

Translation

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## Summary of Consolidated Financial Results for the Year Ended December 31, 2022 (Based on Japanese GAAP)

February 9, 2023

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 of ordinary general meeting of shareholders: March 24, 2023  
 Scheduled date to file Securities Report: March 27, 2023  
 Scheduled date to commence dividend payments: March 27, 2023  
 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, 2022 (from January 1, 2022 to December 31, 2022)

#### (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, 2022	36,264	14.6	3,391	21.2	3,411	21.1	2,082	9.3
Year ended December 31, 2021	31,635	21.4	2,798	35.3	2,818	31.2	1,905	31.8

	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, 2022	34.45	–	25.3	22.7	9.4
Year ended December 31, 2021	31.49	–	27.9	22.0	8.8

#### (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, 2022	16,072	8,989	55.9	148.69
As of December 31, 2021	13,947	7,483	53.7	123.78

#### (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, 2022	1,581	(624)	(552)	6,011
Year ended December 31, 2021	2,106	(357)	(614)	5,607

### 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, 2021	–	0.00	–	9.00	9.00	545	28.6	8.0
Year ended December 31, 2022	–	0.00	–	11.00	11.00	666	31.9	8.1
Year ending December 31, 2023 (Forecast)	–	0.00	–	12.00	12.00		29.0	

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

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, 2023	20,300	15.3	1,730	1.0	1,740	0.8	1,200	1.9	19.85
Full year	43,700	20.5	3,600	6.2	3,620	6.1	2,500	20.0	41.35

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2022

(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: Yes

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, 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 December 31, 2022	138,769 shares	As of December 31, 2021	140,969 shares
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Average number of shares during the period

Year ended December 31, 2022	60,460,338 shares	Year ended December 31, 2021	60,516,098 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	5,632,051	6,036,023
Accounts receivable - trade	3,891,204	–
Accounts receivable - trade, and contract assets	–	4,246,702
Merchandise	1,068,647	1,242,037
Supplies	11,640	89,609
Accounts receivable - other	1,957,416	2,858,068
Other	55,927	82,090
Allowance for doubtful accounts	(486,903)	(478,813)
<b>Total current assets</b>	<b>12,129,983</b>	<b>14,075,718</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	252,102	315,435
Accumulated depreciation	(98,393)	(110,528)
Buildings and structures, net	153,708	204,907
Machinery, equipment and vehicles	60,905	61,747
Accumulated depreciation	(26,148)	(36,916)
Machinery, equipment and vehicles, net	34,756	24,831
Land	114,018	269,200
Other	113,420	155,505
Accumulated depreciation	(74,819)	(92,968)
Other, net	38,600	62,536
<b>Total property, plant and equipment</b>	<b>341,085</b>	<b>561,475</b>
<b>Intangible assets</b>		
Software	73,066	44,436
Goodwill	9,771	–
Other	22,583	48,035
<b>Total intangible assets</b>	<b>105,421</b>	<b>92,472</b>
<b>Investments and other assets</b>		
Investment securities	941,920	736,797
Deferred tax assets	350,189	463,704
Other	168,518	195,590
Allowance for doubtful accounts	(89,318)	(53,608)
<b>Total investments and other assets</b>	<b>1,371,309</b>	<b>1,342,483</b>
<b>Total non-current assets</b>	<b>1,817,816</b>	<b>1,996,431</b>
<b>Total assets</b>	<b>13,947,800</b>	<b>16,072,150</b>

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	4,868,493	5,567,979
Accounts payable - other	547,426	559,194
Accrued expenses	69,437	63,122
Income taxes payable	610,067	594,575
Accrued consumption taxes	236,865	135,192
Other	84,773	91,826
<b>Total current liabilities</b>	<b>6,417,063</b>	<b>7,011,890</b>
<b>Non-current liabilities</b>		
Provision for share awards	13,858	20,358
Provision for share awards for directors (and other officers)	31,417	49,757
Other	1,737	434
<b>Total non-current liabilities</b>	<b>47,013</b>	<b>70,551</b>
<b>Total liabilities</b>	<b>6,464,077</b>	<b>7,082,441</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	573,496	573,496
Capital surplus	543,496	543,496
Retained earnings	6,574,561	8,111,868
Treasury shares	(197,189)	(194,096)
<b>Total shareholders' equity</b>	<b>7,494,363</b>	<b>9,034,764</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(10,640)	(45,055)
<b>Total accumulated other comprehensive income</b>	<b>(10,640)</b>	<b>(45,055)</b>
<b>Total net assets</b>	<b>7,483,722</b>	<b>8,989,708</b>
<b>Total liabilities and net assets</b>	<b>13,947,800</b>	<b>16,072,150</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	31,635,891	36,264,883
Cost of sales	23,758,949	27,237,759
Gross profit	7,876,942	9,027,124
Selling, general and administrative expenses	5,078,271	5,635,885
Operating profit	2,798,670	3,391,238
Non-operating income		
Gain on sale of non-current assets	1,595	1,027
Subsidy income	3,155	1,000
Late charges income	15,868	13,539
Consulting fee income	–	4,200
Other	5,231	8,059
Total non-operating income	25,851	27,826
Non-operating expenses		
Loss on retirement of non-current assets	1,447	2,330
Loss on investments in investment partnerships	3,159	4,837
Other	1,367	–
Total non-operating expenses	5,974	7,168
Ordinary profit	2,818,548	3,411,896
Extraordinary losses		
Loss on valuation of investment securities	–	376,637
Total extraordinary losses	–	376,637
Profit before income taxes	2,818,548	3,035,259
Income taxes - current	972,590	1,066,076
Income taxes - deferred	(59,967)	(113,515)
Total income taxes	912,622	952,560
Profit	1,905,925	2,082,698
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,905,925	2,082,698

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit	1,905,925	2,082,698
Other comprehensive income		
Valuation difference on available-for-sale securities	14,657	(34,414)
Total other comprehensive income	14,657	(34,414)
Comprehensive income	1,920,582	2,048,283
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,920,582	2,048,283
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of changes in equity

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

Fiscal year ended December 31, 2022

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	573,496	543,496	6,574,561	(197,189)	7,494,363
Changes during period					
Dividends of surplus			(545,391)		(545,391)
Profit attributable to owners of parent			2,082,698		2,082,698
Disposal of treasury shares				3,093	3,093
Net changes in items other than shareholders' equity					
Total changes during period			1,537,307	3,093	1,540,400
Balance at end of period	573,496	543,496	8,111,868	(194,096)	9,034,764

(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	(10,640)	(10,640)	7,483,722
Changes during period			
Dividends of surplus			(545,391)
Profit attributable to owners of parent			2,082,698
Disposal of treasury shares			3,093
Net changes in items other than shareholders' equity	(34,414)	(34,414)	(34,414)
Total changes during period	(34,414)	(34,414)	1,505,985
Balance at end of period	(45,055)	(45,055)	8,989,708



## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,818,548	3,035,259
Depreciation	80,703	133,579
Amortization of goodwill	39,085	9,771
Increase (decrease) in allowance for doubtful accounts	74,906	(43,800)
Increase (decrease) in provision for share awards	13,858	6,500
Increase (decrease) in provision for share awards for directors (and other officers)	31,417	18,340
Interest and dividend income	(53)	(61)
Loss (gain) on investments in investment partnerships	3,159	4,837
Loss (gain) on valuation of investment securities	–	376,637
Loss (gain) on sale of non-current assets	(1,595)	(1,027)
Loss on retirement of non-current assets	1,447	2,330
Decrease (increase) in trade receivables	(787,274)	(1,176,493)
Decrease (increase) in inventories	(84,933)	(251,359)
Decrease (increase) in other current assets	(19,714)	(68,229)
Increase (decrease) in trade payables	710,546	699,485
Increase (decrease) in accounts payable - other	40,242	10,700
Increase (decrease) in other current liabilities	100,454	(91,771)
Other, net	1,609	(1,339)
Subtotal	3,022,409	2,663,358
Interest and dividends received	54	61
Income taxes paid	(916,265)	(1,081,977)
Net cash provided by (used in) operating activities	2,106,198	1,581,443
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	(56,644)	(318,395)
Proceeds from sale of property, plant and equipment	1,967	1,463
Purchase of investment securities	(267,891)	(210,766)
Purchase of intangible assets	(21,344)	(28,907)
Payments of leasehold deposits	(12,116)	(70,236)
Proceeds from refund of leasehold deposits	660	2,677
Other, net	(2,306)	(347)
Net cash provided by (used in) investing activities	(357,677)	(624,513)
Cash flows from financing activities		
Decrease (increase) in treasury shares	(196,869)	3,093
Dividends paid	(415,976)	(554,748)
Repayments of lease liabilities	(1,302)	(1,302)
Net cash provided by (used in) financing activities	(614,149)	(552,958)
Net increase (decrease) in cash and cash equivalents	1,134,371	403,971
Cash and cash equivalents at beginning of period	4,473,388	5,607,760
Cash and cash equivalents at end of period	5,607,760	6,011,732