

# Non-consolidated Financial Results for the Six Months Ended September 30, 2021 [Japanese GAAP]



November 11, 2021

Company name: FaithNetwork Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 3489

URL: <https://faithnetwork.co.jp/en/>

Representative: Jiro Hachiya, President and Representative Director

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Scheduled date of filing quarterly securities report: November 15, 2021

Scheduled date of commencing dividend payments: —

Availability of supplementary material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and securities analysts)

(Amounts of less than one million yen are rounded down.)

## 1. Financial Results for the Six Months Ended September 30, 2021 (April 1, 2021 to September 30, 2021)

(1) Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2021	3,248	(66.4)	(269)	—	(388)	—	(270)	—
September 30, 2020	9,672	64.7	330	538.3	251	—	172	—

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2021	(54.56)	—
September 30, 2020	34.55	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2021	17,777	4,194	23.6
As of March 31, 2021	12,632	4,650	36.8

(Reference) Equity: As of September 30, 2021: ¥4,194 million

As of March 31, 2021: ¥4,650 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	0.00	—	32.00	32.00
Fiscal year ending March 31, 2022	—	0.00			
Fiscal year ending March 31, 2022 (Forecast)			—	32.00	32.00

(Note) Revision to the forecast for dividends announced most recently: No

### 3. Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	20,000	6.5	1,280	19.7	1,050	17.3	710	21.4	142.57

(Note) Revision to the financial results forecast announced most recently: No

#### \* Notes:

(1) Accounting policies adopted specially for the preparation of quarterly financial statements: No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

As of September 30, 2021: 4,980,000 shares

As of March 31, 2021: 4,980,000 shares

2) Total number of treasury shares at the end of the period:

As of September 30, 2021: 26,668 shares

As of March 31, 2021: 77 shares

3) Average number of shares during the period:

Six months ended September 30, 2021: 4,957,939 shares

Six months ended September 30, 2020: 4,979,923 shares

\* These quarterly financial results are outside the scope of quarterly review by certified public accountants or an audit corporation.

\* Explanation of the appropriate use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information available to the Company at the time of preparation and certain assumptions deemed to be reasonable, and actual results may differ significantly from the forecasts due to various factors.

## 2. Quarterly Financial Statements and Primary Notes

### (1) Quarterly Balance Sheets

(Thousand yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	3,992,550	3,307,305
Accounts receivable from completed construction contracts	831,565	840,193
Real estate for sale	1,664,978	443,815
Real estate for sale in process	2,974,062	10,001,016
Advance payments to suppliers	158,417	138,276
Other	31,167	103,307
Total current assets	9,652,742	14,833,915
Non-current assets		
Property, plant and equipment		
Buildings	1,057,544	1,063,129
Structures	2,406	3,216
Machinery and equipment	101,514	101,514
Vehicles	18,298	18,298
Tools, furniture and fixtures	42,938	44,439
Land	1,289,983	1,289,983
Construction in progress	–	6,092
Accumulated depreciation	(251,427)	(278,220)
Total property, plant and equipment	2,261,260	2,248,454
Intangible assets	22,746	19,605
Investments and other assets	696,079	675,722
Total non-current assets	2,980,086	2,943,782
Total assets	12,632,828	17,777,698

(Thousand yen)

	As of March 31, 2021	As of September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Accounts payable for construction contracts	371,207	575,551
Short-term borrowings	469,890	649,995
Current portion of long-term borrowings	960,281	1,988,111
Current portion of bonds payable	46,500	20,000
Accounts payable - other	178,741	57,914
Income taxes payable	236,791	5,546
Advances received	540,907	541,021
Advances received on construction contracts in progress	200,795	215,340
Deposits received	233,871	215,801
Provision for bonuses	90,763	95,479
Provision for costs after sales	13,048	6,719
Provision for loss on construction contracts	57,566	36,712
Provision for shareholder benefit program	2,700	35,498
Other	32,155	27,821
Total current liabilities	3,435,219	4,471,512
Non-current liabilities		
Bonds payable	50,000	40,000
Long-term borrowings	4,421,243	9,016,834
Other	75,380	54,828
Total non-current liabilities	4,546,624	9,111,662
<b>Total liabilities</b>	<b>7,981,843</b>	<b>13,583,175</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	681,120	681,120
Capital surplus		
Legal capital surplus	631,120	631,120
Other capital surplus	220	183
Total capital surplus	631,340	631,303
Retained earnings		
Legal retained earnings	10,000	10,000
Other retained earnings		
Reserve for special depreciation	5,083	2,541
Retained earnings brought forward	3,340,154	2,912,811
Total retained earnings	3,355,238	2,925,353
Treasury shares	(101)	(35,858)
Total shareholders' equity	4,667,597	4,201,918
Valuation and translation adjustments		
Deferred gains or losses on hedges	(16,612)	(7,396)
Total valuation and translation adjustments	(16,612)	(7,396)
Total net assets	4,650,984	4,194,522
<b>Total liabilities and net assets</b>	<b>12,632,828</b>	<b>17,777,698</b>

(2) Quarterly Statements of Income  
Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021
Net sales	9,672,148	3,248,643
Cost of sales	8,614,927	2,781,347
Gross profit	1,057,220	467,296
Selling, general and administrative expenses	726,412	736,382
Operating profit (loss)	330,808	(269,086)
Non-operating income		
Subsidy income	10	–
Income from insurance	2,622	5,635
Other	280	1,347
Total non-operating income	2,913	6,983
Non-operating expenses		
Interest expenses	66,952	74,305
Commission expenses	6,792	21,242
Registration license taxes and other	6,843	23,601
Other	1,562	7,532
Total non-operating expenses	82,149	126,681
Ordinary profit (loss)	251,571	(388,784)
Extraordinary income		
Gain on sale of non-current assets	82	–
Total extraordinary income	82	–
Profit (loss) before income taxes	251,653	(388,784)
Income taxes - current	80,434	1,145
Income taxes - deferred	(834)	(119,402)
Total income taxes	79,600	(118,257)
Profit (loss)	172,052	(270,527)

## (3) Quarterly Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30, 2020	For the six months ended September 30, 2021
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	251,653	(388,784)
Depreciation	29,509	29,933
Share-based payment expenses	–	4,498
Increase (decrease) in provision for bonuses	(11,537)	4,716
Increase (decrease) in provision for costs after sales	5,673	(6,329)
Increase (decrease) in provision for loss on construction contracts	(6,916)	(20,854)
Increase (decrease) in provision for shareholder benefit program	18,135	32,798
Interest expenses	66,952	74,305
Commission expenses	6,792	21,242
Loss (gain) on sale of property, plant and equipment	(82)	–
Decrease (increase) in accounts receivable from completed construction contracts	217,371	(8,628)
Decrease (increase) in inventories	3,137,815	(5,805,791)
Decrease (increase) in advance payments to suppliers	11,961	20,140
Increase (decrease) in accounts payable for construction contracts	(820,526)	204,294
Increase (decrease) in advances received on construction contracts in progress	(55,665)	14,544
Other, net	138,758	(243,767)
Subtotal	2,989,894	(6,067,680)
Interest and dividends received	48	55
Interest paid	(65,872)	(83,474)
Income taxes paid	(121,716)	(220,595)
Net cash provided by (used in) operating activities	2,802,353	(6,371,695)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(63,322)	(13,937)
Proceeds from sale of property, plant and equipment	300	–
Purchase of intangible assets	(4,250)	(855)
Payments for investments in capital of subsidiaries and associates	(9,000)	–
Proceeds from sale of investments in capital	–	135,000
Other, net	(16,037)	1,929
Net cash provided by (used in) investing activities	(92,310)	122,137
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	164,740	180,104
Proceeds from long-term borrowings	1,665,500	6,567,500
Repayments of long-term borrowings	(2,440,434)	(944,079)
Redemption of bonds	(36,700)	(36,500)
Dividends paid	(149,213)	(159,292)
Purchase of treasury shares	–	(53,788)
Other, net	(6,511)	10,368
Net cash provided by (used in) financing activities	(802,618)	5,564,313
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	1,907,424	(685,245)
Cash and cash equivalents at beginning of period	2,379,610	3,992,550
Cash and cash equivalents at end of period	4,287,035	3,307,305