

**BRIEF STATEMENT OF CONSOLIDATED FINANCIAL RESULTS
FOR THE 3rd QUARTER OF THE FISCAL YEAR ENDING 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.

February 14, 2024

Faith, Inc. (Stock code 4295, Listed on TSE 1st section)

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

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Date of Submission of Securities Report: February 14, 2024

Starting Date of the Dividend Payment: —

Preparation of Supplementary Materials for Quarterly Financial Results: None

Information Meeting for Quarterly Financial Results to be Held: None

Amounts are rounded down to the nearest JPY 1 million.

1. Results for the 3rd Quarter of the Fiscal Year Ending March 2024

(From April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%
Year ending March 2024 Q3	10,087	△11.7	△493	—	△562	—	△854	—
Year ending March 2023 Q3	11,419	△0.2	△212	—	△189	—	△254	—

(Note) Comprehensive income: 3rd quarter of fiscal year ending March 2024: △¥1,867 million (—%); 3rd quarter of fiscal year ending March 2023: ¥502 million (△11.8%)

	Net Income per Share	Diluted Net Income per Share
	<i>Millions of yen</i>	<i>Millions of yen</i>
Year ending March 2024 Q3	△78.78	—
Year ending March 2023 Q3	△23.05	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Equity Capital
	<i>Millions of yen</i>	<i>Millions of yen</i>	%
Year ending March 2024 Q3	21,318	13,415	62.9
Year ending March 2023	24,226	5,385	63.5

(Reference) Equity capital: 3rd quarter of fiscal year ending March 2024: ¥13,415 million; fiscal year ending March 2023: ¥15,385 million

2. Dividends

	Dividends per Share				
	1 st Quarter	Interim	3 rd Quarter	Year-end	Total
Year ending March 2023	<i>yen</i> —	<i>yen</i> 5.00	<i>yen</i> —	<i>yen</i> 5.00	<i>yen</i> 10.00
Year ending March 2024	—	5.00	—		
Year ending March 2024 (Forecast)				5.00	10.00

(Note) Revision of dividend forecast since the most recently announced dividend forecast: Not applicable

3. Forecast for the Consolidated Results for the Year Ending March 2024 (from April 1, 2023 to March 31, 2024)

(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	13,600	△10.4	△530	—	△600	—	△890	—	△82.10

(Note) Revision of dividend forecast since the most recently announced dividend forecast: Applicable

* Notes

(1) Changes in significant subsidiaries (accompanying changes in scope of consolidation): Applicable

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

Removed subsidiaries: 1 company (subsidiary's name: Faith Wonderworks, Inc.)

(2) Adoption of simplified accounting practices or specific procedures in preparation of the quarterly consolidated financial reports: Not applicable

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

(i) Changes accompanying revisions of accounting standards, etc.: Not applicable

(ii) Changes other than the above: Not applicable

(iii) Changes in accounting estimates: Not applicable

(iv) Restatements: Not applicable

(4) Outstanding shares (common shares)

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

The 3rd quarter of the fiscal year ending March 2024: 13,831,091 shares

The fiscal year ending March 2023: 13,831,091 shares

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

The 3rd quarter of the fiscal year ending March 2024: 2,989,134 shares

The fiscal year ending March 2023: 2,999,883 shares

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

The 3rd quarter of the fiscal year ending March 2024: 10,840,090 shares

The 3rd quarter of the fiscal year ending March 2023: 11,031,626 shares

(Note) The number of shares of treasury stock at the end of the period includes the Company's shares (245,900 shares in Q3 of the fiscal year ending March 2024, 257,200 shares in the fiscal year ending March 2023) 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 (248,033 shares in Q3 of the fiscal year ending March 2024, 257,200 shares in Q3 of the fiscal year ending March 2023)

* 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 3rd Quarter, (3) Explanation Concerning Future Forecast Information on the Consolidated Financial Results, etc." on page 5 of the accompanying material.

Contents

- 1. Qualitative Information Concerning the Settlement of Accounts for the 3rd Quarter 2
 - (1) Explanation Concerning the Operating Results 2
 - (2) Explanation Concerning the Financial Position 4
 - (3) Explanation Concerning Future Forecast Information on the Consolidated Financial Results, etc. 5

- 2. Consolidated Financial Statements and Important Explanatory Notes 6
 - (1) Consolidated Balance Sheet 6
 - (2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income 8
 - (Consolidated Statement of Income) 8
 - (Consolidated Statement of Comprehensive Income)..... 9
 - (3) Notes Concerning the Consolidated Financial Statements 10
 - (Note Concerning the Premise of a Going Concern)..... 10
 - (Note in the Case of Significant Changes in the Amount of Shareholders' Equity) 10
 - (Segment Information) 10

1. Qualitative Information Concerning the Settlement of Accounts for the 3rd Quarter

(1) Explanation Concerning the Operating Results

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 14.3% in 2022 from the previous year to ¥3,091.2 billion, exceeding the combined advertising expenses for the four largest mass media sectors (newspapers, magazines, radio, and television) of ¥2,398.5 billion, and accounting for 43.5% of Japan's total advertising expenditures ^{(*)2}. This trend is also evident worldwide, where in 2023 global spending on digital advertising is expected to reach approximately ¥59 trillion (US\$424.3 billion), an increase of 7.8% from the previous year, with spending on digital advertising exceeding 58.3% of total spending on advertising ^{(*)3}.

*1. Source: Ministry of Internal Affairs and Communications, *2022 Telecommunications Usage Trend Survey Results*

*2. Source: Dentsu Inc., *2022 Advertising Expenditures in Japan*

*3. Source: Dentsu Group Inc., *Global Ad Spend Forecasts (2023-2025)*

In the entertainment market in 2022, sales in the global music market centered on streaming services grew by 9.0% year over year to approximately ¥3,523.4 billion (US\$26.2 billion), expanding for the eighth consecutive year and reaching its highest total since the beginning of this century. In particular, paid subscription streaming accounted for 67% of the total, increasing to ¥2,345 billion (\$17.5 billion) ^{(*)4}. In Japan, the production value of music software including music videos increased by 4% year over year to ¥202.3 billion, exceeding ¥200 billion for the first time since 2019, three years earlier. Moreover, paid music distribution sales increased by 17% to ¥105.0 billion and audio streaming sales increased by 25% year over year to ¥92.8 billion, accounting for almost 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 2023*

*6. Source: PIA Research Institute, *Japanese Live Entertainment Market Size 2022 Preliminary Report* (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 original songs worldwide by simply 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 overseas. 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. We are aiming to further develop synergies within the Group by consolidating the major labels, reinforcing and streamlining the administrative and sales functions, and integrating the assets belonging to each label using the Group’s own technology.

In addition, Faith, Inc. has consolidated its office functions into the Minami-Aoyama Office, and has established a permanent telework work system in anticipation of changes in behavioral patterns and the establishment of new values. We are actively engaged in a company-wide effort to reestablish and activate cross-sectional communication between departments, and we will continue to pursue more flexible workstyles and realize diverse and efficient ways of working.

Furthermore, the Company, which had been listed on the Prime Market of the Tokyo Stock Exchange, has 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 the changes in the music industry and enhance the corporate value of the entire group.

Regarding the Faith Group’s business performance for the third quarter of the fiscal year ending March 2024, net sales decreased by 11.7% from the same quarter of the previous fiscal year to ¥10,087 million. The Group reported an operating loss of ¥493 million (compared with an operating loss of ¥212 million for the same period of the previous fiscal year), and an ordinary loss of ¥562 million (compared with an ordinary loss of ¥189 million for the same period of the previous fiscal year). Moreover, after carefully examining the recoverability of deferred tax assets in light of future business performance trends, the Group reversed ¥279 million in deferred tax assets and ¥268 million in income taxes-deferred, resulting in a quarterly net loss attributable to the owners of the parent of ¥854 million (compared with a net loss attributable to the owners of the parent of ¥254 million for the same period of the previous fiscal year).

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, we have introduced a system that allows fans to contribute to building a community by sharing the information that creators send out. Moreover, as the provider of a service that allows artists to freely disseminate their work and information more widely, we are attempting to acquire a larger user base and improve the quality of the service by pursuing greater convenience.

In addition, the point service not only provides a platform for retailers to operate point systems, but also offers total support from planning to operation as a series of cycles for acquiring, analyzing, and utilizing point issuance data for sales promotions, and provides outsourcing services to maximize the efficiency of sales promotions in the retail industry.

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 third quarter of the current consolidated fiscal year, although artist-oriented platform sales increased, sales of official carrier website services for mobile phone content distribution and points issued to existing member stores on the retailer point system operation platform both recorded decreases, with the result that net sales decreased by 5.3% year over year to ¥1,523 million. In addition, improvements in business schemes resulted in segment loss ¥178 million (compared with a segment loss of ¥219 million for the same period of 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 domestically and globally.

Although major live events by the company’s artists were held during the period and sales of high-margin sound sources increased, sales of major packaged products decreased, with the result that net sales decreased by 12.7% year over year to ¥8,563 million, and segment income declined by 90.9% year over year to ¥26 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) Explanation Concerning the Financial Position

As of the end of the third quarter of the current fiscal year ending March 2024 (December 31, 2023), total assets decreased by ¥2,907 million compared to the end of the previous fiscal year to ¥21,318 million. This was mainly due to a decrease in cash and deposits and a decrease in investment securities.

Total liabilities increased by ¥937 million compared to the end of the previous fiscal year to ¥7,903 million. This was mainly due to the repayment of long-term loans payable and a decrease in deferred tax liabilities.

Net assets decreased by ¥1,970 million compared to the end of the previous fiscal year to ¥13,415 million. This was mainly due to a decrease in retained earnings due to the recording of a quarterly net loss and a decrease in the valuation difference on available-for-sale securities.

As a result of the above, the equity ratio was 62.9%, a decrease of 0.6 percentage points from the end of the previous fiscal year.

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

For details of the full-year consolidated performance forecast for the fiscal year ending March 31, 2024, please refer to the “Notice of Revision of Performance Forecast,” which was separately disclosed on February 14, 2024 (in Japanese).

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.

2. Consolidated Financial Statements and Important Explanatory Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	11,024,018	10,125,776
Notes receivable	6,873	5,672
Accounts receivable	1,992,323	1,904,430
Contract assets	920	150
Marketable securities	218,509	216,491
Merchandise and finished goods	290,769	348,048
Work in process	373,434	380,306
Raw materials and supplies	62,796	40,824
Income taxes refundable	175,393	401
Other	796,954	902,190
Allowance for doubtful accounts	△23,801	△22,455
Total current assets	14,918,191	13,901,837
Non-current assets		
Property, plant and equipment	3,581,540	3,523,211
Intangible assets		
Goodwill	1,149,180	1,058,612
Other	359,067	379,442
Total intangible assets	1,508,248	1,438,055
Investments and other assets		
Investment securities	3,621,214	2,104,279
Deferred tax assets	210,402	64,229
Other	1,064,557	396,094
Allowance for doubtful accounts	△677,703	△109,238
Total investments and other assets	4,218,470	2,455,364
Total non-current assets	9,308,259	7,416,631
Total assets	24,226,451	21,318,469
Liabilities		
Current liabilities		
Notes and accounts payable - trade	765,755	758,127
Short-term loans payable	390,000	387,501
Current portion of long-term debt	495,350	433,200
Accounts payable - other	906,621	666,810
Accrued expenses payable	3,141,533	3,150,883
Income taxes payable	27,201	82,912
Provision for bonuses	295,468	188,121
Contract liabilities	48,216	33,156
Other	742,554	859,178
Total current liabilities	6,812,700	6,559,890
Non-current liabilities		
Long-term loans payable	924,800	599,900
Retirement benefit liabilities	504,822	466,272
Provision for share awards for directors (and other officers)	47,158	36,146
Asset retirement obligations	39,333	39,333
Deferred tax liabilities	482,410	192,355
Other	29,335	9,357
Total non-current liabilities	2,027,860	1,343,365
Total liabilities	8,840,561	7,903,256

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
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	8,886,840
Treasury shares	△2,422,510	△2,414,581
Total shareholders' equity	13,487,710	12,530,675
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,848,510	855,184
Foreign currency translation adjustment	△8,879	△8,903
Accumulated retired benefit adjustment	58,547	38,255
Total accumulated other comprehensive income	1,898,179	884,537
Non-controlling interests	—	—
Total net assets	15,385,889	13,415,213
Total liabilities and net assets	24,226,451	21,318,469

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

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	11,419,587	10,087,158
Cost of sales	7,113,276	6,247,892
Gross profit	4,306,310	3,839,265
Selling, general and administrative expenses	4,518,834	4,332,930
Operating income (loss)	△212,523	△493,664
Non-operating income		
Interest income	138	57
Dividend income	4,825	6,628
Interest on marketable securities	132	393
Gain on investments in investment partnerships	569	7,064
Foreign exchange gains	—	415
Subsidy income	42,984	755
Gain on reversal of provision for directors' stock benefits	—	6,853
Miscellaneous income	23,253	21,464
Total non-operating income	71,903	43,631
Non-operating expenses		
Interest expenses	5,919	6,564
Equity in losses of affiliates	22,172	72,899
Loss on investments in investment partnerships	10,457	6,003
Loss on valuation of marketable securities	8,840	2,913
Foreign exchange losses	614	—
Settlement money	—	11,155
Miscellaneous expenses	594	12,909
Total non-operating expenses	48,598	112,447
Ordinary income (loss)	△189,217	△562,480
Extraordinary Income		
Gain on sale of non-current assets	4,882	2,327
Gain on business transfer	—	25,000
Total extraordinary income	4,882	27,327
Extraordinary losses		
Loss on disposal of non-current assets	1,901	0
Loss on valuation of investment securities	—	1,784
Total extraordinary losses	1,901	1,784
Net income (loss) before income taxes	△186,236	△536,937
Income taxes - current	83,768	48,460
Income taxes - deferred	△15,646	268,602
Net income (loss)	△254,358	△854,001
Net income (loss) attributable to owners of parent	△254,358	△854,001

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit (loss)	△254,358	△854,001
Other comprehensive income		
Valuation difference on available-for-sale securities	753,273	△993,325
Foreign currency translation adjustment	—	△23
Retirement benefit adjustment (before any applicable tax effect)	3,649	△20,292
Total other comprehensive income	756,922	△1,013,641
Comprehensive income	502,564	△1,867,643
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	502,564	△1,867,643
Comprehensive income attributable to non-controlling interests	—	—

(3) 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)

Not applicable

(Segment Information)

I 3rd quarter of the previous consolidated fiscal year/FY 2022 (April 1, 2022 through Dec. 31, 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	1,608,809	9,737,415	11,346,225	—	11,346,225
Goods transferred over a period of time	—	73,362	73,362	—	73,362
Revenue from contracts with customers	1,608,809	9,810,777	11,419,587	—	11,419,587
Sales to external customers	1,608,809	9,810,777	11,419,587	—	11,419,587
Intersegment sales or transfer amount	292,552	42,307	334,859	△334,859	—
Total	1,901,361	9,853,084	11,754,446	△334,859	11,419,587
Segment income or segment loss (△)	△219,046	287,953	68,907	△281,430	△212,523

Notes: 1. The segment income or loss adjustment amount of △¥281,430 thousand consists of ¥9,348 thousand in eliminated intersegment transactions and △¥290,779 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 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 fiscal year. In addition, segment information for the cumulative third quarter of the previous fiscal year is disclosed based on the reporting segment classifications resulting from this change.

II 3rd quarter of the current consolidated fiscal year/FY 2023 (April 1, 2023 through Dec. 31, 2023)

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	1,523,945	8,475,109	9,999,055	—	9,999,055
Goods transferred over a period of time	—	88,102	88,102	—	88,102
Revenue from contracts with customers	1,523,945	8,563,212	10,087,158	—	10,087,158
Sales to external customers	1,523,945	8,563,212	10,087,158	—	10,087,158
Intersegment sales or transfer amount	354,528	75,871	430,400	△430,400	—
Total	1,878,474	8,639,084	10,517,558	△430,400	10,087,158
Segment income or segment loss (△)	△178,531	26,321	△152,209	△341,454	△493,664

Notes: 1. The segment income or loss adjustment amount of △¥341,454 thousand consists of ¥2,202 thousand in eliminated intersegment transactions and △¥343,656 thousand in companywide expenses not allocated to reportable segments. Corporate expenses mainly consist of expenses related to the Company's administrative departments that do not belong to any reportable segment.

2. Segment income or loss amounts are adjusted with operating loss 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.

Not applicable.