



May 10, 2021

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (FY2020)

[Japanese GAAP]

Company name: ZUKEN Inc. Listing: Tokyo Stock Exchange, First Section
 Stock code: 6947 URL: <https://www.zuken.co.jp>
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 Scheduled date of Annual General Shareholders' Meeting: June 29, 2021
 Scheduled date of payment of dividend: June 30, 2021
 Scheduled date of filing of Annual Securities Report: June 29, 2021
 Preparation of supplementary materials for financial results: None
 Holding of financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

Fiscal years ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Mar. 31, 2021	28,819	(1.6)	2,891	(14.7)	3,153	(9.6)	2,137	(17.7)
Mar. 31, 2020	29,296	9.4	3,391	11.2	3,486	9.2	2,595	22.8

Note: Comprehensive income (Millions of yen) Fiscal year ended Mar. 31, 2021: 4,567 (up 73.4%)
 Fiscal year ended Mar. 31, 2020: 2,633 (down 14.4%)

Fiscal years ended	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Mar. 31, 2021	91.92	-	5.8	5.8	10.0
Mar. 31, 2020	111.65	-	7.7	7.1	11.6

Reference: Equity in earnings of associates (Millions of yen) Fiscal year ended Mar. 31, 2021: -
 Fiscal year ended Mar. 31, 2020: -

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2021	57,168	38,842	67.4	1,656.21
As of Mar. 31, 2020	51,445	35,013	67.2	1,487.50

Reference: Shareholders' equity (Millions of yen) As of Mar. 31, 2021: 38,505 As of Mar. 31, 2020: 34,583

(3) Consolidated cash flows

Fiscal years ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Mar. 31, 2021	2,661	(1,168)	(749)	21,412
Mar. 31, 2020	4,207	(1,034)	(807)	20,306

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Mar. 31, 2020	-	14.00	-	15.00	29.00	674	26.0	2.0
Fiscal year ending Mar. 31, 2021	-	15.00	-	15.00	30.00	697	32.6	1.9
Fiscal year ending Mar. 31, 2022 (forecast)	-	16.00	-	16.00	32.00		29.8	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages represent year-on-year changes)

Full year	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	31,000	7.6	3,500	21.0	3,600	14.2	2,500	17.0	107.53

Note: Only the full-year forecast is shown because Zuken manages performance on a fiscal year basis.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Changes in accounting policies and accounting-based estimates, and restatements

- (a) Changes in accounting policies due to revisions in accounting standards, others: None
 (b) Changes in accounting policies other than (a) above: None
 (c) Changes in accounting-based estimates: None
 (d) Restatements: None

(3) Number of outstanding shares (common stock)

(a) Number of shares outstanding at the end of the period (including treasury shares)

As of Mar. 31, 2021: 23,267,169 shares As of Mar. 31, 2020: 23,267,169 shares

(b) Number of treasury shares at the end of the period

As of Mar. 31, 2021: 18,026 shares As of Mar. 31, 2020: 17,680 shares

(c) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2021: 23,249,298 shares Fiscal year ended Mar. 31, 2020: 23,249,578 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

Fiscal years ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Mar. 31, 2021	11,135	(7.8)	1,342	(20.1)	2,662	4.3	2,236	(1.8)
Mar. 31, 2020	12,072	7.5	1,680	15.4	2,553	18.5	2,277	27.7

Fiscal years ended	Net income per share	Diluted net income per share
	Yen	Yen
Mar. 31, 2021	96.21	-
Mar. 31, 2020	97.96	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2021	43,654	37,208	85.2	1,600.44
As of Mar. 31, 2020	39,464	33,427	84.7	1,437.76

Reference: Shareholders' equity (Millions of yen) As of Mar. 31, 2021: 37,208 As of Mar. 31, 2020: 33,427

* This financial report is not subject to audit by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in this report are based on assumption judged to be valid and information available to the Company's management at the time this report was prepared, but are not promises by the Company regarding future performance. Actual results may differ substantially from the forecasts for a number of reasons. Please refer to "1. Overview of Results of Operations, etc., (4) Outlook" on page 5 for forecast assumptions and notes of caution for usage.

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1. Overview of Results of Operations, etc.

(1) Results of Operations

In the fiscal year ending March 2021, the business climate was challenging due to the weakness of economies worldwide caused by severe restrictions put in place to deal with the COVID-19 pandemic.

Manufacturers in the electronics, automotive and industrial equipment sectors are the main customers of the Zuken Group. Although companies in these sectors were cautious about capital expenditures due to the uncertainty, many companies continued to make substantial IT investments.

The Zuken Group continued to take numerous actions in order to become a “truly global company” able to supply the best-in-class solutions to manufacturers worldwide. Despite the challenges created by the COVID-19 crisis, we continued to focus on increasing the efficiency of business activities, upgrading the functions of core products and developing new products. Major initiatives of the fiscal year were as follows.

(i) Continued business operations during the COVID-19 crisis

The Zuken Group quickly leveraged remote accessing tools to allow our employees to work remotely and minimize the impact of COVID-19 on business operations. Many of these initiatives have given us improvements that will last beyond the current crisis.

Though the crisis limited sales activities because of restrictions on face-to-face contact. We were able to maintain communication with our customers with the introduction of ZUKEN digital, a new web communication tool for the optimization of one-to-one interaction. The use of this new tool helped to drive orders and sales. In addition, as we were already engaged in cross-border product development, we were able to quickly and efficiently shift to remote development and establish an environment that allows working from home. Subsequently, COVID-19 had little to no effect on our product development activities during the fiscal year.

(ii) Upgraded the Functions of core products and development of new products

There were numerous measures to make our core CR-8000 Design Force, an electronic system design solution series, more competitive. We increased the use of artificial intelligence, upgraded analytic capabilities, made remote design operations more convenient along with other improvements.

In the automotive and industrial equipment manufacturing sectors we expedited the development activities for E3.infinite, a new wire harness design system that combines and further refines products of Japan and Germany, along with DS-E3.infinite, an electrical design data management system for use with E3.infinite.

In the field of model-based systems engineering (MBSE), we created a link between GENESYS, a product of a Zuken U.S. subsidiary with highly advanced MBSE technologies, and the CR-8000 series and rolled out many activities to promote the use of this new design methodology.

*MBSE is a next-generation methodology that is starting to be used for fabricating products that are complex and require very high quality. Companies in the aerospace, automobile and other industries are using MBSE. This approach allows electrical, mechanical, software and other engineers to perform their tasks based on a single model. The main goal is to optimize at the conceptual planning stage the development of products that require an intricate combination of a range of technologies.

Consolidated results

Net sales	28,819 million yen	(down 1.6% year on year)
Ordinary profit	3,153 million yen	(down 9.6% year on year)
Profit attributable to owners of parent	2,137 million yen	(down 17.7% year on year)

Although sales were lower than one year earlier, fiscal year sales were still the second-highest ever following the record-high sales of the previous fiscal year despite the challenging business climate. Increasing demand involving network security and cloud environments was a major reason for this performance. Sales of network security and storage products increased at a subsidiary in Japan and there was an increase in sales of IT solutions.

Earnings decreased because the negative effect of lower sales outweighed the benefit of a decrease in expenses resulting from restrictions on business activities due to COVID-19.

Product category sales were as follows.

Product category sales

Printed Circuit Board design solutions	4,248 million yen	(down 11.2% year on year)
Circuit design solutions	5,926 million yen	(down 19.5% year on year)
IT solutions	7,042 million yen	(up 13.7% year on year)
Client services	11,596 million yen	(up 5.9% year on year)

Major products of Printed Circuit Board design solutions	CR-8000 Design Force CR-8000 DFM Center CADSTAR eCADSTAR	CR-5000 Board Designer
Major products of Circuit design solutions	CR-8000 Design Gateway CR-8000 System Planner E3.series Cabling Designer Harness Designer	CR-5000 System Designer
Major products of IT solutions	PreSight visual BOM DS-CR DS-2 Espresso DS-E3 GENESYS	

(2) Financial Position

Total assets at the end of the fiscal year under review increased 5,722 million yen from the end of the previous fiscal year to 57,168 million yen. The main factors were increases of 3,728 million yen in investment securities, 1,118 million yen in cash and deposits, and 693 million yen in prepaid expenses.

Liabilities at the end of the fiscal year under review increased 1,893 million yen from the end of the previous fiscal year to 18,325 million yen. The main factors were increases of 1,016 million yen in deferred tax liabilities and 905 million yen in advances received.

Net assets at the end of the fiscal year under review increased 3,828 million yen from the end of the previous fiscal year to 38,842 million yen and the shareholders' equity ratio was 67.4%.

(3) Cash Flows

Cash and cash equivalents (hereafter "cash") at the end of the fiscal year under review increased 1,105 million yen over the end of the previous fiscal year to 21,412 million yen.

Cash flows by category were as follows.

Cash flows from operating activities

Net cash provided by operating activities decreased 1,546 million yen from the previous fiscal year to 2,661 million yen. The main cash inflows were profit before income taxes of 2,978 million yen (a year-on-year decrease of 640 million yen), an increase in advances received of 772 million yen (a year-on-year decrease of 549 million yen), depreciation of 701 million yen (a year-on-year increase of 7 million yen). The main cash outflow was income taxes paid of 1,053 million yen (a year-on-year decrease of 5 million yen).

Cash flows from investing activities

Net cash used in investing activities increased 134 million yen from the previous fiscal year to 1,168 million yen. The main cash outflows include purchase of non-current assets of 613 million yen (a year-on-year decrease of 108 million yen) and purchase of investment securities of 499 million yen (a year-on-year increase of 399 million yen).

Cash flows from financing activities

Net cash used in financing activities decreased 57 million yen from the previous fiscal year to 749 million yen. This was mainly due to cash dividends paid of 697 million yen (a year-on-year increase of 46 million yen).

Cash flow indicators were as follows:

Fiscal years ended	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021
Shareholders' equity ratio	69.0%	69.1%	67.2%	67.4%
Shareholders' equity ratio based on market prices	78.1%	73.8%	104.2%	114.9%
Interest-bearing debt to cash flow ratio	0.9%	0.9%	2.0%	2.3%
Interest coverage ratio	28,300.6	11,290.9	977.3	1,205.4

Calculation formula: Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market prices: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

Notes: 1. All indicators are calculated based on consolidated figures.

2. Market capitalization is calculated based on the number of shares outstanding (excluding treasury shares).

3. Operating cash flows are calculated using the figures for operating cash flows on the consolidated statement of cash flows.

4. Interest-bearing debt includes all liabilities on the consolidated balance sheet that incur interest.

(4) Outlook

We expect the outlook to remain uncertain because of the possibility that the COVID-19 pandemic will not end in the near future. Dramatic changes are taking place worldwide in how products are manufactured because of advances in artificial intelligence, the increasing speed of communications and other progress. We believe these changes will result in an expansion of the business domains where the software technologies of the Zuken Group can be used and expect that these market sectors will continue to grow.

The Zuken Group is determined to achieve more growth in corporate value by supplying innovative solutions that help client companies upgrade their manufacturing operations.

We forecast net sales of 31,000 million yen, ordinary profit of 3,600 million yen, and profit attributable to owners of parent of 2,500 million yen in the fiscal year ending March 31, 2022.

* These forecasts are based on information available at the time this report was prepared and actual results may differ from these forecasts for a number of reasons.

2. Basic Approach for the Selection of Accounting Standards

The Zuken Group will continue to prepare consolidated financial statements in accordance with generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes(1) **Consolidated Balance Sheet**

	(Thousands of yen)	
	FY2019	FY2020
	(As of Mar. 31, 2020)	(As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	20,574,644	21,693,586
Notes and accounts receivable-trade	6,407,981	6,806,824
Securities	6,700,000	6,700,000
Merchandise and finished goods	403,944	466,069
Work in process	264,482	101,913
Raw materials and supplies	1,862	2,158
Prepaid expenses	2,559,117	3,252,730
Other	190,032	272,520
Allowance for doubtful accounts	(29,587)	(19,098)
Total current assets	37,072,477	39,276,705
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,398,922	9,470,909
Accumulated depreciation	(6,549,021)	(6,710,781)
Buildings and structures, net	2,849,901	2,760,128
Machinery, equipment and vehicles	95,913	99,720
Accumulated depreciation	(60,821)	(72,860)
Machinery, equipment and vehicles, net	35,091	26,860
Tools, furniture and fixtures	2,012,463	2,180,037
Accumulated depreciation	(1,615,356)	(1,775,169)
Tools, furniture and fixtures, net	397,107	404,868
Land	3,015,103	3,015,103
Leased assets	134,378	144,212
Accumulated depreciation	(54,926)	(87,718)
Leased assets, net	79,452	56,493
Total property, plant and equipment	6,376,656	6,263,454
Intangible assets		
Goodwill	913,777	656,516
Other	602,140	640,839
Total intangible assets	1,515,917	1,297,355
Investments and other assets		
Investment securities	5,385,293	9,114,007
Deferred tax assets	564,101	637,383
Other	548,198	595,923
Allowance for doubtful accounts	(16,752)	(16,752)
Total investments and other assets	6,480,840	10,330,561
Total non-current assets	14,373,415	17,891,371
Total assets	51,445,892	57,168,076

	(Thousands of yen)	
	FY2019	FY2020
	(As of Mar. 31, 2020)	(As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Accounts payable-trade	1,177,418	1,166,026
Income taxes payable	716,954	578,485
Advances received	6,783,516	7,688,741
Provision for bonuses	902,008	925,619
Provision for bonuses for directors (and other officers)	66,600	101,900
Other provisions	70,207	8,216
Other	2,303,253	2,181,249
Total current liabilities	12,019,959	12,650,238
Non-current liabilities		
Deferred tax liabilities	328	1,017,192
Retirement benefit liability	4,192,059	4,457,677
Other	220,237	200,867
Total non-current liabilities	4,412,625	5,675,738
Total liabilities	16,432,584	18,325,976
Net assets		
Shareholders' equity		
Share capital	10,117,065	10,117,065
Capital surplus	8,659,023	8,662,477
Retained earnings	14,175,240	15,614,931
Treasury shares	(16,778)	(17,734)
Total shareholders' equity	32,934,550	34,376,739
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,266,875	4,510,039
Foreign currency translation adjustment	(86,604)	48,857
Remeasurements of defined benefit plans	(531,321)	(430,263)
Total accumulated other comprehensive income	1,648,949	4,128,633
Non-controlling interests	429,808	336,727
Total net assets	35,013,308	38,842,100
Total liabilities and net assets	51,445,892	57,168,076

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

	(Thousands of yen)	
	FY2019	FY2020
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Net sales	29,296,353	28,819,265
Cost of sales	8,524,666	8,774,685
Gross profit	20,771,686	20,044,579
Selling, general and administrative expenses	17,380,445	17,153,194
Operating profit	3,391,241	2,891,384
Non-operating income		
Interest income	15,286	8,669
Dividend income	66,278	67,605
Foreign exchange gains	-	49,018
Subsidy income	36,917	65,908
Received incentive	22,257	21,611
Other	30,525	53,479
Total non-operating income	171,266	266,292
Non-operating expenses		
Interest expenses	4,305	2,208
Foreign exchange losses	70,127	-
Other	1,315	2,141
Total non-operating expenses	75,747	4,349
Ordinary profit	3,486,759	3,153,326
Extraordinary income		
Gain on sales of non-current assets	2,506	1,392
Transfer of rights income	137,358	-
Total extraordinary income	139,864	1,392
Extraordinary losses		
Loss on disposal of non-current assets	5,246	20,368
Loss on cancel of contracts	-	127,000
Retirement benefit expenses	-	24,962
Loss on sales of investment securities	-	3,499
Provision of allowance for doubtful accounts of golf club membership	2,000	-
Total extraordinary losses	7,246	175,829
Profit before income taxes	3,619,377	2,978,889
Income taxes-current	1,151,151	912,376
Income taxes-deferred	(133,618)	(21,716)
Total income taxes	1,017,533	890,660
Profit	2,601,844	2,088,229
Profit (loss) attributable to non-controlling interests	6,076	(48,943)
Profit attributable to owners of parent	2,595,767	2,137,173

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY2019	FY2020
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Profit	2,601,844	2,088,229
Other comprehensive income		
Valuation difference on available-for-sale securities	244,477	2,243,164
Foreign currency translation adjustment	(109,588)	135,461
Remeasurements of defined benefit plans, net of tax	(103,101)	101,057
Total other comprehensive income	31,787	2,479,684
Comprehensive income	2,633,631	4,567,913
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,627,554	4,616,857
Comprehensive income attributable to non-controlling interests	6,076	(48,943)

(3) Consolidated Statement of Changes in Equity

FY2019 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,117,065	8,659,016	12,230,462	(16,365)	30,990,177
Changes during period					
Dividends of surplus			(650,989)		(650,989)
Profit attributable to owners of parent			2,595,767		2,595,767
Other		7			7
Purchase of treasury shares				(413)	(413)
Net changes other than shareholders' equity					
Total changes during period	-	7	1,944,777	(413)	1,944,372
Balance at end of period	10,117,065	8,659,023	14,175,240	(16,778)	32,934,550

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,022,397	22,984	(428,220)	1,617,162	442,715	33,050,055
Changes during period						
Dividends of surplus						(650,989)
Profit attributable to owners of parent						2,595,767
Other						7
Purchase of treasury shares						(413)
Net changes other than shareholders' equity	244,477	(109,588)	(103,101)	31,787	(12,906)	18,880
Total changes during period	244,477	(109,588)	(103,101)	31,787	(12,906)	1,963,252
Balance at end of period	2,266,875	(86,604)	(531,321)	1,648,949	429,808	35,013,308

FY2020 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,117,065	8,659,023	14,175,240	(16,778)	32,934,550
Changes during period					
Dividends of surplus			(697,482)		(697,482)
Profit attributable to owners of parent			2,137,173		2,137,173
Other		3,453			3,453
Purchase of treasury shares				(955)	(955)
Net changes other than shareholders' equity					
Total changes during period	-	3,453	1,439,690	(955)	1,442,188
Balance at end of period	10,117,065	8,662,477	15,614,931	(17,734)	34,376,739

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,266,875	(86,604)	(531,321)	1,648,949	429,808	35,013,308
Changes during period						
Dividends of surplus						(697,482)
Profit attributable to owners of parent						2,137,173
Other						3,453
Purchase of treasury shares						(955)
Net changes other than shareholders' equity	2,243,164	135,461	101,057	2,479,684	(93,080)	2,386,603
Total changes during period	2,243,164	135,461	101,057	2,479,684	(93,080)	3,828,792
Balance at end of period	4,510,039	48,857	(430,263)	4,128,633	336,727	38,842,100

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	3,619,377	2,978,889
Depreciation	694,125	701,838
Amortization of goodwill	219,344	247,095
Interest and dividend income	(81,565)	(76,274)
Foreign exchange losses (gains)	9,494	(7,408)
Loss (gain) on sales of investment securities	-	3,499
Transfer of rights income	(137,358)	-
Decrease (increase) in trade receivables	(584,879)	(286,213)
Increase (decrease) in trade payables	351,540	(213,418)
Increase (decrease) in advances received	1,321,834	772,813
Decrease (increase) in prepaid expenses	(407,794)	(674,724)
Increase (decrease) in retirement benefit liability	260,409	260,964
Other, net	(74,479)	(66,757)
Subtotal	5,190,050	3,640,303
Interest and dividends received	81,103	76,881
Interest paid	(4,305)	(2,208)
Income taxes paid	(1,059,136)	(1,053,471)
Net cash provided by (used in) operating activities	4,207,711	2,661,505
Cash flows from investing activities		
Decrease (increase) in time deposits	93,000	-
Purchase of property, plant and equipment	(446,002)	(259,208)
Purchase of intangible assets	(275,690)	(353,845)
Purchase of investment securities	(100,800)	(499,999)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(432,557)	-
Proceeds from transfer of rights	137,358	-
Other, net	(9,875)	(55,568)
Net cash provided by (used in) investing activities	(1,034,567)	(1,168,621)
Cash flows from financing activities		
Repayments of short-term borrowings	(79,443)	-
Repayments of long-term borrowings	(25,797)	-
Purchase of treasury shares	(413)	(955)
Dividends paid	(650,989)	(697,482)
Other, net	(50,735)	(51,405)
Net cash provided by (used in) financing activities	(807,380)	(749,843)
Effect of exchange rate change on cash and cash equivalents	(196,708)	362,536
Net increase (decrease) in cash and cash equivalents	2,169,055	1,105,578
Cash and cash equivalents at beginning of period	18,137,895	20,306,950
Cash and cash equivalents at end of period	20,306,950	21,412,529

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Basis of Presenting the Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 22

Main consolidated subsidiaries: Zuken USA Inc., Zuken GmbH, Zuken Limited, Zuken Tec Inc., Zuken NetWave Inc.

(2) Number of non-consolidated subsidiaries: 1

This subsidiary is not included in the scope of consolidation since it is a small-scale business whose total assets, net sales, profit (equity in earnings) and retained earnings (equity in earnings) have no significant effect on the overall results of consolidated financial statements.

2. Application of equity method

Number of non-consolidated subsidiaries not accounted for under the equity method: 1

This subsidiary is not included in the scope of application of the equity method since it is a small-scale business whose profit (equity in earnings) and retained earnings (equity in earnings) have no significant effect on the overall results of consolidated financial statements.

3. Fiscal year-ends of consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal year-end of Zuken Korea Inc., Zuken Singapore Pte. Ltd. and Zuken Taiwan Inc. is the end of February, and the fiscal year-end of Zuken Shanghai Technical Center Co., Ltd. and Zuken Vitech Inc. is the end of December.

The consolidated financial statements include the financial statements of consolidated subsidiaries as of their fiscal year-ends. However, adjustments to the consolidated financial statements are made as needed for significant transactions at the above five subsidiaries with different fiscal year-ends that occur between their fiscal year-ends and the fiscal year-end for the consolidated financial statements.

4. Accounting standards

(1) Valuation standards and methods for principal assets

(a) Securities

Available-for-sale securities

Marketable securities: Stated at fair value using quoted market price on the balance sheet date. (Unrealized gain or loss is included in net assets. Cost of securities sold is determined by the moving-average method.)

Non-marketable securities: Stated at cost determined by the moving-average method.

(b) Inventories

Valued at the cost method (the book value on the balance sheet is written down to reflect the effect of lower profitability).

Merchandise: Primarily stated at cost, determined by the moving-average method.

Finished goods and work in process: Stated at cost, determined by the specific identification method at the Company and its major consolidated subsidiaries, and stated at cost, determined by the periodic average method at some consolidated subsidiaries.

Raw materials: Stated at cost, determined by the moving-average method at the Company, and stated at cost, determined by the specific identification method at major consolidated subsidiaries.

Supplies: Stated at cost, determined by the last purchased price method at the Company and its major consolidated subsidiaries.

(2) Depreciation and amortization of significant depreciable assets

(a) Property, plant and equipment (excluding leased assets)

Depreciation of property, plant and equipment at the Company and its domestic consolidated subsidiaries is calculated by the declining-balance method, except for facilities attached to buildings and structures acquired on or after April 1, 2016 and buildings (excluding attached facilities) of which depreciation is calculated by the straight-line method. Overseas consolidated subsidiaries compute depreciation mainly by the straight-line method.

Estimated useful lives of principle assets are as follows:

Buildings and structures:	3 years to 60 years
Tools, furniture and fixtures:	2 years to 20 years

(b) Intangible assets (excluding leased assets)

Software for sale at the Company and its domestic consolidated subsidiaries is amortized using the straight-line method over the period of validity starting when sales begin (not more than three years) and software for internal use at these companies is amortized using the straight-line method over the estimated useful lives (not more than five years).

Amortization of other intangible assets is calculated by the straight-line method.

(c) Leased assets

Depreciation of finance lease transactions where there is no transfer of ownership is calculated based on the straight-line method, assuming the lease period to be the useful lives and a residual value of zero.

(3) Recognition of significant allowances

(a) Allowance for doubtful accounts

To prepare for losses on doubtful accounts such as notes and account receivables-trade and loans receivable, allowances equal to the estimated amount of uncollectible receivables are booked for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.

(b) Provision for bonuses

To provide for employee bonus obligation, the Company and some consolidated subsidiaries provide an allowance at the amount based on the estimated bonus obligations.

(c) Provision for bonuses for directors (and other officers)

To provide for bonuses for directors (and other officers), the Company and some consolidated subsidiaries provide an allowance at the amount based on the estimated bonus obligations.

(4) Accounting for retirement benefit

(a) Allocation method for the estimated retirement benefit obligations

For the determination of retirement benefit obligations, the benefit formula standard is used as the method for allocating estimated retirement payments over the period ending in the fiscal year under review.

(b) Accounting for actuarial gain or loss and past service cost

Past service cost is charged to expenses for the fiscal year when they were incurred.

Actuarial gain or loss is amortized and charged to expenses in the year following the fiscal year in which such gain or loss is recognized by the straight-line method over five years.

(5) Recognition of significant income and expenses

Recognition criteria for net sales and cost of sales of completed construction contracts

(a) The portion of contracted work deemed to have been completed by the end of the fiscal year under review

The percentage-of-completion standard (with the percentage of completion estimated on the cost-to-cost basis).

(b) Other contracted works

The completed-contract standard.

(6) Translation of significant foreign currency-denominated assets and liabilities

Foreign currency receivables and payables are translated into Japanese yen at year-end exchange rates and resulting exchange gains or losses are recognized in earnings currently. All assets and liabilities of overseas consolidated subsidiaries and affiliates are translated into Japanese yen at year-end exchange rates, and income and expenses into Japanese yen at the average of the exchange rates in effect during each fiscal period, and resulting exchange gains or losses are included in foreign currency translation adjustment and non-controlling interests under the net assets section.

(7) Amortization method and amortization period of goodwill

Goodwill is amortized using the straight-line method within 15 years, with the number of years determined by the origin of the goodwill.

(8) Scope of cash and cash equivalents on consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand and readily available deposits and short-term investments which can be easily converted to cash and are exposed to little risk of change in value.

(9) Other significant accounting policies in the preparation of consolidated financial statements

Accounting for consumption taxes, etc.

Consumption taxes, etc. are accounted by the tax-exclusion method.

Notes to Consolidated Balance Sheet

Investments and other assets for non-consolidated subsidiaries are as follows.

	(Thousands of yen)	
	FY2019	FY2020
	(As of Mar. 31, 2020)	(As of Mar. 31, 2021)
Other (Investments in capital)	11,769	11,500

Notes to Consolidated Statement of Income

1. Major items of selling, general and administrative expenses are as follows.

	(Thousands of yen)	
	FY2019	FY2020
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Salaries and allowances	5,983,283	5,938,961
Depreciation	577,270	587,815
Provision for bonuses	604,514	611,517
Provision for bonuses for directors (and other officers)	66,600	101,900
Retirement benefit expenses	476,237	499,755
Research and development expenses	4,041,272	4,174,951

2. Total amount of research and development expenses included in general and administrative expenses

	(Thousands of yen)	
	FY2019	FY2020
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
	4,041,272	4,174,951

3. Breakdown of gain on sales of non-current assets is as follows.

	(Thousands of yen)	
	FY2019	FY2020
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Vehicles	2,421	1,276
Tools, furniture and fixtures, and others	85	116
Total	2,506	1,392

4. Breakdown of loss on disposal of non-current assets is as follows.

	(Thousands of yen)	
	FY2019	FY2020
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Software	1,869	19,838
Tools, furniture and fixtures, and others	3,377	529
Total	5,246	20,368

Notes to Consolidated Statement of Comprehensive Income

Re-classification adjustments and tax effect with respect to other comprehensive income

	(Thousands of yen)	
	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)
Valuation difference on available-for-sale securities:		
Amount incurred during the period	364,815	3,232,226
Re-classification adjustments	-	-
Before tax effect adjustments	364,815	3,232,226
Tax effect	(120,338)	(989,061)
Valuation difference on available-for-sale securities	244,477	2,243,164
Foreign currency translation adjustment:		
Amount incurred during the period	(109,588)	135,461
Remeasurements of defined benefit plans, net of tax:		
Amount incurred during the period	(249,353)	(74,692)
Re-classification adjustments	125,005	159,071
Before tax effect adjustments	(124,348)	84,379
Tax effect	21,247	16,678
Remeasurements of defined benefit plans, net of tax	(103,101)	101,057
Total other comprehensive income	31,787	2,479,684

Notes to Consolidated Statement of Changes in Equity

FY2019 (Apr. 1, 2019 – Mar. 31, 2020)

1. Type of share and number of shares of outstanding shares and treasury shares (Shares)

	Number of shares as of Apr. 1, 2019	Increase	Decrease	Number of shares as of Mar. 31, 2020
Outstanding shares				
Common stock	23,267,169	-	-	23,267,169
Total	23,267,169	-	-	23,267,169
Treasury shares				
Common stock (Note)	17,480	200	-	17,680
Total	17,480	200	-	17,680

Note: Number of treasury shares of common stock increased 200 shares due to the acquisition of odd-lot shares.

2. Dividends

(1) Dividend payment

Resolution	Type of share	Total dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
General Shareholders' Meeting on Jun. 27, 2019	Common stock	325,495	14	Mar. 31, 2019	Jun. 28, 2019
Board of Directors' meeting on Nov. 11, 2019	Common stock	325,494	14	Sep. 30, 2019	Dec. 3, 2019

(2) Dividends with a record date in the fiscal year under review but an effective date in the following fiscal year

Resolution	Type of share	Total dividends (Thousands of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
General Shareholders' Meeting on Jun. 26, 2020	Common stock	348,742	Retained earnings	15	Mar. 31, 2020	Jun. 29, 2020

FY2020 (Apr. 1, 2020 – Mar. 31, 2021)

1. Type of share and number of shares of outstanding shares and treasury shares (Shares)

	Number of shares as of Apr. 1, 2020	Increase	Decrease	Number of shares as of Mar. 31, 2021
Outstanding shares				
Common stock	23,267,169	-	-	23,267,169
Total	23,267,169	-	-	23,267,169
Treasury shares				
Common stock (Note)	17,680	346	-	18,026
Total	17,680	346	-	18,026

Note: Number of treasury shares of common stock increased 346 shares due to the acquisition of odd-lot shares.

2. Dividends

(1) Dividend payment

Resolution	Type of share	Total dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
General Shareholders' Meeting on Jun. 26, 2020	Common stock	348,742	15	Mar. 31, 2020	Jun. 29, 2020
Board of Directors' meeting on Nov. 9, 2020	Common stock	348,739	15	Sep. 30, 2020	Dec. 2, 2020

(2) Dividends with a record date in the fiscal year under review but an effective date in the following fiscal year

Resolution	Type of share	Total dividends (Thousands of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
General Shareholders' Meeting on Jun. 29, 2021	Common stock	348,737	Retained earnings	15	Mar. 31, 2021	Jun. 30, 2021

Notes to Consolidated Statement of Cash Flows

Reconciliation of cash and cash equivalents at end of period and amount of consolidated balance sheet is made as follows.

	(Thousands of yen)	
	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)
Cash and deposits	20,574,644	21,693,586
Time deposit with maturities over three months	(267,693)	(281,057)
Cash and cash equivalents	20,306,950	21,412,529

Financial Instruments

1. Conditions of financial instruments

(1) Policy for handling financial instruments

Safety is the highest priority of the Zuken Group when investing funds in financial instruments, while also taking into account credit risk, interest rates and other factors. Funds are invested in financial instruments that are believed to have an extremely small risk of the value falling below face value.

(2) Details of financial instruments, their risks and risk management system

Notes and accounts receivable-trade, which are operating receivables, are vulnerable to credit risk associated with customers. The Company performs rigorous credit management for each customer and supervise payment dates and balances. In addition, there are measures to quickly identify doubtful receivables caused by a decline in a customer's financial soundness or other event and to reduce the amount of these receivables.

Marketable securities and investment securities are mainly stock of companies with relationships with the Zuken Group. These securities are vulnerable to risk associated with changes in their market prices. The Company periodically checks fair values, the financial condition of issuers and other items in order to quickly identify securities that may need to be written down and reduce the amount of these securities.

Accounts payable-trade, which is operating debt, is mostly due within one year.

(3) Supplemental explanation concerning fair values, etc. of financial instruments

Fair value of the financial instrument is measured at a quoted market price, if available, or reasonably assessed value if a quoted market price is not available. As the calculation of the reasonably assessed value incorporates varying factors, the amount may vary if different assumptions are used.

2. Items related to fair values of financial instruments

The book value, fair value, and their differences are shown as follows. However, financial instruments whose fair value is deemed to be extremely difficult to measure are not included (please refer to Note 2 below.)

FY2019 (As of Mar. 31, 2020)

	Book value	Fair value	(Thousands of yen) Difference
(1) Cash and deposits	20,574,644	20,574,644	-
(2) Notes and accounts receivable-trade	6,407,981	6,407,981	-
(3) Marketable securities and investment securities	11,691,982	11,691,982	-
Assets total	38,674,608	38,674,608	-
(1) Accounts payable-trade	1,177,418	1,177,418	-
Liabilities total	1,177,418	1,177,418	-

FY2020 (As of Mar. 31, 2021)

	Book value	Fair value	(Thousands of yen) Difference
(1) Cash and deposits	21,693,586	21,693,586	-
(2) Notes and accounts receivable-trade	6,806,824	6,806,824	-
(3) Marketable securities and investment securities	15,424,207	15,424,207	-
Assets total	43,924,618	43,924,618	-
(1) Accounts payable-trade	1,166,026	1,166,026	-
Liabilities total	1,166,026	1,166,026	-

Notes 1. Matters concerning determination of fair value of financial instruments and marketable securities

Assets

(1) Cash and deposits, and (2) Notes and accounts receivable-trade

Fair value of the financial instruments in these categories is deemed to be equal to their carrying amount.

(3) Marketable securities and investment securities

For fair value of the financial instruments in these categories, stocks are valued based on their prices on securities exchanges. Fair value of bond investment trust is deemed to be equal to its carrying amount. Please refer to the section "Marketable Securities" for information about securities categorized by purpose.

Liabilities

(1) Accounts payable-trade

Fair value of the financial instrument in this category is deemed to be equal to their carrying amount because they are settled within a short period of time.

2. Financial instruments whose fair values are deemed to be extremely difficult to measure

Item	FY2019 (As of Mar. 31, 2020)	FY2020 (As of Mar. 31, 2021)
Unlisted stocks	393,310	389,800

These instruments are not included in the above table because there are no market prices and the fair values are deemed to be extremely difficult to measure.

3. Balance of money claims and marketable securities with maturity scheduled to be redeemed in the subsequent fiscal years

FY2019 (As of Mar. 31, 2020)

(Thousands of yen)

	Due within one year	One to five years	Five to ten years	Over ten years
Cash and deposits	20,574,644	-	-	-
Notes and accounts receivable-trade	6,407,981	-	-	-
Total	26,982,626	-	-	-

FY2020 (As of Mar. 31, 2021)

(Thousands of yen)

	Due within one year	One to five years	Five to ten years	Over ten years
Cash and deposits	21,693,586	-	-	-
Notes and accounts receivable-trade	6,806,824	-	-	-
Total	28,500,410	-	-	-

Marketable Securities

1. Available-for-sale securities

FY2019 (As of Mar. 31, 2020)

(Thousands of yen)

Type	Book value	Acquisition cost	Unrealized gains (losses)
Securities with book value exceeds acquisition cost			
(1) Shares	4,917,949	1,642,224	3,275,725
(2) Bonds	-	-	-
(3) Others	-	-	-
Sub-total	4,917,949	1,642,224	3,275,725
Securities with book value not exceeding acquisition cost			
(1) Shares	74,032	83,367	(9,334)
(2) Bonds	-	-	-
(3) Others	6,700,000	6,700,000	-
Sub-total	6,774,032	6,783,367	(9,334)
Total	11,691,982	8,425,592	3,266,390

Note: Unlisted stocks (book value of 393,310 thousand yen) are not included in available-for-sale securities in the above table because there are no market prices and the fair values are deemed to be extremely difficult to measure.

FY2020 (As of Mar. 31, 2021)

(Thousands of yen)

Type	Book value	Acquisition cost	Unrealized gains (losses)
Securities with book value exceeds acquisition cost			
(1) Shares	8,724,207	2,225,591	6,498,616
(2) Bonds	-	-	-
(3) Others	-	-	-
Sub-total	8,724,207	2,225,591	6,498,616
Securities with book value not exceeding acquisition cost			
(1) Shares	-	-	-
(2) Bonds	-	-	-
(3) Others	6,700,000	6,700,000	-
Sub-total	6,700,000	6,700,000	-
Total	15,424,207	8,925,591	6,498,616

Note: Unlisted stocks (book value of 389,800 thousand yen) are not included in available-for-sale securities in the above table because there are no market prices and the fair values are deemed to be extremely difficult to measure.

2. Available-for-sale securities sold

FY2019 (Apr. 1, 2019 – Mar. 31, 2020)

Not applicable.

FY2020 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

Type	Sales amount	Aggregate gains	Aggregate losses
(1) Shares	0	-	3,499
(2) Bonds	-	-	-
(3) Others	-	-	-
Total	0	-	3,499

Segment Information

1. General information about reportable segments

Reportable segments of the Zuken Group are based on the group's components from which financial information can be obtained separately, so that CEO can judge how to distribute management resources and to periodically evaluate its performance.

The Zuken Group is engaged in solutions business including research and development, manufacturing and sales activities involving processes extending from design to production and related client services especially in electronics, automotive and industrial equipment manufacturing sectors. In the domestic market, the Company and its domestic affiliates are in charge and in overseas, each sales subsidiary which is an independent management unit in each country is in charge in Europe (mainly UK, Germany, and France), Americas, and Asia (mainly Korea, Singapore, and China).

Therefore, the Zuken Group consists of segments based on the sales structure. Reportable segments are divided into following four areas: Japan, Europe, Americas, and Asia. Each reportable segment consists of sales of solutions for processes extending from designs to production and related client services especially in electronics, automotive and industrial equipment manufacturing sectors.

2. Basis of measurement for net sales, profit or loss, segment assets, and other material items for each reportable segment

The accounting treatment methods for reportable segments are the same as those listed in the section "Basis of Presenting the Consolidated Financial Statements."

Profits for reportable segments are operating profit figures in the consolidated statement of income.

Intersegment sales or transfers are based on market price.

3. Information about net sales, profit or loss, segment assets, and other material items for each reportable segment

FY2019 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Reportable segment					Adjustment amount (Note 1)	Appropriated amount in the consolidated financial statements (Note 2)
	Japan	Europe	Americas	Asia	Total		
Net sales							
Sales to third parties	21,228,330	4,654,408	2,063,016	1,350,598	29,296,353	-	29,296,353
Intersegment sales or transfers	1,070,003	952,423	56,555	96,780	2,175,763	(2,175,763)	-
Total	22,298,334	5,606,831	2,119,571	1,447,378	31,472,116	(2,175,763)	29,296,353
Segment profit	2,656,588	240,028	115,655	372,433	3,384,706	6,535	3,391,241
Segment assets	22,839,235	6,161,296	1,496,278	1,653,481	32,150,291	19,295,601	51,445,892
Other items							
Depreciation	544,439	106,321	17,407	25,956	694,125	-	694,125
Amortization of goodwill	94,858	98,605	25,880	-	219,344	-	219,344
Increase in property, plant and equipment and intangible assets	608,520	107,809	8,060	7,244	731,634	-	731,634

Notes: 1. Contents of adjustments are as follows.

(1) Adjustment amount in segment profit includes amount of 6,535 thousand yen eliminated for intersegment transactions.

(2) Adjustment amount in segment assets includes amount of -4,870,157 thousand yen eliminated for intersegment transactions and total company assets of 24,165,758 thousand yen. The total company assets are mainly composed of surplus funds (deposits and marketable securities), and long-term invested assets (investment securities) of the Company.

2. Segment profit is adjusted with operating profit in the consolidated statement of income.

FY2020 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Reportable segment					Adjustment amount (Note 1)	Appropriated amount in the consolidated financial statements (Note 2)
	Japan	Europe	Americas	Asia	Total		
Net sales							
Sales to third parties	21,108,651	4,497,330	1,958,050	1,255,232	28,819,265	-	28,819,265
Intersegment sales or transfers	1,002,620	934,976	50,230	108,072	2,095,900	(2,095,900)	-
Total	22,111,272	5,432,307	2,008,280	1,363,304	30,915,165	(2,095,900)	28,819,265
Segment profit	2,359,957	62,215	134,060	339,048	2,895,281	(3,897)	2,891,384
Segment assets	23,647,836	6,933,455	1,635,837	1,731,178	33,948,307	23,219,769	57,168,076
Other items							
Depreciation	558,347	103,971	13,992	25,527	701,838	-	701,838
Amortization of goodwill	134,895	99,579	12,621	-	247,095	-	247,095
Increase in property, plant and equipment and intangible assets	525,762	79,299	8,226	2,593	615,881	-	615,881

Notes: 1. Contents of adjustments are as follows.

(1) Adjustment amount in segment profit includes amount of -3,897 thousand yen eliminated for intersegment transactions.

(2) Adjustment amount in segment assets includes amount of -5,023,933 thousand yen eliminated for intersegment transactions and total company assets of 28,243,702 thousand yen. The total company assets are mainly composed of surplus funds (deposits and marketable securities), and long-term invested assets (investment securities) of the Company.

2. Segment profit is adjusted with operating profit in the consolidated statement of income.

Per-share Information

(Yen)

	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)
Net assets per share	1,487.50	1,656.21
Net income per share	111.65	91.92

Notes: 1. Diluted net income per share is not presented since there is no dilutive share.

2. Basis for calculation of net income per share is as follows.

	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	2,595,767	2,137,173
Amount not available to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Thousands of yen)	2,595,767	2,137,173
Average number of shares outstanding during period (Shares)	23,249,578	23,249,298

Subsequent Events

Not applicable.

4. Production, Orders and Sales

(1) Sales and Orders

(a) Sales

(Thousands of yen)

Segment	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)		FY2020 (Apr. 1, 2020 – Mar. 31, 2021)	
	Amount	Composition (%)	Amount	Composition (%)
Japan	21,228,330	72.5	21,108,651	73.2
Europe	4,654,408	15.9	4,497,330	15.6
Americas	2,063,016	7.0	1,958,050	6.8
Asia	1,350,598	4.6	1,255,232	4.4
Total	29,296,353	100.0	28,819,265	100.0

(b) Orders received and order backlog

(Thousands of yen)

Segment	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)		FY2020 (Apr. 1, 2020 – Mar. 31, 2021)	
	Orders received	Order backlog	Orders received	Order backlog
Japan	22,100,211	7,662,755	22,358,992	8,913,096
Europe	4,759,748	1,685,342	4,663,535	2,015,861
Americas	2,146,215	1,424,182	1,861,370	1,339,921
Asia	1,451,654	439,523	1,328,205	534,471
Total	30,457,830	11,211,804	30,212,102	12,803,350

Notes: 1. Intersegment transactions have been eliminated.

2. The above amounts are based on selling prices and the amounts do not include consumption taxes.

(Reference) Results by product category are as follows.

(a) Sales

(Thousands of yen)

Product category	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)		FY2020 (Apr. 1, 2020 – Mar. 31, 2021)	
	Amount	Composition (%)	Amount	Composition (%)
Printed Circuit Board design solutions	4,782,582	16.3	4,248,201	14.7
Circuit design solutions	7,361,105	25.1	5,926,048	20.6
IT solutions	6,193,266	21.1	7,042,313	24.4
Client services	10,948,790	37.5	11,596,494	40.3
Others	10,607	0.0	6,206	0.0
Total	29,296,353	100.0	28,819,265	100.0

(b) Orders received and order backlog

(Thousands of yen)

Product category	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)		FY2020 (Apr. 1, 2020 – Mar. 31, 2021)	
	Orders received	Order backlog	Orders received	Order backlog
Printed Circuit Board design solutions	4,913,702	812,423	4,249,753	835,729
Circuit design solutions	7,268,256	1,084,438	6,247,186	1,430,141
IT solutions	6,128,067	983,467	7,242,890	1,190,389
Client services	12,137,899	8,331,135	12,465,606	9,346,289
Others	9,904	339	6,666	800
Total	30,457,830	11,211,804	30,212,102	12,803,350

Notes: 1. The above amounts are based on selling prices and the amounts do not include consumption taxes.

2. Name of major products by product category are as follows.

Major products of Printed Circuit Board design solutions	CR-8000 Design Force CR-8000 DFM Center CADSTAR eCADSTAR	CR-5000 Board Designer
Major products of Circuit design solutions	CR-8000 Design Gateway CR-8000 System Planner E3.series Cabling Designer Harness Designer	CR-5000 System Designer
Major products of IT solutions	PreSight visual BOM DS-CR DS-2 Espresso DS-E3 GENESYS	

5. Non-consolidated Financial Statements(1) **Balance Sheet**

	(Thousands of yen)	
	FY2019	FY2020
	(As of Mar. 31, 2020)	(As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	12,083,975	12,429,694
Notes receivable-trade	223,893	291,515
Accounts receivable-trade	2,794,357	2,747,885
Securities	6,700,000	6,700,000
Inventories	88,716	50,349
Short-term loans receivable from subsidiaries and associates	65,298	66,426
Other	250,311	291,880
Total current assets	22,206,553	22,577,751
Non-current assets		
Property, plant and equipment		
Buildings	2,715,507	2,637,829
Structures	31,353	28,577
Vehicles	10,927	6,845
Tools, furniture and fixtures	107,631	107,813
Land	3,009,559	3,009,559
Leased assets	6,104	6,725
Total property, plant and equipment	5,881,084	5,797,350
Intangible assets		
Other	260,237	308,780
Total intangible assets	260,237	308,780
Investments and other assets		
Investment securities	5,381,782	9,114,007
Shares of subsidiaries and associates	2,138,039	2,156,823
Investments in capital of subsidiaries and associates	2,429,229	2,429,229
Long-term loans receivable from subsidiaries and associates	108,785	110,664
Long-term trade accounts receivables from subsidiaries and associates	594,665	816,869
Deferred tax assets	145,548	-
Other	333,083	357,850
Allowance for doubtful accounts	(14,902)	(14,902)
Total investments and other assets	11,116,231	14,970,541
Total non-current assets	17,257,554	21,076,671
Total assets	39,464,108	43,654,422

	(Thousands of yen)	
	FY2019	FY2020
	(As of Mar. 31, 2020)	(As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Accounts payable-trade	672,988	396,457
Accounts payable-other	943,296	729,174
Income taxes payable	339,523	237,275
Advances received	883,458	943,535
Provision for bonuses	360,369	365,076
Provision for bonuses for directors (and other officers)	50,000	78,000
Other	186,961	199,285
Total current liabilities	3,436,597	2,948,803
Non-current liabilities		
Deferred tax liabilities	-	898,378
Provision for retirement benefits	2,484,919	2,483,326
Long-term accounts payable-other	96,850	96,850
Other	18,585	18,255
Total non-current liabilities	2,600,354	3,496,810
Total liabilities	6,036,951	6,445,614
Net assets		
Shareholders' equity		
Share capital	10,117,065	10,117,065
Capital surplus		
Legal capital surplus	8,657,753	8,657,753
Total capital surpluses	8,657,753	8,657,753
Retained earnings		
Legal retained earnings	311,082	311,082
Other retained earnings		
General reserve	9,525,000	11,025,000
Retained earnings brought forward	2,566,158	2,605,601
Total retained earnings	12,402,241	13,941,684
Treasury shares	(16,778)	(17,734)
Total shareholders' equity	31,160,281	32,698,768
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,266,875	4,510,039
Total valuation and translation adjustments	2,266,875	4,510,039
Total net assets	33,427,156	37,208,808
Total liabilities and net assets	39,464,108	43,654,422

(2) Statement of Income

(Thousands of yen)

	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	12,072,710	11,135,371
Cost of sales	3,162,497	2,699,842
Gross profit	8,910,213	8,435,528
Selling, general and administrative expenses	7,229,770	7,093,182
Operating profit	1,680,443	1,342,346
Non-operating income		
Interest income	2,442	2,262
Dividend income	868,495	1,079,490
Foreign exchange gains	-	123,199
Rental income	131,334	135,490
Other	72,038	99,443
Total non-operating income	1,074,310	1,439,886
Non-operating expenses		
Rental costs on real estate	130,523	118,150
Foreign exchange losses	70,068	-
Other	1,071	1,366
Total non-operating expenses	201,662	119,517
Ordinary profit	2,553,091	2,662,715
Extraordinary income		
Gain on sale of non-current assets	-	542
Reversal of provision for loss on business of subsidiaries and associates	177,000	-
Reversal of allowance for doubtful accounts for subsidiaries and associates	18,554	-
Total extraordinary income	195,554	542
Extraordinary losses		
Loss on disposal of non-current assets	1,641	998
Loss on valuation of shares of subsidiaries and associates	35,047	-
Provision of allowance for doubtful accounts of golf club membership	2,000	-
Total extraordinary losses	38,688	998
Profit before income taxes	2,709,957	2,662,259
Income taxes-current	486,565	370,467
Income taxes-deferred	(54,221)	54,866
Total income taxes	432,344	425,333
Profit	2,277,613	2,236,925

(3) Statement of Changes in Equity

FY2019 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	10,117,065	8,657,753	8,657,753	311,082	8,325,000	2,139,534	10,775,617
Changes during period							
Provision of general reserve					1,200,000	(1,200,000)	
Dividends of surplus						(650,989)	(650,989)
Profit						2,277,613	2,277,613
Purchase of treasury shares							
Net changes other than shareholders' equity							
Total changes during period	-	-	-	-	1,200,000	426,623	1,626,623
Balance at end of period	10,117,065	8,657,753	8,657,753	311,082	9,525,000	2,566,158	12,402,241

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(16,365)	29,534,070	2,022,397	2,022,397	31,556,468
Changes during period					
Provision of general reserve					
Dividends of surplus		(650,989)			(650,989)
Profit		2,277,613			2,277,613
Purchase of treasury shares	(413)	(413)			(413)
Net changes other than shareholders' equity			244,477	244,477	244,477
Total changes during period	(413)	1,626,210	244,477	244,477	1,870,687
Balance at end of period	(16,778)	31,160,281	2,266,875	2,266,875	33,427,156

FY2020 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	10,117,065	8,657,753	8,657,753	311,082	9,525,000	2,566,158	12,402,241
Changes during period							
Provision of general reserve					1,500,000	(1,500,000)	
Dividends of surplus						(697,482)	(697,482)
Profit						2,236,925	2,236,925
Purchase of treasury shares							
Net changes other than shareholders' equity							
Total changes during period	-	-	-	-	1,500,000	39,443	1,539,443
Balance at end of period	10,117,065	8,657,753	8,657,753	311,082	11,025,000	2,605,601	13,941,684

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(16,778)	31,160,281	2,266,875	2,266,875	33,427,156
Changes during period					
Provision of general reserve					
Dividends of surplus		(697,482)			(697,482)
Profit		2,236,925			2,236,925
Purchase of treasury shares	(955)	(955)			(955)
Net changes other than shareholders' equity			2,243,164	2,243,164	2,243,164
Total changes during period	(955)	1,538,487	2,243,164	2,243,164	3,781,652
Balance at end of period	(17,734)	32,698,768	4,510,039	4,510,039	37,208,808

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.