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

August 14, 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
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Scheduled date of filing quarterly securities report: August 14, 2020
Scheduled date of commencing dividend payments: —
Availability of supplementary material on quarterly financial results: No
Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Financial Results for the Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2020	1,913	11.2	(40)	–	(82)	–	(58)	–
June 30, 2019	1,721	38.7	(92)	–	(151)	–	(106)	–

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2020	(11.69)	–
June 30, 2019	(21.33)	–

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2020	14,303	4,022	28.1
As of March 31, 2020	13,295	4,229	31.8

(Reference) Equity: As of June 30, 2020: ¥4,022 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	–	0.00	–	30.00	30.00
Fiscal year ending March 31, 2021	–				
Fiscal year ending March 31, 2021 (Forecast)		0.00	–	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	16,000	(6.5)	1,050	1.4	850	5.7	560	2.2	112.45

(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: 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 June 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 June 30, 2020: 77 shares
As of March 31, 2020: 77 shares

3) Average number of shares during the period:
Three months ended June 30, 2020: 4,979,923 shares
Three months ended June 30, 2019: 4,980,000 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 June 30, 2020
Assets		
Current assets		
Cash and deposits	2,379,610	1,336,328
Accounts receivable from completed construction contracts	252,257	508,992
Real estate for sale	549,452	2,563,389
Real estate for sale in process	7,661,249	7,328,876
Advance payments - trade	97,966	20,033
Other	73,390	220,903
Total current assets	11,013,927	11,978,524
Non-current assets		
Property, plant and equipment		
Buildings	901,333	941,989
Structures	2,406	2,406
Machinery and equipment	101,514	101,514
Vehicles	18,455	18,455
Tools, furniture and fixtures	41,121	42,663
Land	1,215,389	1,236,128
Accumulated depreciation	(191,583)	(204,236)
Total property, plant and equipment	2,088,638	2,138,922
Intangible assets	19,213	19,920
Investments and other assets	174,147	165,654
Total non-current assets	2,281,999	2,324,497
Total assets	13,295,926	14,303,022

(Thousand yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Accounts payable for construction contracts	1,259,057	1,166,087
Short-term borrowings	339,650	1,469,000
Current portion of long-term borrowings	2,502,411	3,515,390
Current portion of bonds payable	73,400	73,400
Accounts payable - other	94,999	49,874
Income taxes payable	136,465	2,376
Advances received	377	493
Advances received on construction contracts in progress	169,565	173,477
Deposits received	215,310	251,511
Provision for bonuses	102,214	47,651
Provision for costs after sales	9,809	10,050
Provision for loss on construction contracts	6,916	6,916
Other	22,489	55,359
Total current liabilities	4,932,665	6,821,590
Non-current liabilities		
Bonds payable	96,500	96,500
Long-term borrowings	4,013,670	3,307,162
Other	23,963	55,370
Total non-current liabilities	4,134,134	3,459,032
Total liabilities	9,066,800	10,280,622
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	7,429
Retained earnings brought forward	2,900,860	2,694,501
Total retained earnings	2,919,560	2,711,931
Treasury shares	(101)	(101)
Total shareholders' equity	4,231,919	4,024,289
Valuation and translation adjustments		
Deferred gains or losses on hedges	(2,793)	(1,890)
Total valuation and translation adjustments	(2,793)	(1,890)
Total net assets	4,229,126	4,022,399
Total liabilities and net assets	13,295,926	14,303,022

(2) Quarterly Statements of Income

Three Months Ended June 30

(Thousand yen)

	For the three months ended June 30, 2019	For the three months ended June 30, 2020
Net sales	1,721,174	1,913,481
Cost of sales	1,461,012	1,652,696
Gross profit	260,161	260,784
Selling, general and administrative expenses	353,064	301,046
Operating loss	(92,903)	(40,261)
Non-operating income		
Vending machine income	68	42
Income from insurance	1,569	966
Other	497	127
Total non-operating income	2,134	1,137
Non-operating expenses		
Interest expenses	35,122	31,605
Commission expenses	20,116	6,373
Other	5,770	5,495
Total non-operating expenses	61,009	43,474
Ordinary loss	(151,778)	(82,598)
Loss before income taxes	(151,778)	(82,598)
Income taxes - current	572	572
Income taxes - deferred	(46,122)	(24,938)
Total income taxes	(45,549)	(24,366)
Loss	(106,228)	(58,232)