

Translation

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

February 14, 2024

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 of ordinary general meeting of shareholders: March 27, 2024  
 Scheduled date to file Securities Report: March 27, 2024  
 Scheduled date to commence dividend payments: March 28, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

#### (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 December 31, 2023	32,388	11.9	2,734	17.9	2,810	17.0	1,472	3.4
Year ended December 31, 2022	28,952	10.6	2,319	24.0	2,401	23.7	1,423	28.3

	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 December 31, 2023	129.07	–	13.1	16.3	8.4
Year ended December 31, 2022	125.12	–	26.7	15.6	8.0

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2023	17,988	11,821	65.7	1,035.37
As of December 31, 2022	16,458	10,682	64.9	938.03

#### (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 December 31, 2023	1,945	(270)	(454)	8,872
Year ended December 31, 2022	1,926	(73)	(341)	7,626

### 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 December 31, 2022	–	0.00	–	40.00	40.00	455	32.0	4.3
Year ended December 31, 2023	–	0.00	–	42.00	42.00	479	32.5	4.1
Year ending December 31, 2024 (Forecast)	–	0.00	–	42.00	42.00		32.0	

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 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
Six months ending June 30, 2024	16,300	2.4	1,070	(18.7)	1,100	(17.9)	680	(10.9)	59.60
Full year	33,500	3.4	2,320	(15.1)	2,400	(14.6)	1,500	1.9	131.40

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2023

(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 December 31, 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 December 31, 2023	149 shares	As of December 31, 2022	112 shares
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Average number of shares during the period

Year ended December 31, 2023	11,408,428 shares	Year ended December 31, 2022	11,380,622 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	7,629,247	8,875,913
Notes and accounts receivable - trade, and contract assets	5,420,235	5,814,030
Prepaid expenses	149,276	165,695
Merchandise	726,140	692,511
Supplies	1,675	1,512
Other	144,870	119,880
Allowance for doubtful accounts	(37,364)	(6,482)
Total current assets	14,034,081	15,663,060
Non-current assets		
Property, plant and equipment		
Buildings and structures	496,278	614,435
Accumulated depreciation and impairment	(301,898)	(357,627)
Buildings and structures, net	194,380	256,807
Land	600,550	450,361
Other	800,767	883,791
Accumulated depreciation and impairment	(591,319)	(673,089)
Other, net	209,447	210,701
Total property, plant and equipment	1,004,378	917,870
Intangible assets		
Goodwill	355,954	–
Other	38,950	36,626
Total intangible assets	394,904	36,626
Investments and other assets		
Investment securities	397,791	483,774
Long-term prepaid expenses	6,454	5,519
Guarantee deposits	319,054	449,994
Deferred tax assets	246,079	369,433
Other	55,937	62,596
Allowance for doubtful accounts	(0)	–
Total investments and other assets	1,025,317	1,371,318
Total non-current assets	2,424,600	2,325,815
Total assets	16,458,681	17,988,876

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	2,067,088	2,116,541
Short-term borrowings	120,000	120,000
Accounts payable - other	1,239,505	1,456,499
Accrued expenses	85,213	91,937
Contract liabilities	196,055	189,947
Income taxes payable	769,582	574,075
Accrued consumption taxes	375,858	446,747
Provision for bonuses	28,836	33,356
Provision for bonuses for directors (and other officers)	22,895	50,018
Provision for retirement benefits for directors (current liabilities)	–	145,000
Provision for loss on orders received	3,088	88,255
Asset retirement obligations	–	29,200
Other	323,263	334,147
<b>Total current liabilities</b>	<b>5,231,386</b>	<b>5,675,726</b>
<b>Non-current liabilities</b>		
Retirement benefit liability	237,548	253,788
Provision for retirement benefits for directors (and other officers)	54,034	59,118
Asset retirement obligations	89,686	163,768
Other	163,211	14,895
<b>Total non-current liabilities</b>	<b>544,481</b>	<b>491,570</b>
<b>Total liabilities</b>	<b>5,775,867</b>	<b>6,167,296</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	2,361,512	2,378,921
Capital surplus	2,965,691	2,983,099
Retained earnings	5,218,072	6,235,068
Treasury shares	(92)	(146)
<b>Total shareholders' equity</b>	<b>10,545,183</b>	<b>11,596,942</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	105,138	162,756
Foreign currency translation adjustment	32,491	61,880
<b>Total accumulated other comprehensive income</b>	<b>137,630</b>	<b>224,637</b>
<b>Total net assets</b>	<b>10,682,814</b>	<b>11,821,579</b>
<b>Total liabilities and net assets</b>	<b>16,458,681</b>	<b>17,988,876</b>

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

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Net sales	28,952,996	32,388,135
Cost of sales	21,997,289	24,589,466
Gross profit	6,955,706	7,798,668
Selling, general and administrative expenses	4,636,447	5,064,474
Operating profit	2,319,258	2,734,193
Non-operating income		
Interest income	15,496	16,922
Dividend income	13,584	13,005
Gain on sale of investment securities	17,488	–
Dividend income of insurance	31,354	13,767
Insurance claim income	9,500	17,500
Surrender value of insurance policies	14,403	–
Reversal of allowance for doubtful accounts	–	8,760
Other	10,124	19,805
Total non-operating income	111,952	89,761
Non-operating expenses		
Interest expenses	748	737
Share issuance costs	476	31
Loss on sale of notes receivable - trade	1,888	1,746
Foreign exchange losses	17,518	10,260
Loss on cancellation of leases	7,122	–
Other	2,296	629
Total non-operating expenses	30,051	13,406
Ordinary profit	2,401,159	2,810,548
Extraordinary income		
Gain on forgiveness of debts	190,038	–
Total extraordinary income	190,038	–
Extraordinary losses		
Impairment losses	–	188,492
Provision for retirement benefits for directors (and other officers)	–	145,000
Fraud related losses	196,289	107,858
Total extraordinary losses	196,289	441,350
Profit before income taxes	2,394,908	2,369,198
Income taxes - current	1,104,290	1,044,392
Income taxes - deferred	(133,325)	(147,734)
Total income taxes	970,964	896,657
Profit	1,423,943	1,472,540
Profit attributable to owners of parent	1,423,943	1,472,540

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit	1,423,943	1,472,540
Other comprehensive income		
Valuation difference on available-for-sale securities	(51,507)	57,618
Foreign currency translation adjustment	47,136	29,388
Total other comprehensive income	(4,371)	87,006
Comprehensive income	1,419,572	1,559,546
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,419,572	1,559,546

## Consolidated statements of changes in equity

Fiscal year ended December 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,346,932	2,951,111	4,117,861	(92)	9,415,812
Cumulative effects of changes in accounting policies			17,157		17,157
Restated balance	2,346,932	2,951,111	4,135,019	(92)	9,432,970
Changes during period					
Issuance of new shares	14,580	14,580			29,160
Dividends of surplus			(340,891)		(340,891)
Profit attributable to owners of parent			1,423,943		1,423,943
Purchase of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	14,580	14,580	1,083,052	–	1,112,213
Balance at end of period	2,361,512	2,965,691	5,218,072	(92)	10,545,183

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	156,646	(14,644)	142,002	9,557,814
Cumulative effects of changes in accounting policies				17,157
Restated balance	156,646	(14,644)	142,002	9,574,972
Changes during period				
Issuance of new shares				29,160
Dividends of surplus				(340,891)
Profit attributable to owners of parent				1,423,943
Purchase of treasury shares				
Net changes in items other than shareholders' equity	(51,507)	47,136	(4,371)	(4,371)
Total changes during period	(51,507)	47,136	(4,371)	1,107,841
Balance at end of period	105,138	32,491	137,630	10,682,814

Fiscal year ended December 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,361,512	2,965,691	5,218,072	(92)	10,545,183
Changes during period					
Issuance of new shares	17,408	17,408			34,816
Dividends of surplus			(455,544)		(455,544)
Profit attributable to owners of parent			1,472,540		1,472,540
Purchase of treasury shares				(53)	(53)
Net changes in items other than shareholders' equity					
Total changes during period	17,408	17,408	1,016,996	(53)	1,051,758
Balance at end of period	2,378,921	2,983,099	6,235,068	(146)	11,596,942

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	105,138	32,491	137,630	10,682,814
Changes during period				
Issuance of new shares				34,816
Dividends of surplus				(455,544)
Profit attributable to owners of parent				1,472,540
Purchase of treasury shares				(53)
Net changes in items other than shareholders' equity	57,618	29,388	87,006	87,006
Total changes during period	57,618	29,388	87,006	1,138,765
Balance at end of period	162,756	61,880	224,637	11,821,579

## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,394,908	2,369,198
Depreciation	131,523	136,640
Impairment losses	–	188,492
Amortization of goodwill	355,954	355,954
Increase (decrease) in allowance for doubtful accounts	(2,398)	(32,873)
Increase (decrease) in provision for bonuses	760	4,519
Increase (decrease) in provision for bonuses for directors (and other officers)	5,499	27,123
Increase (decrease) in provision for loss on orders received	3,072	85,167
Increase (decrease) in retirement benefit liability	286	15,945
Increase (decrease) in provision for retirement benefits for directors (and other officers)	604	150,083
Interest and dividend income	(29,080)	(29,928)
Dividend income of insurance	(31,354)	(13,767)
Interest expenses	748	737
Fraud related losses	196,289	107,858
Loss on cancellation of leases	7,122	–
Loss (gain) on sale of investment securities	(17,488)	–
Gain on forgiveness of debts	(190,038)	–
Decrease (increase) in trade receivables	(307,600)	(395,007)
Decrease (increase) in inventories	(379,435)	33,792
Increase (decrease) in trade payables	430,361	48,240
Increase (decrease) in accounts payable - other	152,084	65,824
Increase (decrease) in accrued consumption taxes	(13,350)	75,443
Decrease (increase) in other current assets	(37,694)	25,266
Increase (decrease) in other current liabilities	27,722	11,880
Other, net	559	16,914
Subtotal	2,699,055	3,247,506
Interest and dividends received	29,080	29,928
Insurance amount of dividends received	31,354	13,767
Proceeds from gain on forgiveness of debts	190,038	–
Interest paid	(748)	(737)
Subsidies received	4,151	1,140
Proceeds from insurance income	9,500	17,500
Spending of fraud related	(196,289)	(107,858)
Income taxes paid	(840,016)	(1,255,384)
Net cash provided by (used in) operating activities	1,926,126	1,945,861

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from investing activities		
Purchase of property, plant and equipment	(115,025)	(113,306)
Purchase of intangible assets	(6,257)	(10,804)
Purchase of investment securities	(4,553)	(4,583)
Proceeds from sale of investment securities	27,837	–
Payments of leasehold and guarantee deposits	(35,753)	(136,587)
Proceeds from maturity of insurance funds	75,727	5,045
Purchase of membership	(30,436)	(8,245)
Purchase of long-term prepaid expenses	(2,173)	(3,706)
Other, net	17,457	2,101
Net cash provided by (used in) investing activities	(73,178)	(270,086)
Cash flows from financing activities		
Repayments of lease liabilities	(1,152)	(1,082)
Purchase of treasury shares	–	(53)
Dividends paid	(340,050)	(453,722)
Net cash provided by (used in) financing activities	(341,202)	(454,859)
Effect of exchange rate change on cash and cash equivalents	42,840	25,751
Net increase (decrease) in cash and cash equivalents	1,554,586	1,246,666
Cash and cash equivalents at beginning of period	6,071,680	7,626,267
Cash and cash equivalents at end of period	7,626,267	8,872,933