

**BRIEF STATEMENT OF CONSOLIDATED FINANCIAL RESULTS
FOR THE 1st 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.

August 12, 2022

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

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

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Date of Submission of Securities Report: August 12, 2022

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 1st Quarter of the Fiscal Year Ending March 2023

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

(1) Consolidated Operating Results (cumulative totals)

(Percentages indicate changes compared with the 1st 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 2023 Q1 | 3,524 | 3.5 | △90 | — | △46 | — | △87 | — |
| Year ending March 2022 Q1 | 3,404 | △36.2 | △5 | — | 85 | △86.2 | △1 | — |

(Note) Comprehensive income: 1st quarter of the fiscal year ending March 2023: ¥78 million (△67.5%); 1st quarter of the fiscal year ending March 2022: ¥240 million (△76.5%)

| | Net Income per Share | Diluted Net Income per Share |
|---------------------------|----------------------|------------------------------|
| | <i>Yen</i> | <i>Yen</i> |
| Year ending March 2023 Q1 | △7.63 | — |
| Year ending March 2022 Q1 | △0.14 | — |

(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 2023 Q1 | 23,537 | 15,816 | 67.2 |
| Year ending March 2022 | 25,291 | 17,117 | 67.7 |

(Reference) Equity capital: 1st quarter of fiscal year ending March 2023: ¥15,816 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 | <i>yen</i> | <i>yen</i> | <i>yen</i> | <i>yen</i> | <i>yen</i> |
| Year ending March 2022 | — | 5.00 | — | 5.00 | 10.00 |
| Year ending March 2023 (Forecast) | — | 5.00 | — | 5.00 | 10.00 |

(Note) Forecasts for dividends have not been modified since the time of the most recently announced business 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 and the previous interim result.)

| | 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 | 17,000 | 11.0 | 350 | — | 345 | 152.0 | 295 | — | 26.86 |

(Note) Forecasts for dividends have been modified since the time of the most recently announced business 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 policies, 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, (3) Notes Concerning the Consolidated Financial Statements (Changes in Accounting Policies)" on page 9 of the accompanying material.

(4) Outstanding shares (common shares)

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

The 1st 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 period:

The 1st quarter of the fiscal year ending March 2023: 2,999,324 shares

The fiscal year ending March 2022: 1,198,938 shares

(iii) Average number of shares during the period (cumulative total for the quarter)

The 1st quarter of the fiscal year ending March 2023: 11,431,815 shares

The 1st quarter of the fiscal year ending March 2022: 12,632,953 shares

(Note) The number of shares of treasury stock at the end of the period includes those shares (257,200 shares in Q1 of the fiscal year ending March 2023, 257,200 shares in the fiscal year ending March 2022) 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 (257,200 shares in Q1 of the fiscal year ending March 2023, 257,200 shares in Q1 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 1st Quarter, (3) Explanation Concerning Future Forecast Information on the Consolidated Financial Results, etc." on page 4 of the accompanying material.

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1. Qualitative Information Concerning the Settlement of Accounts for the 1st 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 includes 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. A diverse lineup of live performances by numerous artists and online experiential attractions have already been made available on Thumva, and we are planning to continue live streaming with an even broader variety of lineups in 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. 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.

The Faith Group has established a regular teleworking system. In addition, we have consolidated our main office functions, which were previously dispersed throughout the company, into the Minami Aoyama Office. In anticipation of changes in behavioral patterns and the establishment of new values, we are committed to realizing diverse and efficient new ways of working based on the concept of "activity-based working" (*8).

*8. A way of working that allows individuals to choose their workspace and style according to their work contents

Regarding the Faith Group's business performance for the first quarter of the current consolidated fiscal year ending March 2023, net sales increased by 3.5% year over year to ¥3,524 million, due mainly to a recovery in sales in the Content Business. However, as a result of a decrease in sales of content distribution to cell phones in the Platform Business, the Group reported an operating loss of ¥90 million (compared with an operating loss of ¥5 million for the same period of the previous year), an ordinary loss of ¥46 million (compared with an ordinary income of ¥85 million for the same period of the previous year), and a net loss attributable to the shareholders of the parent of ¥87 million (compared to a net loss attributable to the shareholders of the parent of ¥1 million for the same period of the previous 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.

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 (*9) 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.

*9. 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 first 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 ¥518 million (a decrease of 23.3% year over year), and a segment loss of ¥96 million (compared with a segment income of ¥39 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 for the first quarter of the current consolidated fiscal year, net sales increased by 10.2% year over year to ¥3,006 million, mainly due to an increase in the sales volume of Nippon Columbia amid signs of recovery in the entertainment market. Meanwhile, segment income increased 185.5% year-on-year to ¥94 million due mainly due to improved operating conditions in the location business, which had been strongly impacted by measures taken to counter the spread of COVID-19 during the previous fiscal year.

*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

Total assets as of the end of the first quarter of the current consolidated fiscal year ending March 2023 (June 30, 2022) decreased by ¥1,754 million compared to the end of the previous consolidated fiscal year to ¥23,537 million. This result was mainly attributable to a decrease of ¥1,984 million in cash and deposits, a decrease of ¥321 million in notes and accounts receivable - trade, and an increase of ¥226 million in investment securities.

Total liabilities decreased by ¥453 million compared to the end of the previous consolidated fiscal year to ¥7,720 million. This result was mainly due to a decrease of ¥417 million in notes and accounts payable -trade.

Net assets increased by ¥1,301 million compared to the end of the previous consolidated fiscal year to ¥15,816 million. This was mainly due to acquisition of treasury stock.

As a result of the above, the equity ratio decreased by 0.5 percentage points to 67.2%.

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

There is no change in the forecast of consolidated financial results for the current fiscal year from the forecast announced on May 13, 2022. Although performance forecasts are based on information available to the Company at the time of preparation, they include factors that are highly uncertain, such as the impact of COVID-19, and 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, 2022 | As of June 30, 2022 |
|---|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 11,536,650 | 9,552,248 |
| Notes and accounts receivable - trade | 2,046,903 | 1,725,814 |
| Contract assets | 370 | 220 |
| Marketable securities | 224,003 | 221,355 |
| Merchandise and finished goods | 336,103 | 372,163 |
| Work in process | 499,421 | 614,957 |
| Raw materials and supplies | 104,241 | 71,141 |
| Income taxes refundable | 141,976 | 143,770 |
| Other | 639,337 | 768,931 |
| Allowance for doubtful accounts | △18,325 | △19,298 |
| Total current assets | 15,510,681 | 13,451,305 |
| Non-current assets | | |
| Property, plant and equipment | 3,454,136 | 3,573,560 |
| Intangible assets | | |
| Goodwill | 1,270,938 | 1,239,748 |
| Other | 386,399 | 391,004 |
| Total intangible assets | 1,657,338 | 1,630,753 |
| Investments and other assets | | |
| Investment securities | 3,528,354 | 3,754,617 |
| Deferred tax assets | 705,202 | 678,225 |
| Other | 1,071,430 | 1,085,817 |
| Allowance for doubtful accounts | △635,348 | △637,171 |
| Total investments and other assets | 4,669,638 | 4,881,488 |
| Total non-current assets | 9,781,112 | 10,085,803 |
| Total assets | 25,291,794 | 23,537,108 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 1,401,065 | 983,481 |
| Short-term borrowings | 340,000 | 340,000 |
| Current portion of long-term borrowings | 217,700 | 197,600 |
| Accounts payable - other | 678,160 | 592,902 |
| Accrued expenses | 2,888,759 | 3,013,939 |
| Income taxes payable | 119,451 | 21,020 |
| Provision for bonuses | 238,261 | 120,596 |
| Contract liabilities | 49,569 | 48,290 |
| Other | 689,109 | 816,246 |
| Total current liabilities | 6,622,077 | 6,134,077 |
| Non-current liabilities | | |
| Long-term borrowings | 162,150 | 118,375 |
| Retirement benefit liabilities | 542,544 | 547,521 |
| Provision for share awards for directors (and other officers) | 39,691 | 41,333 |
| Asset retirement obligations | 39,283 | 39,283 |
| Deferred tax liabilities | 765,118 | 837,359 |
| Other | 3,191 | 3,032 |
| Total non-current liabilities | 1,551,979 | 1,586,905 |
| Total liabilities | 8,174,057 | 7,720,982 |

(Thousands of yen)

| | As of March 31, 2022 | As of June 30, 2022 |
|---|----------------------|---------------------|
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 3,218,000 | 3,218,000 |
| Capital surplus | 2,840,498 | 2,840,498 |
| Retained earnings | 10,393,392 | 10,226,242 |
| Treasury shares | △1,122,330 | △2,422,217 |
| Total shareholders' equity | 15,329,560 | 13,862,523 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,740,714 | 1,904,919 |
| Foreign currency translation adjustment | △8,881 | △8,877 |
| Accumulated retirement benefit adjustment | 56,343 | 57,559 |
| Total accumulated other comprehensive income | 1,788,177 | 1,953,602 |
| Non-controlling interests | — | — |
| Total net assets | 17,117,737 | 15,816,125 |
| Total liabilities and net assets | 25,291,794 | 23,537,108 |

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

(Thousands of yen)

| | Three months ended June 30, 2021 | Three months ended June 30, 2022 |
|---|-------------------------------------|-------------------------------------|
| Net sales | 3,404,496 | 3,524,919 |
| Cost of sales | 2,008,734 | 2,126,659 |
| Gross profit | 1,395,761 | 1,398,259 |
| Selling, general and administrative expenses | 1,401,108 | 1,488,860 |
| Operating loss | △5,346 | △90,600 |
| Non-operating income | | |
| Interest income | 0 | 0 |
| Dividend income | 2,090 | 3,121 |
| Interest on securities | 2 | 12 |
| Gain on investments in investment partnerships | 82,872 | 569 |
| Share of profit of entities accounted for using equity method | 12,736 | — |
| Gain on valuation of securities | 200 | — |
| Subsidy income | 24,051 | 49,460 |
| Miscellaneous income | 9,224 | 592 |
| Total non-operating income | 131,179 | 53,756 |
| Non-operating expenses | | |
| Interest expenses | 1,247 | 888 |
| Loss on valuation of securities | — | 3,724 |
| Loss on investments in investment partnerships | 38,018 | — |
| Share of loss of entities accounted for using equity method | — | 4,536 |
| Foreign exchange losses | 2 | 276 |
| Miscellaneous expenses | 662 | 14 |
| Total non-operating expenses | 39,930 | 9,440 |
| Ordinary profit (loss) | 85,901 | △46,285 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | — | 541 |
| Loss on valuation of investment securities | 7,791 | — |
| Loss on liquidation of subsidiaries | 21,597 | — |
| Total extraordinary losses | 29,388 | 541 |
| Profit (loss) before income taxes | 56,513 | △46,826 |
| Income taxes - current | 33,362 | 13,375 |
| Income taxes - deferred | 25,005 | 27,028 |
| Total income taxes | 58,367 | 40,404 |
| Loss | △1,854 | △87,231 |
| Loss attributable to owners of parent | △1,854 | △87,231 |

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

| | Three months ended June 30, 2021 | Three months ended June 30, 2022 |
|--|-------------------------------------|-------------------------------------|
| Loss | △1,854 | △87,231 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 233,843 | 164,205 |
| Foreign currency translation adjustment | 21,922 | 4 |
| Retirement benefit adjustment (before any applicable tax effect) | △13,433 | 1,216 |
| Total other comprehensive income | 242,332 | 165,425 |
| Comprehensive income | 240,478 | 78,193 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 240,478 | 78,193 |
| 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)

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 quarter of the current consolidated fiscal year. As a result of this acquisition, the total amount of treasury stock was ¥2,422,217,000 at the end of the current first quarter.

(Changes in Accounting Policies)

(Application of the 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 the 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 1st quarter of the previous consolidated fiscal year/FY 2021 (April 1, 2021 through June 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 | 676,436 | 2,723,213 | 3,399,649 | — | 3,399,649 |
| Goods transferred over a period of time | — | 4,846 | 4,846 | — | 4,846 |
| Revenue from contracts with customers | 676,436 | 2,728,060 | 3,404,496 | — | 3,404,496 |
| Sales to external customers | 676,436 | 2,728,060 | 3,404,496 | — | 3,404,496 |
| Intersegment sales or transfer amount | 72,247 | 6,680 | 78,928 | △78,928 | — |
| Total | 748,683 | 2,734,741 | 3,483,424 | △78,928 | 3,404,496 |
| Segment income or segment loss (△) | 39,844 | 33,111 | 72,956 | △78,303 | △5,346 |

Notes: 1. The segment income or loss adjustment amount of △¥78,303 thousand consists of ¥316 thousand in eliminated intersegment transactions and △¥78,619 thousand in companywide expenses that are not allocated to the 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 current assets or goodwill by segment reported

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

II 1st quarter of the current consolidated fiscal year/FY 2022 (April 1, 2022 through June 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 | 518,670 | 2,998,143 | 3,516,813 | — | 3,516,813 |
| Goods transferred over a period of time | — | 8,105 | 8,105 | — | 8,105 |
| Revenue from contracts with customers | 518,670 | 3,006,249 | 3,524,919 | — | 3,524,919 |
| Sales to external customers | 518,670 | 3,006,249 | 3,524,919 | — | 3,524,919 |
| Intersegment sales or transfer amount | 87,070 | 7,731 | 94,801 | △94,801 | — |
| Total | 605,740 | 3,013,981 | 3,619,721 | △94,801 | 3,524,919 |
| Segment income or segment loss (△) | △96,311 | 94,532 | △1,778 | △88,822 | △90,600 |

Notes: 1. The segment income or loss adjustment amount of △¥88,822 thousand consists of ¥4,211 thousand in eliminated intersegment transactions and △¥93,033 thousand in companywide expenses that are not allocated to the 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 current assets or goodwill by segment reported

This information is omitted since there is no critical impairment loss on current 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.

In addition, 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.