

**BRIEF STATEMENT OF CONSOLIDATED FINANCIAL RESULTS
FOR THE 2st QUARTER OF THE FISCAL YEAR ENDED MARCH 2025**

Balance Sheet, Income & Cash flow Statements

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.
We will post the full version as soon as it is available.

November 14, 2024

Faith, Inc. (Stock code 4295, TSE Standard section) (URL <https://www.faith.co.jp/>)
Period: from April 1, 2024 to September 30, 2024

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1 Consolidated Financial Statements and Main Explanatory Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	9,808,298	9,490,545
Notes receivable - trade	5,831	4,470
Accounts receivable - trade	2,360,257	1,684,871
Contract assets	120	140
Securities	214,953	213,479
Merchandise and finished goods	287,356	321,528
Work in process	562,519	717,154
Raw materials and supplies	44,505	43,798
Income taxes refund receivable	405	14
Other	1,178,706	889,486
Allowance for doubtful accounts	△20,364	△21,324
Total current assets	14,442,592	13,344,165
Non-current assets		
Property, plant and equipment	3,494,199	3,479,705
Intangible assets		
Goodwill	1,028,423	968,044
Other	263,053	254,018
Total intangible assets	1,291,477	1,222,062
Investments and other assets		
Investment securities	2,168,088	2,372,594
Deferred tax assets	70,091	135,875
Other	546,213	347,594
Allowance for doubtful accounts	△109,238	△110,514
Total investments and other assets	2,675,154	2,745,550
Total non-current assets	7,460,831	7,447,319
Total assets	21,903,424	20,791,484
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,107,266	810,460
Short-term borrowings	385,002	239,171
Current portion of long-term borrowings	433,200	408,200
Accounts payable - other	801,762	774,069
Accrued expenses	3,008,212	2,944,265
Income taxes payable	83,716	48,499
Provision for bonuses	274,752	194,679
Provision for business restructuring	68,162	—
Contract liabilities	32,651	26,361
Other	1,087,841	971,441
Total current liabilities	7,282,567	6,417,149
Non-current liabilities		
Long-term borrowings	491,600	300,000
Retirement benefit liability	450,133	416,962
Provision for share awards for directors (and other officers)	37,479	35,011
Asset retirement obligations	39,383	39,383
Deferred tax liabilities	324,855	517,817
Other	3,271	2,397
Total non-current liabilities	1,346,723	1,311,572
Total liabilities	8,629,291	7,728,721

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	3,218,000	3,218,000
Capital surplus	2,840,416	2,840,392
Retained earnings	8,644,481	8,298,243
Treasury shares	△2,414,684	△2,402,551
Total shareholders' equity	12,288,213	11,954,085
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	959,469	1,085,052
Foreign currency translation adjustment	△8,877	△8,867
Remeasurements of defined benefit plans	35,327	32,493
Total accumulated other comprehensive income	985,919	1,108,678
Non-controlling interests	—	—
Total net assets	13,274,133	13,062,763
Total liabilities and net assets	21,903,424	20,791,484

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

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	6,773,515	6,988,194
Cost of sales	4,223,301	4,404,581
Gross profit	2,550,213	2,583,613
Selling, general and administrative expenses	※ 2,879,608	※ 2,719,311
Operating loss	△329,394	△135,698
Non-operating income		
Interest income	57	2,537
Dividend income	4,716	3,798
Interest on securities	252	301
Share of profit of entities accounted for using equity method	—	28,231
Gain on investments in investment partnerships	5,067	5,577
Foreign exchange gains	1,122	—
Subsidy income	414	—
Gain on reversal of reserve for directors' stock benefits	6,853	—
Miscellaneous income	20,958	12,042
Total non-operating income	39,442	52,488
Non-operating expenses		
Interest expenses	4,536	3,450
Share of loss of entities accounted for using equity method	37,572	—
Loss on investments in investment partnerships	6,003	3,799
Foreign exchange losses	—	818
Loss on valuation of securities	6,738	958
Settlement payments	11,155	—
Miscellaneous expenses	6,534	2,036
Total non-operating expenses	72,540	11,063
Ordinary loss	△362,492	△94,273
Extraordinary income		
Gain on sale of non-current assets	—	949
Total extraordinary income	—	949
Extraordinary losses		
Loss on disposal of non-current assets	—	164
Loss on valuation of investment securities	1,784	—
Business restructuring expenses	—	90,323
Total extraordinary losses	1,784	90,488
Loss before income taxes	△364,277	△183,812
Income taxes - current	36,797	33,475
Income taxes - deferred	△37,356	73,511
Loss	△363,717	△290,799
Loss attributable to owners of parent	△363,717	△290,799

(Consolidated Statement of Comprehensive Income)

	(Thousands of yen)	
	Six months ended September 30, 2023	Six months ended September 30, 2024
Loss	△363,717	△290,799
Other comprehensive income		
Valuation difference on available-for-sale securities	△684,966	125,583
Foreign currency translation adjustment	8	9
Remeasurements of defined benefit plans, net of tax	△20,292	△2,833
Total other comprehensive income	△705,250	122,758
Comprehensive income	△1,068,968	△168,041
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△1,068,968	△168,041
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Loss before income taxes	△364,277	△183,812
Depreciation	88,846	89,058
Amortization of goodwill	60,378	60,378
Business restructuring expenses	—	90,323
Increase (decrease) in allowance for doubtful accounts	14,483	2,235
Increase (decrease) in provision for bonuses	△57,858	△80,073
Increase (decrease) in provision for business restructuring	—	△68,162
Increase (decrease) in retirement benefit liability	△15,041	△33,171
Increase (decrease) in provision for share awards for directors (and other officers)	△12,345	△2,468
Interest and dividend income	△4,773	△6,335
Loss (gain) on valuation of securities	6,738	958
Interest income on securities	△252	△301
Interest expenses	4,536	3,450
Subsidy income	△414	—
Share of loss (profit) of entities accounted for using equity method	37,572	△28,231
Loss (gain) on investments in investment partnerships	935	△1,778
Loss (gain) on valuation of investment securities	1,784	—
Loss (gain) on disposal of non-current assets	—	164
Decrease (increase) in trade receivables	153,015	724,087
Decrease (increase) in inventories	12,707	△188,119
Increase (decrease) in trade payables	10,606	△296,805
Other, net	6,437	△155,306
Subtotal	△56,921	△73,908
Subsidies received	414	—
Interest and dividends received	5,026	6,637
Interest paid	△4,686	△3,572
Income taxes refund	135,743	405
Income taxes paid	△24,995	△68,710
Net cash provided by (used in) operating activities	54,579	△139,148

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	△25,579	△46,462
Proceeds from sale of property, plant and equipment	—	1,590
Purchase of software	△36,990	△25,996
Purchase of investment securities	—	△10,000
Loan advances	—	△30,000
Proceeds from distributions from investment partnerships	902	6,457
Proceeds from collection of loans receivable	347	275,520
Proceeds from refund of leasehold deposits	—	220
Other, net	55,255	55,528
Net cash provided by (used in) investing activities	△6,065	226,859
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	△145,831
Repayments of long-term borrowings	△278,750	△216,600
Purchase of treasury shares	△244	△178
Proceeds from disposal of treasury shares	8,196	12,288
Dividends paid	△55,134	△55,151
Net cash provided by (used in) financing activities	△325,932	△405,472
Effect of exchange rate change on cash and cash equivalents	8	9
Net increase (decrease) in cash and cash equivalents	△277,410	△317,752
Cash and cash equivalents at beginning of period	10,973,997	9,758,276
Cash and cash equivalents at end of period	※ 10,696,586	※ 9,440,523