

Non-consolidated Financial Results for the Six Months Ended September 30, 2020 [Japanese GAAP]



November 6, 2020

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

Contact: Yosuke Ishimaru, Director and Executive Officer

Phone: +81-3-6432-9937

Scheduled date of filing quarterly securities report: November 13, 2020

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, 2020 (April 1, 2020 to September 30, 2020)

(1) Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2020	9,672	64.7	330	538.3	251	—	172	—
September 30, 2019	5,873	114.7	51	—	(76)	—	(55)	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	34.55	—
September 30, 2019	(11.17)	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2020	11,853	4,253	35.9
As of March 31, 2020	13,295	4,229	31.8

(Reference) Equity: As of September 30, 2020: ¥4,253 million

As of March 31, 2020: ¥4,229 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2020	Yen —	Yen 0.00	Yen —	Yen 30.00	Yen 30.00
Fiscal year ending March 31, 2021	—	0.00			
Fiscal year ending March 31, 2021 (Forecast)			—	30.00	30.00

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

3. Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% 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	18,000	5.2	1,050	1.4	850	5.7	560	2.2	112.45

(Note) Revision to the financial results forecast announced most recently: Yes

Regarding the revision to the financial results forecast, please refer to the “Notice Concerning Revision of Financial Results Forecast” announced today (November 6, 2020).

* 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: No

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, 2020: 4,980,000 shares

As of March 31, 2020: 4,980,000 shares

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

As of September 30, 2020: 77 shares

As of March 31, 2020: 77 shares

3) Average number of shares during the period:

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

Six months ended September 30, 2019: 4,979,990 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, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	2,379,610	4,287,035
Accounts receivable from completed construction contracts	252,257	34,885
Real estate for sale	549,452	248,855
Real estate for sale in process	7,661,249	4,664,506
Advance payments - trade	97,966	86,005
Other	73,390	83,405
Total current assets	11,013,927	9,404,692
Non-current assets		
Property, plant and equipment		
Buildings	901,333	1,054,988
Structures	2,406	2,406
Machinery and equipment	101,514	101,514
Vehicles	18,455	16,983
Tools, furniture and fixtures	41,121	42,938
Land	1,215,389	1,289,983
Accumulated depreciation	(191,583)	(222,884)
Total property, plant and equipment	2,088,638	2,285,932
Intangible assets	19,213	20,724
Investments and other assets	174,147	142,081
Total non-current assets	2,281,999	2,448,738
Total assets	13,295,926	11,853,430

(Thousand yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Accounts payable for construction contracts	1,259,057	439,964
Short-term borrowings	339,650	504,390
Current portion of long-term borrowings	2,502,411	2,222,398
Current portion of bonds payable	73,400	73,200
Accounts payable - other	94,999	115,334
Income taxes payable	136,465	92,874
Advances received	377	394
Advances received on construction contracts in progress	169,565	113,900
Deposits received	215,310	241,315
Provision for bonuses	102,214	90,676
Provision for costs after sales	9,809	15,482
Provision for loss on construction contracts	6,916	—
Provision for shareholder benefit program	—	18,135
Other	22,489	39,605
Total current liabilities	4,932,665	3,967,673
Non-current liabilities		
Bonds payable	96,500	60,000
Long-term borrowings	4,013,670	3,518,749
Other	23,963	53,282
Total non-current liabilities	4,134,134	3,632,032
Total liabilities	9,066,800	7,599,705
Net assets		
Shareholders' equity		
Share capital	681,120	681,120
Capital surplus		
Legal capital surplus	631,120	631,120
Other capital surplus	220	220
Total capital surpluses	631,340	631,340
Retained earnings		
Legal retained earnings	10,000	10,000
Other retained earnings		
Reserve for special depreciation	8,700	6,159
Retained earnings brought forward	2,900,860	2,926,056
Total retained earnings	2,919,560	2,942,216
Treasury shares	(101)	(101)
Total shareholders' equity	4,231,919	4,254,574
Valuation and translation adjustments		
Deferred gains or losses on hedges	(2,793)	(849)
Total valuation and translation adjustments	(2,793)	(849)
Total net assets	4,229,126	4,253,724
Total liabilities and net assets	13,295,926	11,853,430

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

(Thousand yen)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Net sales	5,873,602	9,672,148
Cost of sales	5,065,390	8,614,927
Gross profit	808,211	1,057,220
Selling, general and administrative expenses	756,383	726,412
Operating profit	51,828	330,808
Non-operating income		
Vending machine income	154	102
Subsidy income	700	10
Insurance premiums revenue	3,137	2,622
Other	766	178
Total non-operating income	4,758	2,913
Non-operating expenses		
Interest expenses	75,403	66,952
Commission expenses	33,609	6,792
Other	23,931	8,405
Total non-operating expenses	132,944	82,149
Ordinary profit (loss)	(76,356)	251,571
Extraordinary income		
Gain on sales of non-current assets	—	82
Total extraordinary income	—	82
Profit (loss) before income taxes	(76,356)	251,653
Income taxes - current	1,145	80,434
Income taxes - deferred	(21,868)	(834)
Total income taxes	(20,723)	79,600
Profit (loss)	(55,632)	172,052

(3) Quarterly Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	(76,356)	251,653
Depreciation	27,089	29,509
Increase (decrease) in provision for bonuses	(1)	(11,537)
Increase (decrease) in provision for costs after sales	2,525	5,673
Increase (decrease) in provision for loss on construction contracts	—	(6,916)
Increase (decrease) in provision for shareholder benefit program	—	18,135
Interest expenses	75,403	66,952
Loss (gain) on sales of property, plant and equipment	—	(82)
Decrease (increase) in accounts receivable from completed construction contracts	285,768	217,371
Decrease (increase) in inventories	(1,211,990)	3,137,815
Decrease (increase) in advance payments - trade	(154,929)	11,961
Increase (decrease) in accounts payable for construction contracts	(340,418)	(820,526)
Increase (decrease) in advances received on construction contracts in progress	(105,871)	(55,665)
Other, net	(169,906)	145,550
Subtotal	(1,668,689)	2,989,894
Interest and dividends received	52	48
Interest paid	(75,917)	(65,872)
Income taxes paid	(116,305)	(121,716)
Net cash provided by (used in) operating activities	(1,860,859)	2,802,353
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,430)	(63,322)
Proceeds from sales of property, plant and equipment	—	300
Purchase of intangible assets	(8,967)	(4,250)
Payments for investments in capital of subsidiaries and associates	—	(9,000)
Other, net	19,684	(16,037)
Net cash provided by (used in) investing activities	9,287	(92,310)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	621,602	164,740
Proceeds from long-term borrowings	3,131,900	1,665,500
Repayments of long-term borrowings	(3,351,703)	(2,440,434)
Proceeds from issuance of bonds	100,000	—
Redemption of bonds	(26,700)	(36,700)
Dividends paid	(149,248)	(149,213)
Other, net	(34)	(6,511)
Net cash provided by (used in) financing activities	325,814	(802,618)
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	(1,525,757)	1,907,424
Cash and cash equivalents at beginning of period	2,747,573	2,379,610
Cash and cash equivalents at end of period	1,221,816	4,287,035