

# Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]



November 14, 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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 Phone: +81-3-6432-9937  
 Scheduled date of filing quarterly securities report: November 14, 2023  
 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. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2023	3,149	—	(546)	—	(661)	—	(470)	—
September 30, 2022	—	—	—	—	—	—	—	—

(Note) Comprehensive income: Six months ended September 30, 2023: ¥(468) million [ – %]  
 Six months ended September 30, 2022: ¥ – million [ – %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	(47.67)	—
September 30, 2022	—	—

(Note) Since the Company began to prepare Quarterly Consolidated Financial Statements from the second quarter of the fiscal year ending March 31, 2024, figures for the six months ended September 30, 2022 and changes from the previous corresponding period are not stated.

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2023	26,639	6,017	22.6
As of March 31, 2023	—	—	—

(Reference) Equity: As of September 30, 2023: ¥6,017 million  
 As of March 31, 2023: ¥ – million

(Note) Since the Company began to prepare Quarterly Consolidated Financial Statements from the second quarter of the fiscal year ending March 31, 2024, figures as of March 31, 2023 are not stated.

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen —	Yen 0.00	Yen —	Yen 84.00	Yen 84.00
Fiscal year ending March 31, 2024	—	0.00			
Fiscal year ending March 31, 2024 (Forecast)			—	71.00	71.00

(Notes) 1. Revision to the forecast for dividends announced most recently: No

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

## 3. Consolidated 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 attributable to owners of parent		Basic earnings per share	
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
	28,000	—	3,300	—	3,000	—	2,000	—	202.77	

(Notes) 1. Revision to the financial results forecast announced most recently: Yes

2. For the financial results forecast, please refer to the press release “Notice Concerning Publication of Consolidated Financial Results Forecast Associated with Transition to Consolidated Accounting” announced on November 14, 2023.

3. Since the Company did not prepare Consolidated Financial Statements for the fiscal year ended March 31, 2023, changes from the previous corresponding period are not stated.

**\* Notes:**

- (1) Changes in significant subsidiaries during the period under review: No  
(Changes in specified subsidiaries resulting in changes in the scope of consolidation):  
Newly included: – companies (Company name) –  
Excluded: – companies (Company name) –
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: No
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (4) 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, 2023: 9,960,000 shares  
As of March 31, 2023: 9,960,000 shares
  - 2) Total number of treasury shares at the end of the period:  
As of September 30, 2023: 87,224 shares  
As of March 31, 2023: 102,636 shares
  - 3) Average number of shares during the period:  
Six months ended September 30, 2023: 9,863,432 shares  
Six months ended September 30, 2022: 9,918,743 shares
- (Note) The Company conducted a 2-for-1 split of its common shares as of April 1, 2023. Total number of issued shares at the end of the period, total number of treasury shares at the end of the period and average number of shares during the period are calculated assuming that the stock split had been conducted at the beginning of the previous fiscal year.

\* 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 Consolidated Balance Sheets

(Thousand yen)

As of September 30, 2023

Assets	
Current assets	
Cash and deposits	3,198,278
Accounts receivable from completed construction contracts	1,837,542
Real estate for sale	2,268,510
Real estate for sale in process	14,211,381
Advance payments to suppliers	225,909
Equity investments in properties for sale	531,964
Other	315,110
Total current assets	22,588,697
Non-current assets	
Property, plant and equipment	
Buildings	969,699
Structures	15,124
Machinery and equipment	101,514
Vehicles	36,748
Tools, furniture and fixtures	60,334
Land	1,236,128
Accumulated depreciation	(377,029)
Total property, plant and equipment	2,042,521
Intangible assets	
Goodwill	782,187
Other	41,732
Total intangible assets	823,919
Investments and other assets	1,184,047
Total non-current assets	4,050,488
Total assets	26,639,185

(Thousand yen)

As of September 30, 2023

Liabilities	
Current liabilities	
Accounts payable for construction contracts	1,570,650
Short-term borrowings	3,009,000
Current portion of long-term borrowings	3,415,971
Current portion of bonds payable	108,000
Accounts payable - other	86,451
Income taxes payable	4,789
Advances received	648,354
Advances received on uncompleted construction contracts	518,854
Deposits received	315,824
Provision for bonuses	132,643
Provision for costs after sales	22,179
Provision for loss on construction contracts	32,567
Other	77,401
Total current liabilities	9,942,686
Non-current liabilities	
Bonds payable	131,000
Long-term borrowings	10,419,944
Other	128,295
Total non-current liabilities	10,679,240
Total liabilities	20,621,926
Net assets	
Shareholders' equity	
Share capital	681,120
Capital surplus	641,599
Retained earnings	4,755,967
Treasury shares	(60,089)
Total shareholders' equity	6,018,598
Accumulated other comprehensive income	
Deferred gains or losses on hedges	(1,339)
Total accumulated other comprehensive income	(1,339)
Total net assets	6,017,259
Total liabilities and net assets	26,639,185

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2023
Net sales	3,149,196
Cost of sales	2,630,097
Gross profit	519,099
Selling, general and administrative expenses	1,065,187
Operating loss	(546,088)
Non-operating income	
Reversal of provision for shareholder benefit program	2,017
Other	556
Total non-operating income	2,574
Non-operating expenses	
Interest expenses	98,364
Commission expenses	8,886
Registration license taxes and other	4,249
Other	6,487
Total non-operating expenses	117,988
Ordinary loss	(661,503)
Loss before income taxes	(661,503)
Income taxes - current	1,145
Income taxes - deferred	(192,418)
Total income taxes	(191,273)
Loss	(470,229)
Loss attributable to owners of parent	(470,229)

Quarterly Consolidated Statements of Comprehensive Income  
Six Months Ended September 30

	(Thousand yen)
	For the six months ended September 30, 2023
Loss	(470,229)
Other comprehensive income	
Deferred gains or losses on hedges	1,322
Total other comprehensive income	1,322
Comprehensive income	(468,906)
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	(468,906)

## (3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30, 2023
<b>Cash flows from operating activities</b>	
Loss before income taxes	(661,503)
Depreciation	32,714
Share-based payment expenses	10,346
Increase (decrease) in provision for bonuses	10,689
Increase (decrease) in provision for costs after sales	(145)
Increase (decrease) in provision for loss on construction contracts	(34,004)
Increase (decrease) in provision for shareholder benefit program	(7,733)
Interest expenses	98,364
Commission expenses	8,886
Decrease (increase) in accounts receivable from completed construction contracts	742,923
Decrease (increase) in inventories	(6,650,819)
Decrease (increase) in advance payments to suppliers	(54,307)
Increase (decrease) in accounts payable for construction contracts	85,355
Increase (decrease) in advances received on construction contracts in progress	35,000
Increase (decrease) in advances received	(775,065)
Decrease (increase) in equity investments in properties for sale	823,000
Decrease (increase) in other current assets	(155,754)
Other, net	(59,425)
Subtotal	(6,551,477)
Interest and dividends received	80
Interest paid	(87,296)
Income taxes paid	(620,655)
Net cash provided by (used in) operating activities	(7,259,348)
<b>Cash flows from investing activities</b>	
Purchase of property, plant and equipment	(7,779)
Purchase of intangible assets	(15,049)
Collection of loans receivable from subsidiaries and associates	20,000
Purchase of investment securities	(501,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(121,180)
Other, net	(6,429)
Net cash provided by (used in) investing activities	(631,439)
<b>Cash flows from financing activities</b>	
Net increase (decrease) in short-term borrowings	2,460,500
Proceeds from long-term borrowings	4,755,064
Repayments of long-term borrowings	(148,054)
Proceeds from issuance of bonds	100,000
Redemption of bonds	(37,000)
Dividends paid	(413,826)
Other, net	(12,174)
Net cash provided by (used in) financing activities	6,704,508
Net increase (decrease) in cash and cash equivalents	(1,186,278)
Cash and cash equivalents at beginning of period	4,384,557
Cash and cash equivalents at end of period	3,198,278