

# Translation

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## Summary of Consolidated Financial Results for the Six Months Ended June 30, 2020 (Based on Japanese GAAP)

August 13, 2020

Company name: ELAN Corporation  
 Stock exchange listing: Tokyo  
 Stock code: 6099 URL <https://www.kkelan.com/>  
 Representative: President Hideharu Sakurai  
 Inquiries: Executive Officer, IR Office Manager Hideo Hara TEL 0263-44-2690  
 Scheduled date to file Quarterly Securities Report: August 14, 2020  
 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, analysts and general investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended June 30, 2020 (from January 1, 2020 to June 30, 2020)

#### (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, 2020	12,162	17.6	985	27.1	991	27.0	664	27.5
Six months ended June 30, 2019	10,340	15.0	775	16.1	780	16.7	521	20.0

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2020	21.94	–
Six months ended June 30, 2019	17.20	17.19

#### (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, 2020	9,545	5,404	56.6	178.36
As of December 31, 2019	9,236	5,021	54.4	165.71

### 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, 2019	–	0.00	–	9.00	9.00
Year ending December 31, 2020	–	0.00			
Year ending December 31, 2020 (Forecast)			–	11.00	11.00

### 3. Forecast of consolidated financial results for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

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	25,000	16.2	1,800	20.6	1,800	19.9	1,200	21.3	39.60

#### 4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2020  
(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: 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, 2020	30,300,000 shares	As of December 31, 2019	30,300,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2020	440 shares	As of December 31, 2019	440 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, 2020	30,299,560 shares	Six months ended June 30, 2019	30,299,560 shares
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## Quarterly consolidated financial statements

### Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2019	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	3,472,071	3,245,891
Accounts receivable - trade	2,779,071	2,871,561
Merchandise	753,791	688,646
Supplies	12,761	6,714
Accounts receivable - other	1,697,463	1,710,724
Other	43,472	48,379
Allowance for doubtful accounts	(431,490)	(461,070)
Total current assets	8,327,140	8,110,846
Non-current assets		
Property, plant and equipment	311,526	313,279
Intangible assets		
Goodwill	87,941	68,398
Other	107,964	101,404
Total intangible assets	195,906	169,803
Investments and other assets		
Other	447,704	1,005,618
Allowance for doubtful accounts	(45,825)	(53,596)
Total investments and other assets	401,879	952,022
Total non-current assets	909,311	1,435,105
Total assets	9,236,452	9,545,951
Liabilities		
Current liabilities		
Accounts payable - trade	3,340,056	3,249,641
Income taxes payable	333,285	358,425
Other	537,743	529,947
Total current liabilities	4,211,085	4,138,014
Non-current liabilities		
Other	4,342	3,691
Total non-current liabilities	4,342	3,691
Total liabilities	4,215,428	4,141,705
Net assets		
Shareholders' equity		
Share capital	573,496	573,496
Capital surplus	543,496	543,496
Retained earnings	3,919,152	4,311,187
Treasury shares	(238)	(238)
Total shareholders' equity	5,035,906	5,427,941
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(14,882)	(23,695)
Total accumulated other comprehensive income	(14,882)	(23,695)
Total net assets	5,021,024	5,404,245
Total liabilities and net assets	9,236,452	9,545,951

**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, 2019	Six months ended June 30, 2020
Net sales	10,340,061	12,162,097
Cost of sales	7,646,358	9,047,238
Gross profit	2,693,703	3,114,859
Selling, general and administrative expenses	1,918,655	2,129,671
Operating profit	775,047	985,187
Non-operating income		
Gain on sales of non-current assets	854	100
Subsidy income	2,180	141
Late charges income	—	6,273
Other	3,871	2,030
Total non-operating income	6,905	8,545
Non-operating expenses		
Loss on retirement of non-current assets	1,275	—
Loss on sales of non-current assets	—	124
Commitment fee	—	2,000
Other	10	19
Total non-operating expenses	1,286	2,143
Ordinary profit	780,667	991,589
Profit before income taxes	780,667	991,589
Income taxes - current	281,020	334,954
Income taxes - deferred	(21,552)	(8,095)
Total income taxes	259,468	326,859
Profit	521,198	664,730
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	521,198	664,730

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Profit	521,198	664,730
Other comprehensive income		
Valuation difference on available-for-sale securities	(680)	(8,812)
Total other comprehensive income	(680)	(8,812)
Comprehensive income	520,518	655,917
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	520,518	655,917
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Cash flows from operating activities		
Profit before income taxes	780,667	991,589
Depreciation	32,828	36,668
Amortization of goodwill	19,542	19,542
Increase (decrease) in provision for bonuses	(1,498)	—
Increase (decrease) in allowance for doubtful accounts	65,618	37,351
Interest and dividend income	(19)	(24)
Share-based remuneration expenses	21,697	—
Loss (gain) on sales of non-current assets	(854)	23
Loss on retirement of non-current assets	1,275	—
Decrease (increase) in trade receivables	(415,051)	(113,931)
Decrease (increase) in inventories	56,954	71,192
Decrease (increase) in other current assets	(6,700)	(4,907)
Increase (decrease) in trade payables	(51,554)	(90,415)
Increase (decrease) in accounts payable - other	23,393	52,647
Increase (decrease) in other current liabilities	(32,000)	(73,172)
Other, net	(2,895)	(3,937)
Subtotal	491,402	922,628
Interest and dividends received	21	25
Income taxes paid	(310,185)	(297,473)
Net cash provided by (used in) operating activities	181,238	625,180
Cash flows from investing activities		
Payments into time deposits	(24,287)	(24,289)
Proceeds from withdrawal of time deposits	24,285	24,287
Purchase of property, plant and equipment	(12,409)	(13,068)
Proceeds from sales of property, plant and equipment	1,300	168
Purchase of intangible assets	(16,954)	(9,511)
Purchase of investment securities	—	(550,000)
Payments of leasehold deposits	(8,586)	(3,137)
Other, net	820	(2,856)
Net cash provided by (used in) investing activities	(35,831)	(578,406)
Cash flows from financing activities		
Dividends paid	(211,438)	(272,303)
Repayments of lease obligations	(213)	(651)
Net cash provided by (used in) financing activities	(211,651)	(272,955)
Net increase (decrease) in cash and cash equivalents	(66,244)	(226,181)
Cash and cash equivalents at beginning of period	3,033,107	3,447,783
Cash and cash equivalents at end of period	2,966,862	3,221,602