

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2022 (Based on Japanese GAAP)

July 29, 2022

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: August 15, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2022 (from January 1, 2022 to June 30, 2022)

(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	%
Six months ended June 30, 2022	14,173	10.3	1,106	8.3	1,133	7.7	694	7.1
Six months ended June 30, 2021	12,845	5.9	1,021	15.6	1,052	16.3	648	30.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2022	61.07		–	
Six months ended June 30, 2021	57.13		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	14,572	9,983	68.5
As of December 31, 2021	14,361	9,557	66.6

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, 2021	–	0.00	–	30.00	30.00
Year ending December 31, 2022	–	0.00	–	–	–
Year ending December 31, 2022 (Forecast)	–	–	–	37.00	37.00

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

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	28,673	9.5	2,286	22.2	2,353	21.2	1,404	26.5	123.28

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2022
 (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: Yes
- 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 June 30, 2022	11,388,716 shares	As of December 31, 2021	11,363,159 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	112 shares	As of December 31, 2021	112 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2022	11,372,507 shares	Six months ended June 30, 2021	11,348,272 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	6,074,660	6,643,805
Notes and accounts receivable - trade, and contract assets	4,962,481	4,815,711
Prepaid expenses	143,239	175,008
Merchandise	265,733	452,992
Work in process	81,042	2,593
Supplies	1,604	1,027
Other	119,739	80,286
Allowance for doubtful accounts	(35,345)	(40,100)
Total current assets	11,613,155	12,131,325
Non-current assets		
Property, plant and equipment		
Buildings and structures	490,913	488,058
Accumulated depreciation and impairment	(295,127)	(294,123)
Buildings and structures, net	195,785	193,934
Land	600,550	600,550
Other	667,618	667,904
Accumulated depreciation and impairment	(472,878)	(481,114)
Other, net	194,740	186,789
Total property, plant and equipment	991,076	981,274
Intangible assets		
Goodwill	711,908	533,931
Other	44,411	39,214
Total intangible assets	756,320	573,145
Investments and other assets		
Investment securities	468,342	418,265
Long-term prepaid expenses	6,601	6,741
Guarantee deposits	293,330	287,501
Deferred tax assets	150,775	150,432
Other	82,152	23,356
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,001,202	886,297
Total non-current assets	2,748,598	2,440,717
Total assets	14,361,754	14,572,042

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,635,335	1,621,934
Contract liabilities	–	4,562
Short-term borrowings	120,000	120,000
Accounts payable - other	1,063,210	912,863
Accrued expenses	102,563	66,667
Income taxes payable	448,664	447,716
Accrued consumption taxes	401,042	283,061
Provision for bonuses	28,076	29,591
Provision for bonuses for directors (and other officers)	17,395	30,087
Provision for loss on order received	16	609
Other	407,572	511,557
Total current liabilities	4,223,878	4,028,651
Non-current liabilities		
Retirement benefit liability	236,485	244,797
Provision for retirement benefits for directors (and other officers)	53,430	48,294
Asset retirement obligations	82,361	84,951
Deferred tax liabilities	43,620	18,089
Other	164,163	163,563
Total non-current liabilities	580,061	559,696
Total liabilities	4,803,939	4,588,347
Net assets		
Shareholders' equity		
Share capital	2,346,932	2,361,512
Capital surplus	2,951,111	2,965,691
Retained earnings	4,117,861	4,496,298
Treasury shares	(92)	(92)
Total shareholders' equity	9,415,812	9,823,410
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	156,646	115,171
Foreign currency translation adjustment	(14,644)	45,113
Total accumulated other comprehensive income	142,002	160,284
Total net assets	9,557,814	9,983,695
Total liabilities and net assets	14,361,754	14,572,042

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Net sales	12,845,676	14,173,713
Cost of sales	9,565,150	10,740,441
Gross profit	3,280,525	3,433,271
Selling, general and administrative expenses	2,258,788	2,327,057
Operating profit	1,021,736	1,106,213
Non-operating income		
Interest income	5,110	6,544
Dividend income	24,385	8,803
Surrender value of insurance policies	–	14,403
Other	5,887	2,697
Total non-operating income	35,383	32,449
Non-operating expenses		
Interest expenses	568	372
Share issuance costs	475	476
Loss on sale of notes receivable - trade	1,429	895
Foreign exchange losses	1,837	1,744
Other	116	1,841
Total non-operating expenses	4,428	5,330
Ordinary profit	1,052,692	1,133,332
Profit before income taxes	1,052,692	1,133,332
Income taxes - current	388,901	456,190
Income taxes - deferred	15,437	(17,378)
Total income taxes	404,339	438,812
Profit	648,353	694,520
Profit attributable to owners of parent	648,353	694,520

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	648,353	694,520
Other comprehensive income		
Valuation difference on available-for-sale securities	7,033	(41,475)
Foreign currency translation adjustment	13,865	59,757
Total other comprehensive income	20,898	18,282
Comprehensive income	669,252	712,803
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	669,252	712,803

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,052,692	1,133,332
Depreciation	38,908	69,496
Amortization of goodwill	225,591	177,977
Increase (decrease) in allowance for doubtful accounts	(1,554)	(656)
Increase (decrease) in provision for bonuses	1,070	1,515
Increase (decrease) in provision for bonuses for directors (and other officers)	(55,389)	12,691
Increase (decrease) in provision for loss on order received	1,050	593
Increase (decrease) in retirement benefit liability	12,575	7,473
Increase (decrease) in provision for retirement benefits for directors (and other officers)	4,212	(5,135)
Interest and dividend income	(29,496)	(15,348)
Interest expenses	568	372
Decrease (increase) in trade receivables	75,727	188,935
Decrease (increase) in inventories	95,586	(108,233)
Increase (decrease) in trade payables	(4,529)	(11,250)
Increase (decrease) in accounts payable - other	(176,089)	(153,888)
Increase (decrease) in accrued consumption taxes	(198,490)	(117,981)
Increase (decrease) in long-term accounts payable - other	(32,071)	–
Decrease (increase) in other current assets	(96,742)	16,142
Increase (decrease) in other current liabilities	53,363	56,164
Other, net	13,692	(378)
Subtotal	980,676	1,251,821
Interest and dividends received	29,470	15,347
Interest paid	(648)	(401)
Subsidies received	2,978	–
Income taxes paid	(518,483)	(458,899)
Net cash provided by (used in) operating activities	493,993	807,867

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,233)	(41,073)
Purchase of intangible assets	–	(990)
Purchase of investment securities	(1,603)	(1,629)
Proceeds from maturity of insurance funds	–	75,727
Purchase of long-term prepaid expenses	(369)	(408)
Other, net	(5,357)	16,386
Net cash provided by (used in) investing activities	(9,564)	48,012
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(20,000)	–
Repayments of long-term borrowings	(9,690)	–
Redemption of bonds	(16,000)	–
Repayments of lease obligations	(753)	(592)
Dividends paid	(355,208)	(339,206)
Net cash provided by (used in) financing activities	(401,651)	(339,799)
Effect of exchange rate change on cash and cash equivalents	13,477	53,064
Net increase (decrease) in cash and cash equivalents	96,255	569,145
Cash and cash equivalents at beginning of period	5,196,122	6,071,680
Cash and cash equivalents at end of period	5,292,377	6,640,825