

Non-consolidated Financial Statements
for the First Three Months of the Fiscal Year Ending March 31, 2019

Company name: Zuken Elmic, Inc.	Listing: TSE Second(2nd) Section
Stock code: 4770	URL: http://www.elwsc.co.jp/
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(1) Balance Sheets

(Thousands of yen)

	FY2017 selected data (As of Mar. 31, 2018)	1Q of FY2018 (As of Jun. 30, 2018)
Assets		
Current assets		
Cash and deposits	381,833	463,945
Notes and accounts receivable - trade	279,845	125,035
Merchandise and finished goods	4,839	4,039
Work in process	2,787	8,813
Raw materials	560	548
Prepaid expenses	36,197	63,233
Other current assets	1,828	2,762
Allowance for doubtful accounts	(100)	(100)
Total current assets	707,792	668,278
Noncurrent assets		
Property, plant and equipment	7,654	8,434
Intangible assets	30,436	29,258
Investments and other assets		
Investment securities	3,500	3,500
Long-term prepaid expenses	480	—
Deferred tax assets	21,809	32,729
Other investments and other assets	5,087	5,087
Allowance for doubtful accounts	(1,850)	(1,850)
Total investments and other assets	29,027	39,467
Total noncurrent assets	67,117	77,159
Total assets	774,909	745,438

	(Thousands of yen)	
	FY2017 selected data (As of Mar. 31, 2018)	1Q of FY2018 (As of Jun. 30, 2018)
Liabilities		
Current liabilities		
Accounts payable - trade	30,682	11,557
Income taxes payable	11,950	3,228
Unearned revenue	53,944	83,240
Provision for bonuses	35,944	17,887
Provision for product warranties	7,940	7,022
Other current liabilities	29,933	44,392
Total current liabilities	170,396	167,328
Noncurrent liabilities		
Long-term unearned revenue	1,776	1,671
Provision for retirement benefits	2,729	2,729
Other long-term liabilities	8,552	8,584
Total noncurrent liabilities	13,058	12,985
Total liabilities	183,454	180,314
Net assets		
Shareholders' equity		
Capital stock	500,000	500,000
Capital surplus	135,998	135,998
Retained earnings	(44,452)	(70,783)
Treasury shares	(91)	(91)
Total shareholders' equity	591,454	565,124
Total net assets	591,454	565,124
Total liabilities and net assets	774,909	745,438

(2) Statements of Income

(Thousands of yen)

	1Q of FY2017 (Apr. 1, 2017 – Jun. 30, 2017)	1Q of FY2018 (Apr. 1, 2018 – Jun. 30, 2018)
Net sales	171,593	131,015
Cost of sales	82,292	65,493
Gross profit	89,300	65,522
Selling, general and administrative expenses	102,059	101,891
Operating profit (loss)	(12,758)	(36,369)
Non-operating income		
Interest income	0	0
Commission fee	88	67
Foreign exchange gains	—	62
Other	2	—
Total non-operating income	90	129
Non-operating expenses		
Interest expenses	14	28
Foreign exchange losses	10	—
Total non-operating expenses	24	28
Ordinary profit (loss)	(12,693)	(36,268)
Extraordinary loss		
Loss on retirement of noncurrent assets	58	—
Total extraordinary losses	58	—
Profit (loss) before income taxes	(12,751)	(36,268)
Income taxes –current	984	982
Income taxes-deferred	(12)	(10,920)
Total income taxes	972	(9,937)
Net profit (loss)	(13,724)	(26,330)