



May 9, 2022

**Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (FY2021)**

**[Japanese GAAP]**

Company name: ZUKEN Inc. Listing: Tokyo Stock Exchange  
 Stock code: 6947 URL: <https://www.zuken.co.jp>  
 Representative: Jinya Katsube, President and Representative Director  
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 Scheduled date of Annual General Shareholders' Meeting: June 29, 2022  
 Scheduled date of payment of dividend: June 30, 2022  
 Scheduled date of filing of Annual Securities Report: June 29, 2022  
 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, 2022 (April 1, 2021 – March 31, 2022)**

(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, 2022	31,502	9.3	3,904	35.0	4,177	32.5	3,002	40.5
Mar. 31, 2021	28,819	(1.6)	2,891	(14.7)	3,153	(9.6)	2,137	(17.7)

Note: Comprehensive income (Millions of yen) Fiscal year ended Mar. 31, 2022: 540 (down 88.2%)  
 Fiscal year ended Mar. 31, 2021: 4,567 (up 73.4%)

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, 2022	129.16	-	7.8	7.2	12.4
Mar. 31, 2021	91.92	-	5.8	5.8	10.0

Reference: Equity in earnings of associates (Millions of yen) Fiscal year ended Mar. 31, 2022: 84  
 Fiscal year ended Mar. 31, 2021: -

Note: Effective from the beginning of the fiscal year ended on March 31, 2022, Zuken applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. All figures for the fiscal year ended March 31, 2022 incorporate this accounting standard.

(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, 2022	59,105	38,616	64.7	1,644.76
As of Mar. 31, 2021	57,168	38,842	67.4	1,656.21

Reference: Shareholders' equity (Millions of yen) As of Mar. 31, 2022: 38,238 As of Mar. 31, 2021: 38,505

Note: Effective from the beginning of the fiscal year ended on March 31, 2022, Zuken applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. All figures as of March 31, 2022 incorporate this accounting standard.

(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, 2022	1,247	4,703	(765)	26,900
Mar. 31, 2021	2,661	(1,168)	(749)	21,412

**2. Dividends**

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2021	Yen -	Yen 15.00	Yen -	Yen 15.00	Yen 30.00	Millions of yen 697	% 32.6	% 1.9
Fiscal year ended Mar. 31, 2022	Yen -	Yen 16.00	Yen -	Yen 21.00	Yen 37.00	860	28.6	2.2
Fiscal year ending Mar. 31, 2023 (forecast)	Yen -	Yen 20.00	Yen -	Yen 20.00	Yen 40.00		30.5	

Note: The year-end dividend for the fiscal year ended March 31, 2022 includes a special dividend of 5 yen.

### 3. Consolidated Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(Percentages represent year-on-year changes)

	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
Full year	33,500	6.3	4,100	5.0	4,300	2.9	3,050	1.6	131.19

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:	Yes
(b) Changes in accounting policies other than (a) above:	None
(c) Changes in accounting-based estimates:	None
(d) Restatements:	None

Note: Please refer to “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” on page 14 for further information.

(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, 2022:	23,267,169 shares	As of Mar. 31, 2021:	23,267,169 shares
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(b) Number of treasury shares at the end of the period

As of Mar. 31, 2022:	18,471 shares	As of Mar. 31, 2021:	18,026 shares
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(c) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2022:	23,248,912 shares	Fiscal year ended Mar. 31, 2021:	23,249,298 shares
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#### Reference: Summary of Non-consolidated Financial Results

#### Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(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, 2022	11,289	1.4	1,515	12.9	2,853	7.2	1,985	(11.2)
Mar. 31, 2021	11,135	(7.8)	1,342	(20.1)	2,662	4.3	2,236	(1.8)

Fiscal years ended	Net income per share	Diluted net income per share
	Yen	Yen
Mar. 31, 2022	85.41	-
Mar. 31, 2021	96.21	-

(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, 2022	43,059	35,434	82.3	1,524.15
As of Mar. 31, 2021	43,654	37,208	85.2	1,600.44

Reference: Shareholders' equity (Millions of yen) As of Mar. 31, 2022: 35,434 As of Mar. 31, 2021: 37,208

\* 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 4 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 current fiscal year, the economy continued to recover gradually as the restrictions on economic activities due to COVID-19 have been eased. However, the outlook for the economy became increasingly uncertain due to Russia's invasion of Ukraine toward the end of the fiscal year.

Manufacturers in the electronics, automotive and industrial equipment sectors are the main customers of the Zuken Group, and many companies in these sectors continued to make substantial IT investments and overall capital expenditures continued to recover.

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, increasing sales of core products and launching new products. Major initiatives of the fiscal year were as follows.

#### (i) Increased sales of core products

We have upgraded the functions of CR-8000, our core electronic system design solution series for the electronics manufacturing industry, to enable smooth product design even in remote work environments and took actions to boost sales by promoting migration from the CR-5000 series. Simultaneously, we focused on increasing sales of E3.series, a wire harness design system, for manufacturers in the automotive and industrial equipment sectors. Sales were particularly strong in Europe and the U.S.

In addition, we linked these design systems with the DS series of data management systems to offer integrated solutions that cover all processes from the design to data management along with strengthening our sales activities focused on our major customers.

Though the crisis caused by the COVID-19 pandemic limited sales activities because of restrictions on face-to-face contact we used ZUKEN digital, a new web communication tool, to accurately grasp customer needs and make timely proposals. Consequently, sales activities surpassed the pre-pandemic level.

#### (ii) Launched new products

We developed and commenced marketing E3.infinite, a new wire harness design system that dramatically upgrades existing systems, to the transportation equipment manufacturers that involve large-scale designing. This system is ideal for distributed/parallel design of large-scale systems as well as for supplier collaboration. The new wire harness design system also enables generative design process of harness wiring. We will expand sales of E3.infinite along with DS-E3.infinite, an electrical design data management system for use with it.

In the electronics engineering of manufacturing industries, we developed GENESYS-CR to create a link between GENESYS, a model-based systems engineering (MBSE) modeling tool of a Zuken U.S. subsidiary, and our core CR-8000 design system series. This product optimizes the MBSE methodology that requires a lot of time and effort for full-scale introduction, for electric and electronic design. By digitizing existing design assets at the conceptual design stage, it is possible to consistently manage the design requirements over the whole engineering process. Going forward, we will actively promote sales to customers who are considering the adoption of the MBSE 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 according to a common systems 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	31,502 million yen	(up 9.3% year on year)
Ordinary profit	4,177 million yen	(up 32.5% year on year)
Profit attributable to owners of parent	3,002 million yen	(up 40.5% year on year)

Fiscal year sales increased significantly from one year earlier to a new record high. This is attributable to higher sales of E3.series, a wire harness design system, and strong sales of our core CR-8000 series, an electronic system design solution series.

Earnings were also much higher because of the increase in sales, with operating profit and ordinary profit reaching record highs. Profit attributable to owners of parent increased significantly due to an extraordinary income from sales of strategic shareholdings although there was an extraordinary loss resulting from a defined benefit pension plan buyout conducted by subsidiaries in the United Kingdom.

Product category sales were as follows.

#### Product category sales

Printed Circuit Board design solutions	4,262 million yen	(up 0.3% year on year)
Circuit design solutions	6,884 million yen	(up 16.2% year on year)
IT solutions	7,198 million yen	(up 2.2% year on year)
Client services	13,146 million yen	(up 13.4% year on year)

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

## (2) Financial Position

Total assets at the end of the current fiscal year increased 1,937 million yen from the end of the previous fiscal year to 59,105 million yen. The main factors include an increase of 5,497 million yen in cash and deposits, which offset a decrease of 3,619 million yen in investments and other assets primarily due to sales of investment securities.

Liabilities increased 2,163 million yen from the end of the previous fiscal year to 20,489 million yen. The main factors were increases of 2,028 million yen in income taxes payable and 1,672 million yen in advances received, which offset a decrease of 1,014 million yen in other non-current liabilities due to a decrease in deferred tax liabilities.

Net assets decreased 225 million yen from the end of the previous fiscal year to 38,616 million yen, and the shareholders' equity ratio was 64.7%.

## (3) Cash Flows

Cash and cash equivalents (hereafter "cash") at the end of the current fiscal year increased 5,487 million yen over the end of the previous fiscal year to 26,900 million yen.

Cash flows by category were as follows.

#### Cash flows from operating activities

Net cash provided by operating activities decreased 1,413 million yen from the previous fiscal year to 1,247 million

yen. The main cash inflows were profit before income taxes of 6,125 million yen (a year-on-year increase of 3,146 million yen), an increase in advances received of 1,472 million yen (a year-on-year increase of 700 million yen), depreciation of 706 million yen (a year-on-year increase of 4 million yen). The main cash outflow was an adjustment of 5,808 million yen for gain on sales of investment securities (a year-on-year increase of 5,812 million yen) and income taxes paid of 1,135 million yen (a year-on-year increase of 82 million yen).

#### Cash flows from investing activities

Net cash provided by investing activities increased 5,872 million yen from the previous fiscal year to 4,703 million yen. The main cash inflow was proceeds from sales of investment securities of 5,808 million yen. The main cash outflows include purchase of non-current assets of 717 million yen (a year-on-year increase of 104 million yen) and purchase of shares of subsidiaries and associates of 342 million yen (a year-on-year increase of 323 million yen).

#### Cash flows from financing activities

Net cash used in financing activities increased 16 million yen from the previous fiscal year to 765 million yen. This was mainly due to cash dividends paid of 720 million yen (a year-on-year increase of 23 million yen).

Cash flow indicators were as follows:

Fiscal years ended	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
Shareholders' equity ratio	69.1%	67.2%	67.4%	64.7%
Shareholders' equity ratio based on market prices	73.8%	104.2%	114.9%	118.8%
Interest-bearing debt to cash flow ratio	0.9%	2.0%	2.3%	5.7%
Interest coverage ratio	11,290.9	977.3	1,205.4	393.0

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 the impact of the COVID-19 pandemic and the Ukrainian conflict cannot be foreseen. On the other hand, dramatic changes are taking place worldwide in how products are designed and manufactured because of advances in technologies and diversification of customer needs. We believe that these changes will expand the Zuken Group's business domains.

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 33,500 million yen, ordinary profit of 4,300 million yen, and profit attributable to owners of parent of 3,050 million yen in the fiscal year ending March 31, 2023.

\* 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)	
	FY2020	FY2021
	(As of Mar. 31, 2021)	(As of Mar. 31, 2022)
Assets		
Current assets		
Cash and deposits	21,693,586	27,191,189
Notes and accounts receivable-trade	6,806,824	-
Notes receivable-trade	-	383,412
Accounts receivable-trade	-	5,647,008
Securities	6,700,000	6,700,000
Merchandise and finished goods	466,069	683,085
Work in process	101,913	103,141
Raw materials and supplies	2,158	1,700
Prepaid expenses	3,252,730	4,276,778
Other	272,520	302,402
Allowance for doubtful accounts	(19,098)	(29,361)
Total current assets	39,276,705	45,259,357
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,470,909	9,248,463
Accumulated depreciation	(6,710,781)	(6,543,100)
Buildings and structures, net	2,760,128	2,705,363
Machinery, equipment and vehicles	99,720	102,027
Accumulated depreciation	(72,860)	(74,548)
Machinery, equipment and vehicles, net	26,860	27,479
Tools, furniture and fixtures	2,180,037	2,276,056
Accumulated depreciation	(1,775,169)	(1,884,275)
Tools, furniture and fixtures, net	404,868	391,780
Land	3,015,103	3,015,103
Leased assets	144,212	191,643
Accumulated depreciation	(87,718)	(124,967)
Leased assets, net	56,493	66,676
Total property, plant and equipment	6,263,454	6,206,402
Intangible assets		
Goodwill	656,516	184,948
Other	640,839	743,981
Total intangible assets	1,297,355	928,929
Investments and other assets		
Investment securities	9,114,007	3,114,992
Shares of subsidiaries and associates	-	2,002,416
Deferred tax assets	637,383	996,219
Other	595,923	614,323
Allowance for doubtful accounts	(16,752)	(16,752)
Total investments and other assets	10,330,561	6,711,198
Total non-current assets	17,891,371	13,846,530
Total assets	57,168,076	59,105,887

	(Thousands of yen)	
	FY2020 (As of Mar. 31, 2021)	FY2021 (As of Mar. 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	1,166,026	1,140,865
Income taxes payable	578,485	2,606,634
Advances received	7,688,741	9,361,007
Provision for bonuses	925,619	1,023,881
Provision for bonuses for directors (and other officers)	101,900	112,100
Other provisions	8,216	11,070
Other	2,181,249	2,227,089
<b>Total current liabilities</b>	<b>12,650,238</b>	<b>16,482,648</b>
<b>Non-current liabilities</b>		
Retirement benefit liability	4,457,677	3,803,764
Other	1,218,060	203,324
<b>Total non-current liabilities</b>	<b>5,675,738</b>	<b>4,007,088</b>
<b>Total liabilities</b>	<b>18,325,976</b>	<b>20,489,736</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	10,117,065	10,117,065
Capital surplus	8,662,477	8,662,477
Retained earnings	15,614,931	17,852,882
Treasury shares	(17,734)	(19,279)
<b>Total shareholders' equity</b>	<b>34,376,739</b>	<b>36,613,144</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,510,039	1,463,414
Foreign currency translation adjustment	48,857	153,932
Remeasurements of defined benefit plans	(430,263)	8,050
<b>Total accumulated other comprehensive income</b>	<b>4,128,633</b>	<b>1,625,397</b>
<b>Non-controlling interests</b>	<b>336,727</b>	<b>377,608</b>
<b>Total net assets</b>	<b>38,842,100</b>	<b>38,616,150</b>
<b>Total liabilities and net assets</b>	<b>57,168,076</b>	<b>59,105,887</b>



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

	(Thousands of yen)	
	FY2020	FY2021
	(Apr. 1, 2020 – Mar. 31, 2021)	(Apr. 1, 2021 – Mar. 31, 2022)
Net sales	28,819,265	31,502,266
Cost of sales	8,774,685	9,708,034
Gross profit	20,044,579	21,794,232
Selling, general and administrative expenses	17,153,194	17,889,814
Operating profit	2,891,384	3,904,417
Non-operating income		
Interest income	8,669	9,663
Dividend income	67,605	79,378
Foreign exchange gains	49,018	3,219
Share of profit of entities accounted for using equity method	-	84,939
Subsidy income	65,908	50,648
Other	75,091	51,642
Total non-operating income	266,292	279,492
Non-operating expenses		
Interest expenses	2,208	3,174
Other	2,141	2,910
Total non-operating expenses	4,349	6,085
Ordinary profit	3,153,326	4,177,825
Extraordinary income		
Gain on sale of non-current assets	1,392	1,075
Gain on sale of investment securities	-	5,808,953
Total extraordinary income	1,392	5,810,029
Extraordinary losses		
Loss on disposal of non-current assets	20,368	20,552
Retirement benefit expenses	24,962	3,509,057
Impairment losses	-	332,369
Loss on cancel of contracts	127,000	-
Loss on sale of investment securities	3,499	-
Total extraordinary losses	175,829	3,861,979
Profit before income taxes	2,978,889	6,125,875
Income taxes-current	912,376	3,077,235
Income taxes-deferred	(21,716)	4,891
Total income taxes	890,660	3,082,127
Profit	2,088,229	3,043,747
Profit (loss) attributable to non-controlling interests	(48,943)	40,881
Profit attributable to owners of parent	2,137,173	3,002,866

**Consolidated Statement of Comprehensive Income**

	(Thousands of yen)	
	FY2020	FY2021
	(Apr. 1, 2020 – Mar. 31, 2021)	(Apr. 1, 2021 – Mar. 31, 2022)
Profit	2,088,229	3,043,747
Other comprehensive income		
Valuation difference on available-for-sale securities	2,243,164	(3,030,233)
Foreign currency translation adjustment	135,461	105,075
Remeasurements of defined benefit plans, net of tax	101,057	438,313
Share of other comprehensive income of entities accounted for using equity method	-	(16,392)
Total other comprehensive income	2,479,684	(2,503,236)
Comprehensive income	4,567,913	540,511
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,616,857	499,630
Comprehensive income attributable to non-controlling interests	(48,943)	40,881

**(3) Consolidated Statement of Changes in Equity**

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

FY2021 (Apr. 1, 2021 – Mar. 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,117,065	8,662,477	15,614,931	(17,734)	34,376,739
Cumulative effects of changes in accounting policies			(44,195)		(44,195)
Restated balance	10,117,065	8,662,477	15,570,736	(17,734)	34,332,544
Changes during period					
Dividends of surplus			(720,720)		(720,720)
Profit attributable to owners of parent			3,002,866		3,002,866
Purchase of treasury shares				(1,545)	(1,545)
Net changes other than shareholders' equity					
Total changes during period	-	-	2,282,146	(1,545)	2,280,600
Balance at end of period	10,117,065	8,662,477	17,852,882	(19,279)	36,613,144

	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	4,510,039	48,857	(430,263)	4,128,633	336,727	38,842,100
Cumulative effects of changes in accounting policies						(44,195)
Restated balance	4,510,039	48,857	(430,263)	4,128,633	336,727	38,797,905
Changes during period						
Dividends of surplus						(720,720)
Profit attributable to owners of parent						3,002,866
Purchase of treasury shares						(1,545)
Net changes other than shareholders' equity	(3,046,625)	105,075	438,313	(2,503,236)	40,881	(2,462,354)
Total changes during period	(3,046,625)	105,075	438,313	(2,503,236)	40,881	(181,754)
Balance at end of period	1,463,414	153,932	8,050	1,625,397	377,608	38,616,150

**(4) Consolidated Statement of Cash Flows**

(Thousands of yen)

	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)
Cash flows from operating activities		
Profit before income taxes	2,978,889	6,125,875
Depreciation	701,838	706,100
Impairment losses	-	332,369
Amortization of goodwill	247,095	179,970
Interest and dividend income	(76,274)	(89,042)
Foreign exchange losses (gains)	(7,408)	8,762
Share of loss (profit) of entities accounted for using equity method	-	(84,939)
Loss (gain) on sale of investment securities	3,499	(5,808,953)
Decrease (increase) in trade receivables	(286,213)	658,974
Increase (decrease) in trade payables	(213,418)	117,412
Increase (decrease) in advances received	772,813	1,472,919
Decrease (increase) in prepaid expenses	(674,724)	(1,007,178)
Increase (decrease) in retirement benefit liability	260,964	(259,433)
Other, net	(66,757)	(95,502)
Subtotal	3,640,303	2,257,334
Interest and dividends received	76,881	129,108
Interest paid	(2,208)	(3,174)
Income taxes paid	(1,053,471)	(1,135,645)
Net cash provided by (used in) operating activities	2,661,505	1,247,624
Cash flows from investing activities		
Purchase of property, plant and equipment	(259,208)	(301,628)
Purchase of intangible assets	(353,845)	(415,954)
Purchase of investment securities	(499,999)	-
Proceeds from sale and redemption of investment securities	-	5,808,953
Purchase of shares of subsidiaries and associates	(18,784)	(342,522)
Other, net	(36,784)	(45,253)
Net cash provided by (used in) investing activities	(1,168,621)	4,703,593
Cash flows from financing activities		
Purchase of treasury shares	(955)	(1,545)
Dividends paid	(697,482)	(720,720)
Other, net	(51,405)	(43,637)
Net cash provided by (used in) financing activities	(749,843)	(765,903)
Effect of exchange rate change on cash and cash equivalents	362,536	302,186
Net increase (decrease) in cash and cash equivalents	1,105,578	5,487,500
Cash and cash equivalents at beginning of period	20,306,950	21,412,529
Cash and cash equivalents at end of period	21,412,529	26,900,029

**(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

## (1) Number of affiliates accounted for under the equity method: 1 (Business Engineering Corporation)

Business Engineering Corporation was included in the scope of application of the equity method due to additional acquisition of its shares in the current fiscal year.

## (2) 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

Other than shares, etc. with no market price: Stated at fair value. (Unrealized gain or loss is included in net assets. Cost of securities sold is determined by the moving-average method.)

Shares, etc. with no market price: Mainly 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 current fiscal year.

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

Past service cost is charged to expenses for the fiscal year when they are 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

Significant performance obligations in major businesses concerning revenue from contracts with customers of the Company and its consolidated subsidiaries and the normal time when these obligations are satisfied (normal time of revenue recognition) are as follows.

The Zuken Group sells solutions involving processes extending from designs to production, primarily for manufacturers in the electronics, automobile and industrial equipment industries, and provides client services associated with these solutions. For the sale of solutions, the satisfaction of a performance obligation is judged to occur when a product is delivered to a customer because the customer has acquired control of the product at that time. Consequently, revenue is recognized when the product is delivered. For some products for which the Zuken Group performs the role of an agent for the provision of a good or service to the customer, the net amount obtained by deducting the amount paid to the supplier from the amount received from the customer is recognized as revenue. For the provision of client services, which are primarily product maintenance service contracts for a designated period, revenue is recognized as the associated obligation is satisfied during the contractual maintenance period.

Consideration for transactions are received within one year of the satisfaction of the corresponding obligation and there are no significant financial components.

## (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 current earnings. 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. The resulting exchange gains or losses are included in foreign currency translation adjustment and non-controlling interests in the net assets section.

## (7) Goodwill amortization method and amortization period

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 the 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 a change in value.

**Changes in Accounting Policies**

## 1. Application of the Accounting Standard for Revenue Recognition, etc.

Effective from the beginning of the fiscal year ended on March 31, 2022, Zuken applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) etc. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the promised goods and services is transferred to customers. The main changes resulting from this application are as follows.

## (1) Revenue recognition for sales of products

For some transactions, Zuken delivers the relevant products and provides free maintenance services within the warranty period based on the contract with the customer. Previously, Zuken did not recognize revenue for such maintenance services. However, Zuken has decided to identify performance obligations related to the delivery of products and performance obligations related to such maintenance services and recognize revenue when each performance obligation is satisfied.

## (2) Revenue recognition for agent transactions

For some transactions, the Zuken Group previously recognized revenue based on the total amount of consideration received from the customer. However, for transactions in which the Zuken Group's role in providing goods or services to the customer is that of an agent, the Zuken Group has decided to recognize revenue based on the net amount received from the customer less the amount paid to the supplier.

For the application of the Accounting Standard for Revenue Recognition, etc., in accordance with the transitional treatment prescribed in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting standard, if it is applied prior to the beginning of the current fiscal year, is added to or subtracted from retained earnings at the beginning of the current fiscal year. The new standard is then applied beginning with this amount of retained earnings.

As a result, net sales decreased 168,795 thousand yen, cost of sales decreased 187,484 thousand yen, and operating profit, ordinary profit and profit before income taxes increased 18,688 thousand yen each in the consolidated statement of income for the current fiscal year. In addition, the new standard reduced retained earnings at the beginning of the current fiscal year by 44,195 thousand yen.

Furthermore, in accordance with the transitional treatment prescribed in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, Zuken has not presented information on revenue from contracts with customers broken down for the previous fiscal year.



## 2. Application of the Accounting Standards for Fair Value Measurement, etc.

Effective from the beginning of the fiscal year ended on March 31, 2022, Zuken applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. and has applied the new accounting policies set forth by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no significant change in the calculation method of fair value as a result of this application.

In addition, Zuken decided to disclose notes on fair values of financial instruments grouped into different levels in the notes to Financial Instruments. However, in accordance with the transitional treatment prescribed in Paragraph 7-4 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, July 4, 2019), the related notes are not presented for the previous fiscal year.

**Notes to Consolidated Balance Sheet**

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

	(Thousands of yen)	
	FY2020 (As of Mar. 31, 2021)	FY2021 (As of Mar. 31, 2022)
Other (Investments in capital)	11,500	11,500

**Notes to Consolidated Statement of Income**

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

	(Thousands of yen)	
	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)
Salaries and allowances	5,938,961	6,320,617
Depreciation	587,815	594,699
Provision of allowance for doubtful accounts	-	10,447
Provision for bonuses	611,517	645,282
Provision for bonuses for directors (and other officers)	101,900	112,100
Retirement benefit expenses	499,755	543,607
Research and development expenses	4,174,951	4,190,462

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

	(Thousands of yen)	
	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)
	4,174,951	4,190,462

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

	(Thousands of yen)	
	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)
Vehicles	1,276	1,024
Tools, furniture and fixtures	116	51
Total	1,392	1,075

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

	(Thousands of yen)	
	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)
Telephone subscription rights	-	16,615
Buildings, etc.	106	3,374
Software and others	20,261	562
Total	20,368	20,552

**Notes to Consolidated Statement of Comprehensive Income**

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

	(Thousands of yen)	
	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)
Valuation difference on available-for-sale securities:		
Amount incurred during the period	3,232,226	1,442,622
Re-classification adjustments	-	(5,808,953)
Before tax effect adjustments	3,232,226	(4,366,330)
Tax effect	(989,061)	1,336,097
Valuation difference on available-for-sale securities	2,243,164	(3,030,233)
Foreign currency translation adjustment:		
Amount incurred during the period	135,461	105,075
Remeasurements of defined benefit plans, net of tax:		
Amount incurred during the period	(74,692)	(11,572)
Re-classification adjustments	159,071	436,288
Before tax effect adjustments	84,379	424,715
Tax effect	16,678	13,598
Remeasurements of defined benefit plans, net of tax	101,057	438,313
Share of other comprehensive income of entities accounted for using equity method:		
Amount incurred during the period	-	(16,392)
Total other comprehensive income	2,479,684	(2,503,236)

**Notes to Consolidated Statement of Changes in Equity**

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 current fiscal year 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

FY2021 (Apr. 1, 2021 – Mar. 31, 2022)

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

	Number of shares as of Apr. 1, 2021	Increase	Decrease	Number of shares as of Mar. 31, 2022
Outstanding shares				
Common stock	23,267,169	-	-	23,267,169
Total	23,267,169	-	-	23,267,169
Treasury shares				
Common stock (Note)	18,026	445	-	18,471
Total	18,026	445	-	18,471

Note: Number of treasury shares of common stock increased 445 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. 29, 2021	Common stock	348,737	15	Mar. 31, 2021	Jun. 30, 2021
Board of Directors' meeting on Nov. 8, 2021	Common stock	371,982	16	Sep. 30, 2021	Dec. 2, 2021

## (2) Dividends with a record date in the current fiscal year 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, 2022	Common stock	488,222	Retained earnings	21	Mar. 31, 2022	Jun. 30, 2022

**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)	
	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)
Cash and deposits	21,693,586	27,191,189
Time deposit with maturities over three months	(281,057)	(291,160)
Cash and cash equivalents	21,412,529	26,900,029

**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, and shares of subsidiaries and associates are mainly stock of companies with relationships with the Zuken Group and bond investment trusts. 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

As the calculation of fair value of the financial instruments 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.

FY2020 (As of Mar. 31, 2021)

(Thousands of yen)			
	Book value	Fair value	Difference
Marketable securities and investment securities	15,424,207	15,424,207	-
Assets total	15,424,207	15,424,207	-

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

Assets

## 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 trusts is deemed to be equal to its carrying amount. Please refer to the section "Marketable Securities" for information about securities categorized by purpose.

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

(Thousands of yen)	
Item	Book value
Unlisted stocks	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.

FY2021 (As of Mar. 31, 2022)

(Thousands of yen)			
	Book value	Fair value	Difference
Marketable securities and investment securities	9,425,192	9,424,022	(1,170)
Shares of subsidiaries and associates	2,002,416	4,795,312	2,792,896
Assets total	11,427,608	14,219,334	2,791,726

(\*1) Cash and deposits, notes receivable-trade, accounts receivable-trade, and accounts payable-trade are omitted, because they include cash, and fair value of deposits, notes receivable-trade, accounts receivable-trade, and accounts payable-trade are deemed to be equal to their carrying amount as they are settled within a short period of time.

(\*2) Shares with no market price are not included in "marketable securities and investment securities." Book value of these financial instruments are as follows.

(Thousands of yen)	
Item	Book value
Unlisted stocks	389,800

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

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	-	-	-

FY2021 (As of Mar. 31, 2022)

(Thousands of yen)

	Due within one year	One to five years	Five to ten years	Over ten years
Cash and deposits	27,191,189	-	-	-
Notes receivable-trade	383,412	-	-	-
Accounts receivable-trade	5,647,008	-	-	-
Total	33,221,610	-	-	-

## 3. Fair values of financial instruments grouped into different levels

The fair values of financial instruments are classified into the following three levels based on the observability and materiality of inputs used to calculate the fair values.

Level 1 fair value: Of the inputs used for calculating observable fair value, fair values calculated using market prices for assets and liabilities subject to the calculation of fair values in an active market.

Level 2 fair value: Of the inputs used for calculating observable fair value, fair values calculated using inputs concerning the calculation of fair value other than the inputs used for level 1 fair value.

Level 3 fair value: Fair value calculated by using inputs concerning the calculation of fair values that cannot be observed.

When more than one input that has a significant effect on the calculation of fair value is used, the resulting fair value is classified as the lowest level for fair value calculation from among the levels of the inputs used.

## (1) Financial instruments recorded in the consolidated balance sheet at fair value

FY2021 (As of Mar. 31, 2022)

(Thousands of yen)

Item	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities Available-for-sale securities Shares	2,725,192	-	-	2,725,192
Assets total	2,725,192	-	-	2,725,192

## (2) Financial instruments other than those recorded in the consolidated balance sheet at fair value

FY2021 (As of Mar. 31, 2022)

(Thousands of yen)

Item	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities Available-for-sale securities Bond investment trusts	-	6,698,830	-	6,698,830
Shares of subsidiaries and associates	4,795,312	-	-	4,795,312
Assets total	4,795,312	6,698,830	-	11,494,142

Note: Explanation of the evaluation method and inputs used for calculating fair values

## Securities and investment securities

Listed stock is valued by using market prices. These fair values are classified as level 1 fair value because listed securities are traded in an active market.

Bond investment trusts are valued by using the reference prices announced by financial institutions that trade these bonds. These prices are not recognized as market prices in an active market and, as a result, the fair values are categorized as level 2 fair value.

**Marketable Securities**

## 1. Available-for-sale securities

FY2020 (As of Mar. 31, 2021)

(Thousands of yen)

Type	Book value	Acquisition cost	Unrealized gains (losses)
Securities with book value that 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.

FY2021 (As of Mar. 31, 2022)

(Thousands of yen)

Type	Book value	Acquisition cost	Unrealized gains (losses)
Securities with book value that exceeds acquisition cost			
(1) Shares	2,244,850	92,907	2,151,942
(2) Bonds	-	-	-
(3) Others	-	-	-
Sub-total	2,244,850	92,907	2,151,942
Securities with book value not exceeding acquisition cost			
(1) Shares	480,342	499,999	(19,657)
(2) Bonds	-	-	-
(3) Others	6,700,000	6,700,000	-
Sub-total	7,180,342	7,199,999	(19,657)
Total	9,425,192	7,292,906	2,132,285

Note: Unlisted stocks (book value of 389,800 thousand yen) are not included in available-for-sale securities in the above table because these securities are shares with no market price.

## 2. Available-for-sale securities sold

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

FY2021 (Apr. 1, 2021– Mar. 31, 2022)

(Thousands of yen)

Type	Sales amount	Aggregate gains	Aggregate losses
(1) Shares	5,808,953	5,808,953	-
(2) Bonds	-	-	-
(3) Others	-	-	-
Total	5,808,953	5,808,953	-

### 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

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.

FY2021 (Apr. 1, 2021 – Mar. 31, 2022)

(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							
Solutions	13,796,557	2,772,256	1,219,996	567,263	18,356,073	-	18,356,073
Client services	8,636,541	2,628,635	1,026,823	854,192	13,146,192	-	13,146,192
Sales to third parties	22,433,098	5,400,892	2,246,819	1,421,455	31,502,266	-	31,502,266
Intersegment sales or transfers	1,178,165	963,524	66,643	113,482	2,321,816	(2,321,816)	-
Total	23,611,264	6,364,416	2,313,463	1,534,938	33,824,082	(2,321,816)	31,502,266
Segment profit	3,091,741	308,898	125,142	373,700	3,899,484	4,933	3,904,417
Segment assets	25,419,532	5,958,628	1,781,469	1,902,677	35,062,308	24,043,579	59,105,887
Other items							
Depreciation	563,200	96,640	10,061	36,198	706,100	-	706,100
Amortization of goodwill	130,998	48,971	-	-	179,970	-	179,970
Investment in companies accounted for using equity method	2,002,416	-	-	-	2,002,416	-	2,002,416
Increase in property, plant and equipment and intangible assets	633,751	59,795	14,660	3,322	711,529	-	711,529

Notes: 1. Contents of adjustments are as follows.

(1) Adjustment amount in segment profit includes amount of 4,933 thousand yen eliminated for intersegment transactions.

(2) Adjustment amount in segment assets includes amount of -3,328,077 thousand yen eliminated for intersegment transactions and total company assets of 27,371,656 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)

	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)
Net assets per share	1,656.21	1,644.76
Net income per share	91.92	129.16

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.

	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	2,137,173	3,002,866
Amount not available to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Thousands of yen)	2,137,173	3,002,866
Average number of shares outstanding during period (Shares)	23,249,298	23,248,912

**Subsequent Events**

Not applicable.



#### 4. Production, Orders and Sales

##### (1) Sales and Orders

##### (a) Sales

(Thousands of yen)

Segment	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)		FY2021 (Apr. 1, 2021 – Mar. 31, 2022)	
	Amount	Composition (%)	Amount	Composition (%)
Japan	21,108,651	73.2	22,433,098	71.2
Europe	4,497,330	15.6	5,400,892	17.1
Americas	1,958,050	6.8	2,246,819	7.1
Asia	1,255,232	4.4	1,421,455	4.6
Total	28,819,265	100.0	31,502,266	100.0

##### (b) Orders received and order backlog

(Thousands of yen)

Segment	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)		FY2021 (Apr. 1, 2021 – Mar. 31, 2022)	
	Orders received	Order backlog	Orders received	Order backlog
Japan	22,358,992	8,913,096	24,076,563	10,556,561
Europe	4,663,535	2,015,861	5,853,810	2,598,141
Americas	1,861,370	1,339,921	2,440,821	1,693,588
Asia	1,328,205	534,471	1,391,398	525,607
Total	30,212,102	12,803,350	33,762,594	15,373,898

Note: Intersegment transactions have been eliminated.

(Reference) Results by product category are as follows.

##### (a) Sales

(Thousands of yen)

Product category	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)		FY2021 (Apr. 1, 2021 – Mar. 31, 2022)	
	Amount	Composition (%)	Amount	Composition (%)
Printed Circuit Board design solutions	4,248,201	14.7	4,262,916	13.5
Circuit design solutions	5,926,048	20.6	6,884,653	21.9
IT solutions	7,042,313	24.4	7,198,240	22.8
Client services	11,596,494	40.3	13,146,192	41.8
Others	6,206	0.0	10,263	0.0
Total	28,819,265	100.0	31,502,266	100.0

##### (b) Orders received and order backlog

(Thousands of yen)

Product category	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)		FY2021 (Apr. 1, 2021 – Mar. 31, 2022)	
	Orders received	Order backlog	Orders received	Order backlog
Printed Circuit Board design solutions	4,249,753	835,729	4,335,436	941,949
Circuit design solutions	6,247,186	1,430,141	6,913,672	1,514,492
IT solutions	7,242,890	1,190,389	7,775,450	1,790,392
Client services	12,465,606	9,346,289	14,728,184	11,126,676
Others	6,666	800	9,850	387
Total	30,212,102	12,803,350	33,762,594	15,373,898

Note: Name of major products by product category are as follows.

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

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

	(Thousands of yen)	
	FY2020 (As of Mar. 31, 2021)	FY2021 (As of Mar. 31, 2022)
Assets		
Current assets		
Cash and deposits	12,429,694	17,556,664
Notes receivable-trade	291,515	238,093
Accounts receivable-trade	2,747,885	2,410,582
Securities	6,700,000	6,700,000
Inventories	50,349	72,283
Short-term loans receivable from subsidiaries and associates	66,426	-
Other	291,880	322,165
Total current assets	22,577,751	27,299,790
Non-current assets		
Property, plant and equipment		
Buildings	2,637,829	2,584,349
Structures	28,577	26,417
Vehicles	6,845	15,797
Tools, furniture and fixtures	107,813	118,236
Land	3,009,559	3,009,559
Leased assets	6,725	2,822
Total property, plant and equipment	5,797,350	5,757,181
Intangible assets		
Other	308,780	374,977
Total intangible assets	308,780	374,977
Investments and other assets		
Investment securities	9,114,007	3,114,992
Shares of subsidiaries and associates	2,156,823	3,639,220
Investments in capital of subsidiaries and associates	2,429,229	1,035,847
Long-term loans receivable from subsidiaries and associates	110,664	244,730
Long-term trade accounts receivables from subsidiaries and associates	816,869	942,367
Deferred tax assets	-	538,409
Other	357,850	372,335
Allowance for doubtful accounts	(14,902)	(259,975)
Total investments and other assets	14,970,541	9,627,927
Total non-current assets	21,076,671	15,760,086
Total assets	43,654,422	43,059,876

	(Thousands of yen)	
	FY2020 (As of Mar. 31, 2021)	FY2021 (As of Mar. 31, 2022)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	396,457	426,017
Accounts payable-other	729,174	746,393
Income taxes payable	237,275	2,210,528
Advances received	943,535	910,863
Provision for bonuses	365,076	359,961
Provision for bonuses for directors (and other officers)	78,000	80,000
Other	199,285	193,911
<b>Total current liabilities</b>	<b>2,948,803</b>	<b>4,927,676</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	898,378	-
Provision for retirement benefits	2,483,326	2,563,172
Provision for loss on business of subsidiaries and associates	-	21,000
Long-term accounts payable-other	96,850	96,850
Other	18,255	16,729
<b>Total non-current liabilities</b>	<b>3,496,810</b>	<b>2,697,752</b>
<b>Total liabilities</b>	<b>6,445,614</b>	<b>7,625,428</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	10,117,065	10,117,065
<b>Capital surplus</b>		
Legal capital surplus	8,657,753	8,657,753
<b>Total capital surpluses</b>	<b>8,657,753</b>	<b>8,657,753</b>
<b>Retained earnings</b>		
Legal retained earnings	311,082	311,082
<b>Other retained earnings</b>		
General reserve	11,025,000	12,525,000
Retained earnings brought forward	2,605,601	2,363,020
<b>Total retained earnings</b>	<b>13,941,684</b>	<b>15,199,103</b>
Treasury shares	(17,734)	(19,279)
<b>Total shareholders' equity</b>	<b>32,698,768</b>	<b>33,954,641</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	4,510,039	1,479,806
<b>Total valuation and translation adjustments</b>	<b>4,510,039</b>	<b>1,479,806</b>
<b>Total net assets</b>	<b>37,208,808</b>	<b>35,434,448</b>
<b>Total liabilities and net assets</b>	<b>43,654,422</b>	<b>43,059,876</b>

**(2) Statement of Income**

(Thousands of yen)

	FY2020 (Apr. 1, 2020 – Mar. 31, 2021)	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)
Net sales	11,135,371	11,289,628
Cost of sales	2,699,842	2,699,501
Gross profit	8,435,528	8,590,127
Selling, general and administrative expenses	7,093,182	7,074,477
Operating profit	1,342,346	1,515,650
Non-operating income		
Interest income	2,262	1,035
Dividend income	1,079,490	1,133,073
Foreign exchange gains	123,199	99,735
Rental income	135,490	139,307
Other	99,443	86,753
Total non-operating income	1,439,886	1,459,905
Non-operating expenses		
Rental costs on real estate	118,150	120,262
Other	1,366	2,114
Total non-operating expenses	119,517	122,376
Ordinary profit	2,662,715	2,853,178
Extraordinary income		
Gain on sale of non-current assets	542	544
Gain on sales of investment securities	-	5,808,953
Total extraordinary income	542	5,809,498
Extraordinary losses		
Loss on disposal of non-current assets	998	15,081
Loss on valuation of investments in capital of subsidiaries and associates	-	3,669,127
Loss on valuation of shares of subsidiaries and associates	-	492,810
Provision of allowance for doubtful accounts for subsidiaries and associates	-	245,072
Provision for loss on business of subsidiaries and associates	-	21,000
Total extraordinary losses	998	4,443,092
Profit before income taxes	2,662,259	4,219,584
Income taxes-current	370,467	2,331,247
Income taxes-deferred	54,866	(97,359)
Total income taxes	425,333	2,233,888
Profit	2,236,925	1,985,696

**(3) Statement of Changes in Equity**

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

FY2021 (Apr. 1, 2021 – Mar. 31, 2022)

(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	11,025,000	2,605,601	13,941,684
Cumulative effects of changes in accounting policies						(7,557)	(7,557)
Restated balance	10,117,065	8,657,753	8,657,753	311,082	11,025,000	2,598,043	13,934,126
Changes during period							
Provision of general reserve					1,500,000	(1,500,000)	
Dividends of surplus						(720,720)	(720,720)
Profit						1,985,696	1,985,696
Purchase of treasury shares							
Net changes other than shareholders' equity							
Total changes during period	-	-	-	-	1,500,000	(235,023)	1,264,976
Balance at end of period	10,117,065	8,657,753	8,657,753	311,082	12,525,000	2,363,020	15,199,103

	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	(17,734)	32,698,768	4,510,039	4,510,039	37,208,808
Cumulative effects of changes in accounting policies		(7,557)			(7,557)
Restated balance	(17,734)	32,691,210	4,510,039	4,510,039	37,201,250
Changes during period					
Provision of general reserve					
Dividends of surplus		(720,720)			(720,720)
Profit		1,985,696			1,985,696
Purchase of treasury shares	(1,545)	(1,545)			(1,545)
Net changes other than shareholders' equity			(3,030,233)	(3,030,233)	(3,030,233)
Total changes during period	(1,545)	1,263,430	(3,030,233)	(3,030,233)	(1,766,802)
Balance at end of period	(19,279)	33,954,641	1,479,806	1,479,806	35,434,448

6. Others

## (1) Change in Representative Director

Not applicable.

## (2) Changes in Other Board Members (Scheduled for June 29, 2022)

Following the introduction of the Executive Officer System, the Company plans to make the following changes in positions of other Board Members.

Name	New position	Current position
Kazuhiro Kariya	Senior Managing Executive Officer, General Manager of R&D Division	Senior Managing Director, General Manager of R&D Division
Yasuo Ueno	Senior Managing Executive Officer, General Manager of Business Division	Senior Managing Director, General Manager of Business Division
Takeo Osawa	Executive Officer, General Manager of A&M Business Unit, Business Division	Director, General Manager of A&M Business Unit, Business Division
Koichi Saotome	Executive Officer, Office Manager of Europe R&D Management Office	Director, Office Manager of Europe R&D Management Office
Hiroyuki Fujiwara	Executive Officer, General Manager of EDA Business Unit, Business Division	Director, General Manager of EDA Business Unit, Business Division

*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.*