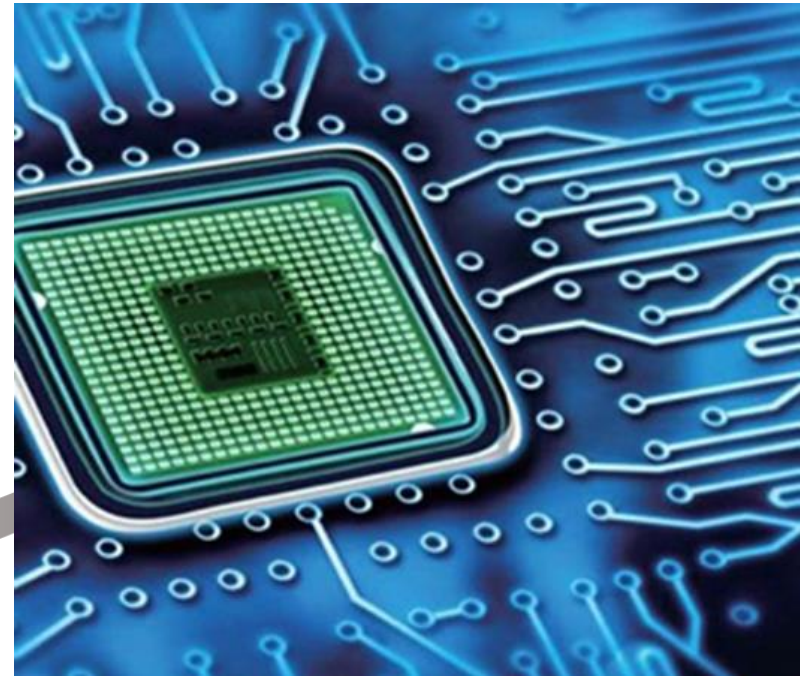


Progress and Outlook of Medium-term Business Plan (April 2019 - March 2022)

July 13, 2021



ZUKEN Inc.

Tokyo Stock Exchange, First Section
Securities code: 6947

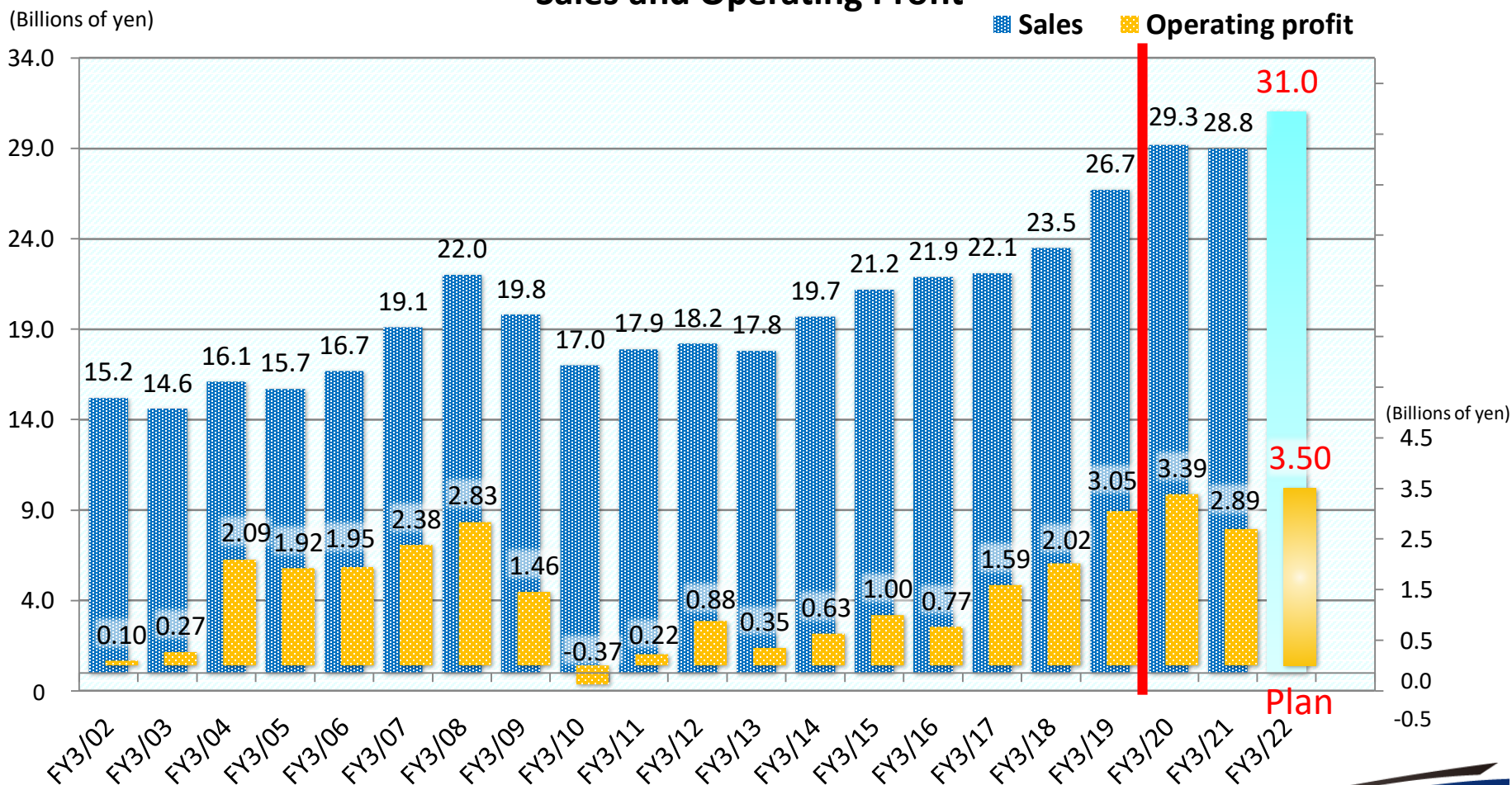
Progress in First Two Years and Final Year Outlook

Progress in First Two Years and Final Year Outlook (Overview)

- (1) Minimized the second-year downturns in sales and earnings, the result of global market turmoil and restrictions on sales activities, due to consistent investments by customers for innovations and reinforcing the environment for design tasks**
- (2) Markets in Japan are beginning to benefit from economic recoveries that started late in 2020 in North America and China and performance in the plan's third year is slowly returning to the original growth trajectory**
Forecast record-high sales and earnings in FY3/22
- (3) Final preparations during the plan's final year for the full-scale deployment of the MBSE (model-based systems engineering) business**

Financial Summary (FY3/02-FY3/22)

Sales and Operating Profit

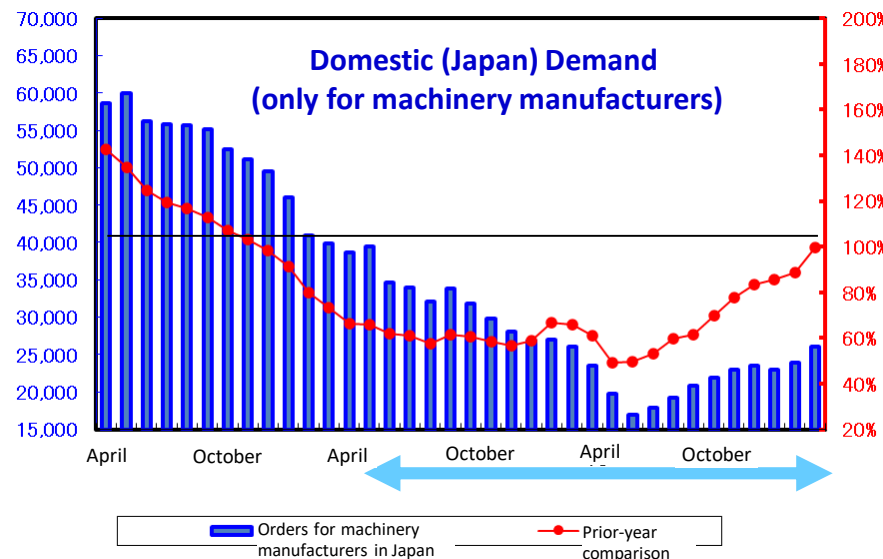


Forecast record-high sales and operating profit in FY3/22

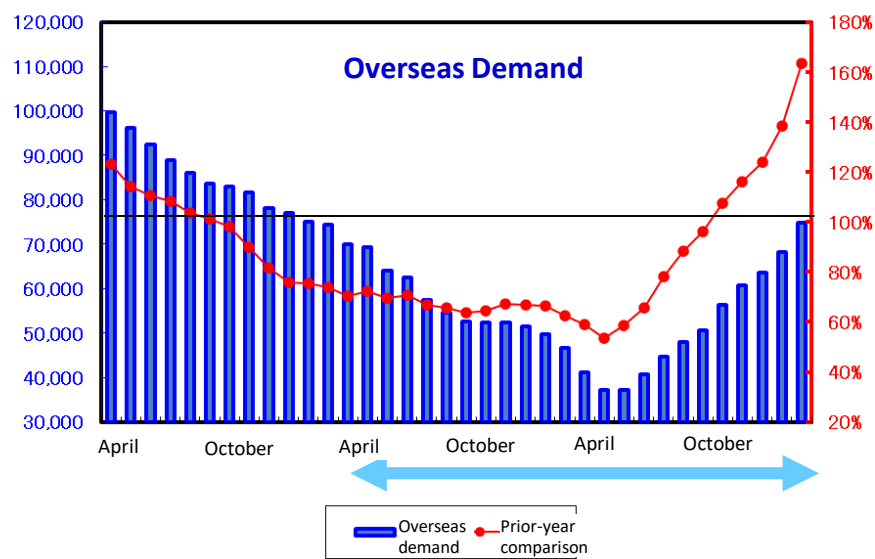
Capital Expenditures by Manufacturers

Machine Tool Orders (3-month moving average)

(Millions of yen)



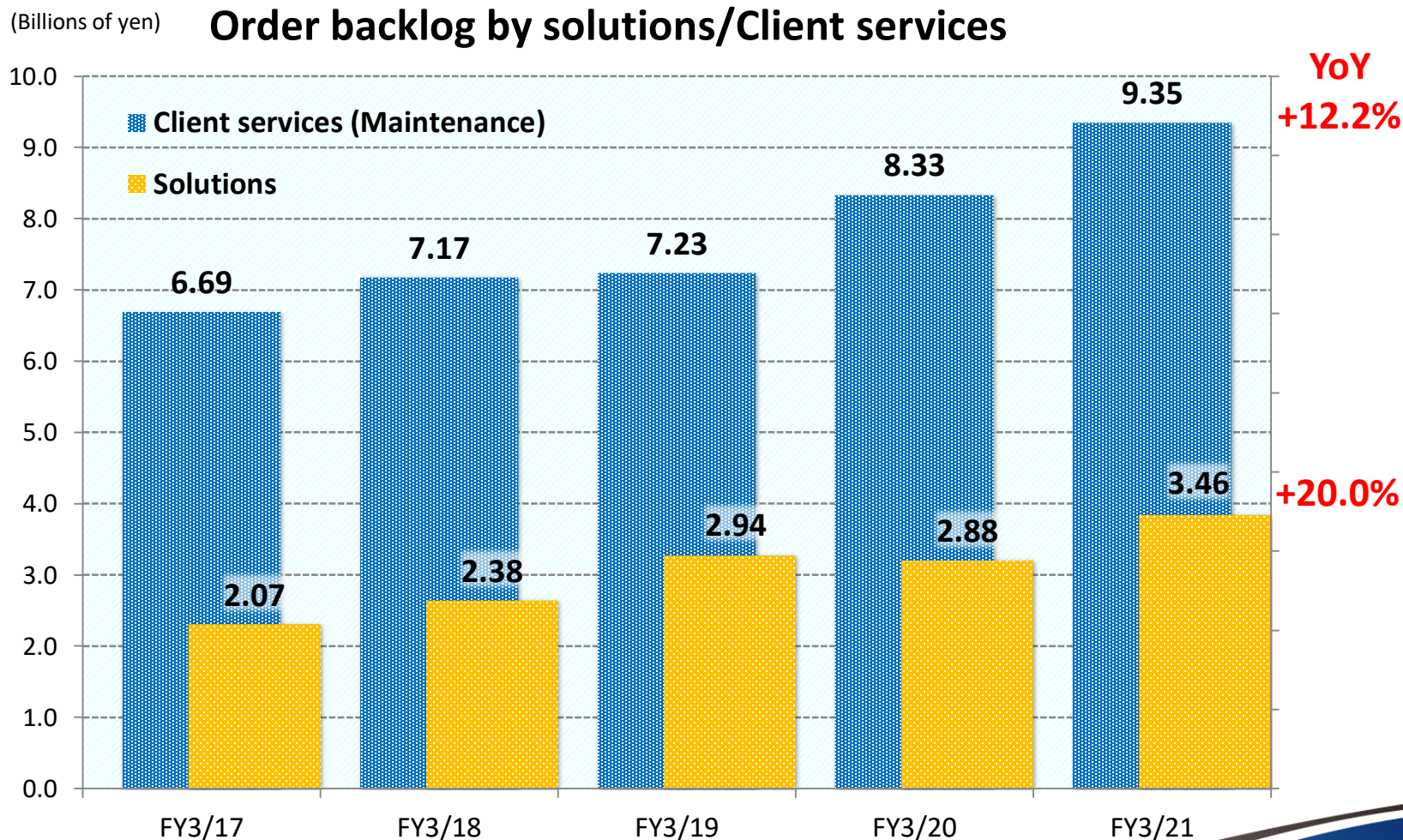
(Millions of yen)



Source: Japan Machine Tool Builders' Association (JMTBA)

Monthly overseas demand is up year-on-year since the end of 2020 and demand in Japan since April

Order Backlog (FY3/17-FY3/21)



The plan's final year started with a record-high order backlog

By Product Categories

Order Backlog (Millions of yen)	FY3/20	FY3/21	YoY change	YoY change (%)
Printed Circuit Board design solutions	812	835	+23	+2.9%
Circuit design solutions	1,084	1,430	+345	+31.9%
IT solutions	983	1,190	+206	+21.0%
Client services	8,331	9,346	+1,015	+12.2%
Total	11,211	12,803	+1,591	+14.2%

The FY3/21 order backlog was higher than in FY3/20 in all solution categories

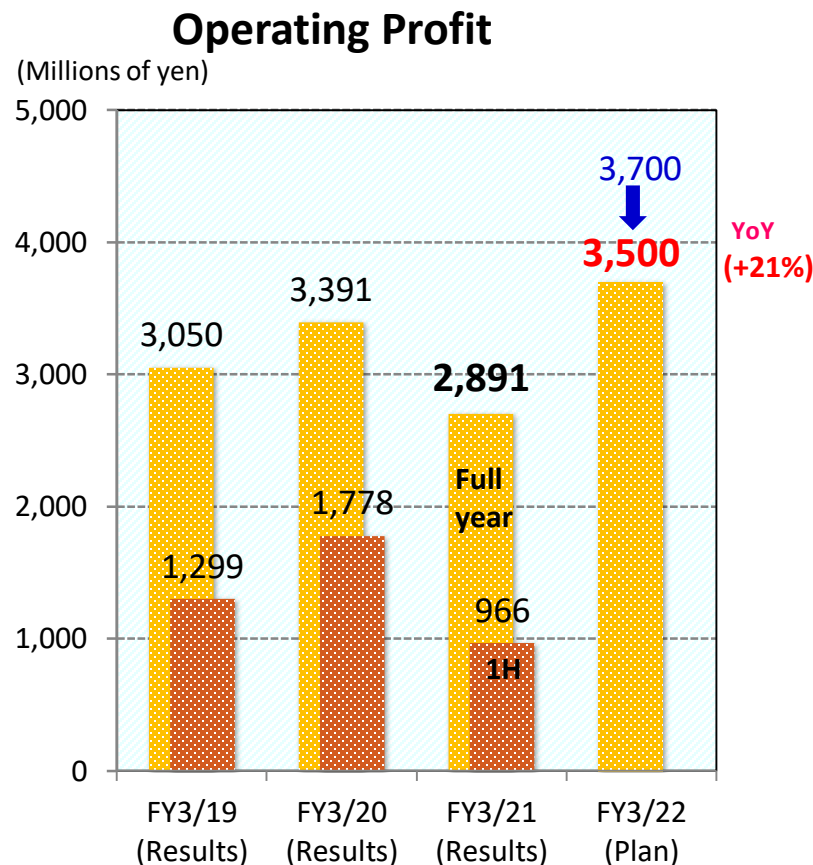
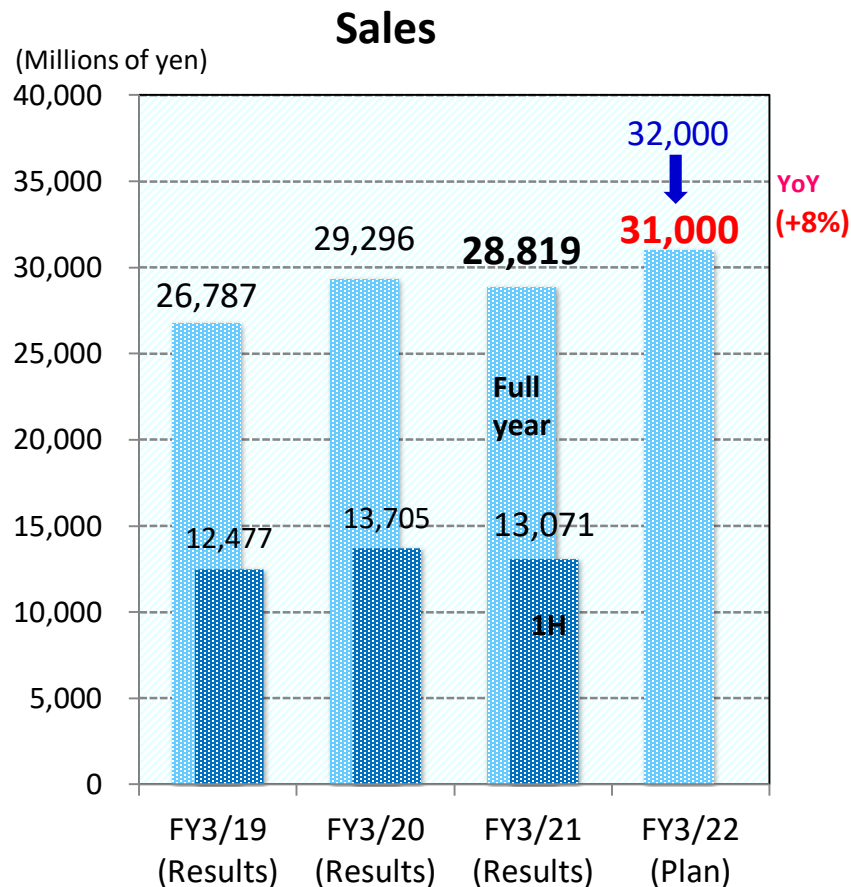
By Regions

Order Backlog (Millions of yen)	FY3/20	FY3/21	YoY change	YoY change (%)
Japan	7,662	8,913	+1,250	+16.3%
Europe	1,685	2,015	+330	+19.6%
USA	1,424	1,339	-84	-5.9%
Asia	439	534	+94	+21.6%
Total	11,211	12,803	+1,591	+14.2%

The USA order backlog decreased because a large order was received in FY3/20

Performance and Outlook by Business Segment

Medium-term Sales/Earnings Targets and Results

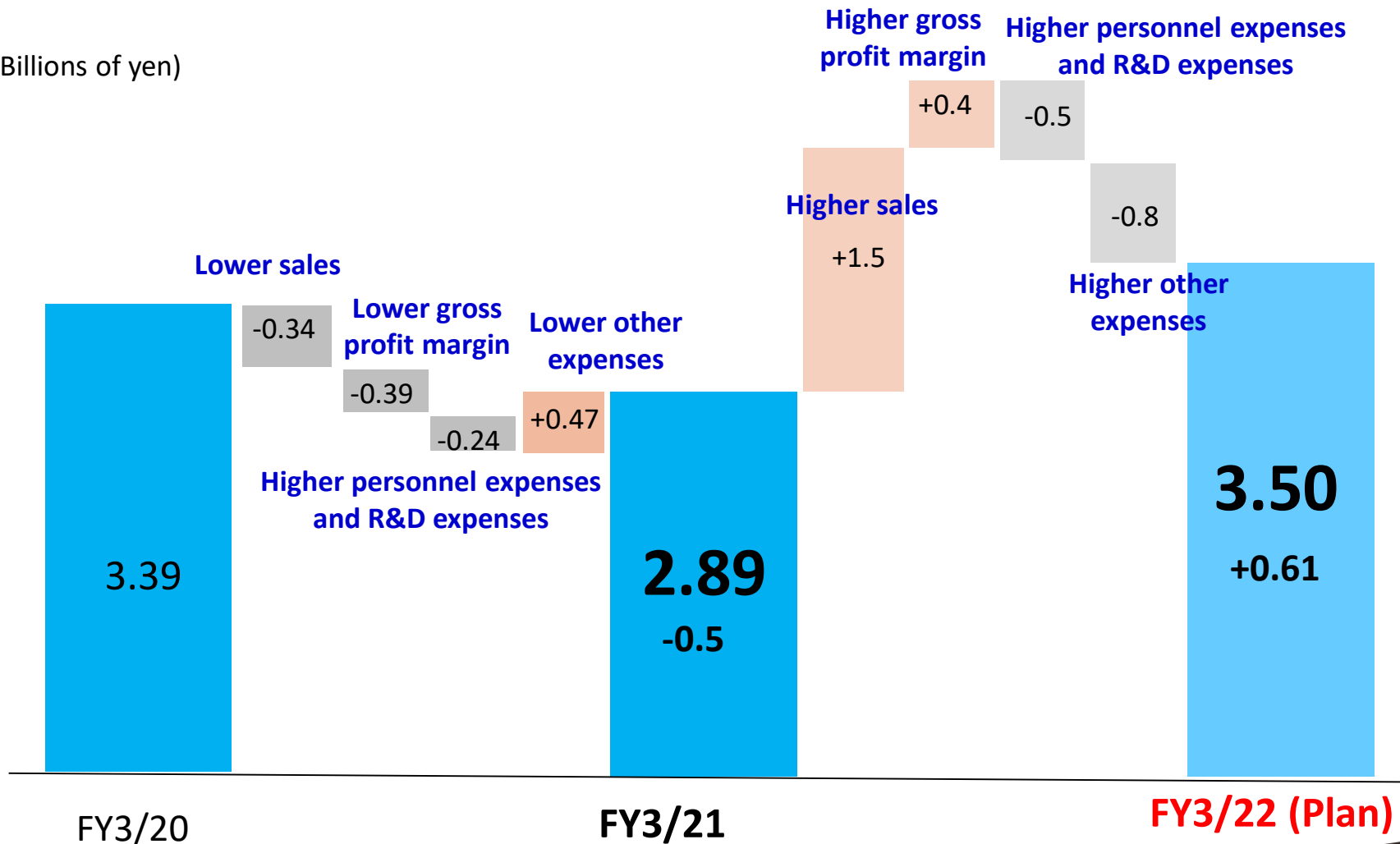


Note: Foreign exchange rate assumptions for the Medium-term Business Plan are **103** yen/USD and **125** yen/EUR.

The targets for the plan's final year have been lowered, but still aiming for big increases in sales and operating profit

Change in Operating Profit and Outlook for FY3/22

(Billions of yen)



Reference: Sales by Solutions

Sales (Millions of yen)	FY3/20	FY3/21	YoY change	
Printed Circuit Board design solutions	4,782	4,248	-534	Design Automation
Circuit design solutions	7,361	5,926	-1,435	
IT solutions	6,193	7,042	+849	Data Management
Client services	10,959	11,602	+643	Client services are divided into the above two categories
Total	29,296	28,819	-477	

Reference: Product Category

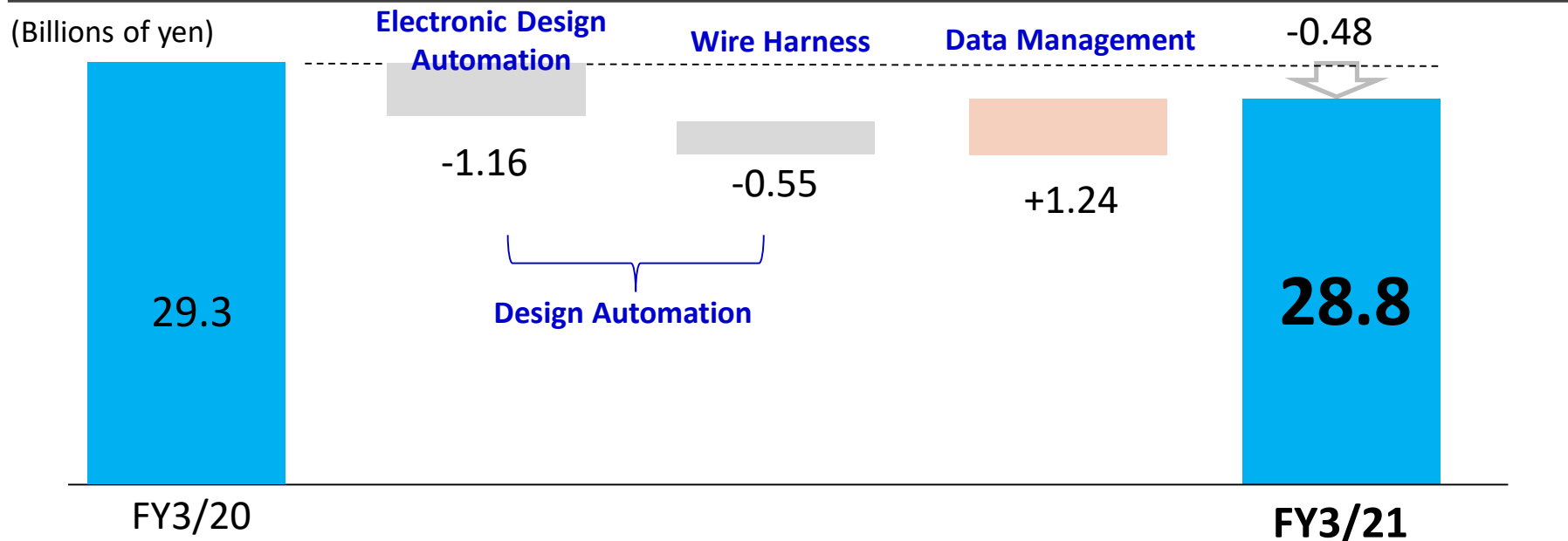
Major products of each product category

Product Categories Used in Earnings Releases	Major Products
<p>Printed Circuit Board design solutions</p> <p>Circuit design solutions</p>	<p>Design Automation</p> <p>CR-8000 Design Force CR-8000 DFM Center CR-5000 Board Designer</p> <p>CR-8000 Design Gateway CR-8000 System Planner</p> <p>E3.series Cabling Designer Harness Designer</p>
<p>IT solutions</p>	<p>Data Management</p> <p>DS-2, visualBOM Knowledge Explorer Fortigate (NW Security)</p>
<p>Client services and others</p>	<p>Divided among the above categories</p> <p>(Maintenance services for products)</p>

Sales by Product Category vs. FY3/20

Product Category (Millions of yen)	FY3/20	FY3/21	YoY change	
Design Automation	19,447	17,730	-1,717	-8.8%
(of which WH Design)	(5,463)	(4,908)	-555	-10.2%
Data Management Solutions	9,848	11,089	+1,240	+12.6%
Total Sales	29,296	28,819	-477	-1.6%

Changes in Sales by Product Category



Electronic Design Automation

- Sales recovered somewhat in Q4 but were held down during the entire FY as project executions have slowed down due to the uncertain business climate.
- Steady volume of investments for innovations, mainly in the automobile and electronic components sectors

Wire Harness Design

- A bigger impact of market instability because of a larger pct. of small/midsize users than in the EDA category
- Good prospects for growth in the factory DX solutions market, but currently no signs of a significant recovery

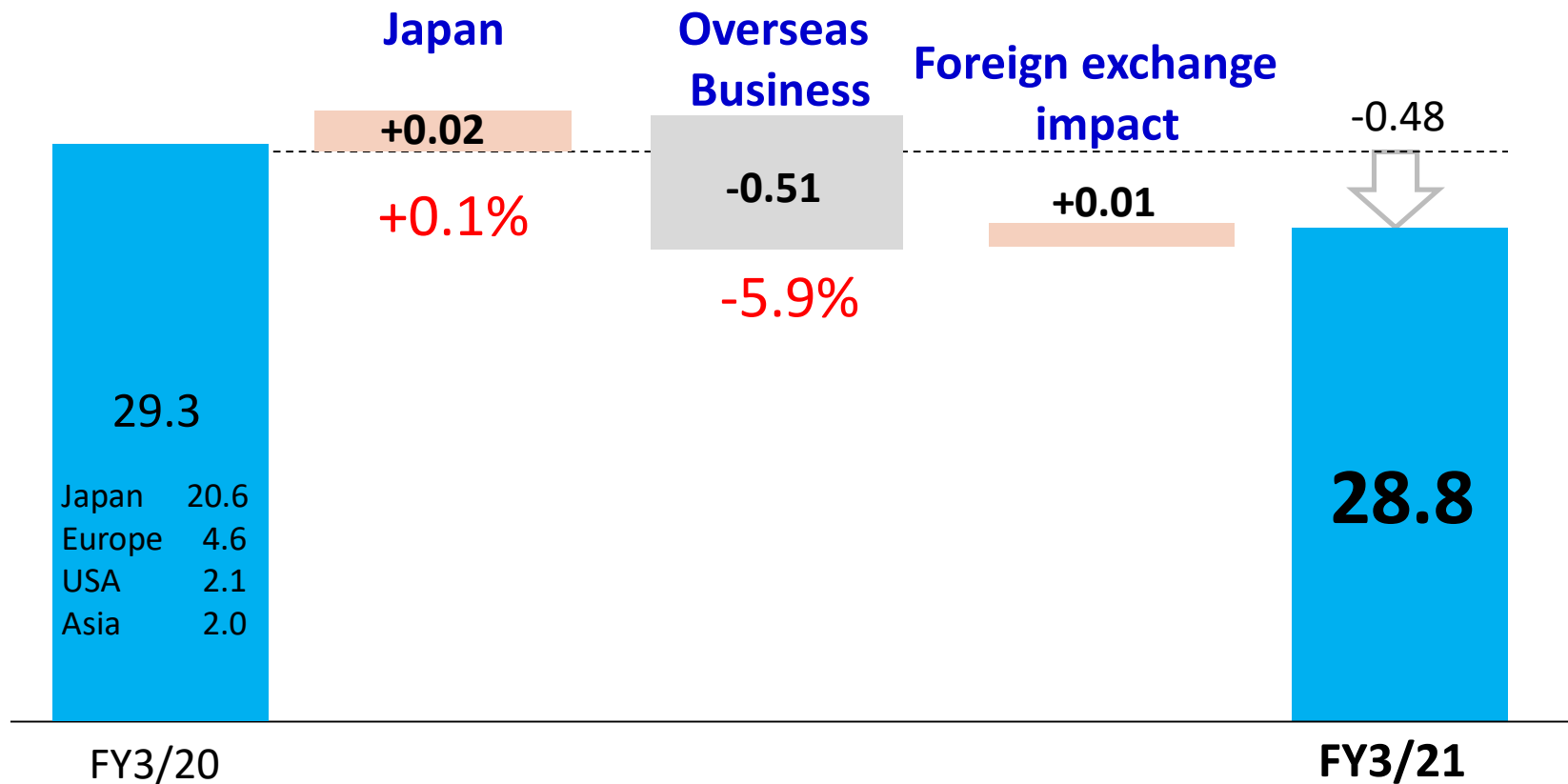
Data Management

- The COVID-19 crisis has increased demand for PDM products and security solutions (provided by a Zuken affiliate)
- Increasing recognition of the importance of strengthening infrastructure for digital engineering

Overseas Business Sales

Average exchange rates in FY3/20 were 109 yen/USD and 121 yen/EUR.
Average exchange rates in FY3/21 were 106 yen/USD and 124 yen/EUR.

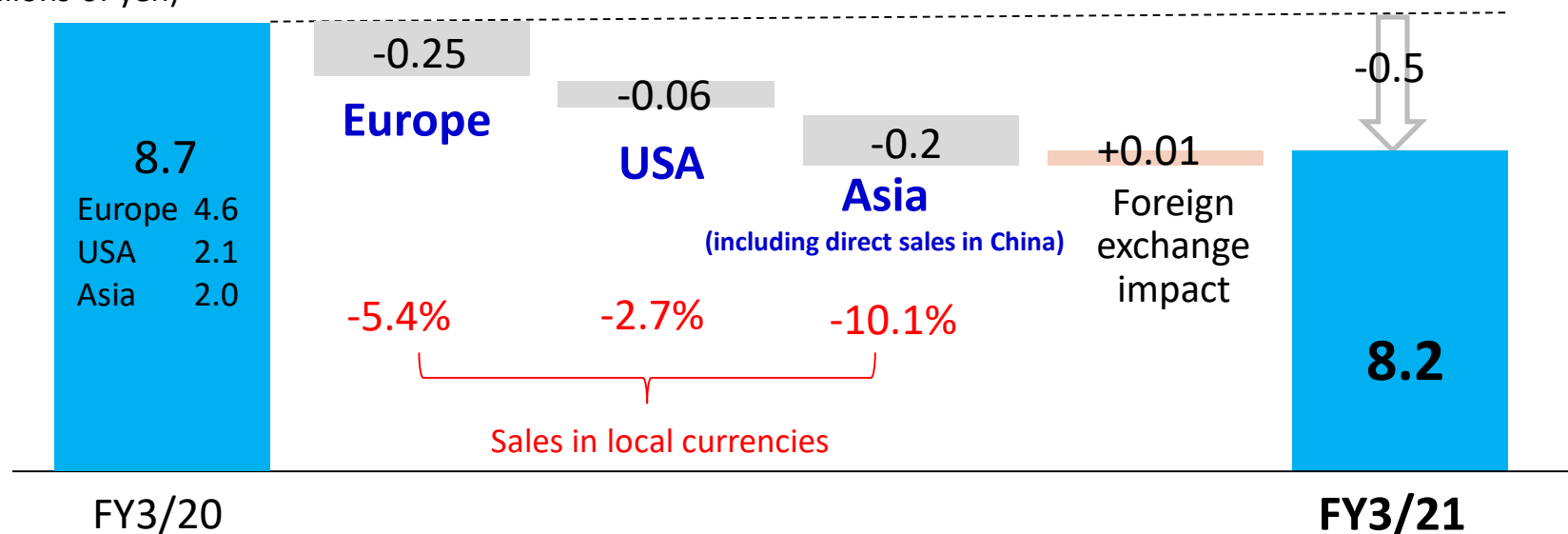
(Billions of yen)



Changes in Sales by Region

Average exchange rates in FY3/20 were 109 yen/USD and 121 yen/EUR.
Average exchange rates in FY3/21 were 106 yen/USD and 124 yen/EUR.

(Billions of yen)



Europe

- Sales recovered somewhat late in FY3/21 but many projects were suspended or delayed
- Sales activities for new orders in the industrial machinery sector were suspended

USA

- Sluggish new orders but stable earnings due to time based license growth
- Unable to cover the decline following the receipt of a large order in FY3/20
- Newly acquired Vitech contributed to sales

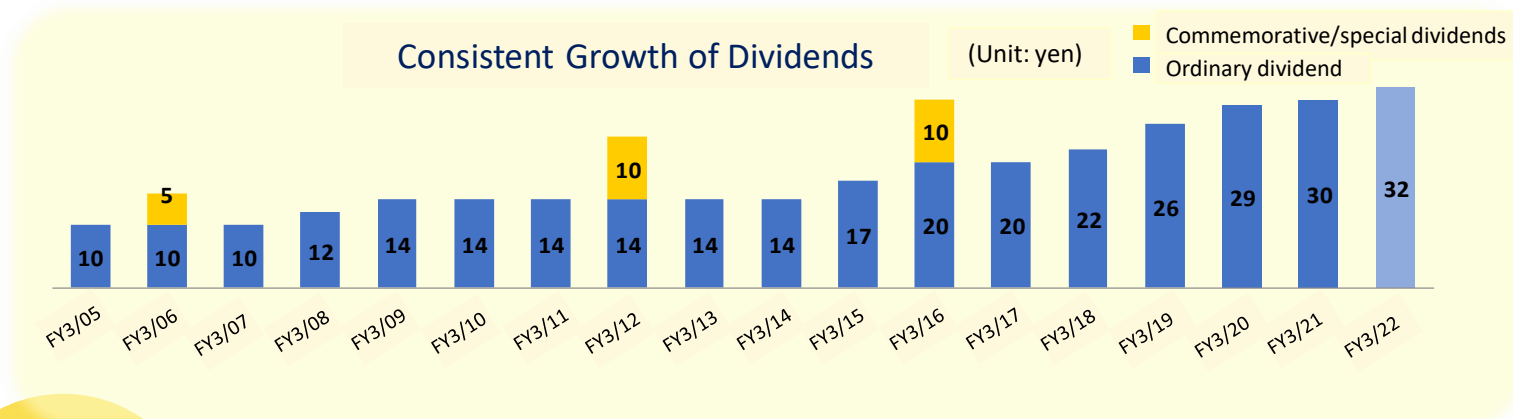
Asia

- Sales activities decreased everywhere except Taiwan; the business climate is especially difficult in India
- Sales started recovering late in FY3/21 because of the resumption of economic activity in China, South Korea, Taiwan and other countries

Outlook for Business Categories

- Anticipate a recovery at major customers globally in the volume of investments to upgrade and optimize design operations → **Design Automation**
- Expect the acceleration of digitalization demand to continue because of the digital transformation trends including working style reforms under current circumstance → **IT Solution**
- The planned full-scale start of MBSE solution sales in Japan and the launch of new automotive E/E (electronics and electrical) design solutions to be a key for the next medium term growth

Policy for Shareholder Distributions



Investments for growth

Stable shareholder distributions

Financial soundness

- Zuken has paid an annual dividend per share of at least 10 yen every year since its listing in 1987
- The dividend has increased several times since 2008 and the annual dividend was 30 yen for FY3/21 with the year-end dividend of 15 yen
- **Zuken plans to pay an annual dividend of 32 yen for FY3/22**
- We will continue to consider suitable and highly effective methods of returning earnings to shareholders by taking into account business performance, operating conditions and other factors

Zuken will retain a progressive dividend policy

Corporate Profile

The Zuken Group's digital transformation special web page
<https://www.zuken.co.jp/dx/>



Corporate Profile



ZUKEN Inc.

Established: December 17, 1976

Capital: 10,117,065,000 yen

Employees: 426 (non-consolidated)

1,445 (consolidated) (As of Mar. 31, 2021)

Tokyo Stock Exchange, First Section

Securities code: 6947

- A Japanese engineering software vendor with global presence
- More than 40 years of experience in the electronic design automation industry (Backed by a consistently sound financial position)
- In-house development of technologies along with the use of alliances, M&A and other measures to acquire new technologies quickly as needed

History

December 1976	Established as Zukei Shori Gijutsu Kenkyusho Inc.	June 2009	Announced the release of "PreSight," a new product of PLM Solutions.
June 1978	Developed Japan's first CAD/CAM system "Create 2000" for the design of printed circuit boards.	May 2010	Concluded an equity alliance with Lattice Technology Co., Ltd., making Zuken the second-largest shareholder after Toyota.
November 1983	Established ZUKEN AMERICA Inc. (now ZUKEN USA Inc.) in the United States.	June 2011	Announced the release of "visual BOM" that integrated bill of materials technology with the ultra lightweight 3D format XVL.
January 1988	Developed a new CAD system "CR-3000."	January 2011	Announced worldwide the release of the "CR-8000," a new generation electronic device design platform.
October 1991	Registered in the Second Section of the Tokyo Stock Exchange as a first EDA corporation.	September 2013	Established "Zuken SOZO Center" in Silicon Valley, North America.
January 1992	Established ZUKEN EUROPE GmbH (now ZUKEN GmbH) in Germany.	August 2014	Established Global Automotive and Transportation Competence Center in Erlangen, Germany.
January 1992	Established ZUKEN KOREA Inc. in Seoul.	December 2014	Concluded a capital and business alliance with Toyo Business Engineering Corporation (now Business Engineering Corporation).
August 1992	Established ZUKEN SINGAPORE Pte. Ltd. in Singapore.	February 2015	Established DiverSync Corporation.
April 1994	Developed EDA vertical integration solution "CR-5000."	March 2015	Established ZUKEN INDIA Pte. Ltd. in India.
June 1994	Acquired all the shares of Racal-Redac Group (11 companies) of the United Kingdom.	July 2015	Took over YDC Corporation's CADVANCE business (CAD and PDM operations).
September 1994	Moved up to the First Section of the Tokyo Stock Exchange.	April 2016	The PreSight Division was spun off as Zuken PreSight Inc.
March 2000	Acquired all the shares of INCASES Engineering GmbH.	December 2017	Acquired all the shares of Alfatech Inc. (now Zuken Alfatech Inc.).
March 2002	Started provision of a wire harness design environment for the automotive industry.	August 2019	Acquired all the shares of Vitech Corporation (now Zuken Vitech Inc.) of USA.
June 2002	Established Shanghai Technical Center in Shanghai.	October 2019	Established ZUKEN Modelinx Inc.
February 2004	Announced the release of "ePLM Platform DS-2," a PLM solution specially designed for the electrical and electronics industries.		
August 2005	Established ZUKEN TAIWAN Inc. in Taiwan.		
May 2006	Acquired CIM-TEAM (now ZUKEN E3 GmbH) of Germany.		
June 2007	Released "V54EE" based on "Catia V5."		

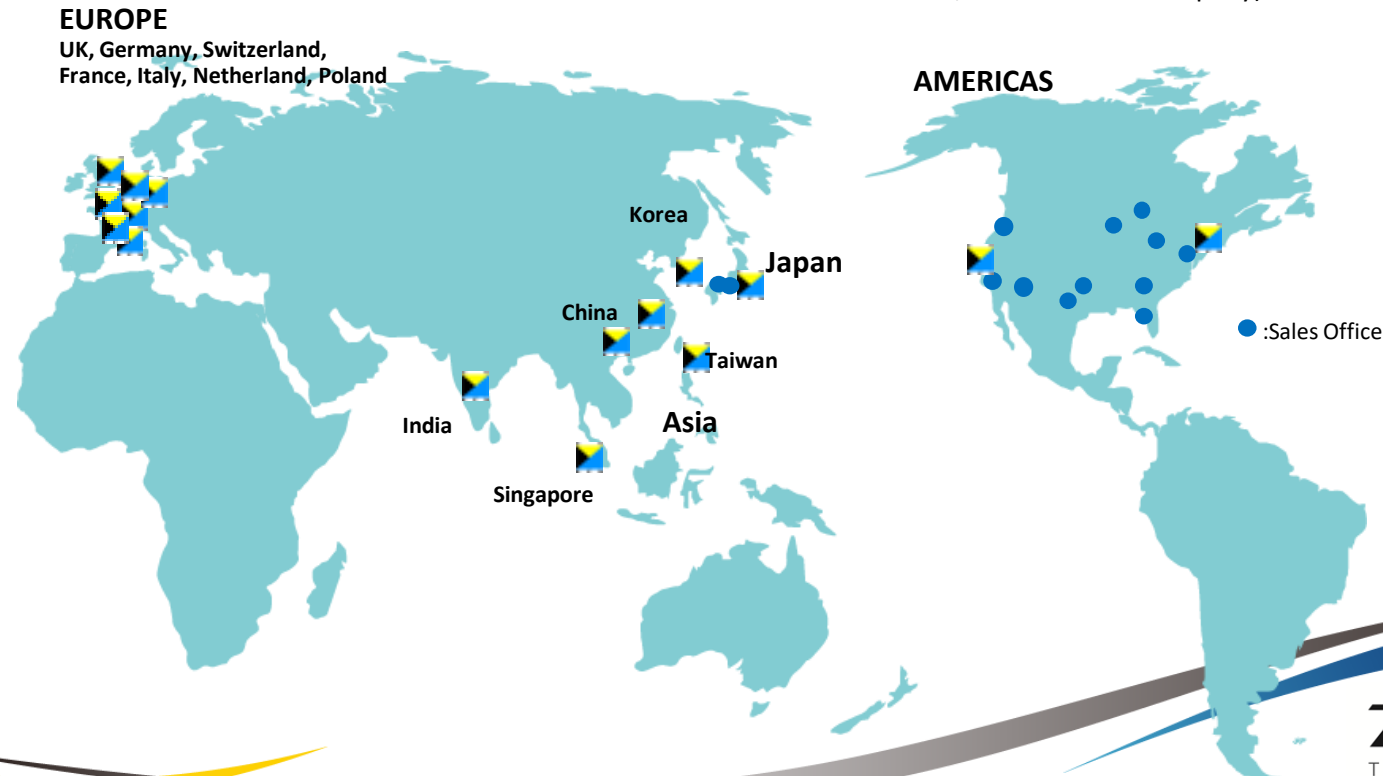
Global Locations and Affiliates in Japan

Head Office/Central Research Facility: Tsuzuki-ku, Yokohama

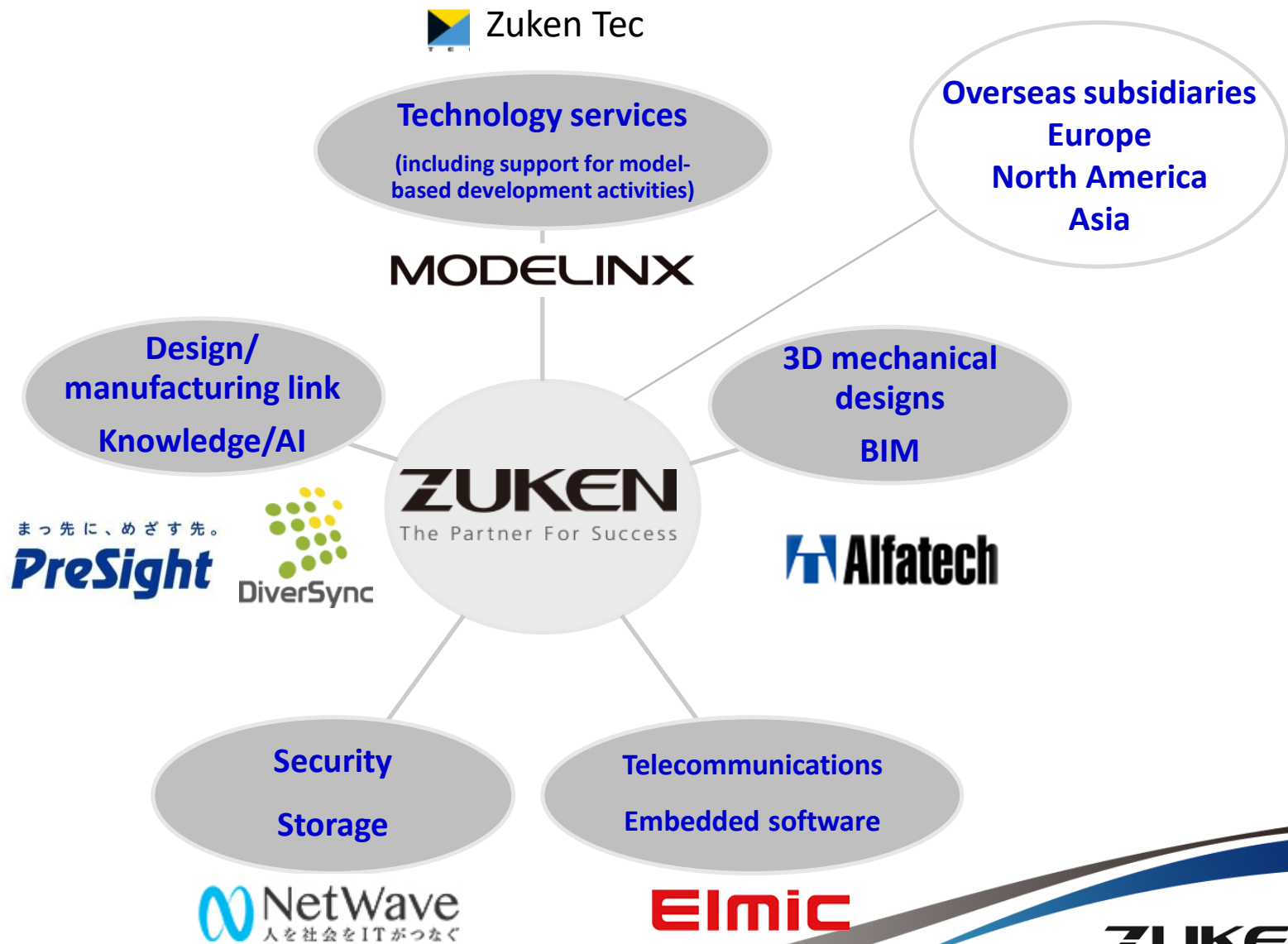
Locations in Japan: Yokohama, Osaka and Nagoya

Overseas Locations: 5 countries in Asia, 8 countries in Europe and the United States

Domestic Affiliates: 7 (Zuken Tec Inc., Zuken Netwave Inc., Zuken Elmic Inc., Zuken PreSight Inc., Zuken Alfatech Inc., and one other company)



Zuken Group



Precautions

Information in this presentation includes forward-looking statements about results of operations and other items. These statements are judgments of the Zuken Group based on information available when this presentation was prepared and include potential risks and uncertainties. Therefore, actual results of operations and other aspects of future performance may differ greatly from these forward-looking statements. Risk factors that may affect the Zuken Group's performance include, but are not limited to, changes in the economies of various countries, capital expenditures of the group's customers, changes in the demand for the group's products, progress with the development of new products, competition with other companies, and foreign exchange rate movements.

The performance targets in this presentation are not forecasts or current outlooks for future results of operations. These figures are goals that the Zuken Group will attempt to reach by implementing its business strategies.

The Partner For Success **ZUKEN**



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