Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 14, 2024

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 to file semi-annual securities report: November 14, 2024
Scheduled date of commencing dividend payments: —
Availability of supplementary material on financial results: Yes
Schedule of 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, 2024 (April 1, 2024 to September 30, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2024	8,095	157.1	216	–	28	–	(31)	–
September 30, 2023	3,149	–	(546)	–	(661)	–	(470)	–

(Note) Comprehensive income: Six months ended September 30, 2024: ¥(31) million [– %]
Six months ended September 30, 2023: ¥(468) million [– %]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	(3.19)	–
September 30, 2023	(47.67)	–

(Note) Since the Company began to prepare Semi-annual Consolidated Financial Statements from the six months ended September 30, 2023, changes in figures for the six months ended September 30, 2023 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, 2024	30,079	6,964	23.2
As of March 31, 2024	26,609	7,431	27.9

(Reference) Equity: As of September 30, 2024: ¥6,964 million
As of March 31, 2024: ¥7,431 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, 2024	–	0.00	–	45.00	45.00
Fiscal year ending March 31, 2025	–	0.00			
Fiscal year ending March 31, 2025 (Forecast)			–	96.00	96.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	33,000	48.1	4,300	105.7	4,000	124.1	2,700	186.2	273.61

(Note) Revision to the financial results forecast announced most recently: No

*** Notes:**

(1) Significant changes in the scope of consolidation during the period: No
Newly included: – companies (Company name) –
Excluded: – companies (Company name) –

(2) Accounting policies adopted specially for the preparation of semi-annual 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: Yes
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, 2024: 9,960,000 shares
As of March 31, 2024: 9,960,000 shares

2) Total number of treasury shares at the end of the period:
As of September 30, 2024: 82,821 shares
As of March 31, 2024: 87,224 shares

3) Average number of shares during the period:
Six months ended September 30, 2024: 9,874,556 shares
Six months ended September 30, 2023: 9,863,432 shares

* Semi-annual financial results are outside the scope of review by certified public accountants or an audit firm.

* 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) Semi-annual Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	5,300,581	2,801,566
Accounts receivable from completed construction contracts	1,573,220	2,089,770
Real estate for sale	2,863,116	1,633,136
Real estate for sale in process	12,819,741	20,062,518
Advance payments to suppliers	174,241	92,032
Equity investments in properties for sale	294,349	3,927
Other	190,155	152,494
Total current assets	23,215,407	26,835,446
Non-current assets		
Property, plant and equipment		
Buildings	975,574	975,574
Structures	15,124	15,124
Machinery and equipment	101,514	101,514
Vehicles	36,748	37,836
Tools, furniture and fixtures	61,040	59,024
Land	1,236,128	1,236,128
Accumulated depreciation	(402,512)	(423,898)
Total property, plant and equipment	2,023,619	2,001,305
Intangible assets		
Goodwill	726,317	670,446
Other	38,224	25,708
Total intangible assets	764,541	696,154
Investments and other assets	605,874	546,932
Total non-current assets	3,394,035	3,244,393
Total assets	26,609,442	30,079,839

(Thousand yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable for construction contracts	1,379,188	1,754,449
Short-term borrowings	559,487	1,745,987
Current portion of long-term borrowings	4,016,308	4,376,870
Current portion of bonds payable	96,000	89,000
Accounts payable - other	134,579	142,489
Income taxes payable	47,256	14,962
Advances received	648,243	624
Advances received on uncompleted construction contracts	359,442	86,589
Deposits received	337,871	307,006
Provision for bonuses	143,925	137,974
Provision for costs after sales	40,513	19,087
Provision for loss on construction contracts	39,081	59,993
Other	67,210	55,986
Total current liabilities	7,869,108	8,791,021
Non-current liabilities		
Bonds payable	89,000	142,000
Long-term borrowings	11,099,855	14,078,095
Provision for retirement benefits for directors (and other officers)	1,945	–
Other	117,830	104,497
Total non-current liabilities	11,308,632	14,324,593
Total liabilities	19,177,740	23,115,614
Net assets		
Shareholders' equity		
Share capital	681,120	681,120
Capital surplus	641,599	646,564
Retained earnings	6,169,492	5,693,731
Treasury shares	(60,089)	(57,058)
Total shareholders' equity	7,432,122	6,964,357
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(421)	(132)
Total accumulated other comprehensive income	(421)	(132)
Total net assets	7,431,701	6,964,225
Total liabilities and net assets	26,609,442	30,079,839

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income

Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	3,149,196	8,095,351
Cost of sales	2,630,097	6,569,680
Gross profit	519,099	1,525,671
Selling, general and administrative expenses	1,065,187	1,309,402
Operating profit (loss)	(546,088)	216,269
Non-operating income		
Reversal of provision for shareholder benefit program	2,017	–
Reversal of provision for retirement benefits for directors (and other officers)	–	1,945
Other	556	1,125
Total non-operating income	2,574	3,070
Non-operating expenses		
Interest expenses	98,364	139,509
Commission expenses	8,886	32,583
Registration license taxes and other	4,249	6,860
Other	6,487	11,648
Total non-operating expenses	117,988	190,601
Ordinary profit (loss)	(661,503)	28,738
Extraordinary losses		
Loss on retirement of non-current assets	–	12,165
Loss on valuation of investment securities	–	52,001
Total extraordinary losses	–	64,166
Loss before income taxes	(661,503)	(35,427)
Income taxes - current	1,145	2,900
Income taxes - deferred	(192,418)	(6,842)
Total income taxes	(191,273)	(3,941)
Loss	(470,229)	(31,486)
Loss attributable to owners of parent	(470,229)	(31,486)

Semi-annual Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Loss	(470,229)	(31,486)
Other comprehensive income		
Deferred gains or losses on hedges	1,322	288
Total other comprehensive income	1,322	288
Comprehensive income	(468,906)	(31,197)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(468,906)	(31,197)

(3) Semi-annual Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Loss before income taxes	(661,503)	(35,427)
Depreciation	32,714	31,878
Amortization of goodwill	–	55,870
Share-based payment expenses	10,346	7,172
Increase (decrease) in provision for bonuses	10,689	(5,950)
Increase (decrease) in provision for costs after sales	(145)	(21,426)
Increase (decrease) in provision for loss on construction contracts	(34,004)	20,911
Increase (decrease) in provision for shareholder benefit program	(7,733)	–
Interest expenses	98,364	139,509
Commission expenses	8,886	32,583
Decrease (increase) in accounts receivable from completed construction contracts	742,923	(516,550)
Decrease (increase) in inventories	(6,650,819)	(6,012,796)
Decrease (increase) in equity investments in properties for sale	823,000	290,421
Increase (decrease) in accounts payable for construction contracts	85,355	376,480
Increase (decrease) in advances received	(775,065)	(647,619)
Increase (decrease) in advances received on construction contracts in progress	35,000	(272,852)
Loss on retirement of non-current assets	–	12,165
Loss (gain) on valuation of investment securities	—	52,001
Other, net	(269,487)	94,982
Subtotal	(6,551,477)	(6,398,646)
Interest and dividends received	80	269
Interest paid	(87,296)	(157,519)
Income taxes paid	(620,655)	(32,068)
Net cash provided by (used in) operating activities	(7,259,348)	(6,587,964)
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,779)	(4,366)
Purchase of intangible assets	(15,049)	(250)
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)	6,830
Net cash provided by (used in) investing activities	(631,439)	2,214
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,460,500	1,186,500
Proceeds from long-term borrowings	4,755,064	5,323,140
Repayments of long-term borrowings	(148,054)	(1,984,338)
Proceeds from issuance of bonds	100,000	100,000
Redemption of bonds	(37,000)	(54,000)
Dividends paid	(413,826)	(444,011)
Other, net	(12,174)	(40,554)
Net cash provided by (used in) financing activities	6,704,508	4,086,735

(Thousand yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net increase (decrease) in cash and cash equivalents	(1,186,278)	(2,499,014)
Cash and cash equivalents at beginning of period	4,384,557	5,300,581
Cash and cash equivalents at end of period	3,198,278	2,801,566