

Translation

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Summary of Consolidated Financial Results for the Year Ended December 31, 2021 (Based on Japanese GAAP)

February 14, 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 of ordinary general meeting of shareholders: March 25, 2022
 Scheduled date to file Securities Report: March 25, 2022
 Scheduled date to commence dividend payments: March 28, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(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, 2021	26,176	7.1	1,869	13.7	1,940	13.3	1,110	11.6
Year ended December 31, 2020	24,434	8.5	1,644	37.7	1,712	39.5	994	57.0

	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, 2021	97.77	–	12.1	13.9	7.1
Year ended December 31, 2020	94.10	–	12.9	13.3	6.7

(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, 2021	14,361	9,557	66.6	841.13
As of December 31, 2020	13,505	8,755	64.8	772.12

(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, 2021	1,457	(202)	(402)	6,071
Year ended December 31, 2020	1,863	(132)	(185)	5,196

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, 2020	–	0.00	–	63.00	63.00	357	33.5	4.1
Year ended December 31, 2021	–	0.00	–	30.00	30.00	340	30.7	3.6
Year ending December 31, 2022 (Forecast)	–	0.00	–	33.00	33.00		30.2	

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
Six months ending June 30, 2022	13,500	5.1	890	(12.9)	910	(13.6)	530	(18.3)	46.64
Full year	28,000	7.0	2,070	10.7	2,130	9.8	1,240	11.7	109.13

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2021

(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, 2021	11,363,159 shares	As of December 31, 2020	11,339,904 shares
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Number of treasury shares at the end of the period

As of December 31, 2021	112 shares	As of December 31, 2020	112 shares
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Average number of shares during the period

Year ended December 31, 2021	11,355,720 shares	Year ended December 31, 2020	10,567,738 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	5,199,102	6,074,660
Notes and accounts receivable - trade	4,452,676	4,962,481
Prepaid expenses	116,147	143,239
Merchandise	487,081	265,733
Work in process	93,049	81,042
Supplies	3,062	1,604
Other	76,308	119,739
Allowance for doubtful accounts	(32,049)	(35,345)
Total current assets	10,395,378	11,613,155
Non-current assets		
Property, plant and equipment		
Buildings and structures	454,099	490,913
Accumulated depreciation and impairment	(293,059)	(295,127)
Buildings and structures, net	161,040	195,785
Land	600,550	600,550
Other	599,789	667,618
Accumulated depreciation and impairment	(440,592)	(472,878)
Other, net	159,197	194,740
Total property, plant and equipment	920,788	991,076
Intangible assets		
Goodwill	1,163,090	711,908
Other	65,470	44,411
Total intangible assets	1,228,561	756,320
Investments and other assets		
Investment securities	470,807	468,342
Long-term prepaid expenses	3,878	6,601
Guarantee deposits	265,505	293,330
Deferred tax assets	144,992	150,775
Other	77,746	82,152
Allowance for doubtful accounts	(1,963)	(0)
Total investments and other assets	960,967	1,001,202
Total non-current assets	3,110,316	2,748,598
Total assets	13,505,695	14,361,754

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,420,871	1,635,335
Short-term borrowings	140,000	120,000
Accounts payable - other	991,984	1,063,210
Accrued expenses	109,846	102,563
Income taxes payable	443,936	448,664
Accrued consumption taxes	542,891	401,042
Provision for bonuses	30,517	28,076
Provision for bonuses for directors (and other officers)	75,985	17,395
Provision for loss on order received	1,610	16
Other	390,023	407,572
Total current liabilities	4,147,666	4,223,878
Non-current liabilities		
Retirement benefit liability	226,213	236,485
Provision for retirement benefits for directors (and other officers)	49,516	53,430
Asset retirement obligations	81,461	82,361
Deferred tax liabilities	47,817	43,620
Other	197,315	164,163
Total non-current liabilities	602,324	580,061
Total liabilities	4,749,990	4,803,939
Net assets		
Shareholders' equity		
Share capital	2,332,514	2,346,932
Capital surplus	2,936,693	2,951,111
Retained earnings	3,364,788	4,117,861
Treasury shares	(92)	(92)
Total shareholders' equity	8,633,903	9,415,812
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	161,324	156,646
Foreign currency translation adjustment	(39,523)	(14,644)
Total accumulated other comprehensive income	121,801	142,002
Total net assets	8,755,704	9,557,814
Total liabilities and net assets	13,505,695	14,361,754

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

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	24,434,307	26,176,541
Cost of sales	18,589,360	19,880,770
Gross profit	5,844,946	6,295,770
Selling, general and administrative expenses	4,200,893	4,425,779
Operating profit	1,644,053	1,869,991
Non-operating income		
Interest income	8,423	10,527
Dividend income	18,241	39,144
Dividend income of insurance	30,073	37,172
Compensation income	18,890	–
Subsidy income	11,137	–
Other	9,181	21,031
Total non-operating income	95,949	107,875
Non-operating expenses		
Interest expenses	5,096	862
Share issuance costs	18,538	475
Loss on sale of notes receivable - trade	2,856	2,192
Compensation expenses	–	29,499
Other	1,102	4,097
Total non-operating expenses	27,594	37,126
Ordinary profit	1,712,408	1,940,740
Extraordinary losses		
Loss on sale of property, plant and equipment	566	–
Total extraordinary losses	566	–
Profit before income taxes	1,711,841	1,940,740
Income taxes - current	702,942	838,380
Income taxes - deferred	14,459	(7,917)
Total income taxes	717,402	830,463
Profit	994,439	1,110,276
Profit attributable to owners of parent	994,439	1,110,276

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit	994,439	1,110,276
Other comprehensive income		
Valuation difference on available-for-sale securities	26,007	(4,678)
Foreign currency translation adjustment	(8,229)	24,879
Total other comprehensive income	17,777	20,200
Comprehensive income	1,012,217	1,130,477
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,012,217	1,130,477

Consolidated statements of changes in equity

Fiscal year ended December 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,707,526	2,311,704	2,564,366	(92)	6,583,504
Changes during period					
Issuance of new shares	624,988	624,988			1,249,976
Dividends of surplus			(194,018)		(194,018)
Profit attributable to owners of parent			994,439		994,439
Net changes in items other than shareholders' equity					
Total changes during period	624,988	624,988	800,421	-	2,050,398
Balance at end of period	2,332,514	2,936,693	3,364,788	(92)	8,633,903

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	135,317	(31,293)	104,023	-	6,687,528
Changes during period					
Issuance of new shares					1,249,976
Dividends of surplus					(194,018)
Profit attributable to owners of parent					994,439
Net changes in items other than shareholders' equity	26,007	(8,229)	17,777	-	17,777
Total changes during period	26,007	(8,229)	17,777	-	2,068,175
Balance at end of period	161,324	(39,523)	121,801	-	8,755,704

Fiscal year ended December 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,332,514	2,936,693	3,364,788	(92)	8,633,903
Changes during period					
Issuance of new shares	14,418	14,418			28,836
Dividends of surplus			(357,203)		(357,203)
Profit attributable to owners of parent			1,110,276		1,110,276
Net changes in items other than shareholders' equity					
Total changes during period	14,418	14,418	753,073		781,909
Balance at end of period	2,346,932	2,951,111	4,117,861	(92)	9,415,812

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	161,324	(39,523)	121,801	–	8,755,704
Changes during period					
Issuance of new shares					28,836
Dividends of surplus					(357,203)
Profit attributable to owners of parent					1,110,276
Net changes in items other than shareholders' equity	(4,678)	24,879	20,200		20,200
Total changes during period	(4,678)	24,879	20,200		802,110
Balance at end of period	156,646	(14,644)	142,002	–	9,557,814

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	1,711,841	1,940,740
Depreciation	108,240	105,030
Amortization of goodwill	474,155	451,182
Increase (decrease) in allowance for doubtful accounts	(3,518)	(1,546)
Increase (decrease) in provision for bonuses	10,143	(2,441)
Increase (decrease) in provision for bonuses for directors (and other officers)	20,913	(58,589)
Increase (decrease) in provision for loss on order received	(525)	(1,594)
Increase (decrease) in retirement benefit liability	19,785	9,787
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(150,941)	3,913
Interest and dividend income	(26,665)	(49,671)
Dividend income of insurance	(30,073)	(37,172)
Interest expenses	5,096	862
Decrease (increase) in trade receivables	(289,035)	(513,624)
Decrease (increase) in inventories	28,088	234,812
Increase (decrease) in trade payables	8,702	213,331
Increase (decrease) in accounts payable - other	9,062	65,140
Increase (decrease) in accrued consumption taxes	199,923	(141,848)
Increase (decrease) in long-term accounts payable - other	190,209	(32,071)
Decrease (increase) in other current assets	80,671	(48,025)
Increase (decrease) in other current liabilities	72,007	47,081
Other, net	(10,039)	18,052
Subtotal	2,428,039	2,203,349
Interest and dividends received	26,838	49,674
Insurance amount of dividends received	30,073	37,172
Interest paid	(5,040)	(911)
Compensation income	18,890	–
Subsidies received	11,137	10,000
Income taxes paid	(646,866)	(841,789)
Net cash provided by (used in) operating activities	1,863,072	1,457,495

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from investing activities		
Purchase of property, plant and equipment	(73,967)	(148,236)
Proceeds from sale of property, plant and equipment	14,500	–
Purchase of intangible assets	(51,473)	(500)
Purchase of investment securities	(4,164)	(4,275)
Purchase of membership	(500)	–
Purchase of long-term prepaid expenses	(2,126)	(4,518)
Other, net	(14,476)	(45,412)
Net cash provided by (used in) investing activities	(132,208)	(202,942)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,180,000)	(20,000)
Repayments of long-term borrowings	(16,680)	(9,690)
Redemption of bonds	(24,000)	(16,000)
Repayments of lease obligations	(1,958)	(1,462)
Dividends paid	(193,555)	(355,705)
Proceeds from issuance of shares	1,230,900	–
Net cash provided by (used in) financing activities	(185,293)	(402,858)
Effect of exchange rate change on cash and cash equivalents	(10,279)	23,863
Net increase (decrease) in cash and cash equivalents	1,535,290	875,558
Cash and cash equivalents at beginning of period	3,660,831	5,196,122
Cash and cash equivalents at end of period	5,196,122	6,071,680