(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

# Financial Results (Japanese Accounting Standards) for the First Nine Months of Fiscal Year Ending March 2025 (Ended December 31, 2024)

February 7, 2025

Company name Forum Engineering Inc. Stock exchange listing Tokyo Stock Exchange
Stock code 7088 URL: https://www.forumeng.co.jp
Representative Tsutomu Sato, Representative Director and President
Contact Hiroki Yomogita, Senior Executive Officer, Public Relation & Investor Relation Dept. TEL: 03 3560 5505
Scheduled date of commencement of dividend payment -
Supplementary documents for financial results: Yes
Financial results briefing: Yes (For institutional investors and analysts)

(Amount of less than one million yen are truncated)

## 1. Consolidated Results for the First Nine Month of Fiscal Year Ending March 2025 (April 1, 2024 – December 31, 2024)

### (1) Consolidated operating results

(Percentages show 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 | % |
| 3Q/FY March 2025 | 26,052 | 10.9 | 3,417 | 41.1 | 3,479 | 43.3 | 2,330 | 42.7 |
| 3Q/FY March 2024 | 23,492 | - | 2,422 | - | 2,428 | - | 1,632 | - |

(Note) Comprehensive Income: 3Q/FY March 2025: 2,312 million yen [ 48.5% ] 3Q/FY March 2024: 1,556 million yen [ -% ]

| | Earnings per share (basic) | Earnings per share (diluted) |
|---|---|---|
| | Yen | Yen |
| 3Q/FY March 2025 | 44.53 | 44.11 |
| 3Q/FY March 2024 | 31.57 | 31.24 |

(Note) The Company started to report its quarterly financial results on a consolidated basis from the first three months of the fiscal year ended March 31, 2024, and therefore does not state the rates of year-on-year changes for the first nine months of the fiscal year ended March 31, 2024.

### (2) Consolidated Financial Position

| | Total assets | Total net assets | Equity ratio |
|---|---|---|---|
| | Millions of Yen | Millions of Yen | % |
| 3Q/FY March 2025 | 17,277 | 12,648 | 71.6 |
| FY March 2024 | 17,918 | 13,289 | 72.4 |

(Reference) Shareholders' equity: 3Q FY March 2025: 12,364 million yen FY March 2024: 12,967 million yen

## 2. Dividends

| | Dividend per share | | | | |
|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | Year-end | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| FY March 2024 | - | 0.00 | - | 37.50 | 37.50 |
| FY March 2025 | - | 21.00 | - | | |
| FY March 2025 (Estimate) | | | | 29.00 | 50.00 |

(Note) Revision of the dividend forecast from the most recently published dividend forecast: No

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

(% is comparison to the same period of previous fiscal year)

| | 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 |
| FY March 2025 (Estimate) | 34,600 | 10.6 | 4,000 | 32.0 | 4,070 | 34.9 | 2,725 | 33.6 | 52.01 |

(Note) Revisions to the most recently published forecasts: No

* Notes

(1)Significant changes to subsidiaries during the period: None
Newly added: - (company name); Excluded: - (company name)

(2)Application of accounting treatment specific to the preparation of consolidated quarterly financial statements: Yes

(Note) For details, please refer to "(3) Notes to Consolidated Quarterly Financial Statements (Notes to particular accounts procedures to the preparation of quarterly consolidated financial statements)" in "2. Consolidated Quarterly Financial Statements and Major Notes" on page 7 of the attached materials.

(3)Changes in accounting policies, changes in accounting estimates or restatements

1. Changes in accounting policies associated with revisions in accounting standards, etc.: No
2. Changes in accounting policies other than 1. above: No
3. Changes in accounting estimates: No
4. Restatements: No

(4)Number of shares outstanding (common stock)

1. Number of shares outstanding at the end of period (including treasury shares)
   3Q/FY March 2025:53,419,200 shares FY March 2024: 53,419,200 shares
2. Number of treasury shares at the end of period
   3Q/FY March 2025: 1,016,594 shares FY March 2024: 1,200,982 shares
3. Average number of shares during the period (cumulative nine months)
   3Q/FY March 2025:52,331,278 shares 3Q/FY March 2024: 51,706,422 shares

* Review of the accompanying quarterly consolidated financial statements by certified public accountants or audit corporations: None

* Explanation of the proper use of financial results forecasts and other special notes
(Note on forward-looking statements)
The forecasts for financial results and other forward-looking statements contained in this document are calculated by the Company based on information available as of the date of announcement of this document. Actual results may differ materially, depending on a range of factors.

Accompanying Materials – Contents

1. Overview of Operating Results, etc. ..... 5
(1) Overview of Operating Results ..... 5
(2) Overview of Financial Position ..... 7
(3) Consolidated Financial Forecasts and Other Forward-looking Statements ..... 7
2. Consolidated Quarterly Financial Statements and Major Notes ..... 8
(1) Quarterly Consolidated Balance Sheet ..... 8
(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)
(First nine-month period) ..... 9
(Consolidated Statements of Comprehensive Income)
(First nine-month period) ..... 10
(3) Notes to Consolidated Quarterly Financial Statements ..... 11
(Notes to particular accounts procedures to the preparation of quarterly consolidated financial statements) ..... 11
(Notes to segment information, etc.) ..... 11
(Notes to significant changes in shareholders' equity) ..... 11
(Notes to assumptions of going concern) ..... 11
(Notes to consolidated quarterly statement of cash flows) ..... 11

## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results

During the first nine months of the fiscal year under review (from April 1, 2024, to December 31, 2024), the Japanese economy showed a moderate recovery trend amid an improving employment and income environment, although it continued to face challenges in a rising cost burden caused by the weak yen. In particular, the business sentiment of large manufacturers, which are the Company's main customers, was recovering. Positive factors behind this upward trend include a turnaround in automobile production and climbing demand for semiconductor manufacturing equipment related to artificial intelligence (AI). Announced by the Bank of Japan, the Short-term Economic Survey of Enterprises in Japan (also known as the Tankan) suggests that the diffusion indices, which reflect the business sentiment of large manufacturers, rose slightly during the first nine months of the fiscal year under review and that fixed investment showed signs of recovery.
In this environment, a chronic shortage of human resources remained throughout the market, and demand for engineer staffing services, the Company's mainstay business, recovered to a level as high as that before the COVID-19 pandemic. Reflecting the strong demand for engineers, the average unit price has also risen, and the average unit price for the third quarter of the current consolidated fiscal year was 4,056 yen.
As a result, net sales totaled 26,052 million yen (up 10.9% year on year), operating profit stood at 3,417 million yen (up 41.1% year on year), ordinary profit was 3,479 million yen (up 43.3% year on year), and profit attributable to owners of parent came to 2,330 million yen (up 42.7% year on year) in the first nine months of the fiscal year under review. All figures were higher than in the same period of the previous year.
With its mission, "Seeking for the World Where Skills Connect with One Another," the Company is promoting the penetration and expansion of services through its unique matching system, Cognavi, which uses artificial intelligence (AI) to connect the learning of mechanical and electrical engineering students and engineers' skills with the skills wanted by companies. By making full use of Cognavi's matching technology in the human resources market in mechanical and electrical engineering, the Company aims to build a world where engineers are connected with companies through their skills. Cognavi will support engineers in all career-related settings, including job placement for new STEM graduates, career changes, temporary staffing and training.
In Cognavi Staffing, an engineer staffing service, the Company is taking steps to recruit engineers to increase the number of engineers to be dispatched, aiming to surely meet the demand at client companies. There were 4,466 active employees at the end of the third quarter of the fiscal year, an increase of 237 from the same period of the previous year.
With the goal of creating a world where all of the approximately 40,000 students of mechanical and electrical engineering can annually find jobs at manufacturers and work as engineers, Cognavi Graduate, a job placement service for STEM graduates, provides engineer job seminars in which former manufacturer engineers employed by the Company lecture at universities with mechanical and electrical engineering departments to convey the appeals of engineering to third-year university students. During the fiscal year under review, the Company is actively holding seminars for STEM students who will graduate in 2026 and is working to increase membership. At the end of the third quarter of the fiscal year, there were 10,412 members who will graduate in 2026. The Company aims to leverage its connections with universities fostered through the implementation of these seminars to make it a second source of revenue.
Cognavi Career Change, an engineer referral service for hiring experienced engineers, serves engineers hired by manufacturers through Cognavi Graduate who are seeking to change jobs mid-career. The goal is to seize these opportunities for people to change jobs and make it a third source of earnings for the Company in the medium to long term.
Cognavi College, a service that supports collaborations between companies and colleges to provide training for engineers at universities, provides highly specialized training at partner universities in line with the reskilling demand generated by companies by creating a database of the skills of university professors. As of the end of the third quarter of the fiscal year under review, the number of those taking the training stood at 649. This surpassed the figure at the same time of the previous fiscal year, specifically 492, by a margin of 157.
Cognavi, India's first job portal website using artificial intelligence (AI) matching technology, is being operated by Cognavi India Private Limited, a consolidated subsidiary. The local staff designed a business model tailored to India's market environment, including the needs of universities and companies, and is working to develop a medium for recruiting new graduates, targeting students of mechanical and electrical engineering as well as other fields. As of January 2025, the number of student members reached about 210,000, and the number of companies using the service is also increasing rapidly, at about 5,500 companies.
Because the Group's sole segment is the engineer staffing and job referral business, the statement of operating

results by segment is omitted.

(2) Overview of Financial Position

(Assets)

Current assets at the end of the third quarter of the fiscal year under review stood at 14,434 million yen, a decrease of 682 million yen from the end of the previous fiscal year. This was mainly due to an increase of 280 million yen in accounts receivable-trade and a decrease of 1,059 million yen in cash and deposits. Non-current assets amounted to 2,842 million yen, an increase of 41 million yen from the end of the previous fiscal year. This result was mainly attributable to an increase of 68 million yen in right-of-use assets.

As a result, total assets decreased by 640 million yen from the end of the previous fiscal year, to 17,277 million yen.

(Liabilities)

Current liabilities at the end of the third quarter of the fiscal year under review resulted in 4,550 million yen which is a decrease of 68 million yen from the previous fiscal year end. This is largely due to a decrease of 41 million yen in income taxes payable. Non-current liabilities amounted to 78 million yen, an increase of 68 million yen from the end of the previous fiscal year. This chiefly reflects an increase of 60 million yen in lease liabilities.

As a result, total liabilities increased by 0 million yen from the end of the previous fiscal year, to 4,628 million yen.

(Net assets)

Net assets totaled 12,648 million yen at the end of the third quarter of the fiscal year under review, a decrease of 641 million yen from the end of the previous consolidated fiscal year. This was attributable principally to profit attributable to owners of parent amounting to 2,330 million yen and dividends of surplus of 3,058 million yen.

As a result, the equity ratio stood at 71.6% (compared to 72.4% at the end of the previous fiscal year).

(3) Consolidated Financial Forecasts and Other Forward-looking Statements

At the time of publication of this material, consolidated results forecasts and the year-end dividend forecast for the fiscal year ending March 31, 2025 remain unchanged from those announced in “Notice of the Revision of the Full-Year Results Forecast and the Upward Revision of the Interim Dividend and the Year-End Dividend Forecast” on November 8, 2024.

In order to improve our corporate value over the medium to long terms, the Group is taking steps to realize management that is conscious of the cost of capital and stock price and has positioned the improvement of corporate value (stock price and market capitalization) as a key management issue. Our policy is to achieve the planned values (operating margin of 12.4% and ROE of 23.5%) in the final year of the medium-term management plan “cognavi Vision2026,” concentrate on key businesses and invest in growth, as well as maintain “stable dividends” and “a continuous dividend increase” as shareholder return measures.

The above forecasts have been prepared based on the information available as of the date of the announcement of this financial report. Actual results of operations may differ from forecasts due to many factors that may arise in the future.

2. Consolidated Quarterly Financial Statements and Major Notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

| | As of March 31, 2024 | As of December 31, 2024 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 11,006 | 9,947 |
| Accounts receivable - trade | 3,959 | 4,239 |
| Other | 151 | 247 |
| Total current assets | 15,117 | 14,434 |
| Non-current assets | | |
| Property, plant and equipment | 417 | 470 |
| Intangible assets | 1,157 | 1,123 |
| Investments and other assets | | |
| Other | 1,225 | 1,247 |
| Total investments and other assets | 1,225 | 1,247 |
| Total non-current assets | 2,800 | 2,842 |
| Total assets | 17,918 | 17,277 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - other | 800 | 1,076 |
| Income taxes payable | 796 | 755 |
| Provision for bonuses | 1,726 | 902 |
| Provision for bonuses for directors (and other officers) | – | 19 |
| Other | 1,294 | 1,797 |
| Total current liabilities | 4,618 | 4,550 |
| Non-current liabilities | | |
| Lease liabilities | 6 | 67 |
| Other | 3 | 11 |
| Total non-current liabilities | 9 | 78 |
| Total liabilities | 4,628 | 4,628 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 117 | 117 |
| Capital surplus | 129 | 142 |
| Retained earnings | 13,242 | 12,514 |
| Treasury shares | -568 | -476 |
| Total shareholders' equity | 12,921 | 12,297 |
| Accumulated other comprehensive income | | |
| Foreign currency translation adjustment | 46 | 66 |
| Total accumulated other comprehensive income | 46 | 66 |
| Non-controlling interests | 322 | 283 |
| Total net assets | 13,289 | 12,648 |
| Total liabilities and net assets | 17,918 | 17,277 |

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(First nine-month period)

(Millions of yen)

| | Nine months ended December 31, 2023 | Nine months ended December 31, 2024 |
|---|---|---|
| Net sales | 23,492 | 26,052 |
| Cost of sales | 16,439 | 17,921 |
| Gross profit | 7,053 | 8,130 |
| Selling, general and administrative expenses | 4,630 | 4,713 |
| Operating profit | 2,422 | 3,417 |
| Non-operating income | | |
| Interest income | 0 | 58 |
| Commission income | 1 | 2 |
| Gain on forfeiture of unclaimed dividends | 2 | 0 |
| Subsidy income | 9 | 8 |
| Other | 0 | 0 |
| Total non-operating income | 14 | 70 |
| Non-operating expenses | | |
| Interest expenses | 4 | 4 |
| Commission for syndicated loans | 3 | 2 |
| Other | 0 | 0 |
| Total non-operating expenses | 7 | 7 |
| Ordinary profit | 2,428 | 3,479 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 0 | 0 |
| Total extraordinary losses | 0 | 0 |
| Profit before income taxes | 2,428 | 3,479 |
| Income taxes | 818 | 1,192 |
| Profit | 1,610 | 2,287 |
| Loss attributable to non-controlling interests | -22 | -42 |
| Profit attributable to owners of parent | 1,632 | 2,330 |

(Consolidated Statements of Comprehensive Income)

(First nine-month period)

(Millions of yen)

| | Nine months ended December 31, 2023 | Nine months ended December 31, 2024 |
|---|---|---|
| Profit | 1,610 | 2,287 |
| Other comprehensive income | | |
| Foreign currency translation adjustment | -53 | 25 |
| Total other comprehensive income | -53 | 25 |
| Comprehensive income | 1,556 | 2,312 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,577 | 2,351 |
| Comprehensive income attributable to non-controlling interests | -20 | -38 |

(3) Notes to Consolidated Quarterly Financial Statements

(Notes to particular accounts procedures to the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

Taxes are calculated by determining a reasonable estimate of the effective tax rate, after the application of tax effect accounting, for profit before income taxes in the current fiscal year (including the third quarter). Profit before income taxes is then multiplied by this estimated effective tax rate to calculate taxes.

(Notes to segment information, etc.)

[Segment information]

I. Nine months ended December 31, 2023

Segment information is omitted because the engineer staffing service and engineer referral service which are rendered by the Group are categorized in one business segment.

II. Nine months ended December 31, 2024

Segment information is omitted because the engineer staffing service and engineer referral service which are rendered by the Group are categorized in one business segment.

(Note to significant changes in shareholders' equity)

Not applicable

(Notes to assumptions of going concern)

Not applicable

(Notes to consolidated quarterly statement of cash flows)

The Company did not prepare quarterly consolidated statements of cash flows for the first nine months under review. Depreciation (including amortization of intangible assets excluding goodwill) for the nine months under review is as follows.

| | Nine months ended December 31, 2023 | Nine months ended December 31, 2024 |
|---|---|---|
| Depreciation | 298 million yen | 299 million yen |