

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

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.

May 14, 2024

Faith, Inc. (Stock code 4295, TSE Standard section) (URL <https://www.faith.co.jp/>)
Period: from April 1, 2023 to March 31, 2024

Table of Contents

1. Consolidated Financial Statements and Main Explanatory Notes.....	2
(1) Consolidated Balance Sheet.....	2
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income ...	4
(Consolidated Statement of Income)	4
(Consolidated Statement of Comprehensive Income)	5
(3) Consolidated Statement of Cash Flows.....	6

1 Consolidated Financial Statements and Main Explanatory Notes
(1) Consolidated Balance Sheet

(Thousands of yen)

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

(Thousands of yen)

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

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

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	15,177,877	13,738,355
Cost of sales	9,382,883	8,547,751
Gross profit	5,794,994	5,190,603
Selling, general and administrative expenses	5,978,124	5,725,161
Operating loss	△183,130	△534,557
Non-operating income		
Interest income	104	163
Dividend income	4,440	6,628
Interest on securities	232	534
Foreign exchange gains	—	1,003
Gain on investments in investment partnerships	2,481	6,355
Subsidy income	55,438	11,190
Gain From Settlement Of Accrued Royalties	—	110,815
Gain on reversal of reserve for directors' stock benefits	—	6,853
Miscellaneous income	39,675	28,454
Total non-operating income	102,372	172,000
Non-operating expenses		
Interest expenses	8,470	8,428
Foreign exchange losses	622	—
Equity in losses of affiliates	35,416	154,183
Loss on valuation of securities	6,439	5,312
Loss on investments in investment partnerships	9,922	6,731
Settlement payments	—	11,155
Miscellaneous expenses	6,546	16,300
Total non-operating expenses	67,417	202,112
Ordinary loss	△148,174	△564,669
Extraordinary income		
Gain on sale of non-current assets	4,832	2,327
Gain on sale of investment securities	—	1,372
Gain on sale of businesses	—	26,000
Compensation income	—	70,015
Total extraordinary income	4,832	99,714
Extraordinary losses		
Loss on disposal of non-current assets	18,807	15
Loss on valuation of investment securities	—	25,040
Impairment losses	13,170	106,576
Business restructuring expenses	—	68,162
Total extraordinary losses	31,977	199,794
Loss before income taxes	△175,319	△664,749
Income taxes - current	81,746	64,534
Income taxes - deferred	164,711	367,076
Total income taxes	246,457	431,610
Loss	△421,777	△1,096,360
Loss attributable to non-controlling interests	—	—
Loss attributable to owners of parent	△421,777	△1,096,360

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Loss	△421,777	△1,096,360
Other comprehensive income		
Valuation difference on available-for-sale securities	107,795	△889,041
Foreign currency translation adjustment	2	2
Remeasurements of defined benefit plans, net of tax	2,204	△23,219
Total other comprehensive income	110,001	△912,259
Comprehensive income	△311,775	△2,008,620
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△311,775	△2,008,620
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Loss before income taxes	△175,319	△664,749
Depreciation	186,636	186,242
Impairment losses	13,170	106,576
Amortization of goodwill	121,757	120,757
Business restructuring expenses	—	68,162
Increase (decrease) in allowance for doubtful accounts	47,832	△3,314
Increase (decrease) in provision for bonuses	57,206	△20,715
Increase (decrease) in retirement benefit liability	△37,722	△54,688
Increase (decrease) in provision for share awards for directors (and other officers)	7,466	△9,679
Interest and dividend income	△4,544	△6,792
Interest income on securities	△232	△534
Loss (gain) on valuation of securities	6,439	5,312
Interest expenses	8,470	8,428
Subsidy income	△55,438	△11,190
Loss (gain) on sale of businesses	—	△26,000
Compensation income	—	△70,015
Equity in losses of affiliates	35,416	154,183
Loss (gain) on investments in investment partnerships	7,441	376
Loss (gain) on valuation of investment securities	—	23,668
Loss (gain) on disposal of non-current assets	18,807	15
Decrease (increase) in trade receivables	52,582	△411,898
Decrease (increase) in inventories	212,214	△166,580
Increase (decrease) in trade payables	△635,309	341,511
Decrease (increase) in consumption taxes refund receivable	69,431	△108,499
Increase (decrease) in accrued consumption taxes	22,867	63,222
Other, net	371,456	△57,370
Subtotal	330,630	△533,572
Subsidies received	55,438	11,190
Interest and dividends received	4,776	7,326
Interest paid	△7,525	△8,722
Proceeds from compensation	—	70,015
Income taxes refund	138,186	190,240
Income taxes paid	△363,105	△24,632
Net cash provided by (used in) operating activities	158,400	△288,155

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	△304,144	△79,124
Proceeds from sale of property, plant and equipment	4,832	2,327
Purchase of software	△76,824	△70,992
Purchase of investment securities	△5,000	△25,000
Proceeds from sale of investment securities	1,218	1,400
Proceeds from distributions from investment partnerships	—	902
Loan advances	—	△276,200
Proceeds from collection of loans receivable	180	736
Payments of leasehold deposits	△162	△40
Proceeds from refund of leasehold deposits	131,597	—
Payments for asset retirement obligations	50	—
Proceeds from sale of businesses	—	26,000
Other, net	△91,648	95,229
Net cash provided by (used in) investing activities	△339,902	△324,761
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	50,000	△4,998
Repayments of long-term borrowings	△409,700	△495,350
Proceeds from long-term borrowings	1,450,000	—
Purchase of treasury shares	△1,300,188	△485
Proceeds from disposal of treasury shares	6	8,231
Dividends paid	△119,249	△110,203
Net cash provided by (used in) financing activities	△329,131	△602,805
Effect of exchange rate change on cash and cash equivalents	—	2
Net increase (decrease) in cash and cash equivalents	△510,633	△1,215,720
Cash and cash equivalents at beginning of period	11,484,630	10,973,997
Cash and cash equivalents at end of period	10,973,997	9,758,276