

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2023 (Based on Japanese GAAP)

November 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: November 8, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended September 30, 2023 (from January 1, 2023 to September 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	%
Nine months ended September 30, 2023	30,426	13.7	2,726	6.4	2,742	6.3	1,888	7.1
Nine months ended September 30, 2022	26,765	15.0	2,562	18.7	2,580	18.6	1,763	19.0

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2023	31.24		–	
Nine months ended September 30, 2022	29.17		–	

(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, 2023	17,454	10,198	58.4	168.67
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 nine months ended September 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 September 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 September 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)

Nine months ended September 30, 2023	60,461,231 shares	Nine months ended September 30, 2022	60,460,037 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	6,036,023	5,286,242
Accounts receivable - trade, and contract assets	4,246,702	4,867,241
Merchandise	1,242,037	1,082,254
Supplies	89,609	142,715
Accounts receivable - other	2,858,068	3,371,313
Other	82,090	96,011
Allowance for doubtful accounts	(478,813)	(578,113)
Total current assets	14,075,718	14,267,665
Non-current assets		
Property, plant and equipment	561,475	545,638
Intangible assets	92,472	108,674
Investments and other assets		
Investment securities	736,797	1,898,110
Other	659,294	682,087
Allowance for doubtful accounts	(53,608)	(47,895)
Total investments and other assets	1,342,483	2,532,302
Total non-current assets	1,996,431	3,186,615
Total assets	16,072,150	17,454,281
Liabilities		
Current liabilities		
Accounts payable - trade	5,567,979	5,954,635
Income taxes payable	594,575	363,414
Provision for bonuses	–	28,901
Other	849,335	821,646
Total current liabilities	7,011,890	7,168,597
Non-current liabilities		
Provision for share awards	20,358	26,800
Provision for share awards for directors (and other officers)	49,757	60,828
Other	434	–
Total non-current liabilities	70,551	87,629
Total liabilities	7,082,441	7,256,226
Net assets		
Shareholders' equity		
Share capital	573,496	573,496
Capital surplus	543,496	543,496
Retained earnings	8,111,868	9,333,879
Treasury shares	(194,096)	(194,096)
Total shareholders' equity	9,034,764	10,256,775
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(45,055)	(58,720)
Total accumulated other comprehensive income	(45,055)	(58,720)
Total net assets	8,989,708	10,198,054
Total liabilities and net assets	16,072,150	17,454,281

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, 2022	Nine months ended September 30, 2023
Net sales	26,765,922	30,426,249
Cost of sales	20,110,810	23,256,532
Gross profit	6,655,112	7,169,716
Selling, general and administrative expenses	4,092,805	4,443,362
Operating profit	2,562,306	2,726,354
Non-operating income		
Gain on sale of non-current assets	525	–
Subsidy income	–	5,965
Late charges income	10,194	8,522
Gain on investments in investment partnerships	173	–
Consulting fee income	3,150	3,150
Other	4,465	6,005
Total non-operating income	18,509	23,643
Non-operating expenses		
Loss on retirement of non-current assets	250	3,562
Loss on investments in investment partnerships	–	4,412
Total non-operating expenses	250	7,975
Ordinary profit	2,580,565	2,742,022
Profit before income taxes	2,580,565	2,742,022
Income taxes - current	758,820	876,713
Income taxes - deferred	58,276	(23,291)
Total income taxes	817,097	853,421
Profit	1,763,468	1,888,600
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,763,468	1,888,600

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Profit	1,763,468	1,888,600
Other comprehensive income		
Valuation difference on available-for-sale securities	9,125	(13,665)
Total other comprehensive income	9,125	(13,665)
Comprehensive income	1,772,593	1,874,934
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,772,593	1,874,934
Comprehensive income attributable to non-controlling interests	—	—