

**Non-consolidated Financial Statements
for the Fiscal Year Ended March 31, 2021**

Company name: Zuken Elmic, Inc.

Stock code: 4770

President: Joe Asakura

Contact: Shinichi Eguchi, Director, Administration

Listing: TSE Second(2nd) Section

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(1) Balance Sheets

	(Thousands of yen)	
	FY2019	FY2020
	(As of Mar. 31, 2020)	(As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	480,748	421,739
Notes and accounts receivable – trade	221,356	210,463
Merchandise and finished goods	1,628	750
Work in process	2,032	7,463
Raw materials	26	26
Prepaid expenses	23,800	23,670
Other current assets	9,847	1,681
Allowance for doubtful accounts	(100)	(100)
Total current assets	739,339	665,695
Noncurrent assets		
Property, plant and equipment	13,344	10,317
Intangible assets	25,474	18,494
Investments and other assets		
Investment securities	3,500	—
Long-term prepaid expenses	19,577	316
Deferred tax assets	17,714	—
Other investments and other assets	5,033	3,463
Allowance for doubtful accounts	(1,850)	(1,850)
Total investments and other assets	43,975	1,930
Total noncurrent assets	82,794	30,742
Total assets	822,134	696,438
Liabilities		
Current liabilities		
Accounts payable – trade	25,658	35,140
Income taxes payable	8,388	4,094
Unearned revenue	42,023	39,661
Provision for bonuses	36,540	27,955
Provision for product warranties	9,759	8,216
Other current liabilities	32,927	26,325
Total current liabilities	155,299	141,393
Noncurrent liabilities		
Long-term unearned revenue	25,677	650
Provision for retirement benefits	2,729	1,853
Other long-term liabilities	14,684	11,238
Total noncurrent liabilities	43,091	13,742
Total liabilities	198,390	155,135
Net assets		
Shareholders' equity		
Capital stock	500,000	500,000
Capital surplus	135,998	135,998
Retained earnings	(12,137)	(94,578)
Treasury shares	(117)	(117)
Total shareholders' equity	623,743	541,302
Total net assets	623,743	541,302
Total liabilities and net assets	822,134	696,438

(2) Statements of Income

(Thousands of yen)

	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	770,513	617,113
Cost of sales	347,524	332,379
Gross profit	422,988	284,733
Selling, general and administrative expenses	419,899	347,718
Operating profit (loss)	3,089	(62,984)
Non-operating income		
Interest income	10	5
Commission fee	47	44
Subsidy income	590	12,982
Foreign exchange gains	—	19
Others income	0	15
Total non-operating income	649	13,067
Non-operating expenses		
Interest expenses	234	218
Foreign exchange losses	244	—
Loss on retirement of non-current assets	—	170
Total non-operating expenses	478	388
Ordinary profit (loss)	3,259	(50,305)
Extraordinary losses		
Loss on sale of investment securities	—	3,499
Extra retirement payments	—	7,160
Total extraordinary losses	—	10,659
Profit (loss) before income taxes	3,259	(60,965)
Income taxes –current	4,931	3,565
Income taxes–deferred	8,057	17,910
Total income taxes	12,988	21,475
Net profit (loss)	(9,729)	(82,441)

(3) Statements of Cash Flows

(Thousands of yen)

	FY2019	FY2020
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Cash provided by (used in) operating activities		
Profit (loss) before income taxes	3,259	(60,965)
Depreciation and amortization	16,155	17,971
Increase (decrease) in provision for bonuses	(1,855)	(8,585)
Increase (decrease) in provision for retirement benefits	—	(876)
Increase (decrease) in provision for product warranties	(173)	(1,543)
Interest and dividends income	(10)	(5)
Interest expenses	234	218
Foreign exchange losses (gains)	31	(27)
Subsidy income	(590)	(12,982)
Loss on retirement of non-current assets	—	170
Loss (gain) on sale of investment securities	—	3,499
Extra retirement payments	—	7,160
Decrease (increase) in notes and accounts receivable-trade	19,856	10,892
Decrease (increase) in inventories	1,334	(4,553)
Increase (decrease) in notes and accounts payable-trade	(4,076)	9,482
Decrease (increase) in prepaid expenses	(36,564)	19,389
Increase (decrease) in unearned revenue	49,336	(27,389)
Increase (decrease) in accrued consumption taxes	(1,834)	(7,337)
Other, net	(16,949)	5,643
Subtotal	<u>28,153</u>	<u>(49,837)</u>
Interests and dividends income received	10	5
Interest expenses paid	(234)	(218)
Proceeds from subsidy income	590	12,982
Extra retirement payments	—	(5,877)
Income taxes (paid) refund	(11,445)	(4,915)
Net cash provided by (used in) operating activities	<u>17,075</u>	<u>(47,861)</u>
Cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(240)	(372)
Purchase of intangible assets	(15,206)	(6,596)
Other, net	54	(49)
Net cash provided by (used in) investing activities	<u>(15,392)</u>	<u>(7,017)</u>
Cash provided by (used in) financing activities		
Repayments of lease obligations	(3,939)	(4,157)
Purchase of treasury shares	(26)	—
Net cash provided by (used in) financing activities	<u>(3,965)</u>	<u>(4,157)</u>
Effect of exchange rate changes on cash and cash equivalents	(31)	27
Increase (decrease) in cash and cash equivalents	<u>(2,314)</u>	<u>(59,008)</u>
Cash and cash equivalents at beginning of period	<u>483,062</u>	<u>480,748</u>
Cash and cash equivalents at end of period	<u>480,748</u>	<u>421,739</u>