

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]



May 15, 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

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Scheduled date of Annual General Meeting of Shareholders: June 26, 2024

Scheduled date of commencing dividend payments: June 27, 2024

Scheduled date of filing annual securities report: June 26, 2024

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. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2024	22,284	—	2,090	—	1,784	—	943	—
March 31, 2023	—	—	—	—	—	—	—	—

(Note) Comprehensive income: Fiscal Year ended March 31, 2024: ¥945 million [– %]

Fiscal Year ended March 31, 2023: ¥ – million [– %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2024	95.59	—	12.7	6.7	9.4
March 31, 2023	—	—	—	—	—

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥- million

Fiscal year ended March 31, 2023: ¥- million

(Note) Since the Company began to prepare Consolidated Financial Statements from the fiscal year ended March 31, 2024, figures for the fiscal year ended March 31, 2023 and changes from the previous corresponding period are not stated.

(2) Consolidate Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	26,609	7,431	27.9	752.75
As of March 31, 2023	—	—	—	—

(Reference) Equity: As of March 31, 2024 ¥7,431 million

As of March 31, 2023 ¥- million

(Note) Since the Company began to prepare Consolidated Financial Statements from the fiscal year ended March 31, 2024, figures for the fiscal year ended March 31, 2023 are not stated.

(3) Consolidated 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
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2024	(3,996)	(633)	5,545	5,300
March 31, 2023	—	—	—	—

(Note) Since the Company began to prepare Consolidated Financial Statements from the fiscal year ended March 31, 2024, figures for the fiscal year ended March 31, 2023 are not stated.

2. Dividends

	Annual dividends					Total dividends	Consolidated payout ratio	Consolidated 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, 2023	—	0.00	—	84.00	84.00	414	—	—
March 31, 2024	—	0.00	—	45.00	45.00	444	47.1	6.0
Fiscal year ending March 31, 2025 (Forecast)	—	0.00	—	96.00	96.00		—	

(Note) 1. The Company conducted a 2-for-1 split of its common shares as of April 1, 2023. For the fiscal years ended March 31, 2023, the amounts of dividends are stated at actual amount prior to the stock split.

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		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

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review: No
(Changes in specified subsidiaries resulting in changes in the scope of consolidation):
 Newly included: – companies (Company name) –
 Excluded: – companies (Company name) –
- (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 March 31, 2024: 9,960,000 shares
 As of March 31, 2023: 9,960,000 shares

 - 2) Total number of treasury shares at the end of the period:
 As of March 31, 2024: 87,224 shares
 As of March 31, 2023: 102,636 shares

 - 3) Average number of shares during the period:
 Fiscal year ended March 31, 2024: 9,868,104 shares
 Fiscal year ended March 31, 2023: 9,906,968 shares

(Note) The Company conducted a 2-for-1 split of its common shares as of April 1, 2023. Total number of issued shares at the end of the period, total number of treasury shares at the end of the period, and average number of shares during the period are calculated assuming that the stock split had been conducted at the beginning of the previous fiscal year.

* 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.

(1) Consolidated Balance Sheets

(Thousand yen)

As of March 31, 2024	
Assets	
Current assets	
Cash and deposits	5,300,581
Accounts receivable from completed construction contracts	1,573,220
Real estate for sale	2,863,116
Real estate for sale in process	12,819,741
Advance payments to suppliers	174,241
Equity investments in properties for sale	294,349
Prepaid expenses	56,014
Other	134,141
Total current assets	23,215,407
Non-current assets	
Property, plant and equipment	
Buildings	975,574
Structures	15,124
Machinery and equipment	101,514
Vehicles	36,748
Tools, furniture and fixtures	61,040
Land	1,236,128
Accumulated depreciation	(402,512)
Total property, plant and equipment	2,023,619
Intangible assets	
Software	38,224
Goodwill	726,317
Total intangible assets	764,541
Investments and other assets	
Investment securities	68,325
Shares of subsidiaries and associates	50,536
Investments in capital	2,130
Investments in capital of subsidiaries and associates	9,000
Long-term prepaid expenses	16,741
Deferred tax assets	385,230
Other	73,912
Total investments and other assets	605,874
Total non-current assets	3,394,035
Total assets	26,609,442

(Thousand yen)

As of March 31, 2024

Liabilities	
Current liabilities	
Accounts payable for construction contracts	1,379,188
Short-term borrowings	559,487
Current portion of long-term borrowings	4,016,308
Current portion of bonds payable	96,000
Accounts payable - other	134,579
Accrued expenses	31,998
Income taxes payable	47,256
Advances received	648,243
Advances received on construction contracts in progress	359,442
Deposits received	337,871
Unearned revenue	11,663
Provision for bonuses	143,925
Provision for costs after sales	40,513
Provision for loss on construction contracts	39,081
Other	23,549
Total current liabilities	7,869,108
Non-current liabilities	
Bonds payable	89,000
Long-term borrowings	11,099,855
Provision for retirement benefits for directors (and other officers)	1,945
Other	117,830
Total non-current liabilities	11,308,632
Total liabilities	19,177,740
Net assets	
Shareholders' equity	
Share capital	681,120
Capital surplus	641,599
Retained earnings	6,169,492
Treasury shares	(60,089)
Total shareholders' equity	7,432,122
Accumulated other comprehensive income	
Deferred gains or losses on hedges	(421)
Total accumulated other comprehensive income	(421)
Total net assets	7,431,701
Total liabilities and net assets	26,609,442

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

Fiscal Year Ended March 31

	(Thousand yen)
	For the fiscal year ended March 31, 2024
Net sales	22,284,509
Cost of sales	17,945,659
Gross profit	4,338,849
Selling, general and administrative expenses	2,248,386
Operating profit	2,090,463
Non-operating income	
Interest income	43
Dividend income	57
Reversal of provision for shareholder benefit program	2,017
Profit of investment securities	739
Other	802
Total non-operating income	3,660
Non-operating expenses	
Interest expenses	244,969
Interest expenses on bonds	864
Commission expenses	38,407
Registration license taxes and other	17,422
Other	7,814
Total non-operating expenses	309,477
Ordinary profit	1,784,645
Extraordinary losses	
Loss on valuation of investment securities	432,674
Subsidiary company head office transfer cost	10,653
Total extraordinary losses	443,328
Profit before income taxes	1,341,317
Income taxes - current	454,289
Income taxes - deferred	(56,267)
Total income taxes	398,022
Profit	943,295
Profit attributable to owners of parent	943,295

Consolidated Statements of Comprehensive Income

Fiscal Year Ended March 31

	(Thousand yen)
	For the fiscal year ended March 31, 2024
Profit	943,295
Other comprehensive income	
Deferred gains or losses on hedge	2,240
Total other comprehensive income	2,240
Comprehensive income	945,535
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	945,535

(3) Consolidated Statements of Changes in Net Assets

Fiscal Year Ended March 31, 2024

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	681,120	631,566	5,640,206	(70,636)	6,882,256
Changes during period					
Dividends of surplus			(414,009)		(414,009)
Profit attributable to owners of parent			943,295		943,295
Purchase of treasury shares				(114)	(114)
Disposal of treasury shares		10,033		10,661	20,694
Net changes in items other than shareholders' equity					
Total changes during period	—	10,033	529,285	10,547	549,866
Balance at end of period	681,120	641,599	6,169,492	(60,089)	7,432,122

	Accumulated other comprehensive income		Total net assets
	Deferred gains or losses on hedges	Total accumulated other comprehensive income	
Balance at beginning of period	(2,661)	(2,661)	6,879,594
Changes during period			
Dividends of surplus			(414,009)
Profit attributable to owners of parent			943,295
Purchase of treasury shares			(114)
Disposal of treasury shares			20,694
Net changes in items other than shareholders' equity	2,240	2,240	2,240
Total changes during period	2,240	2,240	552,107
Balance at end of period	(421)	(421)	7,431,701

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2024
Cash flows from operating activities	
Profit before income taxes	1,341,317
Depreciation	66,682
Amortization of goodwill	55,870
Share-based payment expenses	20,693
Subsidiary company head office transfer cost	10,653
Increase (decrease) in provision for bonuses	21,972
Increase (decrease) in provision for costs after sales	18,189
Increase (decrease) in provision for loss on construction contracts	(27,490)
Increase (decrease) in provision for shareholder benefit program	(7,733)
Interest and dividend income	(100)
Interest expenses on borrowings and bonds	245,833
Commission expenses	38,407
Decrease (increase) in accounts receivable from completed construction contracts	1,007,246
Decrease (increase) in inventories	(5,853,785)
Decrease (increase) in equity investments in properties for sale	1,060,614
Increase (decrease) in accounts payable for construction contracts	(110,148)
Increase (decrease) in advances received	(775,176)
Increase (decrease) in advances received on construction contracts in progress	(124,412)
Profit of investment securities	(739)
Loss (gain) on valuation of investment securities	432,674
Other, net	(137,012)
Subtotal	(2,716,443)
Interest and dividends received	100
Interest paid	(236,895)
Income taxes paid	(1,043,014)
Net cash provided by (used in) operating activities	(3,996,252)
Cash flows from investing activities	
Purchase of property, plant and equipment	(16,364)
Purchase of investment securities	(501,000)
Proceeds from sale of investment securities	21,045
Purchase of intangible assets	(17,569)
Collection of loans receivable from subsidiaries and affiliates	20,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(121,180)
Other, net	(18,355)
Net cash provided by (used in) investing activities	(633,425)
Cash flows from financing activities	
Net increase (decrease) in short-term borrowings	10,987
Proceeds from long-term borrowings	12,050,204
Repayments of long-term borrowings	(6,162,946)
Proceeds from issuance of bonds	100,000
Redemption of bonds	(91,000)
Dividends paid	(413,946)
Other, net	52,404
Net cash provided by (used in) financing activities	5,545,703

Net increase (decrease) in cash and cash equivalents	<u>916,024</u>
Cash and cash equivalents at beginning of period	<u>4,384,557</u>
Cash and cash equivalents at end of period	<u>5,300,581</u>