

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2023 (Based on Japanese GAAP)

October 30, 2023

Company name: I S B CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 9702 URL <https://www.isb.co.jp/>
 Representative: President Kazufumi Wakao
 Director,
 Inquiries: Executive General Manager, Administrative Yoichi Takeda TEL 03-3490-1761
 Headquarters
 Scheduled date to file Quarterly Securities Report: November 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 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 September 30, 2023 (from January 1, 2023 to September 30, 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 September 30, 2023	24,073	12.4	2,093	21.5	2,143	21.7	1,241	18.3
Nine months ended September 30, 2022	21,426	12.0	1,722	29.5	1,762	28.0	1,049	33.9

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2023	108.90		–	
Nine months ended September 30, 2022	92.28		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	17,189	11,607	67.5
As of December 31, 2022	16,458	10,682	64.9

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2022	–	0.00	–	40.00	40.00
Year ending December 31, 2023	–	0.00	–		
Year ending December 31, 2023 (Forecast)				42.00	42.00

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

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	31,000	7.1	2,600	12.1	2,645	10.2	1,590	11.7	139.61

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 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 September 30, 2023	11,417,900 shares	As of December 31, 2022	11,388,716 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	112 shares	As of December 31, 2022	112 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2023	11,405,281 shares	Nine months ended September 30, 2022	11,377,932 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	7,629,247	8,333,501
Notes and accounts receivable - trade, and contract assets	5,420,235	5,544,680
Prepaid expenses	149,276	198,367
Merchandise	726,140	631,784
Supplies	1,675	1,681
Other	144,870	125,406
Allowance for doubtful accounts	(37,364)	(7,055)
Total current assets	14,034,081	14,828,366
Non-current assets		
Property, plant and equipment		
Buildings and structures	496,278	517,245
Accumulated depreciation and impairment	(301,898)	(314,929)
Buildings and structures, net	194,380	202,315
Land	600,550	600,550
Other	800,767	856,967
Accumulated depreciation and impairment	(591,319)	(643,982)
Other, net	209,447	212,985
Total property, plant and equipment	1,004,378	1,015,851
Intangible assets		
Goodwill	355,954	88,988
Other	38,950	40,059
Total intangible assets	394,904	129,048
Investments and other assets		
Investment securities	397,791	465,149
Long-term prepaid expenses	6,454	6,225
Guarantee deposits	319,054	365,656
Deferred tax assets	246,079	316,630
Other	55,937	74,259
Allowance for doubtful accounts	(0)	(11,742)
Total investments and other assets	1,025,317	1,216,178
Total non-current assets	2,424,600	2,361,079
Total assets	16,458,681	17,189,445

(Thousands of yen)

	As of December 31, 2022	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,067,088	1,887,541
Contract liabilities	196,055	315,676
Short-term borrowings	120,000	120,000
Accounts payable - other	1,239,505	887,228
Accrued expenses	85,213	178,457
Income taxes payable	769,582	391,792
Accrued consumption taxes	375,858	396,765
Provision for bonuses	28,836	572,398
Provision for bonuses for directors (and other officers)	22,895	38,995
Provision for loss on orders received	3,088	21,235
Other	323,263	196,572
Total current liabilities	5,231,386	5,006,664
Non-current liabilities		
Retirement benefit liability	237,548	256,595
Provision for retirement benefits for directors (and other officers)	54,034	56,823
Asset retirement obligations	89,686	95,714
Other	163,211	166,074
Total non-current liabilities	544,481	575,207
Total liabilities	5,775,867	5,581,871
Net assets		
Shareholders' equity		
Share capital	2,361,512	2,378,921
Capital surplus	2,965,691	2,983,099
Retained earnings	5,218,072	6,004,525
Treasury shares	(92)	(92)
Total shareholders' equity	10,545,183	11,366,453
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	105,138	150,023
Foreign currency translation adjustment	32,491	91,096
Total accumulated other comprehensive income	137,630	241,119
Total net assets	10,682,814	11,607,573
Total liabilities and net assets	16,458,681	17,189,445

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Net sales	21,426,195	24,073,775
Cost of sales	16,261,481	18,229,322
Gross profit	5,164,713	5,844,452
Selling, general and administrative expenses	3,441,920	3,751,011
Operating profit	1,722,793	2,093,441
Non-operating income		
Interest income	10,605	12,881
Insurance claim income	–	17,500
Dividend income	8,803	9,123
Gain on sale of securities	17,488	–
Surrender value of insurance policies	14,403	–
Reversal of allowance for doubtful accounts	–	8,610
Other	7,341	9,182
Total non-operating income	58,643	57,297
Non-operating expenses		
Interest expenses	562	551
Share issuance costs	476	31
Loss on sale of notes receivable - trade	1,439	1,398
Foreign exchange losses	14,611	4,618
Other	2,195	376
Total non-operating expenses	19,285	6,975
Ordinary profit	1,762,151	2,143,763
Extraordinary losses		
Fraud related losses	–	107,858
Total extraordinary losses	–	107,858
Profit before income taxes	1,762,151	2,035,905
Income taxes - current	818,171	884,527
Income taxes - deferred	(105,952)	(90,620)
Total income taxes	712,218	793,907
Profit	1,049,932	1,241,997
Profit attributable to owners of parent	1,049,932	1,241,997

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Profit	1,049,932	1,241,997
Other comprehensive income		
Valuation difference on available-for-sale securities	(53,179)	44,884
Foreign currency translation adjustment	85,266	58,604
Total other comprehensive income	32,086	103,489
Comprehensive income	1,082,019	1,345,487
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,082,019	1,345,487