

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended June 30, 2024 (Based on Japanese GAAP)

July 30, 2024

Company name: I S B CORPORATION  
 Stock exchange listing: Tokyo  
 Stock code: 9702 URL <https://www.isb.co.jp/>  
 Representative: President Kazufumi Wakao  
 Inquiries: Director, Executive General Manager, Masaya Hirose TEL 03-3490-1761  
 Administrative Headquarters  
 Scheduled date to file Semi-annual Securities Report: August 14, 2024  
 Scheduled date to commence dividend payments: –  
 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 six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

(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, 2024	16,673	4.7	1,537	16.9	1,569	17.1	1,120	46.8
Six months ended June 30, 2023	15,919	12.3	1,315	18.9	1,340	18.3	762	9.9

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2024	98.04		–	
Six months ended June 30, 2023	66.94		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	18,143	12,623	69.6
As of December 31, 2023	17,988	11,821	65.7

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, 2023	–	–	–	42.00	42.00
Year ending December 31, 2024	–	–	–	–	–
Year ending December 31, 2024 (Forecast)	–	–	–	46.00	46.00

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
Full year	33,700	4.1	2,470	(9.7)	2,550	(9.3)	1,620	10.0	141.88

4. Notes

- (1) Significant changes in the scope of consolidation during the six months ended June 30, 2024: No
- (2) Application of special accounting methods for preparing interim 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 June 30, 2024	11,437,521 shares	As of December 31, 2023	11,417,900 shares
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Number of treasury shares at the end of the period

As of June 30, 2024	149 shares	As of December 31, 2023	149 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, 2024	11,424,435 shares	Six months ended June 30, 2023	11,398,923 shares
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**Interim consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	8,875,913	9,053,525
Notes and accounts receivable - trade, and contract assets	5,814,030	5,378,232
Prepaid expenses	165,695	236,240
Merchandise	692,511	681,397
Supplies	1,512	1,307
Other	119,880	65,299
Allowance for doubtful accounts	(6,482)	(4,138)
Total current assets	15,663,060	15,411,863
Non-current assets		
Property, plant and equipment		
Buildings and structures	614,435	608,743
Accumulated depreciation and impairment	(357,627)	(206,126)
Buildings and structures, net	256,807	402,617
Land	450,361	352,465
Other	883,791	955,057
Accumulated depreciation and impairment	(673,089)	(703,552)
Other, net	210,701	251,504
Total property, plant and equipment	917,870	1,006,588
Intangible assets		
Other	36,626	30,373
Total intangible assets	36,626	30,373
Investments and other assets		
Investment securities	483,774	573,639
Long-term prepaid expenses	5,519	10,472
Guarantee deposits	449,994	806,246
Deferred tax assets	369,433	241,492
Other	62,596	62,696
Total investments and other assets	1,371,318	1,694,548
Total non-current assets	2,325,815	2,731,509
Total assets	17,988,876	18,143,373

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	2,116,541	1,886,734
Contract liabilities	189,947	86,192
Short-term borrowings	120,000	120,000
Accounts payable - other	1,456,499	1,481,594
Accrued expenses	91,937	112,401
Income taxes payable	574,075	444,880
Accrued consumption taxes	446,747	359,064
Provision for bonuses	33,356	26,703
Provision for bonuses for directors (and other officers)	50,018	25,064
Provision for loss on orders received	88,255	6,119
Provision for retirement benefits for directors	145,000	–
Asset retirement obligations	29,200	103,290
Other	334,147	360,952
<b>Total current liabilities</b>	<b>5,675,726</b>	<b>5,012,998</b>
<b>Non-current liabilities</b>		
Retirement benefit liability	253,788	276,013
Provision for retirement benefits for directors (and other officers)	59,118	66,263
Asset retirement obligations	163,768	144,878
Other	14,895	19,809
<b>Total non-current liabilities</b>	<b>491,570</b>	<b>506,964</b>
<b>Total liabilities</b>	<b>6,167,296</b>	<b>5,519,962</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	2,378,921	2,392,430
Capital surplus	2,983,099	2,996,608
Retained earnings	6,235,068	6,875,571
Treasury shares	(146)	(146)
<b>Total shareholders' equity</b>	<b>11,596,942</b>	<b>12,264,464</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	162,756	225,010
Foreign currency translation adjustment	61,880	133,935
<b>Total accumulated other comprehensive income</b>	<b>224,637</b>	<b>358,946</b>
<b>Total net assets</b>	<b>11,821,579</b>	<b>12,623,410</b>
<b>Total liabilities and net assets</b>	<b>17,988,876</b>	<b>18,143,373</b>

**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, 2023	Six months ended June 30, 2024
Net sales	15,919,731	16,673,120
Cost of sales	12,049,754	12,492,792
Gross profit	3,869,977	4,180,328
Selling, general and administrative expenses	2,554,275	2,642,566
Operating profit	1,315,701	1,537,762
Non-operating income		
Interest income	8,352	6,944
Compensation income	–	22,405
Dividend income	8,511	24,045
Dividend income of insurance	–	2,535
Reversal of allowance for doubtful accounts	8,409	–
Other	4,797	10,394
Total non-operating income	30,071	66,325
Non-operating expenses		
Interest expenses	367	408
Loss on sale of non-current assets	–	8,087
Loss on sale of notes receivable - trade	1,021	769
Settlement payments	–	6,636
Foreign exchange losses	3,613	17,923
Other	303	811
Total non-operating expenses	5,306	34,637
Ordinary profit	1,340,467	1,569,450
Extraordinary losses		
Fraud related losses	107,858	–
Total extraordinary losses	107,858	–
Profit before income taxes	1,232,609	1,569,450
Income taxes - current	476,566	348,623
Income taxes - deferred	(6,952)	100,778
Total income taxes	469,614	449,401
Profit	762,995	1,120,049
Profit attributable to owners of parent	762,995	1,120,049

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit	762,995	1,120,049
Other comprehensive income		
Valuation difference on available-for-sale securities	33,970	62,253
Foreign currency translation adjustment	42,175	72,054
Total other comprehensive income	76,146	134,308
Comprehensive income	839,141	1,254,358
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	839,141	1,254,358

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,232,609	1,569,450
Depreciation	64,773	125,169
Amortization of goodwill	177,977	–
Increase (decrease) in allowance for doubtful accounts	(20,078)	(2,343)
Increase (decrease) in provision for bonuses	5,049	(6,652)
Increase (decrease) in provision for bonuses for directors (and other officers)	4,648	(24,953)
Increase (decrease) in provision for loss on orders received	21,543	(82,136)
Increase (decrease) in retirement benefit liability	16,361	21,547
Increase (decrease) in provision for retirement benefits for directors (and other officers)	494	(137,854)
Interest and dividend income	(16,864)	(30,990)
Dividend income of insurance	–	(2,535)
Compensation income	–	(22,405)
Interest expenses	367	408
Fraud related losses	107,858	–
Settlement payments	–	6,636
Loss (gain) on sale of property, plant and equipment	–	8,087
Decrease (increase) in trade receivables	518,222	337,199
Decrease (increase) in inventories	(21,758)	11,264
Increase (decrease) in trade payables	(166,006)	(230,783)
Increase (decrease) in accounts payable - other	(74,137)	2,645
Increase (decrease) in accrued consumption taxes	(32,538)	(87,682)
Decrease (increase) in other current assets	191	(6,468)
Increase (decrease) in other current liabilities	46,934	28,697
Other, net	17,251	5,982
Subtotal	1,882,897	1,482,282
Interest and dividends received	16,863	30,978
Insurance amount of dividends received	–	2,535
Proceeds from compensation	–	22,405
Interest paid	(394)	(430)
Spending of fraud related	(107,858)	–
Settlement paid	–	(6,636)
Income taxes paid	(785,505)	(465,067)
Net cash provided by (used in) operating activities	1,006,002	1,066,067

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(69,626)	(218,763)
Proceeds from sale of property, plant and equipment	–	108,367
Purchase of intangible assets	(902)	–
Purchase of investment securities	(1,559)	(1,686)
Proceeds from sale of investment securities	–	837
Payments of leasehold and guarantee deposits	–	(366,038)
Proceeds from maturity of insurance funds	5,045	–
Purchase of long-term prepaid expenses	(2,597)	(6,597)
Purchase of membership	(6,545)	–
Other, net	(19,322)	10,698
Net cash provided by (used in) investing activities	(95,509)	(473,182)
Cash flows from financing activities		
Repayments of lease liabilities	(600)	(450)
Dividends paid	(453,314)	(478,702)
Net cash provided by (used in) financing activities	(453,915)	(479,153)
Effect of exchange rate change on cash and cash equivalents	36,932	63,879
Net increase (decrease) in cash and cash equivalents	493,509	177,611
Cash and cash equivalents at beginning of period	7,626,267	8,872,933
Cash and cash equivalents at end of period	8,119,776	9,050,545