Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 [Japanese GAAP]

May 14, 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
Contact: Yosuke Ishimaru, Director and Executive Officer
Phone: +81-3-6432-9937
Scheduled date of Annual General Meeting of Shareholders: June 25, 2021
Scheduled date of commencing dividend payments: June 28, 2021
Scheduled date of filing annual securities report: June 25, 2021
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, 2021 (April 1, 2020 to March 31, 2021)

(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, 2021	18,774	9.8	1,068	3.3	895	11.3	585	6.7
March 31, 2020	17,105	20.8	1,035	2.2	804	(1.6)	548	(14.1)

	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, 2021	117.49	–	13.2	6.9	5.7
March 31, 2020	110.08	–	13.6	5.9	6.1

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2021: ¥- million
Fiscal year ended March 31, 2020: ¥- million

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	12,632	4,650	36.8	933.95
As of March 31, 2020	13,295	4,229	31.8	849.24

(Reference) Equity: As of March 31, 2021: ¥4,650 million
As of March 31, 2020: ¥4,229 million

(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, 2021	3,476	(614)	(1,248)	3,992
March 31, 2020	1,398	(38)	(1,727)	2,379

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, 2020	–	0.00	–	30.00	30.00	149	27.3	3.7
March 31, 2021	–	0.00	–	32.00	32.00	159	27.2	3.6
Fiscal year ending March 31, 2022 (Forecast)	–	0.00	–	32.00	32.00		–	

(Note) Year-end dividend breakdown for the fiscal year ended March 31, 2021
Ordinary dividend: ¥30.00; Commemorative dividend: ¥2.00

3. Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% 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	20,000	6.5	1,280	19.7	1,050	17.3	710	21.4	142.57

*** 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: No
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, 2021: 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 March 31, 2021: 77 shares
As of March 31, 2020: 77 shares

3) Average number of shares during the period:
Fiscal year ended March 31, 2021: 4,979,923 shares
Fiscal year ended March 31, 2020: 4,979,970 shares

* 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.

3. Financial Statements and Primary Notes

(1) Balance Sheets

(Thousand yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	2,379,610	3,992,550
Accounts receivable from completed construction contracts	253,449	831,565
Real estate for sale	549,452	1,664,978
Real estate for sale in process	7,661,249	2,974,062
Advance payments to suppliers	97,966	158,417
Prepaid expenses	62,668	20,330
Other	9,530	10,837
Total current assets	11,013,927	9,652,742
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)	(251,427)
Total property, plant and equipment	2,088,638	2,261,260
Intangible assets		
Software	19,213	22,746
Total intangible assets	19,213	22,746
Investments and other assets		
Shares of subsidiaries and associates	13,500	2,535
Investments in capital	1,680	514,780
Long-term prepaid expenses	78,790	11,572
Deferred tax assets	66,336	128,727
Other	13,840	38,464
Total investments and other assets	174,147	696,079
Total non-current assets	2,281,999	2,980,086
Total assets	13,295,926	12,632,828

(Thousand yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable for construction contracts	1,259,057	371,207
Short-term borrowings	339,650	469,890
Current portion of long-term borrowings	2,502,411	960,281
Current portion of bonds payable	73,400	46,500
Accounts payable - other	94,999	170,392
Accrued expenses	10,653	11,206
Income taxes payable	136,465	236,791
Advances received	377	540,907
Advances received on construction contracts in progress	169,565	200,795
Deposits received	215,310	233,871
Unearned revenue	11,131	15,674
Provision for bonuses	102,214	90,763
Provision for costs after sales	9,809	13,048
Provision for loss on construction contracts	6,916	57,566
Provision for shareholder benefit program	–	2,700
Other	704	13,623
Total current liabilities	4,932,665	3,435,219
Non-current liabilities		
Bonds payable	96,500	50,000
Long-term borrowings	4,013,670	4,421,243
Other	23,963	75,380
Total non-current liabilities	4,134,134	4,546,624
Total liabilities	9,066,800	7,981,843
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 surplus	631,340	631,340
Retained earnings		
Legal retained earnings	10,000	10,000
Other retained earnings		
Reserve for special depreciation	8,700	5,083
Retained earnings brought forward	2,900,860	3,340,154
Total retained earnings	2,919,560	3,355,238
Treasury shares	(101)	(101)
Total shareholders' equity	4,231,919	4,667,597
Valuation and translation adjustments		
Deferred gains or losses on hedges	(2,793)	(16,612)
Total valuation and translation adjustments	(2,793)	(16,612)
Total net assets	4,229,126	4,650,984
Total liabilities and net assets	13,295,926	12,632,828

(2) Statements of Income

Fiscal Year Ended March 31

(Thousand yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Net sales	17,105,507	18,774,727
Cost of sales	14,454,239	16,187,680
Gross profit	2,651,267	2,587,046
Selling, general and administrative expenses	1,616,176	1,518,111
Operating profit	1,035,091	1,068,934
Non-operating income		
Interest income	33	33
Dividend income	34	34
Subsidy income	3,350	410
Insurance premiums revenue	6,535	4,131
Vending machine income	283	196
Other	1,943	2,600
Total non-operating income	12,179	7,406
Non-operating expenses		
Interest expenses	156,303	121,929
Interest on bonds	737	513
Commission expenses	43,884	31,207
Registration license taxes and other	26,950	23,888
Other	15,359	3,664
Total non-operating expenses	243,234	181,202
Ordinary profit	804,035	895,138
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	–	23,327
Loss on valuation of shares of subsidiaries and associates	–	7,464
Impairment losses	2,824	–
Total extraordinary losses	2,824	30,792
Profit before income taxes	801,210	864,346
Income taxes - current	263,076	335,563
Income taxes - deferred	(10,054)	(56,291)
Total income taxes	253,021	279,271
Profit	548,188	585,075

(3) Statements of Changes in Net Assets

Fiscal Year Ended March 31, 2020

(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				
Reversal of reserve for special depreciation				
Net changes in items other than shareholders' equity				
Total changes during period	–	–	–	–
Balance at end of period	681,120	631,120	220	631,340

	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	13,782	2,496,990	2,520,772	–	3,833,232
Changes during period						
Dividends of surplus			(149,400)	(149,400)		(149,400)
Profit			548,188	548,188		548,188
Purchase of treasury shares					(101)	(101)
Reversal of reserve for special depreciation		(5,082)	5,082			–
Net changes in items other than shareholders' equity						
Total changes during period	–	(5,082)	403,870	398,788	(101)	398,687
Balance at end of period	10,000	8,700	2,900,860	2,919,560	(101)	4,231,919

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(6,802)	(6,802)	3,826,429
Changes during period			
Dividends of surplus			(149,400)
Profit			548,188
Purchase of treasury shares			(101)
Reversal of reserve for special depreciation			–
Net changes in items other than shareholders' equity	4,009	4,009	4,009
Total changes during period	4,009	4,009	402,696
Balance at end of period	(2,793)	(2,793)	4,229,126

Fiscal Year Ended March 31, 2021

(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				
Reversal of reserve for special depreciation				
Net changes in items other than shareholders' equity				
Total changes during period	–	–	–	–
Balance at end of period	681,120	631,120	220	631,340

	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	8,700	2,900,860	2,919,560	(101)	4,231,919
Changes during period						
Dividends of surplus			(149,397)	(149,397)		(149,397)
Profit			585,075	585,075		585,075
Purchase of treasury shares						–
Reversal of reserve for special depreciation		(3,616)	3,616	–		–
Net changes in items other than shareholders' equity						
Total changes during period	–	(3,616)	439,294	435,677	–	435,677
Balance at end of period	10,000	5,083	3,340,154	3,355,238	(101)	4,667,597

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(2,793)	(2,793)	4,229,126
Changes during period			
Dividends of surplus			(149,397)
Profit			585,075
Purchase of treasury shares			–
Reversal of reserve for special depreciation			–
Net changes in items other than shareholders' equity	(13,819)	(13,819)	(13,819)
Total changes during period	(13,819)	(13,819)	421,858
Balance at end of period	(16,612)	(16,612)	4,650,984

(4) Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	801,210	864,346
Depreciation	56,616	60,996
Impairment losses	2,824	–
Increase (decrease) in provision for bonuses	(6,703)	(11,451)
Increase (decrease) in provision for costs after sales	3,650	3,239
Increase (decrease) in provision for loss on construction contracts	6,916	50,649
Increase (decrease) in provision for shareholder benefit program	–	2,700
Interest and dividend income	(67)	(67)
Interest expenses on borrowings and bonds	157,040	122,442
Loss on liquidation of subsidiaries and associates	–	23,327
Loss on valuation of shares of subsidiaries and associates	–	7,464
Decrease (increase) in accounts receivable from completed construction contracts	104,626	(583,729)
Decrease (increase) in inventories	84,906	3,412,135
Decrease (increase) in advance payments to suppliers	180,862	(60,450)
Increase (decrease) in accounts payable for construction contracts	643,492	(887,849)
Increase (decrease) in accounts payable - other	10,675	(27,144)
Increase (decrease) in deposits received	15,401	18,561
Increase (decrease) in advances received	285	540,530
Increase (decrease) in advances received on construction contracts in progress	(163,162)	31,229
Other, net	(85,437)	265,348
Subtotal	1,813,139	3,832,278
Interest and dividends received	67	67
Interest paid	(157,172)	(119,241)
Income taxes paid	(257,664)	(236,697)
Net cash provided by (used in) operating activities	1,398,369	3,476,406
Cash flows from investing activities		
Purchase of property, plant and equipment	(41,330)	(68,627)
Purchase of intangible assets	(16,841)	(8,390)
Payments for investments in capital of subsidiaries and associates	–	(9,000)
Purchase of shares of subsidiaries and associates	(3,500)	–
Payments for investments in capital	–	(504,100)
Other, net	22,798	(24,623)
Net cash provided by (used in) investing activities	(38,873)	(614,741)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(921,750)	130,240
Proceeds from long-term borrowings	6,727,000	7,029,200
Repayments of long-term borrowings	(7,374,222)	(8,163,756)
Proceeds from issuance of bonds	97,693	–
Redemption of bonds	(63,400)	(73,400)
Dividends paid	(149,282)	(149,354)
Other, net	(43,498)	(21,654)
Net cash provided by (used in) financing activities	(1,727,460)	(1,248,725)
Net increase (decrease) in cash and cash equivalents	(367,963)	1,612,940
Cash and cash equivalents at beginning of period	2,747,573	2,379,610
Cash and cash equivalents at end of period	2,379,610	3,992,550