

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2021 (Based on Japanese GAAP)

August 12, 2021

Company name: ELAN Corporation
 Stock exchange listing: Tokyo
 Stock code: 6099 URL <https://www.kkelan.com/>
 Representative: President Hideharu Sakurai
 Inquiries: Executive Officer, IR Office Manager Hideo Hara TEL 0263-41-0760
 Scheduled date to file Quarterly Securities Report: August 13, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2021 (from January 1, 2021 to June 30, 2021)

(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, 2021	15,218	25.1	1,403	42.4	1,414	42.7	956	43.8
Six months ended June 30, 2020	12,162	17.6	985	27.1	991	27.0	664	27.5

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2021	15.78	–
Six months ended June 30, 2020	10.97	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2021	11,653	6,526	56.0	107.95
As of December 31, 2020	11,689	6,184	52.9	102.05

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2020	–	0.00	–	14.00	14.00
Year ending December 31, 2021	–	0.00	–	–	–
Year ending December 31, 2021 (Forecast)	–	–	–	8.00	8.00

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

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	19.0	2,500	20.9	2,520	17.3	1,680	16.2	27.72

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2021
 (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 June 30, 2021	60,600,000 shares	As of December 31, 2020	60,600,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	140,938 shares	As of December 31, 2020	938 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, 2021	60,574,090 shares	Six months ended June 30, 2020	60,599,120 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	4,497,677	4,415,224
Accounts receivable - trade	3,279,413	3,519,973
Merchandise	982,361	810,818
Supplies	12,992	7,952
Accounts receivable - other	1,765,497	1,749,292
Other	83,241	63,829
Allowance for doubtful accounts	(441,059)	(459,431)
Total current assets	10,180,124	10,107,660
Non-current assets		
Property, plant and equipment	316,775	307,862
Intangible assets		
Goodwill	48,856	29,313
Other	113,435	100,353
Total intangible assets	162,291	129,667
Investments and other assets		
Other	1,090,137	1,189,419
Allowance for doubtful accounts	(60,255)	(81,352)
Total investments and other assets	1,029,882	1,108,067
Total non-current assets	1,508,950	1,545,596
Total assets	11,689,074	11,653,257
Liabilities		
Current liabilities		
Accounts payable - trade	4,157,946	4,074,221
Income taxes payable	557,417	451,509
Other	786,468	596,457
Total current liabilities	5,501,831	5,122,187
Non-current liabilities		
Provision for share-based remuneration for directors (and other officers)	–	2,337
Other	3,039	2,388
Total non-current liabilities	3,039	4,726
Total liabilities	5,504,871	5,126,913
Net assets		
Shareholders' equity		
Share capital	573,496	573,496
Capital surplus	543,496	543,496
Retained earnings	5,092,828	5,624,766
Treasury shares	(320)	(197,151)
Total shareholders' equity	6,209,500	6,544,607
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(25,297)	(18,264)
Total accumulated other comprehensive income	(25,297)	(18,264)
Total net assets	6,184,203	6,526,343
Total liabilities and net assets	11,689,074	11,653,257

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, 2020	Six months ended June 30, 2021
Net sales	12,162,097	15,218,053
Cost of sales	9,047,238	11,408,962
Gross profit	3,114,859	3,809,090
Selling, general and administrative expenses	2,129,671	2,405,853
Operating profit	985,187	1,403,236
Non-operating income		
Gain on sales of non-current assets	100	583
Subsidy income	141	2,830
Late charges income	6,273	8,022
Other	2,030	2,803
Total non-operating income	8,545	14,239
Non-operating expenses		
Loss on retirement of non-current assets	–	1,447
Loss on sales of non-current assets	124	–
Commitment fee	2,000	–
Other	19	1,367
Total non-operating expenses	2,143	2,814
Ordinary profit	991,589	1,414,661
Profit before income taxes	991,589	1,414,661
Income taxes - current	334,954	430,237
Income taxes - deferred	(8,095)	28,291
Total income taxes	326,859	458,529
Profit	664,730	956,131
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	664,730	956,131

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit	664,730	956,131
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,812)	7,033
Total other comprehensive income	(8,812)	7,033
Comprehensive income	655,917	963,164
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	655,917	963,164
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	991,589	1,414,661
Depreciation	36,668	40,971
Amortization of goodwill	19,542	19,542
Increase (decrease) in allowance for doubtful accounts	37,351	39,469
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	–	2,337
Interest and dividend income	(24)	(27)
Loss (gain) on sales of non-current assets	23	(583)
Loss on retirement of non-current assets	–	1,447
Decrease (increase) in trade receivables	(113,931)	(233,932)
Decrease (increase) in inventories	71,192	176,582
Decrease (increase) in other current assets	(4,907)	6,781
Increase (decrease) in trade payables	(90,415)	(83,725)
Increase (decrease) in accounts payable - other	52,647	(161,132)
Increase (decrease) in other current liabilities	(73,172)	(36,026)
Other, net	(3,937)	1,290
Subtotal	922,628	1,187,657
Interest and dividends received	25	28
Income taxes paid	(297,473)	(538,376)
Net cash provided by (used in) operating activities	625,180	649,309
Cash flows from investing activities		
Payments into time deposits	(24,289)	(24,291)
Proceeds from withdrawal of time deposits	24,287	24,289
Purchase of property, plant and equipment	(13,068)	(10,844)
Proceeds from sales of property, plant and equipment	168	827
Purchase of intangible assets	(9,511)	(2,313)
Purchase of investment securities	(550,000)	(97,740)
Payments of leasehold deposits	(3,137)	(6,668)
Proceeds from refund of leasehold deposits	–	230
Other, net	(2,856)	(2,294)
Net cash provided by (used in) investing activities	(578,406)	(118,804)
Cash flows from financing activities		
Dividends paid	(272,303)	(415,477)
Purchase of treasury shares	–	(196,830)
Repayments of lease obligations	(651)	(651)
Net cash provided by (used in) financing activities	(272,955)	(612,959)
Net increase (decrease) in cash and cash equivalents	(226,181)	(82,455)
Cash and cash equivalents at beginning of period	3,447,783	4,473,388
Cash and cash equivalents at end of period	3,221,602	4,390,933