

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2022 (Based on Japanese GAAP)

August 10, 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: August 12, 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, analysts and general investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2022 (from January 1, 2022 to June 30, 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	%
Six months ended June 30, 2022	17,604	15.7	1,713	22.1	1,725	22.0	1,177	23.2
Six months ended June 30, 2021	15,218	25.1	1,403	42.4	1,414	42.7	956	43.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2022	19.48		–	
Six months ended June 30, 2021	15.78		–	

(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, 2022	14,076	8,126	57.7	134.41
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	–	0.00			
Year ending December 31, 2022 (Forecast)			–	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
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 six months ended June 30, 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 June 30, 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 June 30, 2022	138,869 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)

Six months ended June 30, 2022	60,459,460 shares	Six months ended June 30, 2021	60,574,090 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	5,632,051	5,171,295
Accounts receivable - trade	3,891,204	–
Accounts receivable - trade, and contract assets	–	3,973,222
Merchandise	1,068,647	912,670
Supplies	11,640	5,569
Accounts receivable - other	1,957,416	2,244,940
Other	55,927	70,612
Allowance for doubtful accounts	(486,903)	(485,183)
Total current assets	12,129,983	11,893,126
Non-current assets		
Property, plant and equipment	341,085	484,336
Intangible assets		
Goodwill	9,771	–
Other	95,650	92,746
Total intangible assets	105,421	92,746
Investments and other assets		
Other	1,460,628	1,666,589
Allowance for doubtful accounts	(89,318)	(60,698)
Total investments and other assets	1,371,309	1,605,891
Total non-current assets	1,817,816	2,182,973
Total assets	13,947,800	14,076,100
Liabilities		
Current liabilities		
Accounts payable - trade	4,868,493	4,692,738
Income taxes payable	610,067	523,016
Other	938,502	671,991
Total current liabilities	6,417,063	5,887,746
Non-current liabilities		
Provision for share awards	13,858	16,015
Provision for share awards for directors (and other officers)	31,417	44,829
Other	1,737	1,085
Total non-current liabilities	47,013	61,931
Total liabilities	6,464,077	5,949,677
Net assets		
Shareholders' equity		
Share capital	573,496	573,496
Capital surplus	543,496	543,496
Retained earnings	6,574,561	7,207,034
Treasury shares	(197,189)	(194,237)
Total shareholders' equity	7,494,363	8,129,790
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(10,640)	(3,367)
Total accumulated other comprehensive income	(10,640)	(3,367)
Total net assets	7,483,722	8,126,423
Total liabilities and net assets	13,947,800	14,076,100

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, 2021	Six months ended June 30, 2022
Net sales	15,218,053	17,604,155
Cost of sales	11,408,962	13,149,190
Gross profit	3,809,090	4,454,965
Selling, general and administrative expenses	2,405,853	2,741,429
Operating profit	1,403,236	1,713,536
Non-operating income		
Gain on sale of non-current assets	583	154
Subsidy income	2,830	–
Late charges income	8,022	6,463
Gain on investments in investment partnerships	–	240
Consulting fee income	–	2,100
Other	2,803	3,305
Total non-operating income	14,239	12,264
Non-operating expenses		
Loss on retirement of non-current assets	1,447	–
Other	1,367	–
Total non-operating expenses	2,814	–
Ordinary profit	1,414,661	1,725,800
Profit before income taxes	1,414,661	1,725,800
Income taxes - current	430,237	515,369
Income taxes - deferred	28,291	32,566
Total income taxes	458,529	547,935
Profit	956,131	1,177,865
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	956,131	1,177,865

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	956,131	1,177,865
Other comprehensive income		
Valuation difference on available-for-sale securities	7,033	7,273
Total other comprehensive income	7,033	7,273
Comprehensive income	963,164	1,185,138
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	963,164	1,185,138
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,414,661	1,725,800
Depreciation	40,971	63,836
Amortization of goodwill	19,542	9,771
Increase (decrease) in allowance for doubtful accounts	39,469	(30,339)
Increase (decrease) in provision for share awards	–	2,157
Increase (decrease) in provision for share awards for directors (and other officers)	2,337	13,412
Interest and dividend income	(27)	(31)
Loss (gain) on sale of non-current assets	(583)	(154)
Loss (gain) on investments in investment partnerships	–	(240)
Loss on retirement of non-current assets	1,447	–
Decrease (increase) in trade receivables	(233,932)	(328,406)
Decrease (increase) in inventories	176,582	162,047
Decrease (increase) in other current assets	6,781	(25,695)
Increase (decrease) in trade payables	(83,725)	(175,754)
Increase (decrease) in accounts payable - other	(161,132)	(117,557)
Increase (decrease) in other current liabilities	(36,026)	(136,266)
Other, net	1,290	1,295
Subtotal	1,187,657	1,163,874
Interest and dividends received	28	31
Income taxes paid	(538,376)	(605,109)
Net cash provided by (used in) operating activities	649,309	558,796
Cash flows from investing activities		
Payments into time deposits	(24,291)	(24,291)
Proceeds from withdrawal of time deposits	24,289	24,291
Purchase of property, plant and equipment	(10,844)	(191,581)
Proceeds from sale of property, plant and equipment	827	320
Purchase of intangible assets	(2,313)	(13,625)
Purchase of investment securities	(97,740)	(200,775)
Payments of leasehold deposits	(6,668)	(60,772)
Proceeds from refund of leasehold deposits	230	33
Other, net	(2,294)	(898)
Net cash provided by (used in) investing activities	(118,804)	(467,300)
Cash flows from financing activities		
Dividends paid	(415,477)	(554,554)
Decrease (increase) in treasury shares	(196,830)	2,952
Repayments of lease obligations	(651)	(651)
Net cash provided by (used in) financing activities	(612,959)	(552,253)
Net increase (decrease) in cash and cash equivalents	(82,455)	(460,756)
Cash and cash equivalents at beginning of period	4,473,388	5,607,760
Cash and cash equivalents at end of period	4,390,933	5,147,003