

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended June 30, 2023 (Based on Japanese GAAP)

August 7, 2023

Company name: ELAN Corporation  
 Stock exchange listing: Tokyo  
 Stock code: 6099 URL <https://www.kkelan.com/>  
 Representative: COO Tomohiro Minezaki  
 Inquiries: Executive Officer, IR Office Manager Hideo Hara TEL 0263-41-0760  
 Scheduled date to file Quarterly Securities Report: August 8, 2023  
 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 six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

(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, 2023	19,781	12.4	1,801	5.1	1,813	5.1	1,253	6.4
Six months ended June 30, 2022	17,604	15.7	1,713	22.1	1,725	22.0	1,177	23.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2023	20.73		–	
Six months ended June 30, 2022	19.48		–	

(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, 2023	16,486	9,566	58.0	158.22
As of December 31, 2022	16,072	8,989	55.9	148.69

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, 2022	–	0.00	–	11.00	11.00
Year ending December 31, 2023	–	0.00	–	–	–
Year ending December 31, 2023 (Forecast)	–	–	–	12.00	12.00

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
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 six months ended June 30, 2023  
 (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, 2023	60,600,000 shares	As of December 31, 2022	60,600,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	138,769 shares	As of December 31, 2022	138,769 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, 2023	60,461,231 shares	Six months ended June 30, 2022	60,459,460 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	6,036,023	5,448,997
Accounts receivable - trade, and contract assets	4,246,702	4,422,212
Merchandise	1,242,037	1,046,626
Supplies	89,609	187,153
Accounts receivable - other	2,858,068	2,906,482
Other	82,090	104,832
Allowance for doubtful accounts	(478,813)	(527,755)
Total current assets	14,075,718	13,588,549
Non-current assets		
Property, plant and equipment	561,475	550,621
Intangible assets	92,472	103,210
Investments and other assets		
Other	1,396,091	2,287,909
Allowance for doubtful accounts	(53,608)	(43,815)
Total investments and other assets	1,342,483	2,244,093
Total non-current assets	1,996,431	2,897,925
Total assets	16,072,150	16,486,475
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	5,567,979	5,458,793
Income taxes payable	594,575	611,373
Other	849,335	767,511
Total current liabilities	7,011,890	6,837,679
Non-current liabilities		
Provision for share awards	20,358	25,183
Provision for share awards for directors (and other officers)	49,757	57,138
Other	434	–
Total non-current liabilities	70,551	82,322
Total liabilities	7,082,441	6,920,001
<b>Net assets</b>		
Shareholders' equity		
Share capital	573,496	573,496
Capital surplus	543,496	543,496
Retained earnings	8,111,868	8,698,464
Treasury shares	(194,096)	(194,096)
Total shareholders' equity	9,034,764	9,621,360
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(45,055)	(54,887)
Total accumulated other comprehensive income	(45,055)	(54,887)
Total net assets	8,989,708	9,566,473
Total liabilities and net assets	16,072,150	16,486,475

**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, 2022	Six months ended June 30, 2023
Net sales	17,604,155	19,781,098
Cost of sales	13,149,190	15,069,586
Gross profit	4,454,965	4,711,512
Selling, general and administrative expenses	2,741,429	2,910,050
Operating profit	1,713,536	1,801,461
Non-operating income		
Gain on sale of non-current assets	154	–
Subsidy income	–	5,198
Late charges income	6,463	6,495
Gain on investments in investment partnerships	240	–
Consulting fee income	2,100	2,100
Other	3,305	4,224
Total non-operating income	12,264	18,019
Non-operating expenses		
Loss on retirement of non-current assets	–	2,069
Loss on investments in investment partnerships	–	4,303
Total non-operating expenses	–	6,372
Ordinary profit	1,725,800	1,813,108
Profit before income taxes	1,725,800	1,813,108
Income taxes - current	515,369	588,984
Income taxes - deferred	32,566	(29,062)
Total income taxes	547,935	559,921
Profit	1,177,865	1,253,186
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,177,865	1,253,186

## Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Profit	1,177,865	1,253,186
Other comprehensive income		
Valuation difference on available-for-sale securities	7,273	(9,831)
Total other comprehensive income	7,273	(9,831)
Comprehensive income	1,185,138	1,243,354
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,185,138	1,243,354
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,725,800	1,813,108
Depreciation	63,836	76,504
Amortization of goodwill	9,771	–
Increase (decrease) in allowance for doubtful accounts	(30,339)	39,149
Increase (decrease) in provision for share awards	2,157	4,825
Increase (decrease) in provision for share awards for directors (and other officers)	13,412	7,380
Interest and dividend income	(31)	(35)
Loss (gain) on sale of non-current assets	(154)	–
Loss (gain) on investments in investment partnerships	(240)	4,303
Loss on retirement of non-current assets	–	2,069
Decrease (increase) in trade receivables	(328,406)	(201,315)
Decrease (increase) in inventories	162,047	97,866
Decrease (increase) in other current assets	(25,695)	(35,042)
Increase (decrease) in trade payables	(175,754)	(109,185)
Increase (decrease) in accounts payable - other	(117,557)	(47,915)
Increase (decrease) in other current liabilities	(136,266)	(32,887)
Other, net	1,295	(1,358)
Subtotal	1,163,874	1,617,466
Interest and dividends received	31	35
Income taxes paid	(605,109)	(576,989)
Net cash provided by (used in) operating activities	558,796	1,040,512
Cash flows from investing activities		
Payments into time deposits	(24,291)	(24,292)
Proceeds from withdrawal of time deposits	24,291	24,291
Purchase of property, plant and equipment	(191,581)	(74,526)
Proceeds from sale of property, plant and equipment	320	–
Purchase of intangible assets	(13,625)	(16,950)
Purchase of investment securities	(200,775)	(879,605)
Payments of leasehold deposits	(60,772)	(9,734)
Proceeds from refund of leasehold deposits	33	18,738
Other, net	(898)	(21)
Net cash provided by (used in) investing activities	(467,300)	(962,101)
Cash flows from financing activities		
Dividends paid	(554,554)	(664,786)
Decrease (increase) in treasury shares	2,952	–
Repayments of lease liabilities	(651)	(651)
Net cash provided by (used in) financing activities	(552,253)	(665,437)
Net increase (decrease) in cash and cash equivalents	(460,756)	(587,027)
Cash and cash equivalents at beginning of period	5,607,760	6,011,732
Cash and cash equivalents at end of period	5,147,003	5,424,704