

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

February 9, 2024

Company name: FORVAL CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 8275 URL <https://www.forval.co.jp>
 Representative: President and COO Masanori Nakajima
 Inquiries: Managing Director Koji Kato TEL 03-3498-1541
 Scheduled date to file Quarterly Securities Report: February 9, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2023	45,981	9.2	1,911	77.3	2,109	61.5	1,236	104.9
Nine months ended December 31, 2022	42,100	16.8	1,078	(34.2)	1,305	(25.4)	603	(47.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2023	48.08		48.07	
Nine months ended December 31, 2022	23.51		23.50	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	34,607	16,175	43.6
As of March 31, 2023	35,858	15,636	40.8

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	–	0.00	–	27.00	27.00
Year ending March 31, 2024	–	0.00	–		
Year ending March 31, 2024 (Forecast)				28.00	28.00

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	62,000	4.1	3,000	22.8	3,000	10.4	1,900	13.1	73.90

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2023	27,732,622 shares	As of March 31, 2023	27,732,622 shares
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Number of treasury shares at the end of the period

As of December 31, 2023	2,022,509 shares	As of March 31, 2023	2,022,477 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	25,710,142 shares	Nine months ended December 31, 2022	25,664,362 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	11,162,826	10,179,631
Notes and accounts receivable - trade, and contract assets	9,321,191	7,540,523
Investments in leases	233,228	211,345
Merchandise and finished goods	797,645	809,850
Work in process	89,276	162,348
Raw materials and supplies	292,580	245,262
Accounts receivable - other	1,908,205	1,645,933
Other	1,442,680	1,774,969
Allowance for doubtful accounts	(109,065)	(96,757)
Total current assets	25,138,568	22,473,105
Non-current assets		
Property, plant and equipment	1,644,015	2,422,605
Intangible assets		
Goodwill	1,734,942	1,517,520
Other	1,309,836	1,504,021
Total intangible assets	3,044,779	3,021,542
Investments and other assets		
Investment securities	2,252,156	2,527,449
Distressed receivables	2,304,814	2,310,482
Deferred tax assets	1,999,800	1,984,456
Other	1,754,492	2,141,578
Allowance for doubtful accounts	(2,280,097)	(2,274,209)
Total investments and other assets	6,031,166	6,689,758
Total non-current assets	10,719,960	12,133,905
Total assets	35,858,529	34,607,011
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,303,448	5,793,074
Short-term borrowings	1,925,368	1,946,584
Accounts payable - other	3,062,465	2,702,238
Income taxes payable	636,701	558,411
Provision for bonuses	738,035	832,849
Provision for bonuses for directors (and other officers)	216,463	201,229
Other	3,043,925	2,931,068
Total current liabilities	16,926,407	14,965,455
Non-current liabilities		
Bonds payable	100,000	100,000
Long-term borrowings	162,786	219,858
Retirement benefit liability	2,796,915	2,811,840
Provision for retirement benefits for directors (and other officers)	65,543	46,928
Deferred tax liabilities	5,242	13,803
Liabilities from application of equity method	29,574	22,904
Other	135,147	250,690
Total non-current liabilities	3,295,208	3,466,025
Total liabilities	20,221,615	18,431,481

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Share capital	4,150,294	4,150,294
Capital surplus	2,653,732	2,657,910
Retained earnings	8,407,909	8,949,762
Treasury shares	(1,194,473)	(1,194,518)
Total shareholders' equity	14,017,463	14,563,448
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	624,611	509,843
Foreign currency translation adjustment	16,681	34,261
Remeasurements of defined benefit plans	(26,417)	(23,147)
Total accumulated other comprehensive income	614,874	520,956
Share acquisition rights	19,224	9,855
Non-controlling interests	985,351	1,081,268
Total net assets	15,636,913	16,175,529
Total liabilities and net assets	35,858,529	34,607,011

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	42,100,736	45,981,359
Cost of sales	27,815,162	29,710,671
Gross profit	14,285,574	16,270,688
Selling, general and administrative expenses	13,207,307	14,359,031
Operating profit	1,078,266	1,911,656
Non-operating income		
Interest income	3,641	3,752
Dividend income	27,454	16,499
Share of profit of entities accounted for using equity method	104,317	130,860
Other	110,980	80,188
Total non-operating income	246,393	231,300
Non-operating expenses		
Interest expenses	13,588	13,110
loss on retirement of long-term prepaid expenses	–	12,965
Other	5,551	7,847
Total non-operating expenses	19,140	33,923
Ordinary profit	1,305,520	2,109,034
Extraordinary income		
Gain on sale of investment securities	138	12,930
Gain on sale of non-current assets	56	1,587
Gain on bargain purchase	57,844	–
Insurance claim income	–	141,520
Compensation for forced relocation	–	77,578
Gain on reversal of asset retirement obligations	–	19,440
Other	8,700	9,369
Total extraordinary income	66,739	262,427
Extraordinary losses		
Loss on sale and retirement of non-current assets	5,250	47,089
Impairment losses	72	–
Retirement benefits for directors (and other officers)	–	15,000
Other	70	1,075
Total extraordinary losses	5,393	63,164
Profit before income taxes	1,366,866	2,308,297
Income taxes - current	543,225	816,250
Income taxes - deferred	127,033	71,065
Total income taxes	670,259	887,315
Profit	696,606	1,420,981
Profit attributable to non-controlling interests	93,344	184,955
Profit attributable to owners of parent	603,262	1,236,026

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	696,606	1,420,981
Other comprehensive income		
Valuation difference on available-for-sale securities	26,945	(114,768)
Remeasurements of defined benefit plans, net of tax	2,611	3,269
Share of other comprehensive income of entities accounted for using equity method	5,377	17,580
Total other comprehensive income	34,934	(93,917)
Comprehensive income	731,541	1,327,064
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	638,196	1,142,109
Comprehensive income attributable to non-controlling interests	93,344	184,955