Non-consolidated Financial Results for the Nine Months Ended December 31, 2020 [Japanese GAAP]

February 10, 2021

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: February 10, 2021
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 Nine Months Ended December 31, 2020 (April 1, 2020 to December 31, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2020	10,439	18.8	156	(17.4)	20	103.2	5	86.2
December 31, 2019	8,787	31.7	189	(17.8)	10	(88.0)	2	(97.6)

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2020	1.11	–
December 31, 2019	0.59	–

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2020	12,634	4,078	32.3
As of March 31, 2020	13,295	4,229	31.8

(Reference) Equity: As of December 31, 2020: ¥4,078 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	–	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: 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 December 31, 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 December 31, 2020: 77 shares
As of March 31, 2020: 77 shares

3) Average number of shares during the period:
Nine months ended December 31, 2020: 4,979,923 shares
Nine months ended December 31, 2019: 4,979,983 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 December 31, 2020
Assets		
Current assets		
Cash and deposits	2,379,610	2,471,188
Accounts receivable from completed construction contracts	252,257	—
Real estate for sale	549,452	1,395,776
Real estate for sale in process	7,661,249	6,033,246
Advance payments - trade	97,966	131,024
Other	73,390	186,773
Total current assets	11,013,927	10,218,010
Non-current assets		
Property, plant and equipment		
Buildings	901,333	1,057,544
Structures	2,406	2,406
Machinery and equipment	101,514	101,514
Vehicles	18,455	18,298
Tools, furniture and fixtures	41,121	42,938
Land	1,215,389	1,289,983
Accumulated depreciation	(191,583)	(237,100)
Total property, plant and equipment	2,088,638	2,275,586
Intangible assets	19,213	23,098
Investments and other assets	174,147	117,818
Total non-current assets	2,281,999	2,416,503
Total assets	13,295,926	12,634,514

(Thousand yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Accounts payable for construction contracts	1,259,057	464,863
Short-term borrowings	339,650	469,890
Current portion of long-term borrowings	2,502,411	3,082,661
Current portion of bonds payable	73,400	73,200
Accounts payable - other	94,999	27,130
Income taxes payable	136,465	—
Advances received	377	362
Advances received on construction contracts in progress	169,565	145,711
Deposits received	215,310	258,687
Provision for bonuses	102,214	44,171
Provision for costs after sales	9,809	13,107
Provision for loss on construction contracts	6,916	—
Provision for shareholder benefit program	—	5,476
Other	22,489	55,891
Total current liabilities	4,932,665	4,641,152
Non-current liabilities		
Bonds payable	96,500	60,000
Long-term borrowings	4,013,670	3,790,524
Other	23,963	64,795
Total non-current liabilities	4,134,134	3,915,319
Total liabilities	9,066,800	8,556,472
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	4,888
Retained earnings brought forward	2,900,860	2,760,782
Total retained earnings	2,919,560	2,775,671
Treasury shares	(101)	(101)
Total shareholders' equity	4,231,919	4,088,029
Valuation and translation adjustments		
Deferred gains or losses on hedges	(2,793)	(9,988)
Total valuation and translation adjustments	(2,793)	(9,988)
Total net assets	4,229,126	4,078,041
Total liabilities and net assets	13,295,926	12,634,514

(2) Quarterly Statements of Income

Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020
Net sales	8,787,618	10,439,571
Cost of sales	7,452,659	9,241,102
Gross profit	1,334,959	1,198,469
Selling, general and administrative expenses	1,145,524	1,041,951
Operating profit	189,435	156,517
Non-operating income		
Subsidy income	2,950	410
Vending machine income	236	153
Income from insurance	3,502	3,176
Other	1,969	221
Total non-operating income	8,658	3,961
Non-operating expenses		
Interest expenses	117,066	94,852
Commission expenses	37,622	29,379
Other	33,129	15,369
Total non-operating expenses	187,818	139,601
Ordinary profit	10,275	20,876
Extraordinary income		
Gain on sales of non-current assets	—	82
Total extraordinary income	—	82
Profit before income taxes	10,275	20,958
Income taxes - current	1,717	1,717
Income taxes - deferred	5,600	13,733
Total income taxes	7,318	15,450
Profit	2,957	5,507