to the end of the previous consolidated fiscal year to ¥24,551 million. This result was mainly due to a decrease in cash and deposits of ¥757 million, a decrease in notes and accounts receivable of ¥322 million, and an increase in investment securities of ¥433 million.

Total liabilities increased by ¥575 million compared to the end of the previous consolidated fiscal year to ¥8,749 million. This result was mainly due to an increase in long-term debt.

Net assets decreased by ¥1,315 million compared to the end of the previous consolidated fiscal year to ¥15,801 million. This was mainly due to the acquisition of treasury stock.

As a result of the above, the equity ratio decreased by 4.5 percentage points to 64.4%.

(Cash Flow Situation)

The balance of cash and cash equivalents at the end of the second quarter of the current consolidated fiscal year stood at ¥10,729 million, a decrease of ¥755 million from the end of the previous consolidated fiscal year. Details of cash flow for the consolidated cumulative second quarter and its contributory factors are as follows:

(Cash Flows from Operating Activities)

Cash flows from operating activities amounted to an outflow of ¥539 million (compared with an inflow of ¥127 million for the same period of the previous fiscal year), due mainly to the recording of ¥216 million in respect of a loss before income taxes, ¥436 million in respect of a decrease in trade receivables, and ¥643 million in respect of a decrease in trade payables, etc.

(Cash Flows from Investing Activities)

Cash flows from investing activities amounted to an outflow of ¥231 million (compared with an outflow of ¥103 million for the same period of the previous fiscal year), due mainly to the recording of ¥267 million in respect of expenditure for the purchase of property, plant and equipment, ¥49 million in respect of expenditure for the purchase of software, and ¥126 million in respect of proceeds from the refund of leasehold deposits, etc.

(Cash Flows from Financing Activities)

Cash flows from financing activities amounted to an inflow of ¥15 million (compared with an outflow of

¥194 million for the same period of the previous fiscal year), due mainly to the recording of ¥1,450 million in respect of income from long-term borrowing and ¥1,300 million in respect of expenditure for purchase of treasury shares.

(3) Explanation Concerning Future Forecast Information on the Consolidated Financial Results, etc.

Performance forecasts are made based on information currently available to the Company, but there is a possibility that the actual performance figures will differ significantly from the forecast figures due to a variety of factors. In addition, the current performance forecast for the full financial year is unchanged from the forecast issued on May 13, 2022.

2. Consolidated Financial Statements and Important Explanatory Notes

(1) Consolidated Balance Sheet

(Unit: thousands of yen)

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	11,536,650	10,779,194
Notes and accounts receivable - trade	2,046,903	1,723,996
Contract assets	370	1,640
Marketable securities	224,003	219,580
Merchandise and finished goods	336,103	345,453
Work in process	499,421	633,715
Raw materials and supplies	104,241	59,029
Income taxes refundable	141,976	0
Other	639,337	909,843
Allowance for doubtful accounts	△18,325	△23,250
Total current assets	15,510,681	14,649,202
Non-current assets		
Property, plant and equipment	3,454,136	3,656,272
Intangible assets		
Goodwill	1,270,938	1,209,559
Other	386,399	382,324
Total intangible assets	1,657,338	1,591,884
Investments and other assets		
Investment securities	3,528,354	3,962,199
Deferred tax assets	705,202	244,554
Other	1,071,430	1,097,380
Allowance for doubtful accounts	△635,348	△650,134
Total investments and other assets	4,669,638	4,653,999
Total non-current assets	9,781,112	9,902,155
Total assets	25,291,794	24,551,358
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,401,065	757,473
Short-term borrowings	340,000	390,000
Current portion of long-term borrowings	217,700	568,300
Accounts payable - other	678,160	645,065
Accrued expenses	2,888,759	2,932,273
Income taxes payable	119,451	56,308
Provision for bonuses	238,261	240,460
Contract liabilities	49,569	43,048
Other	689,109	887,650
Total current liabilities	6,622,077	6,520,580
Non-current liabilities		
Long-term borrowings	162,150	1,141,400
Retirement benefit liabilities	542,544	545,333
Provision for share awards for directors (and other officers)	39,691	43,274
Asset retirement obligations	39,283	39,283
Deferred tax liabilities	765,118	456,601
Other	3,191	2,923
Total non-current liabilities	1,551,979	2,228,815
Total liabilities	8,174,057	8,749,395

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	3,218,000	3,218,000
Capital surplus	2,840,498	2,840,496
Retained earnings	10,393,392	10,050,266
Treasury shares	△1,122,330	△2,422,337
Total shareholders' equity	15,329,560	13,686,425
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,740,714	2,065,633
Foreign currency translation adjustment	△8,881	△8,872
Accumulated retired benefit adjustment	56,343	58,776
Total accumulated other comprehensive income	1,788,177	2,115,537
Non-controlling interests	—	—
Total net assets	17,117,737	15,801,962
Total liabilities and net assets	25,291,794	24,551,358

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

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	7,212,575	7,299,265
Cost of sales	4,292,650	4,534,194
Gross profit	2,919,924	2,765,071
Selling, general and administrative expenses	※ 2,823,196	※ 3,006,033
Operating income	96,728	△240,961
Non-operating income		
Interest income	59	52
Dividend income	2,586	3,203
Interest on securities	5	52
Share of profit of entities accounted for using equity method	29,198	—
Gain on investments in investment partnerships	116,576	569
Foreign exchange gains	83	275
Subsidy income	54,000	42,286
Miscellaneous income	15,253	4,430
Total non-operating income	217,763	50,869
Non-operating expenses		
Interest expenses	2,362	3,133
Share of loss of entities accounted for using equity method	—	8,480
Loss on investments in investment partnerships	76,524	9,916
Loss on valuation of securities	372	6,135
Miscellaneous expenses	664	421
Total non-operating expenses	79,923	28,086
Ordinary income (loss)	234,568	△218,178
Extraordinary income		
Gain on sale of investment securities	34,114	—
Gain on sale of non-current assets	141	2,019
Total extraordinary income	34,255	2,019
Extraordinary losses		
Loss on disposal of non-current assets	42	541
Loss on liquidation of subsidiaries	29,756	—
Loss on valuation of investment securities	27,214	—
Total extraordinary losses	57,013	541
Net income (loss) before income taxes	211,810	△216,700
Income taxes - current	155,758	37,210
Income taxes - deferred	2,988	9,295
Net income (loss)	53,064	△263,206
Net income (loss) attributable to owners of parent	53,064	△263,206

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit (loss)	53,064	△263,206
Other comprehensive income		
Valuation difference on available-for-sale securities	△163,856	324,918
Foreign currency translation adjustment	21,937	9
Retirement benefit adjustment (before any applicable tax effect)	10,314	2,433
Total other comprehensive income	△131,604	327,360
Comprehensive income	△78,540	64,153
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△78,540	64,153
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	211,810	△216,700
Depreciation	98,697	91,177
Amortization of goodwill	62,378	61,378
Increase (decrease) in allowance for doubtful accounts	25,744	19,711
Increase (decrease) in provision for bonuses	△99,675	2,198
Increase (decrease) in provision for point card certificates	74	—
Increase (decrease) in retirement benefit liability	△13,706	2,788
Increase (decrease) in provision for share awards for directors (and other officers)	3,280	3,583
Interest and dividend income	△2,645	△3,255
Loss (gain) on valuation of securities	372	6,135
Interest income on securities	△5	△52
Interest expenses	2,362	3,133
Subsidy income	△54,000	△42,286
Foreign exchange losses (gains)	△14	—
Share of loss (profit) of entities accounted for using equity method	△29,198	8,480
Loss (gain) on investments in investment partnerships	△40,051	9,346
Loss (gain) on liquidation of subsidiaries	29,756	—
Loss (gain) on sale of investment securities	△34,114	—
Loss (gain) on valuation of investment securities	27,214	—
Loss (gain) on disposal of non-current assets	42	541
Decrease (increase) in trade receivables	304,004	436,927
Decrease (increase) in inventories	9,916	△99,703
Increase (decrease) in trade payables	△24,504	△643,591
Other, net	△111,757	△247,727
Subtotal	365,981	△607,913
Subsidies received	54,000	42,286
Interest and dividends received	2,459	3,263
Interest paid	△2,411	△1,913
Income taxes refund	71,062	141,976
Income taxes paid	△363,205	△117,114
Net cash flows from operating activities	127,887	△539,415

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from investing activities		
Purchase of property, plant and equipment	△ 88,214	△ 267,663
Proceeds from sale of property, plant and equipment	141	2,019
Purchase of software	△ 69,291	△ 49,344
Purchase of investment securities	△ 10,000	—
Proceeds from sale of investment securities	40,307	1,218
Proceeds from distributions from investment partnerships	68,362	—
Payments of leasehold deposits	—	△ 102
Proceeds from refund of leasehold deposits	190,452	126,854
Payments for asset retirement obligations	△ 146,892	—
Other, net	△ 87,946	△ 44,732
Net cash flows from investing activities	△ 103,081	△ 231,752
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	50,000
Proceeds from long-term borrowings	—	1,450,000
Repayments of long-term borrowings	△ 129,350	△ 120,150
Purchase of treasury shares	△ 578	△ 1,300,016
Proceeds from disposal of treasury shares	36	6
Dividends paid	△ 64,111	△ 64,128
Other, net	△ 78	—
Net cash flows from financing activities	△ 194,081	15,711
Effect of exchange rate change on cash and cash equivalents	14	—
Net increase (decrease) in cash and cash equivalents	△ 169,261	△ 755,456
Cash and cash equivalents at beginning of period	12,946,994	11,484,630
Cash and cash equivalents at end of period	※ 12,777,733	※ 10,729,174

(4) Notes Concerning the Consolidated Financial Statements
 (Note Concerning the Premise of a Going Concern)
 Not applicable

(Note in the Case of Significant Changes in the Amount of Shareholders' Equity)

Faith repurchased 1,800,000 shares of treasury stock based on a resolution of the Board of Directors meeting held on May 17, 2022. Accordingly, the Company's holdings of treasury stock increased by ¥1,299,600 thousand during the first half of the current consolidated fiscal year. As a result of this acquisition, the total amount of treasury stock was ¥2,422,337 at the end of the current second quarter.

(Changes in Accounting Policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

With effect from the beginning of the first quarter of the current consolidated fiscal year, Faith has begun to apply the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021, hereinafter the "Implementation Guidance"). In accordance with this change, the Company has decided to apply the new accounting policies set forth in the Implementation Guidance prospectively in accordance with the transitional treatment stipulated in Section 27-2 of the Implementation Guidance. Application of the Implementation Guidance has no impact on the Company's consolidated financial results.

(Additional Information)

(Application of Accounting Treatment and Disclosure When Adopting the Group Tax Sharing System)

With effect from the beginning of the first quarter of the current consolidated fiscal year, Faith and some of its domestic consolidated subsidiaries have transitioned from a non-consolidated taxation system to the group tax sharing system. In accordance with this change, the Company is applying the Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System (Practical Issues Task Force Report No.42, August 12, 2021), which provides for the accounting treatment and disclosure of income taxes, local income taxes, and tax-effect accounting.

(Segment Information)

I 2nd quarter of the previous consolidated fiscal year/FY 2021 (April 1, 2021 through Sept. 30, 2021)

1. Information on sales and profit or loss by reportable segment

(Unit: thousands of yen)

	Platform	Content	Total	Adjustment amount (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
Net sales					
Goods transferred at a single point in time	1,333,577	5,864,563	7,198,141	—	7,198,141
Goods transferred over a period of time	—	14,433	14,433	—	14,433
Revenue from contracts with customers	1,333,577	5,878,997	7,212,575	—	7,212,575
Sales to external customers	1,333,577	5,878,997	7,212,575	—	7,212,575
Intersegment sales or transfer amount	156,942	13,099	170,041	△170,041	—
Total	1,490,520	5,892,096	7,382,616	△170,041	7,212,575
Segment income or segment loss (△)	66,881	185,831	252,713	△155,985	96,728

Notes: 1.The segment income or loss adjustment amount of △¥155,985 thousand consists of ¥715 thousand in eliminated intersegment transactions and △¥156,700 thousand in companywide expenses not allocated to reportable segments.
 2.Segment income amounts are adjusted with operating income in the quarterly consolidated profit and loss statement.

2. Information regarding impairment loss on fixed assets or goodwill by segment reported

This information is omitted since there is no critical impairment loss on fixed assets or significant change in amount of goodwill.

II 2nd quarter of the current consolidated fiscal year/FY 2022 (April 1, 2022 through Sept. 30, 2022)

1. Information on sales and profit or loss by reportable segment

(Unit: thousands of yen)

	Platform	Content	Total	Adjustment amount (Note 1)	Amount recorded in Consolidated Financial Statements (Note 2)
Net sales					
Goods transferred at a single point in time	1,068,700	6,205,762	7,274,463	—	7,274,463
Goods transferred over a period of time	—	24,802	24,802	—	24,802
Revenue from contracts with customers	1,068,700	6,230,564	7,299,265	—	7,299,265
Sales to external customers	1,068,700	6,230,564	7,299,265	—	7,299,265
Intersegment sales or transfer amount	185,476	16,854	202,331	△202,331	—
Total	1,254,177	6,247,419	7,501,596	△202,331	7,299,265
Segment income or segment loss (△)	△168,792	112,934	△55,858	△185,103	△240,961

Notes: 1. The segment income or loss adjustment amount of △¥185,103 thousand consists of ¥5,754 thousand in eliminated intersegment transactions and △¥190,857 thousand in companywide expenses not allocated to reportable segments.

2. Segment income amounts are adjusted with operating income in the quarterly consolidated profit and loss statement.

2. Information regarding impairment loss on fixed assets or goodwill by segment reported

This information is omitted since there is no critical impairment loss on fixed assets or significant change in amount of goodwill.

3. Matters related to changes in reportable segments, etc.

Historically, the Faith Group has had three reportable segments: the Content Business, the Point Service Business, and the Label Business. However, after reassessing its business management decision-making and performance classifications, with effect from the first quarter of the current consolidated fiscal year, the Group has begun operate under two reportable segments: the Platform Business and the Content Business. Moreover, since Faith Inc. now manages the entire Faith Group following the integration of the Group's offices, the personnel and other expenses of the Company's Administration Department, which were previously included under the Content Business, are now included in the adjustment amount as companywide expenses effective from the first quarter of the current consolidated fiscal year.

In addition, segment information for the cumulative consolidated second quarter of the previous fiscal year is disclosed based on the reporting segment classifications resulting from this change.