Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2024 (Based on Japanese GAAP)

August 6, 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 to file Semi-annual Securities Report: August 7, 2024
Scheduled date to commence dividend payments: –
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 six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

(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, 2024	22,844	15.5	1,930	7.2	1,948	7.5	1,325	5.8
Six months ended June 30, 2023	19,781	12.4	1,801	5.1	1,813	5.1	1,253	6.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2024	21.92	–
Six months ended June 30, 2023	20.73	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	19,363	11,409	58.9
As of December 31, 2023	18,993	10,814	56.9

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2023	–	0.00	–	13.00	13.00
Year ending December 31, 2024	–	0.00			
Year ending December 31, 2024 (Forecast)			–	14.00	14.00

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
Full year	50,000	20.7	4,200	14.6	4,230	14.9	2,850	13.2	47.14

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended June 30, 2024: No

(2) Application of special accounting methods for preparing interim 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:	No
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, 2024	60,600,000 shares	As of December 31, 2023	60,600,000 shares

Number of treasury shares at the end of the period

As of June 30, 2024	138,795 shares	As of December 31, 2023	138,795 shares

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

Six months ended June 30, 2024	60,461,205 shares	Six months ended June 30, 2023	60,461,231 shares

Interim consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	5,488,563	5,282,278
Accounts receivable - trade, and contract assets	4,947,868	5,132,880
Merchandise	1,379,085	1,143,504
Supplies	520,341	606,693
Accounts receivable - other	3,673,883	3,753,952
Other	91,002	423,659
Allowance for doubtful accounts	(593,924)	(641,201)
Total current assets	15,506,819	15,701,767
Non-current assets		
Property, plant and equipment	539,974	532,723
Intangible assets	108,878	104,339
Investments and other assets		
Investment securities	2,171,326	2,317,831
Other	706,771	746,122
Allowance for doubtful accounts	(40,533)	(38,853)
Total investments and other assets	2,837,565	3,025,100
Total non-current assets	3,486,418	3,662,162
Total assets	18,993,237	19,363,930
Liabilities		
Current liabilities		
Accounts payable - trade	6,427,437	6,170,311
Income taxes payable	724,163	696,909
Other	937,062	982,200
Total current liabilities	8,088,663	7,849,421
Non-current liabilities		
Provision for share awards	27,587	34,206
Provision for share awards for directors (and other officers)	62,623	71,083
Total non-current liabilities	90,211	105,290
Total liabilities	8,178,874	7,954,712
Net assets		
Shareholders' equity		
Share capital	573,496	573,496
Capital surplus	543,496	543,496
Retained earnings	9,964,017	10,501,546
Treasury shares	(194,125)	(194,125)
Total shareholders' equity	10,886,884	11,424,413
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(72,521)	(15,196)
Total accumulated other comprehensive income	(72,521)	(15,196)
Total net assets	10,814,362	11,409,217
Total liabilities and net assets	18,993,237	19,363,930

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, 2023	Six months ended June 30, 2024
Net sales	19,781,098	22,844,631
Cost of sales	15,069,586	17,472,155
Gross profit	4,711,512	5,372,476
Selling, general and administrative expenses	2,910,050	3,441,681
Operating profit	1,801,461	1,930,795
Non-operating income		
Subsidy income	5,198	3,665
Late charges income	6,495	5,363
Consulting fee income	2,100	2,100
Consumption tax exemption gain	–	6,842
Other	4,224	4,332
Total non-operating income	18,019	22,304
Non-operating expenses		
Loss on retirement of non-current assets	2,069	–
Loss on investments in investment partnerships	4,303	4,400
Total non-operating expenses	6,372	4,400
Ordinary profit	1,813,108	1,948,699
Profit before income taxes	1,813,108	1,948,699
Income taxes - current	588,984	660,728
Income taxes - deferred	(29,062)	(37,345)
Total income taxes	559,921	623,382
Profit	1,253,186	1,325,316
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,253,186	1,325,316

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit	1,253,186	1,325,316
Other comprehensive income		
Valuation difference on available-for-sale securities	(9,831)	57,325
Total other comprehensive income	(9,831)	57,325
Comprehensive income	1,243,354	1,382,641
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,243,354	1,382,641
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,813,108	1,948,699
Depreciation	76,504	287,576
Increase (decrease) in allowance for doubtful accounts	39,149	45,598
Increase (decrease) in provision for share awards	4,825	6,618
Increase (decrease) in provision for share awards for directors (and other officers)	7,380	8,460
Interest and dividend income	(35)	(35)
Loss (gain) on sale of non-current assets	–	(203)
Loss (gain) on investments in investment partnerships	4,303	4,400
Loss on retirement of non-current assets	2,069	–
Decrease (increase) in trade receivables	(201,315)	(243,437)
Decrease (increase) in inventories	97,866	149,228
Decrease (increase) in other current assets	(35,042)	(344,625)
Increase (decrease) in trade payables	(109,185)	(257,125)
Increase (decrease) in accounts payable - other	(47,915)	(15,287)
Increase (decrease) in other current liabilities	(32,887)	71,422
Other, net	(1,358)	30
Subtotal	1,617,466	1,661,318
Interest and dividends received	35	35
Income taxes paid	(576,989)	(689,087)
Net cash provided by (used in) operating activities	1,040,512	972,266
Cash flows from investing activities		
Payments into time deposits	(24,292)	(24,292)
Proceeds from withdrawal of time deposits	24,291	24,292
Purchase of property, plant and equipment	(74,526)	(254,280)
Proceeds from sale of property, plant and equipment	–	203
Purchase of intangible assets	(16,950)	(11,200)
Purchase of investment securities	(879,605)	(107,296)
Payments of leasehold deposits	(9,734)	(16,727)
Proceeds from refund of leasehold deposits	18,738	336
Other, net	(21)	(1,443)
Net cash provided by (used in) investing activities	(962,101)	(390,407)
Cash flows from financing activities		
Dividends paid	(664,786)	(787,709)
Repayments of lease liabilities	(651)	(434)
Net cash provided by (used in) financing activities	(665,437)	(788,144)
Net increase (decrease) in cash and cash equivalents	(587,027)	(206,285)
Cash and cash equivalents at beginning of period	6,011,732	5,464,270
Cash and cash equivalents at end of period	5,424,704	5,257,985