

# Non-consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]



November 8, 2022

Company name: FaithNetwork Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 3489

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

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Scheduled date of filing quarterly securities report: November 14, 2022

Scheduled date of commencing dividend payments: —

Availability of supplementary material on quarterly financial results: Yes

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, 2022 (April 1, 2022 to September 30, 2022)

(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, 2022	7,237	122.8	272	—	183	—	123	—
September 30, 2021	3,248	(66.4)	(269)	—	(388)	—	(270)	—

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	24.81	—
September 30, 2021	(54.56)	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2022	18,503	5,463	29.5
As of March 31, 2022	16,826	5,501	32.7

(Reference) Equity: As of September 30, 2022: ¥5,463 million

As of March 31, 2022: ¥5,501 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, 2022	—	0.00	—	37.00	37.00
Fiscal year ending March 31, 2023	—	0.00			
Fiscal year ending March 31, 2023 (Forecast)			—	42.00	42.00

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

### 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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	21,000	23.4	2,000	13.7	1,700	12.4	1,150	11.2	232.06

(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, 2022: 4,980,000 shares

As of March 31, 2022: 4,980,000 shares

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

As of September 30, 2022: 11,318 shares

As of March 31, 2022: 26,668 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 4,959,371 shares

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

## (1) Quarterly Balance Sheets

(Thousand yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	5,539,782	3,402,563
Accounts receivable from completed construction contracts	988,517	1,741,789
Real estate for sale	152,777	1,516,266
Real estate for sale in process	7,499,533	9,327,479
Advance payments to suppliers	226,645	152,107
Other	144,703	88,546
<b>Total current assets</b>	<b>14,551,959</b>	<b>16,228,753</b>
Non-current assets		
Property, plant and equipment		
Buildings	961,140	965,769
Structures	3,216	3,216
Machinery and equipment	101,514	101,514
Vehicles	18,298	36,886
Tools, furniture and fixtures	47,657	55,190
Land	1,236,128	1,236,128
Construction in progress	10,335	-
Accumulated depreciation	(292,839)	(322,762)
<b>Total property, plant and equipment</b>	<b>2,085,453</b>	<b>2,075,944</b>
Intangible assets	17,371	17,468
Investments and other assets	171,477	181,072
<b>Total non-current assets</b>	<b>2,274,302</b>	<b>2,274,486</b>
<b>Total assets</b>	<b>16,826,262</b>	<b>18,503,239</b>

(Thousand yen)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable for construction contracts	731,808	898,268
Short-term borrowings	434,355	1,860,100
Current portion of long-term borrowings	1,399,885	1,977,856
Current portion of bonds payable	74,000	74,000
Accounts payable - other	93,810	50,992
Income taxes payable	301,785	60,698
Advances received	876	686
Advances received on construction contracts in progress	550,322	203,848
Deposits received	255,519	276,018
Provision for bonuses	102,304	103,454
Provision for costs after sales	6,540	7,292
Provision for loss on construction contracts	15,454	8,570
Provision for shareholder benefit program	4,642	36,300
Other	41,101	35,046
Total current liabilities	4,012,406	5,593,132
Non-current liabilities		
Bonds payable	176,000	139,000
Long-term borrowings	7,088,632	7,268,173
Other	48,171	39,261
Total non-current liabilities	7,312,804	7,446,434
<b>Total liabilities</b>	<b>11,325,210</b>	<b>13,039,567</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	282	446
Total capital surplus	631,402	631,566
Retained earnings		
Legal retained earnings	10,000	10,000
Other retained earnings		
Retained earnings brought forward	4,220,339	4,160,131
Total retained earnings	4,230,339	4,170,131
Treasury shares	(35,662)	(15,134)
<b>Total shareholders' equity</b>	<b>5,507,199</b>	<b>5,467,682</b>
Valuation and translation adjustments		
Deferred gains or losses on hedges	(6,147)	(4,011)
Total valuation and translation adjustments	(6,147)	(4,011)
<b>Total net assets</b>	<b>5,501,052</b>	<b>5,463,671</b>
<b>Total liabilities and net assets</b>	<b>16,826,262</b>	<b>18,503,239</b>

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

(Thousand yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	3,248,643	7,237,118
Cost of sales	2,781,347	6,048,638
Gross profit	467,296	1,188,479
Selling, general and administrative expenses	736,382	915,722
Operating profit (loss)	(269,086)	272,757
Non-operating income		
Subsidy income	–	2,500
Income from insurance	5,635	226
Other	1,347	641
Total non-operating income	6,983	3,367
Non-operating expenses		
Interest expenses	74,305	74,200
Commission expenses	21,242	5,850
Registration license taxes and other	23,601	11,294
Other	7,532	1,330
Total non-operating expenses	126,681	92,676
Ordinary profit (loss)	(388,784)	183,448
Profit (loss) before income taxes	(388,784)	183,448
Income taxes - current	1,145	48,394
Income taxes - deferred	(119,402)	11,988
Total income taxes	(118,257)	60,383
Profit (loss)	(270,527)	123,064

## (3) Quarterly Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(388,784)	183,448
Depreciation	29,933	33,047
Share-based payment expenses	4,498	9,671
Increase (decrease) in provision for bonuses	4,716	1,150
Increase (decrease) in provision for costs after sales	(6,329)	752
Increase (decrease) in provision for loss on construction contracts	(20,854)	(6,884)
Increase (decrease) in provision for shareholder benefit program	32,798	31,657
Interest expenses	74,305	74,200
Commission expenses	21,242	5,850
Decrease (increase) in accounts receivable from completed construction contracts	(8,628)	(753,272)
Decrease (increase) in inventories	(5,805,791)	(3,191,435)
Decrease (increase) in advance payments to suppliers	20,140	74,538
Increase (decrease) in accounts payable for construction contracts	204,294	166,459
Increase (decrease) in advances received on construction contracts in progress	14,544	(346,474)
Other, net	(243,767)	24,406
Subtotal	(6,067,680)	(3,692,883)
Interest and dividends received	55	64
Interest paid	(83,474)	(76,690)
Income taxes paid	(220,595)	(279,580)
Net cash provided by (used in) operating activities	(6,371,695)	(4,049,090)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(13,937)	(25,380)
Purchase of intangible assets	(855)	(3,221)
Loan advances to subsidiaries and associates	–	(20,000)
Collection of loans receivable from subsidiaries and associates	–	10,000
Payments for investments in capital	–	(7,000)
Proceeds from sale of investments in capital	135,000	–
Other, net	1,929	3,384
Net cash provided by (used in) investing activities	122,137	(42,218)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	180,104	1,425,745
Proceeds from long-term borrowings	6,567,500	3,739,000
Repayments of long-term borrowings	(944,079)	(2,981,488)
Redemption of bonds	(36,500)	(37,000)
Dividends paid	(159,292)	(183,142)
Purchase of treasury shares	(53,788)	–
Other, net	10,368	(9,024)
Net cash provided by (used in) financing activities	5,564,313	1,954,089
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	(685,245)	(2,137,218)
Cash and cash equivalents at beginning of period	3,992,550	5,539,782
Cash and cash equivalents at end of period	3,307,305	3,402,563