

**Non-consolidated Financial Statements**  
**for the First Nine Months of the Fiscal Year Ending March 31, 2020**

Company name: Zuken Elmic, Inc.	Listing: TSE Second(2nd) Section
Stock code: 4770	URL: <a href="https://www.elwsc.co.jp/">https://www.elwsc.co.jp/</a>
President: Joe Asakura	
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**(1) Balance Sheets**

(Thousands of yen)

	FY2018 selected data (As of Mar. 31, 2019)	3Q of FY2019 (As of Dec. 31, 2019)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	483,062	502,146
Notes and accounts receivable - trade	241,213	178,819
Merchandise and finished goods	2,862	1,679
Work in process	2,050	9,905
Raw materials	108	87
Prepaid expenses	6,812	29,819
Other current assets	4,057	2,067
Allowance for doubtful accounts	(100)	(100)
<b>Total current assets</b>	<b>740,068</b>	<b>724,426</b>
<b>Noncurrent assets</b>		
Property, plant and equipment	12,006	14,637
Intangible assets	21,499	25,655
<b>Investments and other assets</b>		
Investment securities	3,500	3,500
Long-term prepaid expenses	—	24,326
Deferred tax assets	25,772	29,158
Other investments and other assets	5,087	5,033
Allowance for doubtful accounts	(1,850)	(1,850)
<b>Total investments and other assets</b>	<b>32,509</b>	<b>60,167</b>
<b>Total noncurrent assets</b>	<b>66,016</b>	<b>100,461</b>
<b>Total assets</b>	<b>806,085</b>	<b>824,887</b>

(Thousands of yen)

	FY2018 selected data (As of Mar. 31, 2019)	3Q of FY2019 (As of Dec. 31, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	29,734	34,124
Income taxes payable	13,344	1,242
Unearned revenue	18,092	52,877
Provision for bonuses	38,396	17,274
Provision for product warranties	9,933	10,384
Other current liabilities	47,261	45,663
<b>Total current liabilities</b>	<b>156,763</b>	<b>161,566</b>
<b>Noncurrent liabilities</b>		
Long-term unearned revenue	272	30,228
Provision for retirement benefits	2,729	2,729
Other long-term liabilities	12,822	15,625
<b>Total noncurrent liabilities</b>	<b>15,823</b>	<b>48,583</b>
<b>Total liabilities</b>	<b>172,586</b>	<b>210,150</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	500,000	500,000
Capital surplus	135,998	135,998
Retained earnings	(2,408)	(21,143)
Treasury shares	(91)	(117)
<b>Total shareholders' equity</b>	<b>633,498</b>	<b>614,737</b>
<b>Total net assets</b>	<b>633,498</b>	<b>614,737</b>
<b>Total liabilities and net assets</b>	<b>806,085</b>	<b>824,887</b>

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

(Thousands of yen)

	3Q of FY2018 (Apr. 1, 2018 – Dec. 31, 2018)	3Q of FY2019 (Apr. 1, 2019 – Dec. 31, 2019)
Net sales	586,015	557,648
Cost of sales	308,131	258,923
Gross profit	277,883	298,725
Selling, general and administrative expenses	298,148	318,125
Operating profit (loss)	(20,264)	(19,399)
Non-operating income		
Interest income	6	7
Commission fee	92	35
Subsidy income	—	590
Foreign exchange gains	68	—
Other	5	—
Total non-operating income	172	633
Non-operating expenses		
Interest expenses	132	172
Foreign exchange losses	—	228
Total non-operating expenses	132	401
Ordinary profit (loss)	(20,224)	(19,167)
Profit (loss) before income taxes	(20,224)	(19,167)
Income taxes –current	2,952	2,953
Income taxes-deferred	(5,960)	(3,385)
Total income taxes	(3,007)	(432)
Net profit (loss)	(17,217)	(18,735)