

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2022 (Based on Japanese GAAP)

May 12, 2022

Company name: ELAN Corporation
 Stock exchange listing: Tokyo
 Stock code: 6099 URL <https://www.kkelan.com/>
 Representative: COO Minezaki Tomohiro
 Inquiries: Executive Officer, IR Office Manager Hideo Hara TEL 0263-41-0760
 Scheduled date to file Quarterly Securities Report: May 13, 2022
 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 three months ended March 31, 2022 (from January 1, 2022 to March 31, 2022)

(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	%
Three months ended March 31, 2022	8,792	16.9	913	24.0	917	24.1	626	23.5
Three months ended March 31, 2021	7,523	25.7	737	46.8	739	46.2	507	49.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2022	10.36		–	
Three months ended March 31, 2021	8.37		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	13,316	7,566	56.8	125.14
As of December 31, 2021	13,947	7,483	53.7	123.78

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, 2021	–	0.00	–	9.00	9.00
Year ending December 31, 2022	–	–	–	–	–
Year ending December 31, 2022 (Forecast)	–	0.00	–	10.00	10.00

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 three months ended March 31, 2022
(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: Yes
- 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 March 31, 2022	60,600,000 shares	As of December 31, 2021	60,600,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	140,969 shares	As of December 31, 2021	140,969 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2022	60,459,031 shares	Three months ended March 31, 2021	60,599,062 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	5,632,051	4,663,988
Accounts receivable - trade	3,891,204	–
Accounts receivable - trade, and contract assets	–	4,133,781
Merchandise	1,068,647	877,220
Supplies	11,640	11,974
Accounts receivable - other	1,957,416	2,225,132
Other	55,927	49,991
Allowance for doubtful accounts	(486,903)	(488,405)
Total current assets	12,129,983	11,473,683
Non-current assets		
Property, plant and equipment	341,085	335,279
Intangible assets		
Goodwill	9,771	–
Other	95,650	92,716
Total intangible assets	105,421	92,716
Investments and other assets		
Other	1,460,628	1,487,925
Allowance for doubtful accounts	(89,318)	(73,462)
Total investments and other assets	1,371,309	1,414,463
Total non-current assets	1,817,816	1,842,459
Total assets	13,947,800	13,316,143
Liabilities		
Current liabilities		
Accounts payable - trade	4,868,493	4,713,028
Income taxes payable	610,067	222,003
Provision for bonuses	–	29,006
Other	938,502	730,161
Total current liabilities	6,417,063	5,694,199
Non-current liabilities		
Provision for share awards	13,858	16,502
Provision for share awards for directors (and other officers)	31,417	38,013
Other	1,737	1,411
Total non-current liabilities	47,013	55,928
Total liabilities	6,464,077	5,750,127
Net assets		
Shareholders' equity		
Share capital	573,496	573,496
Capital surplus	543,496	543,496
Retained earnings	6,574,561	6,655,810
Treasury shares	(197,189)	(197,189)
Total shareholders' equity	7,494,363	7,575,613
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(10,640)	(9,597)
Total accumulated other comprehensive income	(10,640)	(9,597)
Total net assets	7,483,722	7,566,015
Total liabilities and net assets	13,947,800	13,316,143

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Net sales	7,523,869	8,792,812
Cost of sales	5,611,135	6,522,516
Gross profit	1,912,733	2,270,295
Selling, general and administrative expenses	1,175,671	1,356,332
Operating profit	737,062	913,963
Non-operating income		
Gain on sale of non-current assets	–	154
Subsidy income	708	–
Late charges income	3,577	2,700
Consulting fee income	–	1,050
Other	585	1,147
Total non-operating income	4,871	5,052
Non-operating expenses		
Loss on retirement of non-current assets	1,087	–
Loss on investments in investment partnerships	–	1,033
Other	1,367	–
Total non-operating expenses	2,454	1,033
Ordinary profit	739,479	917,981
Profit before income taxes	739,479	917,981
Income taxes - current	174,146	229,861
Income taxes - deferred	57,861	61,479
Total income taxes	232,008	291,341
Profit	507,470	626,640
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	507,470	626,640

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Profit	507,470	626,640
Other comprehensive income		
Valuation difference on available-for-sale securities	9,950	1,043
Total other comprehensive income	9,950	1,043
Comprehensive income	517,420	627,683
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	517,420	627,683
Comprehensive income attributable to non-controlling interests	—	—