

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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

November 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: November 11, 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 nine months ended September 30, 2022 (from January 1, 2022 to September 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	%
Nine months ended September 30, 2022	26,765	15.0	2,562	18.7	2,580	18.6	1,763	19.0
Nine months ended September 30, 2021	23,279	23.5	2,159	40.5	2,175	40.3	1,482	42.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2022	29.17		–	
Nine months ended September 30, 2021	24.48		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	14,815	8,714	58.8	144.13
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 nine months ended September 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 September 30, 2022	60,600,000 shares	As of December 31, 2021	60,600,000 shares
--------------------------	-------------------	-------------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2022	138,769 shares	As of December 31, 2021	140,969 shares
--------------------------	----------------	-------------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2022	60,460,037 shares	Nine months ended September 30, 2021	60,535,326 shares
--------------------------------------	-------------------	--------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	5,632,051	5,663,231
Accounts receivable - trade	3,891,204	–
Accounts receivable - trade, and contract assets	–	4,092,018
Merchandise	1,068,647	934,205
Supplies	11,640	4,175
Accounts receivable - other	1,957,416	2,346,909
Other	55,927	67,196
Allowance for doubtful accounts	(486,903)	(470,088)
Total current assets	12,129,983	12,637,649
Non-current assets		
Property, plant and equipment	341,085	500,113
Intangible assets		
Goodwill	9,771	–
Other	95,650	89,727
Total intangible assets	105,421	89,727
Investments and other assets		
Other	1,460,628	1,645,229
Allowance for doubtful accounts	(89,318)	(57,295)
Total investments and other assets	1,371,309	1,587,933
Total non-current assets	1,817,816	2,177,773
Total assets	13,947,800	14,815,422
Liabilities		
Current liabilities		
Accounts payable - trade	4,868,493	5,065,055
Income taxes payable	610,067	270,679
Provision for bonuses	–	29,245
Other	938,502	667,168
Total current liabilities	6,417,063	6,032,149
Non-current liabilities		
Provision for share awards	13,858	16,848
Provision for share awards for directors (and other officers)	31,417	51,645
Other	1,737	759
Total non-current liabilities	47,013	69,254
Total liabilities	6,464,077	6,101,403
Net assets		
Shareholders' equity		
Share capital	573,496	573,496
Capital surplus	543,496	543,496
Retained earnings	6,574,561	7,792,637
Treasury shares	(197,189)	(194,096)
Total shareholders' equity	7,494,363	8,715,533
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(10,640)	(1,514)
Total accumulated other comprehensive income	(10,640)	(1,514)
Total net assets	7,483,722	8,714,018
Total liabilities and net assets	13,947,800	14,815,422

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Net sales	23,279,940	26,765,922
Cost of sales	17,494,006	20,110,810
Gross profit	5,785,933	6,655,112
Selling, general and administrative expenses	3,626,677	4,092,805
Operating profit	2,159,256	2,562,306
Non-operating income		
Gain on sale of non-current assets	583	525
Subsidy income	3,071	–
Late charges income	11,332	10,194
Gain on investments in investment partnerships	–	173
Consulting fee income	–	3,150
Other	3,700	4,465
Total non-operating income	18,688	18,509
Non-operating expenses		
Loss on retirement of non-current assets	1,447	250
Other	1,367	–
Total non-operating expenses	2,814	250
Ordinary profit	2,175,129	2,580,565
Profit before income taxes	2,175,129	2,580,565
Income taxes - current	683,649	758,820
Income taxes - deferred	9,383	58,276
Total income taxes	693,033	817,097
Profit	1,482,095	1,763,468
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,482,095	1,763,468

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Profit	1,482,095	1,763,468
Other comprehensive income		
Valuation difference on available-for-sale securities	11,393	9,125
Total other comprehensive income	11,393	9,125
Comprehensive income	1,493,489	1,772,593
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,493,489	1,772,593
Comprehensive income attributable to non-controlling interests	—	—