

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 15, 2023

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, 2023

Scheduled date of commencing dividend payments: June 29, 2023

Scheduled date of filing annual securities report: June 28, 2023

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, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	20,968	23.2	2,518	43.1	2,301	52.2	1,593	54.0
March 31, 2022	17,020	(9.3)	1,759	64.6	1,511	68.9	1,034	76.8

	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, 2023	160.81	–	25.7	12.3	12.0
March 31, 2022	104.37	–	20.4	10.3	10.3

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: ¥- million

Fiscal year ended March 31, 2022: ¥- million

(Note) The Company conducted a 2-for-1 split of its common shares as of April 1, 2023. Basic earnings per share is calculated assuming that the stock split had been conducted at the beginning of the previous fiscal year.

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	20,598	6,879	33.4	697.91
As of March 31, 2022	16,826	5,501	32.7	555.29

(Reference) Equity: As of March 31, 2023 ¥6,879 million

As of March 31, 2022 ¥5,501 million

(Note) The Company conducted a 2-for-1 split of its common shares as of April 1, 2023. Basic earnings per share is calculated assuming that the stock split had been conducted at the beginning of the previous fiscal year.

(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, 2023	(1,464)	(143)	452	4,384
March 31, 2022	(1,904)	452	2,999	5,539

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, 2022	—	0.00	—	37.00	37.00	183	17.7	5.8
March 31, 2023	—	0.00	—	84.00	84.00	414	26.1	6.7
Fiscal year ending March 31, 2024 (Forecast)	—	0.00	—	71.00	71.00		—	

(Notes) 1. The Company conducted a 2-for-1 split of its common shares as of April 1, 2023. For the fiscal years ended March 31, 2022 and 2023, the amounts of dividends are stated at actual amount prior to the stock split.

2. For the forecast for dividends, please refer to the press release “Notice Concerning Change of Dividend Policy” announced on May 15, 2023.

3. Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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	27,000	28.8	3,300	31.1	3,000	30.3	2,000	25.5	201.88

* 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, 2023: 9,960,000 shares

As of March 31, 2022: 9,960,000 shares

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

As of March 31, 2023: 102,636 shares

As of March 31, 2022: 53,336 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2023: 9,906,968 shares

Fiscal year ended March 31, 2022: 9,911,283 shares

(Note) The Company conducted a 2-for-1 split of its common shares as of April 1, 2023. Total number of issued shares (common shares) is calculated assuming that the stock split had been conducted at the beginning of the previous fiscal year.

* 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.

(1) Balance Sheets

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	5,539,782	4,384,557
Accounts receivable from completed construction contracts	988,517	2,319,638
Real estate for sale	152,777	1,056,382
Real estate for sale in process	7,499,533	8,740,736
Advance payments to suppliers	226,645	171,601
Equity investments in properties for sale	–	1,354,964
Prepaid expenses	39,691	48,489
Other	105,011	25,976
Total current assets	14,551,959	18,102,346
Non-current assets		
Property, plant and equipment		
Buildings	961,140	964,867
Structures	3,216	15,124
Machinery and equipment	101,514	101,514
Vehicles	18,298	34,548
Tools, furniture and fixtures	47,657	54,965
Land	1,236,128	1,236,128
Construction in progress	10,335	–
Accumulated depreciation	(292,839)	(345,252)
Total property, plant and equipment	2,085,453	2,061,896
Intangible assets		
Software	17,371	43,456
Total intangible assets	17,371	43,456
Investments and other assets		
Shares of subsidiaries and associates	2,535	50,536
Investments in capital	3,016	2,030
Investments in capital of subsidiaries and associates	9,000	9,000
Long-term loans receivable from subsidiaries and associates	–	20,000
Long-term prepaid expenses	11,436	7,731
Deferred tax assets	94,056	251,223
Other	51,431	49,812
Total investments and other assets	171,477	390,333
Total non-current assets	2,274,302	2,495,686
Total assets	16,826,262	20,598,033

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable for construction contracts	731,808	991,782
Short-term borrowings	434,355	493,500
Current portion of long-term borrowings	1,399,885	932,470
Current portion of bonds payable	74,000	74,000
Accounts payable - other	93,810	167,158
Accrued expenses	17,250	15,632
Income taxes payable	301,785	656,525
Advances received	876	1,423,419
Advances received on construction contracts in progress	550,322	–
Deposits received	255,519	327,312
Unearned revenue	15,497	13,394
Provision for bonuses	102,304	106,258
Provision for costs after sales	6,540	2,308
Provision for loss on construction contracts	15,454	65,169
Provision for shareholder benefit program	4,642	7,733
Other	8,352	8,348
Total current liabilities	4,012,406	5,285,014
Non-current liabilities		
Bonds payable	176,000	102,000
Long-term borrowings	7,088,632	8,296,436
Other	48,171	34,988
Total non-current liabilities	7,312,804	8,433,424
Total liabilities	11,325,210	13,718,438
Net assets		
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	5,630,206
Total retained earnings	4,230,339	5,640,206
Treasury shares	(35,662)	(70,636)
Total shareholders' equity	5,507,199	6,882,256
Valuation and translation adjustments		
Deferred gains or losses on hedges	(6,147)	(2,661)
Total valuation and translation adjustments	(6,147)	(2,661)
Total net assets	5,501,052	6,879,594
Total liabilities and net assets	16,826,262	20,598,033

(2) Statements of Income
Fiscal Year Ended March 31

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	17,020,985	20,968,307
Cost of sales	13,738,070	16,613,645
Gross profit	3,282,914	4,354,662
Selling, general and administrative expenses	1,523,142	1,836,591
Operating profit	1,759,771	2,518,071
Non-operating income		
Interest income	38	44
Dividend income	36	40
Subsidy income	–	2,600
Insurance premiums revenue	12,280	226
Other	1,423	783
Total non-operating income	13,779	3,695
Non-operating expenses		
Interest expenses	173,519	165,985
Interest expenses on bonds	190	1,092
Commission expenses	37,436	28,326
Registration license taxes and other	37,233	21,606
Other	13,303	3,238
Total non-operating expenses	261,682	220,249
Ordinary profit	1,511,867	2,301,517
Extraordinary income		
Gain on sale of non-current assets	–	7,528
Total extraordinary income	–	7,528
Extraordinary losses		
Impairment losses	–	28,909
Total extraordinary losses	–	28,909
Profit before income taxes	1,511,867	2,280,136
Income taxes - current	447,357	845,701
Income taxes - deferred	30,051	(158,704)
Total income taxes	477,409	686,996
Profit	1,034,458	1,593,140

(3) Statements of Changes in Net Assets

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				
Disposal of treasury shares			62	62
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					(53,493)	(53,493)
Disposal of treasury shares					17,932	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

Fiscal Year Ended March 31, 2023

(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	282	631,402
Changes during period				
Dividends of surplus				
Profit				
Purchase of treasury shares				
Disposal of treasury shares			163	163
Net changes in items other than shareholders' equity				
Total changes during period	—	—	163	163
Balance at end of period	681,120	631,120	446	631,566

	Shareholders' equity				
	Retained earnings			Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings			
		Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	10,000	4,220,339	4,230,339	(35,662)	5,507,199
Changes during period					
Dividends of surplus		(183,273)	(183,273)		(183,273)
Profit		1,593,140	1,593,140		1,593,140
Purchase of treasury shares				(55,501)	(55,501)
Disposal of treasury shares				20,528	20,691
Net changes in items other than shareholders' equity					
Total changes during period	—	1,409,866	1,409,866	(34,973)	1,375,056
Balance at end of period	10,000	5,630,206	5,640,206	(70,636)	6,882,256

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(6,147)	(6,147)	5,501,052
Changes during period			
Dividends of surplus			(183,273)
Profit			1,593,140
Purchase of treasury shares			(55,501)
Disposal of treasury shares			20,691
Net changes in items other than shareholders' equity	3,485	3,485	3,485
Total changes during period	3,485	3,485	1,378,542
Balance at end of period	(2,661)	(2,661)	6,879,594

(4) Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,511,867	2,280,136
Depreciation	60,188	71,860
Share-based payment expenses	13,496	20,017
Impairment losses	–	28,909
Increase (decrease) in provision for bonuses	11,541	3,954
Increase (decrease) in provision for costs after sales	(6,508)	(4,232)
Increase (decrease) in provision for loss on construction contracts	(42,112)	49,714
Increase (decrease) in provision for shareholder benefit program	1,942	3,090
Interest and dividend income	(75)	(85)
Interest expenses on borrowings and bonds	173,710	167,078
Commission expenses	37,436	28,326
Gain on sale of non-current assets	–	(7,528)
Decrease (increase) in accounts receivable from completed construction contracts	(156,952)	(1,331,121)
Decrease (increase) in inventories	(2,860,492)	(2,144,808)
Decrease (increase) in advance payments to suppliers	(68,228)	55,043
Decrease (increase) in equity investments in properties for sale	–	(1,354,964)
Increase (decrease) in accounts payable for construction contracts	360,601	259,973
Increase (decrease) in accounts payable - other	28,849	23,735
Increase (decrease) in deposits received	21,648	71,792
Increase (decrease) in advances received	(540,031)	1,422,543
Increase (decrease) in advances received on construction contracts in progress	349,527	(550,322)
Other, net	(235,453)	116,294
Subtotal	(1,339,042)	(790,589)
Interest and dividends received	75	85
Interest paid	(176,716)	(168,875)
Income taxes paid	(388,373)	(504,629)
Net cash provided by (used in) operating activities	(1,904,057)	(1,464,008)
Cash flows from investing activities		
Purchase of property, plant and equipment	(25,948)	(75,742)
Proceeds from sale of property, plant and equipment	–	10,454
Purchase of intangible assets	(1,724)	(21,111)
Purchase of shares of subsidiaries and associates	–	(48,000)
Proceeds from sale of investments in capital	503,000	–
Loan advances to subsidiaries and associates	–	(20,000)
Collection of loans receivable from subsidiaries and affiliates	–	10,000
Other, net	(23,315)	953
Net cash provided by (used in) investing activities	452,011	(143,446)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(35,535)	59,145
Proceeds from long-term borrowings	10,403,535	7,632,000
Repayments of long-term borrowings	(7,296,542)	(6,891,611)
Proceeds from issuance of bonds	196,186	–
Redemption of bonds	(46,500)	(74,000)
Dividends paid	(159,371)	(183,127)
Purchase of treasury shares	(53,493)	(55,501)
Other, net	(8,999)	(34,674)

Net cash provided by (used in) financing activities	2,999,278	452,229
Net increase (decrease) in cash and cash equivalents	1,547,232	(1,155,225)
Cash and cash equivalents at beginning of period	3,992,550	5,539,782
Cash and cash equivalents at end of period	5,539,782	4,384,557