

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 13, 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 of ordinary general meeting of shareholders: June 21, 2024  
 Scheduled date to file Securities Report: June 21, 2024  
 Scheduled date to commence dividend payments: June 5, 2024  
 Preparation of supplementary material on financial results: No  
 Holding of financial results meeting: Yes (for analysts, institutional investors and general investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

#### (1) Consolidated operating results

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	%
Year ended March 31, 2024	63,527	6.7	3,235	32.4	3,459	27.3	2,011	19.7
Year ended March 31, 2023	59,538	15.5	2,443	(9.0)	2,717	(4.8)	1,679	(8.6)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	78.20	78.20	12.9	9.0	5.1
Year ended March 31, 2023	65.41	65.41	12.0	8.0	4.1

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	40,730	17,750	40.5	629.29
As of March 31, 2023	35,858	15,636	40.8	569.13

#### (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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	3,167	(1,062)	(1,454)	11,724
Year ended March 31, 2023	3,283	(912)	(1,389)	11,055

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	—	0.00	—	27.00	27.00	694	41.3	4.9
Year ended March 31, 2024	—	0.00	—	28.00	28.00	733	35.8	4.7
Year ending March 31, 2025 (Forecast)	—	0.00	—	30.00	30.00		37.4	

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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	67,000	5.5	3,600	11.3	3,700	7.0	2,100	4.4	80.16

4. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2024  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2024	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 March 31, 2024	1,534,469 shares	As of March 31, 2023	2,022,477 shares
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Average number of shares during the period

Year ended March 31, 2024	25,716,136 shares	Year ended March 31, 2023	25,675,574 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	11,162,826	11,928,320
Notes receivable - trade	98,356	134,434
Accounts receivable - trade	9,168,254	9,688,685
Contract assets	54,580	55,663
Investments in leases	233,228	1,122,023
Merchandise and finished goods	797,645	932,815
Work in process	89,276	88,381
Raw materials and supplies	292,580	295,065
Prepaid expenses	1,063,204	1,122,783
Accounts receivable - other	1,908,205	1,854,091
Other	379,476	836,996
Allowance for doubtful accounts	(109,065)	(112,525)
<b>Total current assets</b>	<b>25,138,568</b>	<b>27,946,736</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	1,406,462	1,660,287
Accumulated depreciation	(849,080)	(653,237)
Buildings, net	557,381	1,007,050
Tools, furniture and fixtures	1,228,054	1,314,975
Accumulated depreciation	(1,006,989)	(1,055,447)
Tools, furniture and fixtures, net	221,064	259,527
Leased assets	194,114	472,146
Accumulated depreciation	(121,319)	(276,012)
Leased assets, net	72,795	196,134
Land	733,911	1,028,731
Other	233,849	262,387
Accumulated depreciation	(174,987)	(194,007)
Other, net	58,861	68,380
<b>Total property, plant and equipment</b>	<b>1,644,015</b>	<b>2,559,824</b>
<b>Intangible assets</b>		
Goodwill	1,734,942	2,706,563
Software	1,045,191	1,303,937
Software in progress	259,909	55,653
Other	4,736	70,733
<b>Total intangible assets</b>	<b>3,044,779</b>	<b>4,136,887</b>
<b>Investments and other assets</b>		
Investment securities	2,252,156	1,949,202
Long-term prepaid expenses	763,927	764,082
Distressed receivables	2,304,814	227,019
Deferred tax assets	1,999,800	1,819,426
Other	990,565	1,673,141
Allowance for doubtful accounts	(2,280,097)	(346,003)
<b>Total investments and other assets</b>	<b>6,031,166</b>	<b>6,086,868</b>
<b>Total non-current assets</b>	<b>10,719,960</b>	<b>12,783,580</b>
<b>Total assets</b>	<b>35,858,529</b>	<b>40,730,317</b>

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	7,303,448	7,104,811
Short-term borrowings	1,925,368	1,536,132
Accounts payable - other	3,062,465	2,856,705
Accrued expenses	1,056,657	1,236,805
Lease liabilities	259,550	324,227
Income taxes payable	636,701	704,145
Contract liabilities	507,686	506,242
Provision for bonuses	738,035	847,796
Provision for bonuses for directors (and other officers)	216,463	255,542
Other	1,220,030	1,841,103
<b>Total current liabilities</b>	<b>16,926,407</b>	<b>17,213,514</b>
<b>Non-current liabilities</b>		
Bonds payable	100,000	–
Long-term borrowings	162,786	2,552,419
Lease liabilities	48,130	126,401
Retirement benefit liability	2,796,915	2,875,668
Provision for retirement benefits for directors (and other officers)	65,543	46,928
Deferred tax liabilities	5,242	19,456
Liabilities from application of equity method	29,574	24,576
Other	87,017	120,700
<b>Total non-current liabilities</b>	<b>3,295,208</b>	<b>5,766,152</b>
<b>Total liabilities</b>	<b>20,221,615</b>	<b>22,979,666</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	4,150,294	4,150,294
Capital surplus	2,653,732	3,119,829
Retained earnings	8,407,909	9,724,796
Treasury shares	(1,194,473)	(906,276)
<b>Total shareholders' equity</b>	<b>14,017,463</b>	<b>16,088,644</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	624,611	377,098
Foreign currency translation adjustment	16,681	64,657
Remeasurements of defined benefit plans	(26,417)	(44,075)
<b>Total accumulated other comprehensive income</b>	<b>614,874</b>	<b>397,680</b>
Share acquisition rights	19,224	9,720
Non-controlling interests	985,351	1,254,605
<b>Total net assets</b>	<b>15,636,913</b>	<b>17,750,650</b>
<b>Total liabilities and net assets</b>	<b>35,858,529</b>	<b>40,730,317</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	59,538,921	63,527,988
Cost of sales	39,183,317	41,065,256
Gross profit	20,355,603	22,462,731
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	53,933	90,689
Salaries and allowances	8,342,642	8,750,103
Retirement benefit expenses	307,311	353,593
Provision for bonuses	750,213	913,441
Provision for bonuses for directors (and other officers)	215,156	263,399
Commission expenses	1,224,680	1,025,873
Other	7,018,266	7,830,601
Total selling, general and administrative expenses	17,912,206	19,227,704
Operating profit	2,443,397	3,235,027
Non-operating income		
Interest income	5,353	5,390
Dividend income	28,798	18,114
Foreign exchange gains	17,476	32,908
Share of profit of entities accounted for using equity method	119,085	138,004
Penalty income	55,474	–
Other	78,950	70,324
Total non-operating income	305,138	264,742
Non-operating expenses		
Interest expenses	18,554	17,528
loss on retirement of long-term prepaid expenses	–	18,252
Other	12,640	4,798
Total non-operating expenses	31,195	40,580
Ordinary profit	2,717,340	3,459,189
Extraordinary income		
Gain on sale of non-current assets	56	2,503
Gain on sale of investment securities	188,437	306,195
Gain on bargain purchase	58,031	–
Reversal of allowance for doubtful accounts	–	89,878
Insurance claim income	–	141,520
Compensation for forced relocation	–	78,114
Other	8,700	28,945
Total extraordinary income	255,225	647,158
Extraordinary losses		
Loss on sale and retirement of non-current assets	21,659	60,443
Loss on valuation of investment securities	70	200,044
Impairment losses	10,144	73,000
Other	–	38,088
Total extraordinary losses	31,875	371,575
Profit before income taxes	2,940,690	3,734,772
Income taxes - current	1,020,166	1,096,886
Income taxes - deferred	81,092	366,742
Total income taxes	1,101,258	1,463,629
Profit	1,839,432	2,271,143
Profit attributable to non-controlling interests	159,981	260,081
Profit attributable to owners of parent	1,679,450	2,011,061

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	1,839,432	2,271,143
Other comprehensive income		
Valuation difference on available-for-sale securities	23,377	(247,513)
Remeasurements of defined benefit plans, net of tax	(7,926)	(17,657)
Share of other comprehensive income of entities accounted for using equity method	9,599	47,976
Total other comprehensive income	25,049	(217,194)
Comprehensive income	1,864,481	2,053,948
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,704,500	1,793,866
Comprehensive income attributable to non-controlling interests	159,981	260,081

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,150,294	2,525,731	7,394,969	(1,238,827)	12,832,168
Changes during period					
Dividends of surplus			(666,511)		(666,511)
Profit attributable to owners of parent			1,679,450		1,679,450
Disposal of treasury shares		26,988		44,354	71,342
Change in ownership interest of parent due to transactions with non-controlling interests		101,012			101,012
Net changes in items other than shareholders' equity					
Total changes during period	–	128,001	1,012,939	44,354	1,185,294
Balance at end of period	4,150,294	2,653,732	8,407,909	(1,194,473)	14,017,463

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	601,234	7,081	(18,490)	589,824	28,136	922,411	14,372,541
Changes during period							
Dividends of surplus							(666,511)
Profit attributable to owners of parent							1,679,450
Disposal of treasury shares							71,342
Change in ownership interest of parent due to transactions with non-controlling interests							101,012
Net changes in items other than shareholders' equity	23,377	9,599	(7,926)	25,049	(8,912)	62,939	79,076
Total changes during period	23,377	9,599	(7,926)	25,049	(8,912)	62,939	1,264,371
Balance at end of period	624,611	16,681	(26,417)	614,874	19,224	985,351	15,636,913

Fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,150,294	2,653,732	8,407,909	(1,194,473)	14,017,463
Changes during period					
Dividends of surplus			(694,173)		(694,173)
Profit attributable to owners of parent			2,011,061		2,011,061
Purchase of treasury shares				(45)	(45)
Disposal of treasury shares		390,129		288,242	678,371
Change in ownership interest of parent due to transactions with non-controlling interests		75,968			75,968
Net changes in items other than shareholders' equity					
Total changes during period	–	466,097	1,316,887	288,197	2,071,181
Balance at end of period	4,150,294	3,119,829	9,724,796	(906,276)	16,088,644

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	624,611	16,681	(26,417)	614,874	19,224	985,351	15,636,913
Changes during period							
Dividends of surplus							(694,173)
Profit attributable to owners of parent							2,011,061
Purchase of treasury shares							(45)
Disposal of treasury shares							678,371
Change in ownership interest of parent due to transactions with non-controlling interests							75,968
Net changes in items other than shareholders' equity	(247,513)	47,976	(17,657)	(217,194)	(9,504)	269,254	42,555
Total changes during period	(247,513)	47,976	(17,657)	(217,194)	(9,504)	269,254	2,113,737
Balance at end of period	377,098	64,657	(44,075)	397,680	9,720	1,254,605	17,750,650



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,940,690	3,734,772
Depreciation	1,170,166	1,354,233
Impairment losses	10,144	73,000
Amortization of goodwill	321,843	329,773
Increase (decrease) in allowance for doubtful accounts	(171,720)	(1,938,078)
Increase (decrease) in retirement benefit liability	54,530	49,308
Increase (decrease) in provision for bonuses for directors (and other officers)	8,753	39,079
Increase (decrease) in provision for bonuses	34,210	109,264
Interest and dividend income	(34,152)	(23,504)
Interest expenses	18,554	17,528
Share of loss (profit) of entities accounted for using equity method	(119,085)	(138,004)
Insurance claim income	–	(141,520)
Gain on bargain purchase	(58,031)	–
Loss (gain) on sale and retirement of non-current assets	21,603	57,939
Loss (gain) on sale of investment securities	(188,437)	(306,195)
Loss (gain) on valuation of investment securities	70	200,044
Decrease (increase) in trade receivables and contract assets	(1,007,440)	1,798,455
Decrease (increase) in inventories	(10,946)	(91,342)
Decrease (increase) in accounts receivable - other	2,203	213,642
Decrease (increase) in prepaid expenses	(345,565)	(560,313)
Increase (decrease) in trade payables	1,351,538	(382,329)
Increase (decrease) in accrued consumption taxes	(9,979)	(230,496)
Increase (decrease) in accounts payable - other	104,802	(221,067)
Other, net	199,070	230,266
Subtotal	4,292,825	4,174,455
Interest and dividends received	34,742	24,225
Interest paid	(18,335)	(18,133)
Income taxes paid	(1,025,485)	(1,013,019)
Net cash provided by (used in) operating activities	3,283,747	3,167,528
Cash flows from investing activities		
Purchase of property, plant and equipment	(234,053)	(925,971)
Purchase of intangible assets	(576,421)	(689,824)
Proceeds from sale of investment securities	214,434	384,752
Purchase of investment securities	(227,609)	(111,938)
Loan advances	–	(40,090)
Proceeds from collection of loans receivable	18,912	8,251
Payments of guarantee deposits	–	(427,897)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(61,468)	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	503,318
Proceeds from cancellation of insurance funds	–	194,587
Other, net	(46,502)	42,484
Net cash provided by (used in) investing activities	(912,707)	(1,062,329)

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(406,000)	(464,400)
Proceeds from long-term borrowings	–	100,000
Repayments of long-term borrowings	(146,882)	(345,295)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	96,000	170,000
Purchase of treasury shares of subsidiaries	(49,299)	(437)
Dividends paid	(665,003)	(692,501)
Dividends paid to non-controlling interests	(88,690)	(94,296)
Other, net	(129,681)	(127,265)
Net cash provided by (used in) financing activities	(1,389,557)	(1,454,195)
Effect of exchange rate change on cash and cash equivalents	7,664	12,191
Net increase (decrease) in cash and cash equivalents	989,146	663,194
Cash and cash equivalents at beginning of period	10,066,272	11,055,419
Increase in cash and cash equivalents resulting from merger	–	6,336
Cash and cash equivalents at end of period	11,055,419	11,724,950