

**Non-consolidated Financial Results  
for the Fiscal Year Ended March 31, 2022  
[Japanese GAAP]**



May 16, 2022

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 Annual General Meeting of Shareholders: June 28, 2022

Scheduled date of commencing dividend payments: June 29, 2022

Scheduled date of filing annual securities report: June 28, 2022

Availability of supplementary material on annual financial results: Available

Schedule of annual 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 Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)**

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

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	17,020	(9.3)	1,759	64.6	1,511	68.9	1,034	76.8
March 31, 2021	18,774	9.8	1,068	3.3	895	11.3	585	6.7

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	208.74	–	20.4	10.3	10.3
March 31, 2021	117.49	–	13.2	6.9	5.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: ¥- million  
Fiscal year ended March 31, 2021: ¥- million

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	16,826	5,501	32.7	1,110.58
As of March 31, 2021	12,632	4,650	36.8	933.95

(Reference) Equity: As of March 31, 2022 ¥5,501 million  
As of March 31, 2021 ¥4,650 million

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	(1,904)	452	2,999	5,539
March 31, 2021	3,441	(614)	(1,213)	3,992

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio	Dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	–	0.00	–	32.00	32.00	159	27.2	3.6
March 31, 2022	–	0.00	–	37.00	37.00	183	17.7	3.6
Fiscal year ending March 31, 2023 (Forecast)	–	0.00	–	42.00	42.00		–	

(Note) Year-end dividend breakdown for the fiscal year ended March 31, 2022  
 Ordinary dividend: ¥35.00; Commemorative dividend: ¥2.00

## 3. Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	21,000	23.4	2,000	13.7	1,700	12.4	1,150	11.2	232.06

### \* Notes:

(1) 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

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

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

- As of March 31, 2022: 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 March 31, 2022: 26,668 shares
- As of March 31, 2021: 77 shares

3) Average number of shares during the period:

- Fiscal year ended March 31, 2022: 4,955,642 shares
- Fiscal year ended March 31, 2021: 4,979,923 shares

\* These financial results are outside the scope of audit 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.

### 3. Financial Statements and Primary Notes

#### (1) Balance Sheets

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	3,992,550	5,539,782
Accounts receivable from completed construction contracts	831,565	988,517
Real estate for sale	1,664,978	152,777
Real estate for sale in process	2,974,062	7,499,533
Advance payments to suppliers	158,417	226,645
Prepaid expenses	20,330	39,691
Other	10,837	105,011
Total current assets	9,652,742	14,551,959
Non-current assets		
Property, plant and equipment		
Buildings	1,057,544	961,140
Structures	2,406	3,216
Machinery and equipment	101,514	101,514
Vehicles	18,298	18,298
Tools, furniture and fixtures	42,938	47,657
Land	1,289,983	1,236,128
Construction in progress	–	10,335
Accumulated depreciation	(251,427)	(292,839)
Total property, plant and equipment	2,261,260	2,085,453
Intangible assets		
Software	22,746	17,371
Total intangible assets	22,746	17,371
Investments and other assets		
Shares of subsidiaries and associates	2,535	2,535
Investments in capital	505,780	3,016
Investments in capital of subsidiaries and associates	9,000	9,000
Long-term loans receivable from subsidiaries and associates	10,000	–
Long-term prepaid expenses	11,572	11,436
Deferred tax assets	128,727	94,056
Other	28,464	51,431
Total investments and other assets	696,079	171,477
Total non-current assets	2,980,086	2,274,302
Total assets	12,632,828	16,826,262

(Thousand yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable for construction contracts	371,207	731,808
Short-term borrowings	469,890	434,355
Current portion of long-term borrowings	960,281	1,399,885
Current portion of bonds payable	46,500	74,000
Accounts payable - other	170,392	93,810
Accrued expenses	11,206	17,250
Income taxes payable	236,791	301,785
Advances received	540,907	876
Advances received on construction contracts in progress	200,795	550,322
Deposits received	233,871	255,519
Unearned revenue	15,674	15,497
Provision for bonuses	90,763	102,304
Provision for costs after sales	13,048	6,540
Provision for loss on construction contracts	57,566	15,454
Provision for shareholder benefit program	2,700	4,642
Other	13,623	8,352
Total current liabilities	3,435,219	4,012,406
Non-current liabilities		
Bonds payable	50,000	176,000
Long-term borrowings	4,421,243	7,088,632
Other	75,380	48,171
Total non-current liabilities	4,546,624	7,312,804
Total liabilities	7,981,843	11,325,210
<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	282
Total capital surplus	631,340	631,402
Retained earnings		
Legal retained earnings	10,000	10,000
Other retained earnings		
Reserve for special depreciation	5,083	–
Retained earnings brought forward	3,340,154	4,220,339
Total retained earnings	3,355,238	4,230,339
Treasury shares	(101)	(35,662)
Total shareholders' equity	4,667,597	5,507,199
Valuation and translation adjustments		
Deferred gains or losses on hedges	(16,612)	(6,147)
Total valuation and translation adjustments	(16,612)	(6,147)
Total net assets	4,650,984	5,501,052
<b>Total liabilities and net assets</b>	<b>12,632,828</b>	<b>16,826,262</b>

## (2) Statements of Income

Fiscal Year Ended March 31

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net sales	18,774,727	17,020,985
Cost of sales	16,187,680	13,738,070
Gross profit	2,587,046	3,282,914
Selling, general and administrative expenses	1,518,111	1,523,142
Operating profit	1,068,934	1,759,771
Non-operating income		
Interest income	33	38
Dividend income	34	36
Subsidy income	2,410	–
Insurance premiums revenue	4,131	12,280
Other	796	1,423
Total non-operating income	7,406	13,779
Non-operating expenses		
Interest expenses	121,929	173,519
Interest on bonds	513	190
Commission expenses	31,207	37,436
Registration license taxes and other	23,888	37,233
Other	3,664	13,303
Total non-operating expenses	181,202	261,682
Ordinary profit	895,138	1,511,867
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	23,327	–
Loss on valuation of shares of subsidiaries and associates	7,464	–
Total extraordinary losses	30,792	–
Profit before income taxes	864,346	1,511,867
Income taxes - current	335,563	447,357
Income taxes - deferred	(56,291)	30,051
Total income taxes	279,271	477,409
Profit	585,075	1,034,458

## (3) Statements of Changes in Net Assets

Fiscal Year Ended March 31, 2021

(Thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	681,120	631,120	220	631,340
Changes during period				
Dividends of surplus				
Profit				
Purchase of treasury shares				
Disposal of treasury shares				
Reversal of reserve for special depreciation				
Net changes in items other than shareholders' equity				
Total changes during period	—	—	—	—
Balance at end of period	681,120	631,120	220	631,340

	Shareholders' equity					
	Retained earnings				Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings		Total retained earnings		
Reserve for special depreciation		Retained earnings brought forward				
Balance at beginning of period	10,000	8,700	2,900,860	2,919,560	(101)	4,231,919
Changes during period						
Dividends of surplus			(149,397)	(149,397)		(149,397)
Profit			585,075	585,075		585,075
Purchase of treasury shares						—
Disposal of treasury shares						—
Reversal of reserve for special depreciation		(3,616)	3,616			—
Net changes in items other than shareholders' equity						
Total changes during period	—	(3,616)	439,294	435,677	—	435,677
Balance at end of period	10,000	5,083	3,340,154	3,355,238	(101)	4,667,597

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(2,793)	(2,793)	4,229,126
Changes during period			
Dividends of surplus			(149,397)
Profit			585,075
Purchase of treasury shares			—
Disposal of treasury shares			—
Reversal of reserve for special depreciation			—
Net changes in items other than shareholders' equity	(13,819)	(13,819)	(13,819)
Total changes during period	(13,819)	(13,819)	421,858
Balance at end of period	(16,612)	(16,612)	4,650,984

Fiscal Year Ended March 31, 2022

(Thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	681,120	631,120	220	631,340
Changes during period				
Dividends of surplus				
Profit				
Purchase of treasury shares			98	98
Disposal of treasury shares			(36)	(36)
Reversal of reserve for special depreciation				
Net changes in items other than shareholders' equity				
Total changes during period	—	—	62	62
Balance at end of period	681,120	631,120	282	631,402

	Shareholders' equity					
	Retained earnings				Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings		Total retained earnings		
Reserve for special depreciation		Retained earnings brought forward				
Balance at beginning of period	10,000	5,083	3,340,154	3,355,238	(101)	4,667,597
Changes during period						
Dividends of surplus			(159,357)	(159,357)		(159,357)
Profit			1,034,458	1,034,458		1,034,458
Purchase of treasury shares					(53,592)	(53,493)
Disposal of treasury shares					18,031	17,994
Reversal of reserve for special depreciation		(5,083)	5,083	—		—
Net changes in items other than shareholders' equity						
Total changes during period	—	(5,083)	880,184	875,101	(35,561)	839,602
Balance at end of period	10,000	—	4,220,339	4,230,339	(35,662)	5,507,199



	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(16,612)	(16,612)	4,650,984
Changes during period			
Dividends of surplus			(159,357)
Profit			1,034,458
Purchase of treasury shares			(53,493)
Disposal of treasury shares			17,994
Reversal of reserve for special depreciation			—
Net changes in items other than shareholders' equity	10,464	10,464	10,464
Total changes during period	10,464	10,464	850,067
Balance at end of period	(6,147)	(6,147)	5,501,052

## (4) Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	864,346	1,511,867
Depreciation	60,996	60,188
Share-based payment expenses	–	13,496
Increase (decrease) in provision for bonuses	(11,451)	11,541
Increase (decrease) in provision for costs after sales	3,239	(6,508)
Increase (decrease) in provision for loss on construction contracts	50,649	(42,112)
Increase (decrease) in provision for shareholder benefit program	2,700	1,942
Interest and dividend income	(67)	(75)
Interest expenses on borrowings and bonds	122,442	173,710
Commission expenses	–	37,436
Loss on liquidation of subsidiaries and associates	23,327	–
Loss on valuation of shares of subsidiaries and associates	7,464	–
Decrease (increase) in accounts receivable from completed construction contracts	(583,729)	(156,952)
Decrease (increase) in inventories	3,412,135	(2,860,492)
Decrease (increase) in advance payments to suppliers	(60,450)	(68,228)
Increase (decrease) in accounts payable for construction contracts	(887,849)	360,601
Increase (decrease) in accounts payable - other	(40,767)	28,849
Increase (decrease) in deposits received	18,561	21,648
Increase (decrease) in advances received	540,530	(540,031)
Increase (decrease) in advances received on construction contracts in progress	31,229	349,527
Other, net	244,186	(235,453)
Subtotal	3,797,493	(1,339,042)
Interest and dividends received	67	75
Interest paid	(119,241)	(176,716)
Income taxes paid	(236,697)	(388,373)
Net cash provided by (used in) operating activities	3,441,621	(1,904,057)
Cash flows from investing activities		
Purchase of property, plant and equipment	(68,627)	(25,948)
Purchase of intangible assets	(8,390)	(1,724)
Payments for investments in capital of subsidiaries and associates	(9,000)	–
Payments for investments in capital	(504,100)	–
Proceeds from sale of investments in capital	–	503,000
Loan advances to subsidiaries and associates	(10,000)	–
Other, net	(14,623)	(23,315)
Net cash provided by (used in) investing activities	(614,741)	452,011
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	130,240	(35,535)
Proceeds from long-term borrowings	7,029,200	10,403,535
Repayments of long-term borrowings	(8,163,756)	(7,296,542)
Proceeds from issuance of bonds	–	196,186
Redemption of bonds	(73,400)	(46,500)
Dividends paid	(149,354)	(159,371)
Purchase of treasury shares	–	(53,493)
Other, net	13,130	(8,999)
Net cash provided by (used in) financing activities	(1,213,940)	2,999,278
Net increase (decrease) in cash and cash equivalents	1,612,940	1,547,232

Cash and cash equivalents at beginning of period	<u>2,379,610</u>	<u>3,992,550</u>
Cash and cash equivalents at end of period	<u>3,992,550</u>	<u>5,539,782</u>