

Non-consolidated Financial Statements
for the First Nine Months of the Fiscal Year Ending March 31, 2018

Company name: Zuken Elmic, Inc.	Listing: TSE Second(2nd) Section
Stock code: 4770	URL: http://www.elwsc.co.jp/
President: Joe Asakura	
Contact: Shinichi Eguchi, Director, Administration	Telephone: +81-(0)-45-624-8111

(1) Balance Sheets

(Thousands of yen)

	FY2016 selected data (As of Mar. 31, 2017)	3Q of FY 2017 (As of Dec. 31, 2017)
Assets		
Current assets		
Cash and deposits	290,257	392,864
Notes and accounts receivable - trade	355,371	171,112
Merchandise and finished goods	6,782	7,034
Work in process	14,071	28,058
Raw materials	1,070	1,141
Prepaid expenses	38,796	49,825
Other current assets	9,931	3,010
Allowance for doubtful accounts	(100)	(100)
Total current assets	716,182	652,946
Noncurrent assets		
Property, plant and equipment	12,100	8,765
Intangible assets	20,492	29,676
Investments and other assets		
Investment securities	3,500	3,500
Long-term prepaid expenses	29,697	7,684
Other investments and other assets	5,249	5,199
Allowance for doubtful accounts	(1,850)	(1,850)
Total investments and other assets	36,597	14,534
Total noncurrent assets	69,190	52,976
Total assets	785,373	705,922

(Thousands of yen)

	FY2016 selected data (As of Mar. 31, 2017)	3Q of FY 2017 (As of Dec. 31, 2017)
Liabilities		
Current liabilities		
Accounts payable - trade	48,642	26,499
Income taxes payable	3,181	5,724
Unearned revenue	60,233	70,499
Provision for bonuses	34,578	17,061
Provision for product warranties	9,047	9,052
Other current liabilities	25,372	33,500
Total current liabilities	181,056	162,338
Noncurrent liabilities		
Long-term unearned revenue	41,497	10,604
Provision for retirement benefits	2,729	2,729
Other long-term liabilities	7,526	7,403
Total noncurrent liabilities	51,753	20,737
Total liabilities	232,809	183,076
Net assets		
Shareholders' equity		
Capital stock	500,000	500,000
Capital surplus	135,998	135,998
Retained earnings	(83,343)	(113,060)
Treasury shares	(91)	(91)
Total shareholders' equity	552,563	522,846
Total net assets	552,563	522,846
Total liabilities and net assets	785,373	705,922

(2) Statements of Income
(For the Nine-month Period)

(Thousands of yen)

	3Q of FY2016 (Apr. 1, 2016 – Dec. 31, 2016)	3Q of FY2017 (Apr. 1, 2017 – Dec. 31, 2017)
Net sales	484,374	554,328
Cost of sales	242,800	282,663
Gross profit	241,573	271,665
Selling, general and administrative expenses	363,935	298,604
Operating profit (loss)	(122,361)	(26,938)
Non-operating income		
Interest income	3	3
Commission fee	83	112
Foreign exchange gains	—	3
Other	6	29
Total non-operating income	93	149
Non-operating expenses		
Interest expenses	54	55
Foreign exchange losses	632	—
Total non-operating expenses	687	55
Ordinary profit (loss)	(122,955)	(26,844)
Extraordinary loss		
Loss on retirement of noncurrent assets	17	58
Special retirement expenses	3,570	—
Loss on litigation	89,154	—
Total extraordinary losses	92,741	58
Profit (loss) before income taxes	(215,697)	(26,903)
Income taxes –current	2,953	2,953
Income taxes-deferred	(43)	(139)
Total income taxes	2,909	2,814
Net profit (loss)	(218,606)	(29,717)