

Non-consolidated Financial Statements
for the First Half of the Fiscal Year Ending March 31, 2022

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

	FY2020 selected data (As of Mar. 31, 2021)	(Thousands of yen) First half of FY2021 (As of Sep. 30, 2021)
Assets		
Current assets		
Cash and deposits	421,739	458,201
Notes and accounts receivable – trade	210,463	183,174
Merchandise and finished goods	750	3,468
Work in process	7,463	29,243
Raw materials	26	68
Prepaid expenses	23,670	24,940
Other current assets	1,681	470
Allowance for doubtful accounts	(100)	(100)
Total current assets	665,695	699,468
Noncurrent assets		
Property, plant and equipment	10,317	11,586
Intangible assets	18,494	16,188
Investments and other assets		
Long-term prepaid expenses	316	—
Other investments and other assets	3,463	3,463
Allowance for doubtful accounts	(1,850)	(1,850)
Total investments and other assets	1,930	1,613
Total noncurrent assets	30,742	29,388
Total assets	696,438	728,856
Liabilities		
Current liabilities		
Accounts payable – trade	35,140	38,090
Income taxes payable	4,094	9,733
Unearned revenue	39,661	47,566
Provision for bonuses	27,955	31,696
Provision for product warranties	8,216	9,218
Other current liabilities	26,325	32,094
Total current liabilities	141,393	168,399
Noncurrent liabilities		
Long-term unearned revenue	650	18
Provision for retirement benefits	1,853	1,853
Other long-term liabilities	11,238	11,730
Total noncurrent liabilities	13,742	13,602
Total liabilities	155,135	182,001
Net assets		
Shareholders' equity		
Capital stock	500,000	500,000
Capital surplus	135,998	135,998
Retained earnings	(94,578)	(89,026)
Treasury shares	(117)	(117)
Total shareholders' equity	541,302	546,854
Total net assets	541,302	546,854
Total liabilities and net assets	696,438	728,856

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

(Thousands of yen)

	First half of FY2020 (Apr. 1, 2020 – Sep. 30, 2020)	First half of FY2021 (Apr. 1, 2021 – Sep. 30, 2021)
Net sales	243,642	342,448
Cost of sales	140,461	189,329
Gross profit	103,180	153,118
Selling, general and administrative expenses	204,961	144,030
Operating profit (loss)	(101,780)	9,088
Non-operating income		
Interest income	2	2
Commission fee	21	23
Subsidy income	9,808	—
Foreign exchange gains	—	17
Others income	15	2
Total non-operating income	9,847	45
Non-operating expenses		
Interest expenses	115	110
Foreign exchange losses	30	—
Loss on retirement of non-current assets	170	—
Total non-operating expenses	316	110
Ordinary profit (loss)	(92,249)	9,023
Profit (loss) before income taxes	(92,249)	9,023
Income taxes –current	1,968	3,479
Income taxes–deferred	18,018	(7)
Total income taxes	19,987	3,471
Net profit (loss)	(112,236)	5,552

(3) Statements of Cash Flows

(Thousands of yen)

	First half of FY2020 (Apr. 1, 2020 – Sep. 30, 2020)	First half of FY2021 (Apr. 1, 2021 – Sep. 30, 2021)
Cash provided by (used in) operating activities		
Profit (loss) before income taxes	(92,249)	9,023
Depreciation and amortization	12,065	5,488
Increase (decrease) in provision for bonuses	(1,460)	3,741
Increase (decrease) in provision for product warranties	(1,570)	1,002
Interest and dividends income	(2)	(2)
Interest expenses	115	110
Foreign exchange losses (gains)	44	(17)
Subsidy income	(9,808)	—
Loss on retirement of non-current assets	170	—
Decrease (increase) in notes and accounts receivable-trade	94,535	27,289
Decrease (increase) in inventories	(858)	(24,539)
Increase (decrease) in notes and accounts payable-trade	(6,328)	2,949
Decrease (increase) in prepaid expenses	(2,724)	(953)
Increase (decrease) in unearned revenue	5,172	7,272
Increase (decrease) in accrued consumption taxes	(10,288)	5,551
Other, net	5,232	3,176
Subtotal	<u>(7,956)</u>	<u>40,092</u>
Interests and dividends income received	2	2
Interest expenses paid	(115)	(110)
Proceeds from subsidy income	9,808	—
Extra retirement payments	—	(1,282)
Income taxes (paid) refund	(96)	1,254
Net cash provided by (used in) operating activities	<u>1,642</u>	<u>39,956</u>
Cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(252)	(232)
Purchase of intangible assets	(5,085)	(916)
Payments of leasehold and guarantee deposits	(214)	—
Net cash provided by (used in) investing activities	<u>(5,551)</u>	<u>(1,149)</u>
Cash provided by (used in) financing activities		
Repayments of lease obligations	(2,080)	(2,362)
Net cash provided by (used in) financing activities	<u>(2,080)</u>	<u>(2,362)</u>
Effect of exchange rate changes on cash and cash equivalents	(44)	17
Increase (decrease) in cash and cash equivalents	<u>(6,033)</u>	<u>36,462</u>
Cash and cash equivalents at beginning of period	<u>480,748</u>	<u>421,739</u>
Cash and cash equivalents at end of period	<u>474,714</u>	<u>458,201</u>