

Translation

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Summary of Consolidated Financial Results for the Year Ended December 31, 2023 (Based on Japanese GAAP)

February 14, 2024

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 of ordinary general meeting of shareholders: March 22, 2024
 Scheduled date to file Securities Report: March 25, 2024
 Scheduled date to commence dividend payments: March 25, 2024
 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, 2023 (from January 1, 2023 to December 31, 2023)

(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, 2023	41,425	14.2	3,665	8.1	3,681	7.9	2,518	20.9
Year ended December 31, 2022	36,264	14.6	3,391	21.2	3,411	21.1	2,082	9.3

	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, 2023	41.66	–	25.4	21.0	8.8
Year ended December 31, 2022	34.45	–	25.3	22.7	9.4

(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, 2023	18,993	10,814	56.9	178.86
As of December 31, 2022	16,072	8,989	55.9	148.69

(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, 2023	1,780	(1,661)	(667)	5,464
Year ended December 31, 2022	1,581	(624)	(552)	6,011

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, 2022	–	0.00	–	11.00	11.00	666	31.9	8.1
Year ended December 31, 2023	–	0.00	–	13.00	13.00	787	31.2	7.9
Year ending December 31, 2024 (Forecast)	–	0.00	–	14.00	14.00		29.7	

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

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, 2024	22,600	14.3	1,680	(6.7)	1,700	(6.2)	1,150	(8.2)	19.02
Full year	50,000	20.7	4,200	14.6	4,230	14.9	2,850	13.2	47.14

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2023

(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, 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 December 31, 2023	138,795 shares	As of December 31, 2022	138,769 shares
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Average number of shares during the period

Year ended December 31, 2023	60,461,230 shares	Year ended December 31, 2022	60,460,338 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	6,036,023	5,488,563
Accounts receivable - trade, and contract assets	4,246,702	4,947,868
Merchandise	1,242,037	1,379,085
Supplies	89,609	520,341
Accounts receivable - other	2,858,068	3,673,883
Other	82,090	91,002
Allowance for doubtful accounts	(478,813)	(593,924)
Total current assets	14,075,718	15,506,819
Non-current assets		
Property, plant and equipment		
Buildings and structures	315,435	323,442
Accumulated depreciation	(110,528)	(123,164)
Buildings and structures, net	204,907	200,278
Machinery, equipment and vehicles	61,747	67,933
Accumulated depreciation	(36,916)	(46,031)
Machinery, equipment and vehicles, net	24,831	21,901
Land	269,200	269,200
Other	155,505	161,081
Accumulated depreciation	(92,968)	(112,487)
Other, net	62,536	48,594
Total property, plant and equipment	561,475	539,974
Intangible assets		
Software	44,436	101,053
Other	48,035	7,825
Total intangible assets	92,472	108,878
Investments and other assets		
Investment securities	736,797	2,171,326
Deferred tax assets	463,704	520,077
Other	195,590	186,693
Allowance for doubtful accounts	(53,608)	(40,533)
Total investments and other assets	1,342,483	2,837,565
Total non-current assets	1,996,431	3,486,418
Total assets	16,072,150	18,993,237

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	5,567,979	6,427,437
Accounts payable - other	559,194	629,153
Accrued expenses	63,122	70,835
Income taxes payable	594,575	724,163
Accrued consumption taxes	135,192	134,424
Other	91,826	102,648
Total current liabilities	7,011,890	8,088,663
Non-current liabilities		
Provision for share awards	20,358	27,587
Provision for share awards for directors (and other officers)	49,757	62,623
Other	434	–
Total non-current liabilities	70,551	90,211
Total liabilities	7,082,441	8,178,874
Net assets		
Shareholders' equity		
Share capital	573,496	573,496
Capital surplus	543,496	543,496
Retained earnings	8,111,868	9,964,017
Treasury shares	(194,096)	(194,125)
Total shareholders' equity	9,034,764	10,886,884
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(45,055)	(72,521)
Total accumulated other comprehensive income	(45,055)	(72,521)
Total net assets	8,989,708	10,814,362
Total liabilities and net assets	16,072,150	18,993,237

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

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Net sales	36,264,883	41,425,501
Cost of sales	27,237,759	31,674,226
Gross profit	9,027,124	9,751,274
Selling, general and administrative expenses	5,635,885	6,085,865
Operating profit	3,391,238	3,665,409
Non-operating income		
Gain on sale of non-current assets	1,027	199
Subsidy income	1,000	6,205
Late charges income	13,539	11,388
Consulting fee income	4,200	4,200
Other	8,059	10,641
Total non-operating income	27,826	32,635
Non-operating expenses		
Loss on retirement of non-current assets	2,330	3,581
Loss on investments in investment partnerships	4,837	4,524
Loss on valuation of investment securities	–	8,362
Total non-operating expenses	7,168	16,469
Ordinary profit	3,411,896	3,681,575
Extraordinary losses		
Loss on valuation of investment securities	376,637	–
Total extraordinary losses	376,637	–
Profit before income taxes	3,035,259	3,681,575
Income taxes - current	1,066,076	1,219,211
Income taxes - deferred	(113,515)	(56,373)
Total income taxes	952,560	1,162,837
Profit	2,082,698	2,518,738
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	2,082,698	2,518,738

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit	2,082,698	2,518,738
Other comprehensive income		
Valuation difference on available-for-sale securities	(34,414)	(27,466)
Total other comprehensive income	(34,414)	(27,466)
Comprehensive income	2,048,283	2,491,272
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,048,283	2,491,272
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

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

Fiscal year ended December 31, 2023

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	573,496	543,496	8,111,868	(194,096)	9,034,764
Changes during period					
Dividends of surplus			(666,589)		(666,589)
Profit attributable to owners of parent			2,518,738		2,518,738
Purchase of treasury shares				(28)	(28)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,852,149	(28)	1,852,120
Balance at end of period	573,496	543,496	9,964,017	(194,125)	10,886,884

(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	(45,055)	(45,055)	8,989,708
Changes during period			
Dividends of surplus			(666,589)
Profit attributable to owners of parent			2,518,738
Purchase of treasury shares			(28)
Net changes in items other than shareholders' equity	(27,466)	(27,466)	(27,466)
Total changes during period	(27,466)	(27,466)	1,824,654
Balance at end of period	(72,521)	(72,521)	10,814,362

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,035,259	3,681,575
Depreciation	133,579	187,645
Amortization of goodwill	9,771	–
Increase (decrease) in allowance for doubtful accounts	(43,800)	102,036
Increase (decrease) in provision for share awards	6,500	7,229
Increase (decrease) in provision for share awards for directors (and other officers)	18,340	12,865
Interest and dividend income	(61)	(68)
Loss (gain) on investments in investment partnerships	4,837	4,524
Loss (gain) on valuation of investment securities	376,637	8,362
Loss (gain) on sale of non-current assets	(1,027)	(199)
Loss on retirement of non-current assets	2,330	3,581
Decrease (increase) in trade receivables	(1,176,493)	(1,360,545)
Decrease (increase) in inventories	(251,359)	(567,779)
Decrease (increase) in other current assets	(68,229)	(151,583)
Increase (decrease) in trade payables	699,485	859,458
Increase (decrease) in accounts payable - other	10,700	(65,527)
Increase (decrease) in other current liabilities	(91,771)	158,721
Other, net	(1,339)	(1,116)
Subtotal	2,663,358	2,879,179
Interest and dividends received	61	68
Income taxes paid	(1,081,977)	(1,098,465)
Net cash provided by (used in) operating activities	1,581,443	1,780,782
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	(318,395)	(143,240)
Proceeds from sale of property, plant and equipment	1,463	219
Purchase of investment securities	(210,766)	(1,474,870)
Purchase of intangible assets	(28,907)	(52,278)
Payments of leasehold deposits	(70,236)	(12,654)
Proceeds from refund of leasehold deposits	2,677	21,714
Other, net	(347)	(47)
Net cash provided by (used in) investing activities	(624,513)	(1,661,156)
Cash flows from financing activities		
Decrease (increase) in treasury shares	3,093	(28)
Dividends paid	(554,748)	(665,755)
Repayments of lease liabilities	(1,302)	(1,302)
Net cash provided by (used in) financing activities	(552,958)	(667,086)
Net increase (decrease) in cash and cash equivalents	403,971	(547,461)
Cash and cash equivalents at beginning of period	5,607,760	6,011,732
Cash and cash equivalents at end of period	6,011,732	5,464,270