

Translation

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Summary of Consolidated Financial Results for the Year Ended December 31, 2020 (Based on Japanese GAAP)

February 12, 2021

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- 41- 0760
 Scheduled date of ordinary general meeting of shareholders: March 23, 2021
 Scheduled date to file Securities Report: March 24, 2021
 Scheduled date to commence dividend payments: March 24, 2021
 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, 2020 (from January 1, 2020 to December 31, 2020)

(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, 2020	26,056	21.1	2,068	38.6	2,148	43.1	1,446	46.2
Year ended December 31, 2019	21,518	15.8	1,492	16.7	1,501	17.1	989	14.3

	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, 2020	23.87	—	25.8	20.5	7.9
Year ended December 31, 2019	16.33	—	21.4	17.6	6.9

(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, 2020	11,689	6,184	52.9	102.05
As of December 31, 2019	9,236	5,021	54.4	82.86

(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, 2020	1,947	(648)	(273)	4,473
Year ended December 31, 2019	779	(151)	(212)	3,447

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, 2019	—	0.00	—	9.00	9.00	272	27.6	5.9
Year ended December 31, 2020	—	0.00	—	14.00	14.00	424	29.3	7.6
Year ending December 31, 2021 (Forecast)	—	0.00	—	8.00	8.00		31.7	

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

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, 2021	14,150	16.3	1,150	16.7	1,150	16.0	760	14.3	12.54
Full year	30,000	15.1	2,310	11.7	2,330	8.5	1,530	5.8	25.25

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2020

(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: No

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, 2020	60,600,000 shares	As of December 31, 2019	60,600,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2020	938 shares	As of December 31, 2019	880 shares
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Average number of shares during the period

Year ended December 31, 2020	60,599,113 shares	Year ended December 31, 2019	60,599,120 shares
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Consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2019	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	3,472,071	4,497,677
Accounts receivable - trade	2,779,071	3,279,413
Merchandise	753,791	982,361
Supplies	12,761	12,992
Accounts receivable - other	1,697,463	1,765,497
Other	43,472	83,241
Allowance for doubtful accounts	(431,490)	(441,059)
Total current assets	8,327,140	10,180,124
Non-current assets		
Property, plant and equipment		
Buildings and structures	224,894	234,833
Accumulated depreciation	(76,676)	(87,550)
Buildings and structures, net	148,217	147,283
Machinery, equipment and vehicles	45,795	45,409
Accumulated depreciation	(32,949)	(29,297)
Machinery, equipment and vehicles, net	12,846	16,112
Land	114,018	114,018
Other	75,321	98,228
Accumulated depreciation	(38,877)	(58,866)
Other, net	36,443	39,361
Total property, plant and equipment	311,526	316,775
Intangible assets		
Software	103,848	109,363
Goodwill	87,941	48,856
Other	4,116	4,072
Total intangible assets	195,906	162,291
Investments and other assets		
Investment securities	123,379	662,964
Deferred tax assets	214,032	290,221
Other	110,292	136,952
Allowance for doubtful accounts	(45,825)	(60,255)
Total investments and other assets	401,879	1,029,882
Total non-current assets	909,311	1,508,950
Total assets	9,236,452	11,689,074

(Thousands of yen)

	As of December 31, 2019	As of December 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	3,340,056	4,157,946
Accounts payable - other	262,441	504,063
Accrued expenses	134,911	59,585
Income taxes payable	333,285	557,417
Accrued consumption taxes	91,574	154,932
Other	48,815	67,887
Total current liabilities	4,211,085	5,501,831
Non-current liabilities		
Other	4,342	3,039
Total non-current liabilities	4,342	3,039
Total liabilities	4,215,428	5,504,871
Net assets		
Shareholders' equity		
Share capital	573,496	573,496
Capital surplus	543,496	543,496
Retained earnings	3,919,152	5,092,828
Treasury shares	(238)	(320)
Total shareholders' equity	5,035,906	6,209,500
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(14,882)	(25,297)
Total accumulated other comprehensive income	(14,882)	(25,297)
Total net assets	5,021,024	6,184,203
Total liabilities and net assets	9,236,452	11,689,074

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

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net sales	21,518,666	26,056,360
Cost of sales	16,045,272	19,492,746
Gross profit	5,473,394	6,563,613
Selling, general and administrative expenses	3,980,954	4,495,382
Operating profit	1,492,440	2,068,230
Non-operating income		
Gain on sales of non-current assets	963	467
Subsidy income	2,630	291
Late charges income	6,900	16,980
Consumption tax exemption gain	—	59,814
Other	3,190	4,737
Total non-operating income	13,685	82,292
Non-operating expenses		
Loss on retirement of non-current assets	4,537	—
Loss on sales of non-current assets	—	124
Commitment fee	—	2,000
Other	202	19
Total non-operating expenses	4,739	2,143
Ordinary profit	1,501,385	2,148,379
Profit before income taxes	1,501,385	2,148,379
Income taxes - current	546,645	778,195
Income taxes - deferred	(34,855)	(76,188)
Total income taxes	511,790	702,007
Profit	989,595	1,446,372
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	989,595	1,446,372

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Profit	989,595	1,446,372
Other comprehensive income		
Valuation difference on available-for-sale securities	(942)	(10,415)
Total other comprehensive income	(942)	(10,415)
Comprehensive income	988,652	1,435,956
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	988,652	1,435,956
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended December 31, 2019

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	573,496	543,496	3,141,654	(238)	4,258,408
Changes during period					
Dividends of surplus			(212,096)		(212,096)
Profit attributable to owners of parent			989,595		989,595
Purchase of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	—	—	777,498	—	777,498
Balance at end of period	573,496	543,496	3,919,152	(238)	5,035,906

(Thousands of yen)

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	(13,940)	(13,940)	18,207	4,262,675
Changes during period				
Dividends of surplus				(212,096)
Profit attributable to owners of parent				989,595
Purchase of treasury shares				—
Net changes in items other than shareholders' equity	(942)	(942)	(18,207)	(19,150)
Total changes during period	(942)	(942)	(18,207)	758,348
Balance at end of period	(14,882)	(14,882)	—	5,021,024

Fiscal year ended December 31, 2020

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	573,496	543,496	3,919,152	(238)	5,035,906
Changes during period					
Dividends of surplus			(272,696)		(272,696)
Profit attributable to owners of parent			1,446,372		1,446,372
Purchase of treasury shares				(81)	(81)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,173,675	(81)	1,173,594
Balance at end of period	573,496	543,496	5,092,828	(320)	6,209,500

(Thousands of yen)

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	(14,882)	(14,882)	—	5,021,024
Changes during period				
Dividends of surplus				(272,696)
Profit attributable to owners of parent				1,446,372
Purchase of treasury shares				(81)
Net changes in items other than shareholders' equity	(10,415)	(10,415)		(10,415)
Total changes during period	(10,415)	(10,415)	—	1,163,180
Balance at end of period	(25,297)	(25,297)	—	6,184,203

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from operating activities		
Profit before income taxes	1,501,385	2,148,379
Depreciation	71,389	78,399
Amortization of goodwill	39,085	39,085
Increase (decrease) in provision for bonuses	(7,998)	—
Increase (decrease) in allowance for doubtful accounts	119,514	23,999
Interest and dividend income	(40)	(46)
Loss (gain) on sales of non-current assets	(963)	(343)
Loss on retirement of non-current assets	4,537	—
Decrease (increase) in trade receivables	(866,920)	(575,891)
Decrease (increase) in inventories	(171,833)	(228,801)
Decrease (increase) in other current assets	(2,717)	(47,443)
Increase (decrease) in trade payables	594,230	817,889
Increase (decrease) in accounts payable - other	3,199	239,747
Increase (decrease) in other current liabilities	70,805	15,702
Other, net	(14,853)	(52)
Subtotal	1,338,820	2,510,624
Interest and dividends received	36	46
Income taxes paid	(559,654)	(562,912)
Net cash provided by (used in) operating activities	779,201	1,947,758
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	(36,659)	(43,490)
Proceeds from sales of property, plant and equipment	1,300	2,518
Purchase of investment securities	(70,602)	(550,000)
Purchase of intangible assets	(33,617)	(43,910)
Payments of leasehold deposits	(12,029)	(14,369)
Proceeds from refund of leasehold deposits	—	419
Other, net	(289)	504
Net cash provided by (used in) investing activities	(151,900)	(648,329)
Cash flows from financing activities		
Purchase of treasury shares	—	(81)
Dividends paid	(211,766)	(272,440)
Repayments of lease obligations	(858)	(1,302)
Net cash provided by (used in) financing activities	(212,625)	(273,824)
Net increase (decrease) in cash and cash equivalents	414,676	1,025,604
Cash and cash equivalents at beginning of period	3,033,107	3,447,783
Cash and cash equivalents at end of period	3,447,783	4,473,388