

Translation

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

February 10, 2022

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 of ordinary general meeting of shareholders: March 23, 2022
 Scheduled date to file Securities Report: March 24, 2022
 Scheduled date to commence dividend payments: March 24, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and 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	31,635	21.4	2,798	35.3	2,818	31.2	1,905	31.8
Year ended December 31, 2020	26,056	21.1	2,068	38.6	2,148	43.1	1,446	46.2

	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	31.49	–	27.9	22.0	8.8
Year ended December 31, 2020	23.87	–	25.8	20.5	7.9

(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	13,947	7,483	53.7	123.78
As of December 31, 2020	11,689	6,184	52.9	102.05

(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	2,106	(357)	(614)	5,607
Year ended December 31, 2020	1,947	(648)	(273)	4,473

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	–	14.00	14.00	424	29.3	7.6
Year ended December 31, 2021	–	0.00	–	9.00	9.00	545	28.6	8.0
Year ending December 31, 2022 (Forecast)	–	0.00	–	10.00	10.00		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	17,300	13.7	1,430	1.9	1,440	1.8	980	2.5	16.21
Full year	37,000	17.0	3,000	7.2	3,020	7.1	2,000	4.9	33.08

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	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 December 31, 2021	140,969 shares	As of December 31, 2020	938 shares
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Average number of shares during the period

Year ended December 31, 2021	60,516,098 shares	Year ended December 31, 2020	60,599,113 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	4,497,677	5,632,051
Accounts receivable - trade	3,279,413	3,891,204
Merchandise	982,361	1,068,647
Supplies	12,992	11,640
Accounts receivable - other	1,765,497	1,957,416
Other	83,241	55,927
Allowance for doubtful accounts	(441,059)	(486,903)
Total current assets	10,180,124	12,129,983
Non-current assets		
Property, plant and equipment		
Buildings and structures	234,833	252,102
Accumulated depreciation	(87,550)	(98,393)
Buildings and structures, net	147,283	153,708
Machinery, equipment and vehicles	45,409	60,905
Accumulated depreciation	(29,297)	(26,148)
Machinery, equipment and vehicles, net	16,112	34,756
Land	114,018	114,018
Other	98,228	113,420
Accumulated depreciation	(58,866)	(74,819)
Other, net	39,361	38,600
Total property, plant and equipment	316,775	341,085
Intangible assets		
Software	109,363	73,066
Goodwill	48,856	9,771
Other	4,072	22,583
Total intangible assets	162,291	105,421
Investments and other assets		
Investment securities	662,964	941,920
Deferred tax assets	290,221	350,189
Other	136,952	168,518
Allowance for doubtful accounts	(60,255)	(89,318)
Total investments and other assets	1,029,882	1,371,309
Total non-current assets	1,508,950	1,817,816
Total assets	11,689,074	13,947,800

(Thousands of yen)

	As of December 31, 2020	As of December 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	4,157,946	4,868,493
Accounts payable - other	504,063	547,426
Accrued expenses	59,585	69,437
Income taxes payable	557,417	610,067
Accrued consumption taxes	154,932	236,865
Other	67,887	84,773
Total current liabilities	5,501,831	6,417,063
Non-current liabilities		
Provision for share awards	–	13,858
Provision for share awards for directors (and other officers)	–	31,417
Other	3,039	1,737
Total non-current liabilities	3,039	47,013
Total liabilities	5,504,871	6,464,077
Net assets		
Shareholders' equity		
Share capital	573,496	573,496
Capital surplus	543,496	543,496
Retained earnings	5,092,828	6,574,561
Treasury shares	(320)	(197,189)
Total shareholders' equity	6,209,500	7,494,363
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(25,297)	(10,640)
Total accumulated other comprehensive income	(25,297)	(10,640)
Total net assets	6,184,203	7,483,722
Total liabilities and net assets	11,689,074	13,947,800

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	26,056,360	31,635,891
Cost of sales	19,492,746	23,758,949
Gross profit	6,563,613	7,876,942
Selling, general and administrative expenses	4,495,382	5,078,271
Operating profit	2,068,230	2,798,670
Non-operating income		
Gain on sale of non-current assets	467	1,595
Subsidy income	291	3,155
Late charges income	16,980	15,868
Consumption tax exemption gain	59,814	–
Other	4,737	5,231
Total non-operating income	82,292	25,851
Non-operating expenses		
Loss on retirement of non-current assets	–	1,447
Loss on sale of non-current assets	124	–
Commitment fees	2,000	–
Loss on investments in investment partnerships	–	3,159
Other	19	1,367
Total non-operating expenses	2,143	5,974
Ordinary profit	2,148,379	2,818,548
Profit before income taxes	2,148,379	2,818,548
Income taxes - current	778,195	972,590
Income taxes - deferred	(76,188)	(59,967)
Total income taxes	702,007	912,622
Profit	1,446,372	1,905,925
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,446,372	1,905,925

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit	1,446,372	1,905,925
Other comprehensive income		
Valuation difference on available-for-sale securities	(10,415)	14,657
Total other comprehensive income	(10,415)	14,657
Comprehensive income	1,435,956	1,920,582
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,435,956	1,920,582
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended December 31, 2020

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	573,496	543,496	3,919,152	(238)	5,035,906
Changes during period					
Dividends of surplus			(272,696)		(272,696)
Profit attributable to owners of parent			1,446,372		1,446,372
Purchase of treasury shares				(81)	(81)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,173,675	(81)	1,173,594
Balance at end of period	573,496	543,496	5,092,828	(320)	6,209,500

(Thousands of yen)

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	(14,882)	(14,882)	5,021,024
Changes during period			
Dividends of surplus			(272,696)
Profit attributable to owners of parent			1,446,372
Purchase of treasury shares			(81)
Net changes in items other than shareholders' equity	(10,415)	(10,415)	(10,415)
Total changes during period	(10,415)	(10,415)	1,163,178
Balance at end of period	(25,297)	(25,297)	6,184,203

Fiscal year ended December 31, 2021

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	573,496	543,496	5,092,828	(320)	6,209,500
Changes during period					
Dividends of surplus			(424,193)		(424,193)
Profit attributable to owners of parent			1,905,925		1,905,925
Purchase of treasury shares				(196,869)	(196,869)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,481,732	(196,869)	1,284,862
Balance at end of period	573,496	543,496	6,574,561	(197,189)	7,494,363

(Thousands of yen)

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	(25,297)	(25,297)	6,184,203
Changes during period			
Dividends of surplus			(424,193)
Profit attributable to owners of parent			1,905,925
Purchase of treasury shares			(196,869)
Net changes in items other than shareholders' equity	14,657	14,657	14,657
Total changes during period	14,657	14,657	1,299,519
Balance at end of period	(10,640)	(10,640)	7,483,722

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	2,148,379	2,818,548
Depreciation	78,399	80,703
Amortization of goodwill	39,085	39,085
Increase (decrease) in provision for bonuses	–	–
Increase (decrease) in allowance for doubtful accounts	23,999	74,906
Increase (decrease) in provision for share awards	–	13,858
Increase (decrease) in provision for share awards for directors (and other officers)	–	31,417
Interest and dividend income	(46)	(53)
Loss (gain) on investments in investment partnerships	–	3,159
Loss (gain) on sale of non-current assets	(343)	(1,595)
Loss on retirement of non-current assets	–	1,447
Decrease (increase) in trade receivables	(575,891)	(787,274)
Decrease (increase) in inventories	(228,801)	(84,933)
Decrease (increase) in other current assets	(47,443)	(19,714)
Increase (decrease) in trade payables	817,889	710,546
Increase (decrease) in accounts payable - other	239,747	40,242
Increase (decrease) in other current liabilities	15,702	100,454
Other, net	(52)	1,609
Subtotal	2,510,624	3,022,409
Interest and dividends received	46	54
Income taxes paid	(562,912)	(916,265)
Net cash provided by (used in) operating activities	1,947,758	2,106,198
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	(43,490)	(56,644)
Proceeds from sale of property, plant and equipment	2,518	1,967
Purchase of investment securities	(550,000)	(267,891)
Purchase of intangible assets	(43,910)	(21,344)
Payments of leasehold deposits	(14,369)	(12,116)
Proceeds from refund of leasehold deposits	419	660
Other, net	504	(2,306)
Net cash provided by (used in) investing activities	(648,329)	(357,677)
Cash flows from financing activities		
Purchase of treasury shares	(81)	(196,869)
Dividends paid	(272,440)	(415,976)
Repayments of lease obligations	(1,302)	(1,302)
Net cash provided by (used in) financing activities	(273,824)	(614,149)
Net increase (decrease) in cash and cash equivalents	1,025,604	1,134,371
Cash and cash equivalents at beginning of period	3,447,783	4,473,388
Cash and cash equivalents at end of period	4,473,388	5,607,760