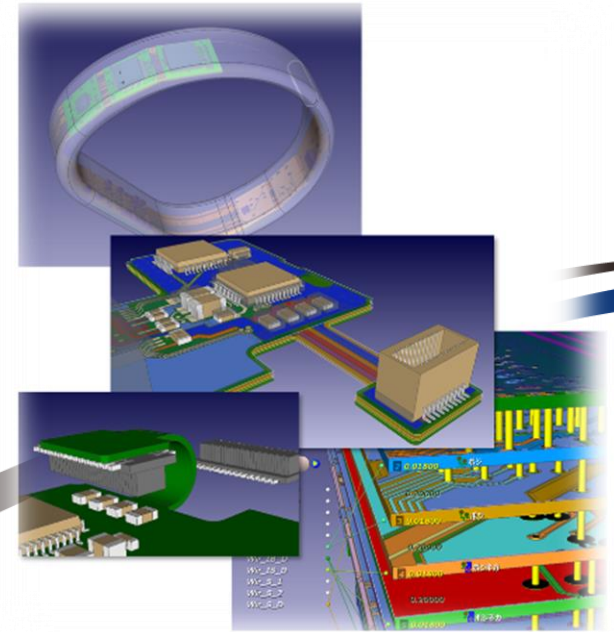


# Medium-term Business Plan (April 2022 - March 2025)

July 15, 2022



**ZUKEN Inc.**

Tokyo Stock Exchange, Prime Market  
Securities code: 6947

# Contents

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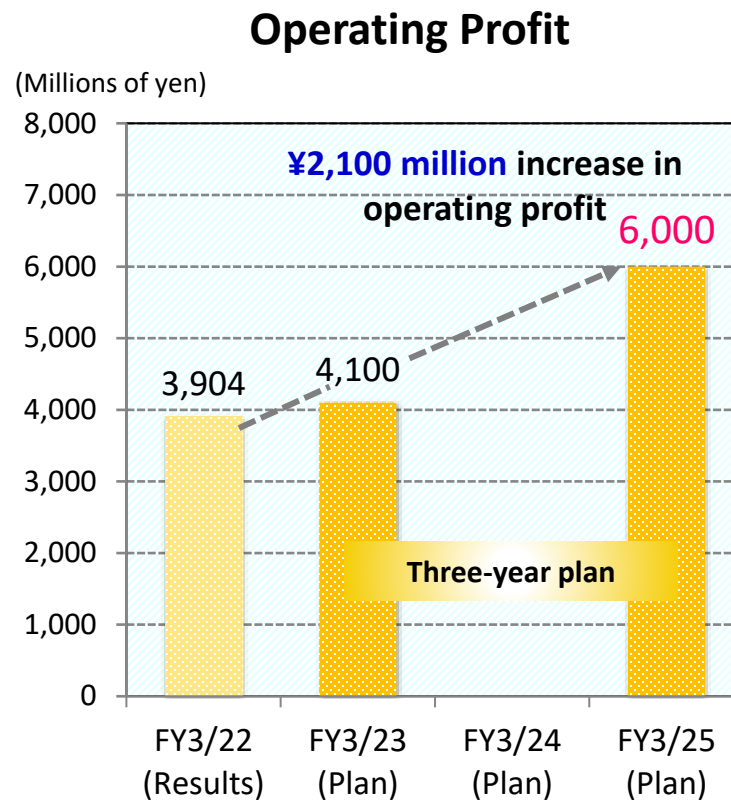
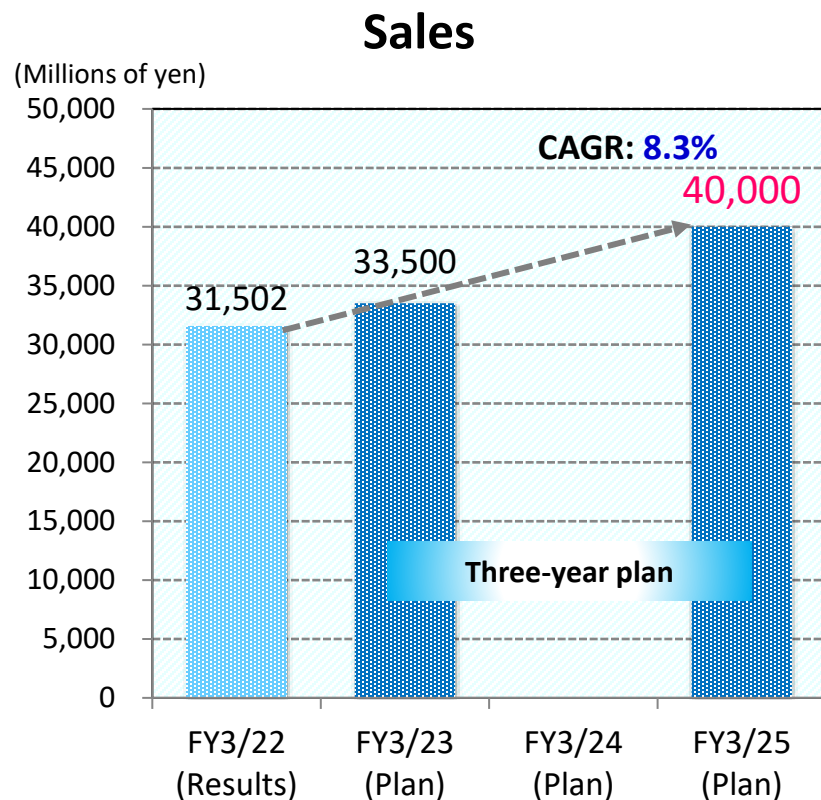
- **Summary and Basic Policies of the New Medium-term Business Plan**
- **Sales Plan by Region and Solutions**

**(Reference) Corporate Profile**

# Summary and Basic Policies of the New Medium-term Business Plan



# New Medium-term Business Plan: Sales and Operating Profit Targets



Note: Foreign exchange rate assumptions for the Medium-term Business Plan are 120 yen/USD and 130 yen/EUR.

# Basic Policies of the New Medium-term Business Plan

---

## **Growth Strategy (1)**

**Engineering DX Proposition by  
Model-Based Development  
(MBSE/MBD)**

## **Growth Strategy (2)**

**Consulting-Driven Customer  
Engagement to Enlarge Business  
Scope and Value**

## **More Earning Power**

**Expedite our Sales DX and Maintain  
Decent Pricing Level for Products  
and Services**

## **Reinforce Human Capital**

**Working Style Reforms and  
Reskilling Program for More DX-  
Ready Personnel**

## **Strengthen Corporate Governance**

**Incorporate Dynamic Capabilities and Social Issues in Management Strategies**

# Basic Policies of the New Medium-term Business Plan

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# Growth Strategy (1)

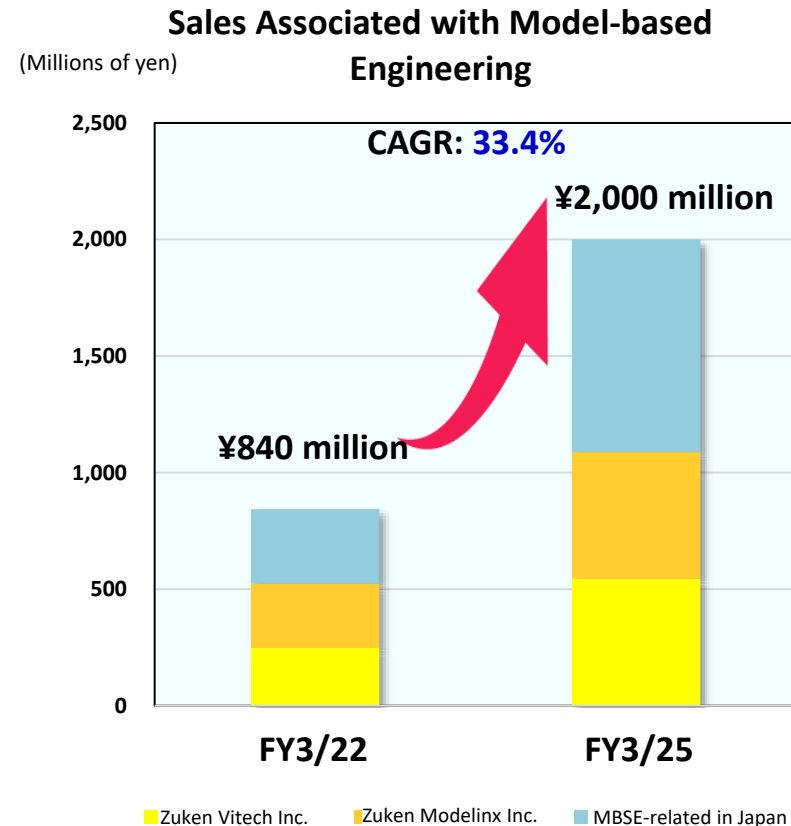
## Engineering DX Proposition by Model-Based Development

### Business Strategy

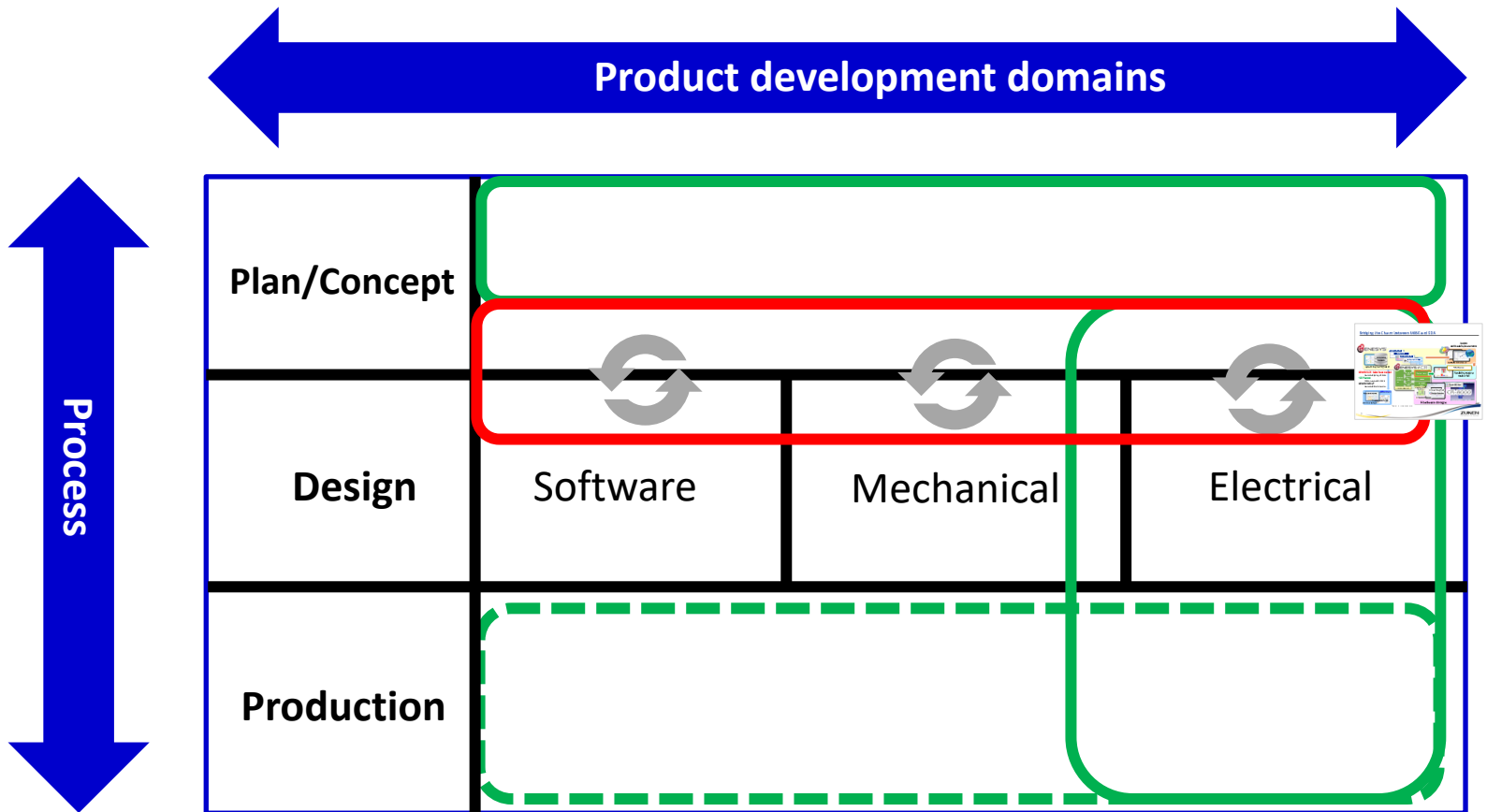
- Establish strong foothold in Japanese automakers, and deploy to Tier 1,2
- Prepare and provision of industry-specific solutions to increase business outside the automobile industry
- Broaden solutions scope to cover mechanical and control software domain

### KFS

- Strengthen joint development activities between Zuken Vitech and Zuken
- Continue to make investments for the timely development of solutions
- Increase HR with skills for creating MBSE proposals and solutions (Consider M&A and partnerships to accomplish this goal)



# Business Domain Expansion Centered on MBSE Solutions



Current ZUKEN Group businesses + MBSE



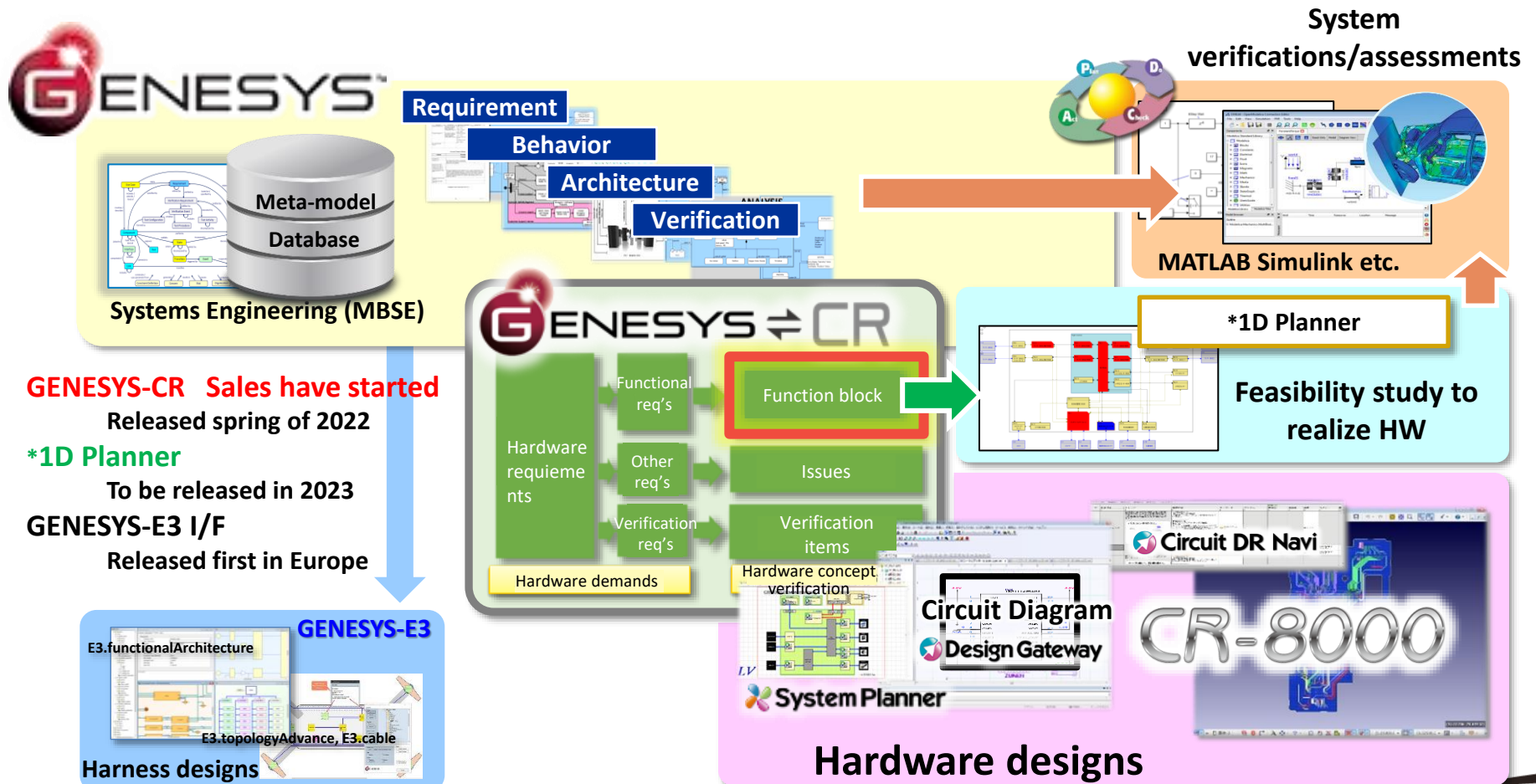
Targeted new business domains



ZUKEN Group companies and with partners



# Bridging the Chasm between MBSE and EDA



\*1D Planner is a tentative name.

# Growth Strategy (2)

## Consulting-Driven Customer Engagement

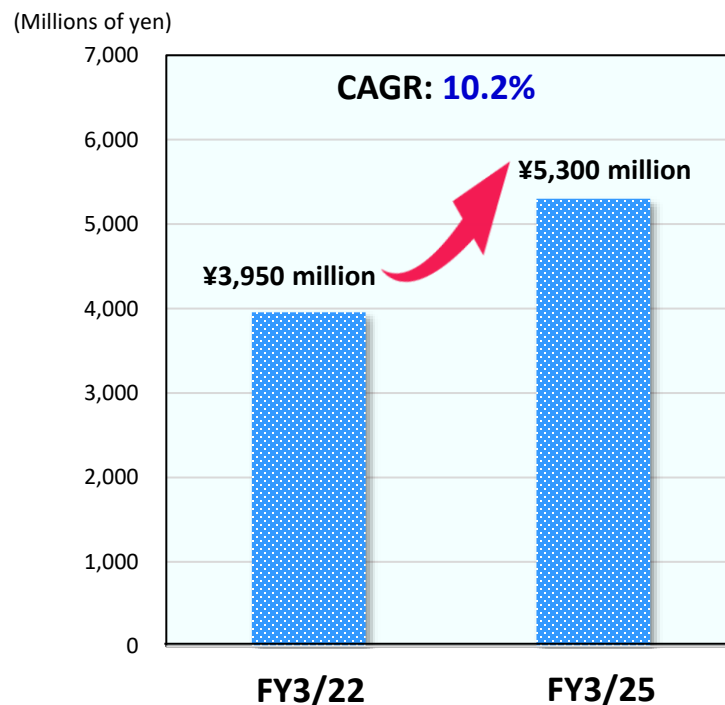
### Business Strategy

- Promote design process innovations through CAE/CAD and PDM/PLM linkage
- Evangelize the merits of CR-8000 migration for process innovations
- Promote PDM (DS-E3) to E3.series (wire harness) customers

### KFS

- Deploy advanced customers case studies into SMEs (CAE/CAD)
- Increase PDM sales to SMEs
- Increase system engineers and extensive use of on-line sales platform for more productivity

### PDM business sales plan



# Case Study of PDM/PLM Linkage to Innovate the Design Environment (Ricoh)

## リコー、図研のPDMにより電気設計環境の刷新

2022/07/15 配信

### 時代と共に進化する設計環境を目指し、DS-CR をノンカスタムで導入

株式会社図研（神奈川県横浜市、代表取締役社長 勝部 迅也、以下図研）は、株式会社リコー（本社：東京都大田区中馬込1-3-6、代表：社長執行役員 山下 良則、以下リコー）が電気設計において上流工程で設計品質を向上し、設計効率化を実現するため、図研の製品データ管理システム（PDM）である DS-CR を導入したことを発表しました。

従来、リコーでは、電気設計における CAD以外のほぼ全てのシステムを内製化しており、その維持管理のコスト・工数が課題となっていました。また、そのシステムに及ぼす影響が大きいため、電気設計システムをアップデートすることができませんでした。さらに、電気設計に用いるマスタが各システムに点在して管理されていたため、設計効率化が進まず、設計フローが複雑化していました。

そこで、開発業務の基幹システムである全社PLMの刷新を機に、電気設計環境を全面刷新するため、電気設計専用のPDMである図研の DS-CR の導入を決定しました。

導入にあたっては、「ツールは将来に亘って成長するもの」「設計のやり方も変化するもの」という考えに立ち、最新機能や設計トレンドに追従するため、ノンカスタムで導入する基本方針を掲げて、プロジェクトを推進しました。



- Introduction of PLM triggered the shift **from an internally developed PDM system to DS-2**
- Redefined the “to Be” roles of PLM and PDM (DS-2)
- **Adjust their own design process flow based on standard functions of DS-2**

**To build sustainable IT infrastructure with flexibility to upcoming changes in the design environment**

**To reduce the manpower needed for maintenance/management and to enable timely CAD updates**

Announced on July 15, 2022

# Basic Policies of the New Medium-term Business Plan

## Growth Strategy (1)

Engineering DX Proposition by  
Model-Based Development  
(MBSE/MBD)

## Growth Strategy (2)

Consulting-Driven Customer  
Engagement to Enlarge Business  
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## More Earning Power

Expedite our Sales DX and Maintain  
Decent Pricing Level for Products  
and Services

## Reinforce Human Capital

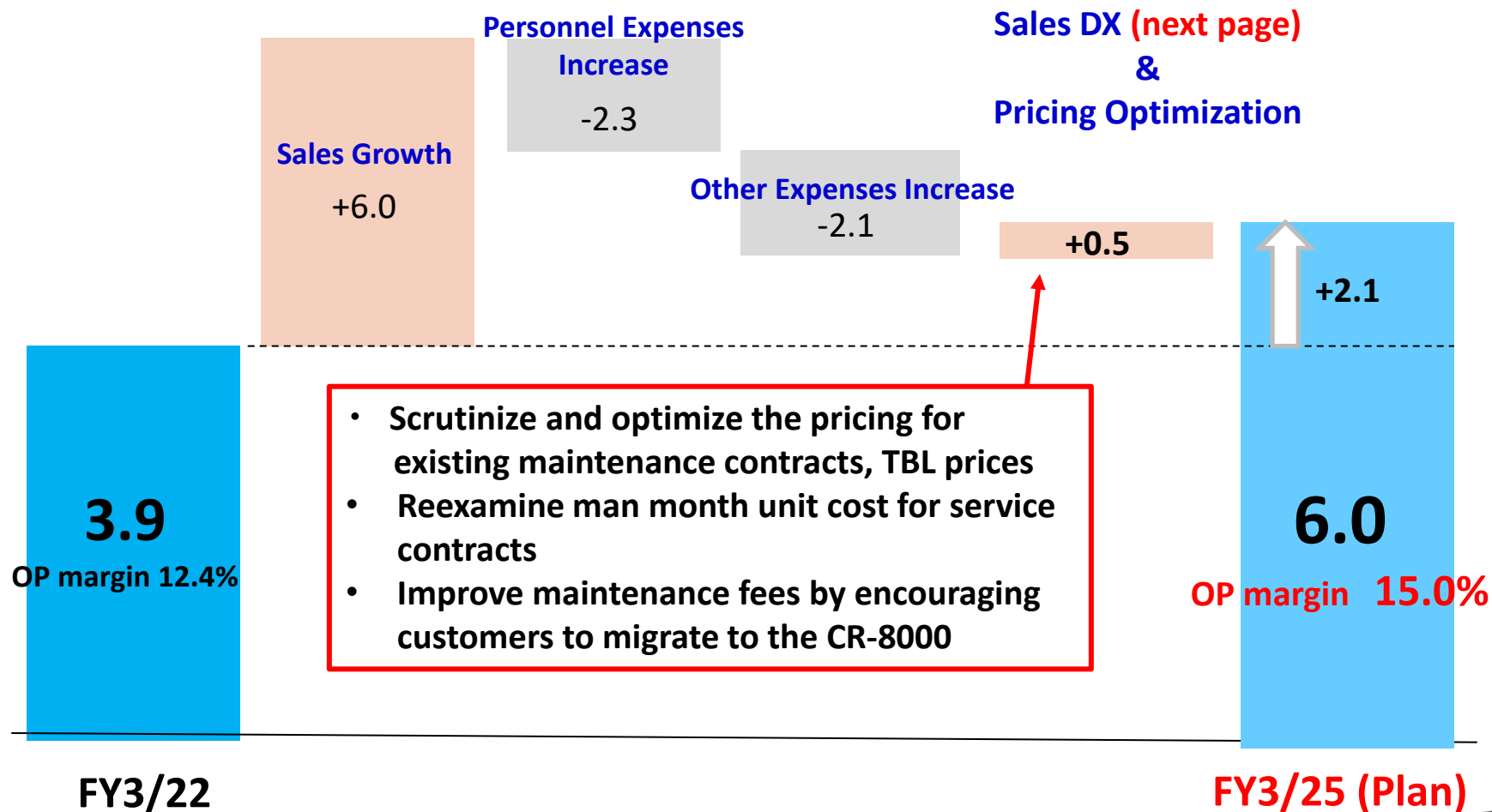
Working Style Reforms and  
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## Strengthen Corporate Governance

Incorporate Dynamic Capabilities and Social Issues in Management Strategies

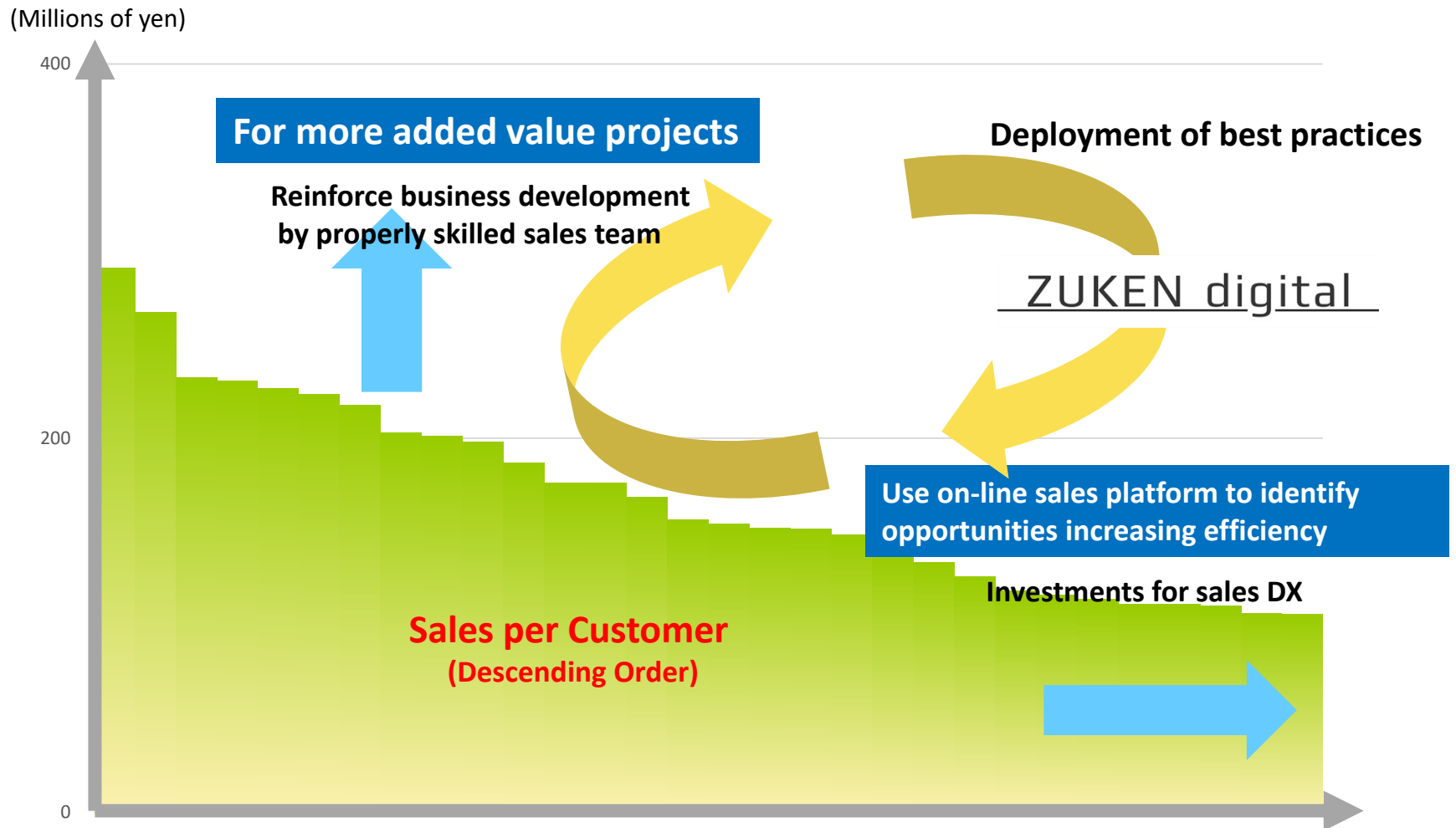
# Factors to Influence Operating Profit in the 3-year Plan

(Billions of yen)



# Growth-Profitability Balance

## Higher efficiency by using the sales DX



# Basic Policies of the New Medium-term Business Plan

---

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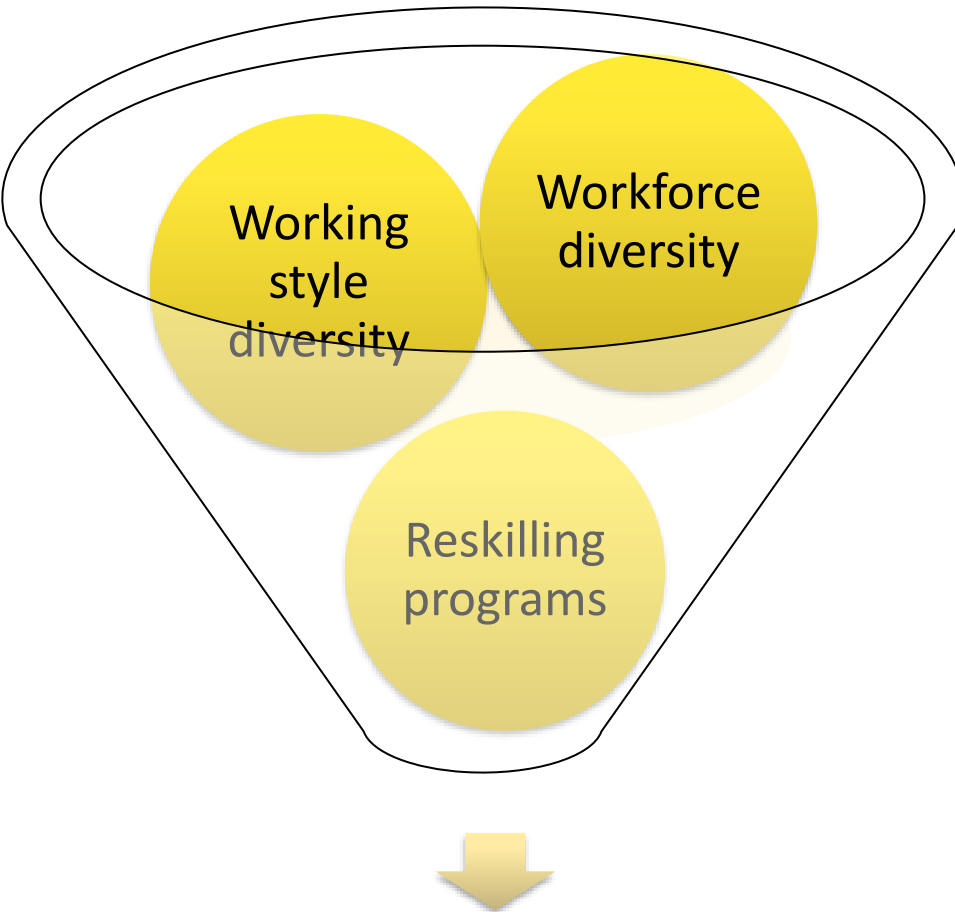
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## **Strengthen Corporate Governance**

**Incorporate Dynamic Capabilities and Social Issues in Management Strategies**

# Upgrade and Expand Human Resources



**More people with DX skills**

## **Diversity and flexibility for working styles**

- Encourage people to use time off for childcare and consider starting a remote work program

## **Increase retention and opportunities for women, place women in more job categories, leadership training for women**

## **Reskilling programs**

- Training in specialized areas of technology (training to create a core team of younger employees) by business unit
- Job rotations in different group companies
- Increase the program for paying for education to obtain IT certifications



# Basic Policies of the New Medium-term Business Plan

---

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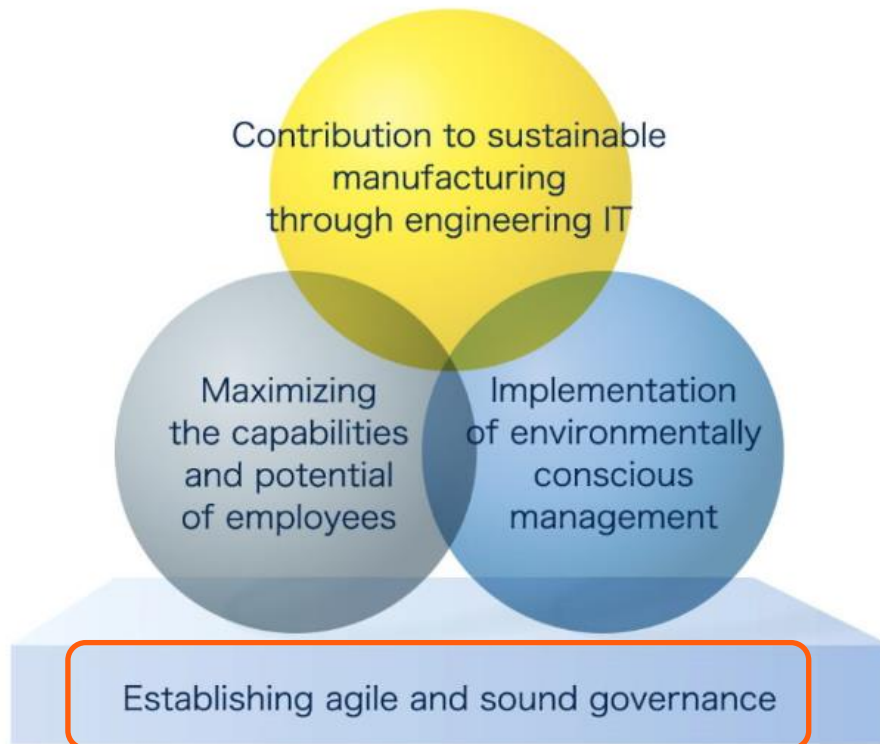
## **Strengthen Corporate Governance**

**Incorporate Dynamic Capabilities and Social Issues in Management Strategies**

# Strengthen Corporate Governance

The basis for corporate governance at ZUKEN is **adapting with speed and flexibility** to today's rapidly changing market conditions and **conducting business with outstanding compliance, suitability and soundness**

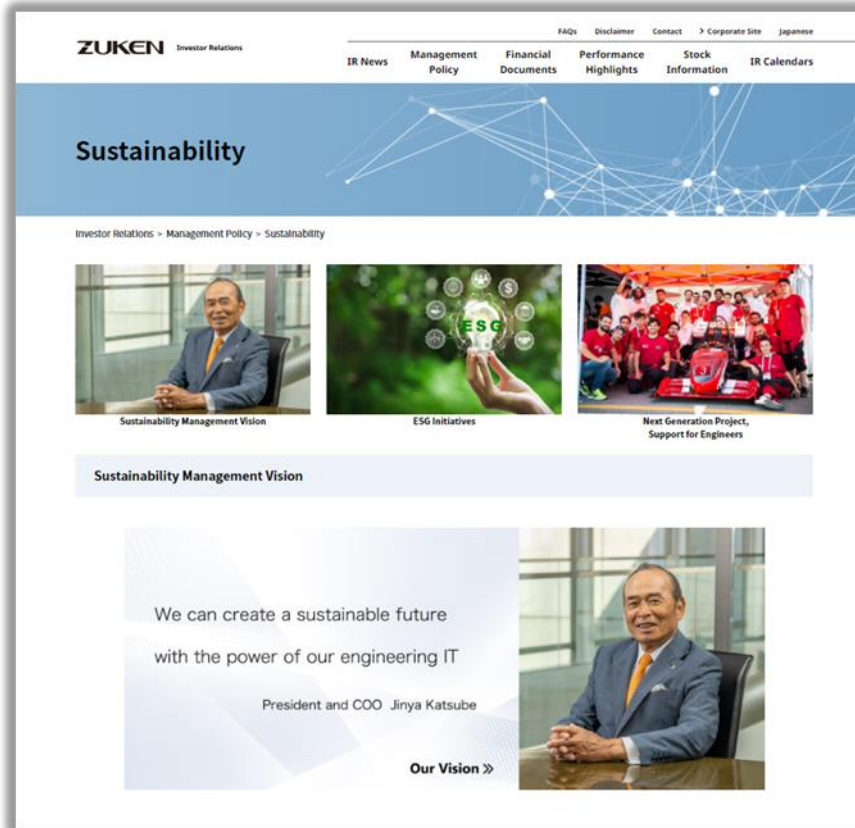
\*From the ZUKEN Corporate Governance Code Report



- Reexamined corporate governance activities due to the shift to a TSE Prime Market listing and confirmed compliance with all 83 corporate governance code principles.
- Outside directors are at least one-third of all directors, started using an executive officer system, established a Nomination and Remuneration Committee, and took other actions

In addition, started using an electronic voting platform for shareholders meetings and are reducing cross-shareholdings.

## Reference: The Sustainability Page of the ZUKEN Website



The new sustainability section of the ZUKEN website explains the vision for sustainability management, materiality, sustainability activities and other items.



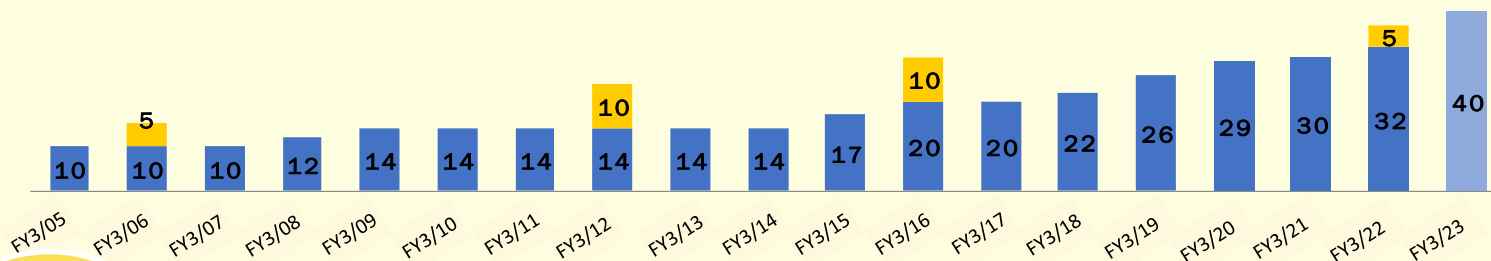
<https://ir.zuken.co.jp/en/policy/sustainability/>

# Policy for Shareholder Distributions

## Consistent Growth of Dividends

(Unit: yen)

■ Commemorative/special dividends  
■ Ordinary dividend



Investments for growth

Stable shareholder distributions

Financial soundness

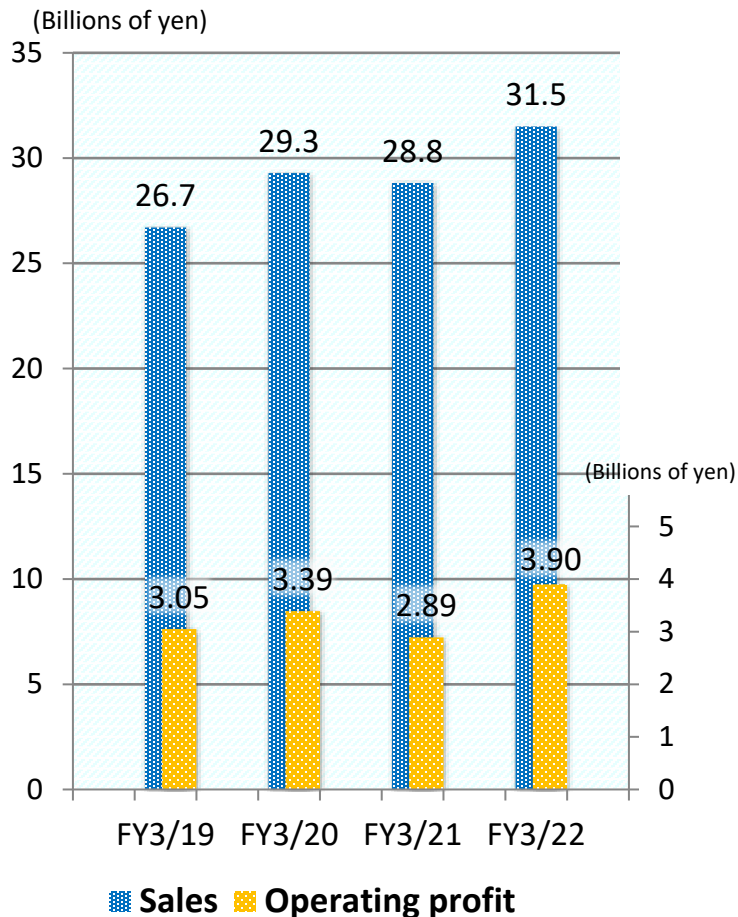
- Zuken has paid an annual dividend per share of at least 10 yen every year since its listing in 1987
- The dividend has increased several times since 2008
- The annual dividend was 37 yen for FY3/22 with the year-end dividend of 16 yen and special dividend of 5 yen.
- **Zuken plans to pay an annual dividend of 40 yen for FY3/23**
- 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**

## Sales Plan by Regions and Solutions



# Overview of the Previous Three Years



**CAGR: 5.6%**

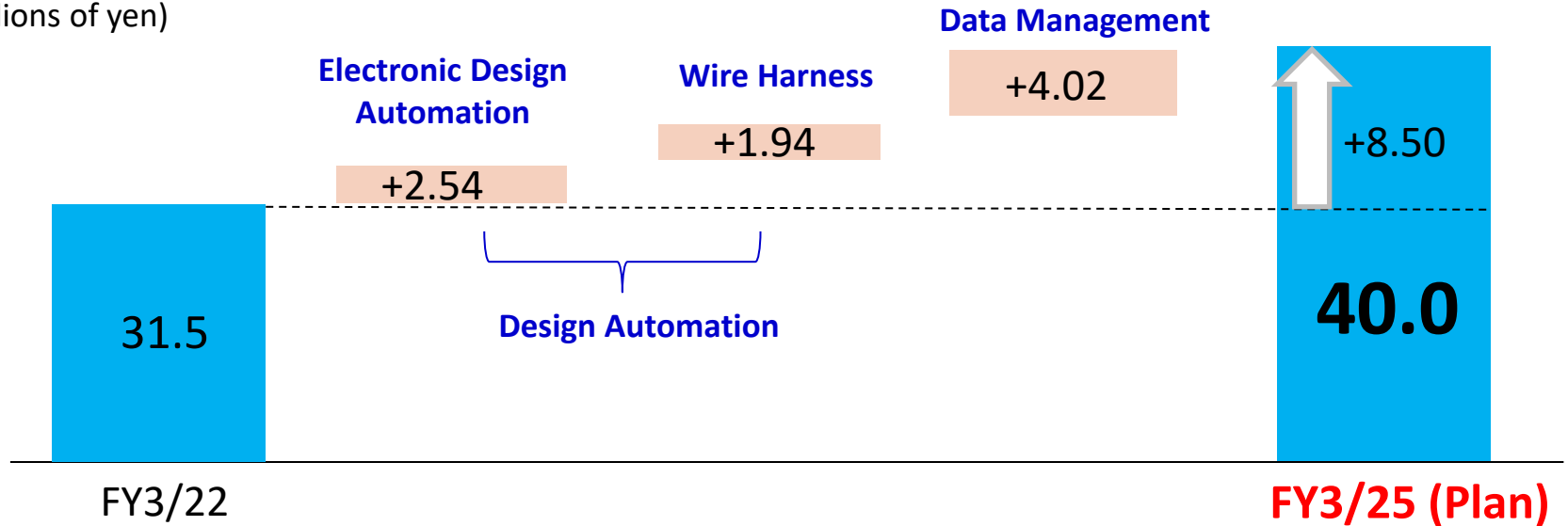
**4,700 million yen increase in sales**

**850 million yen increase in operating profit**

- Sales were down in FY3/21 as projects were suspended in Japan and overseas because of the pandemic. Sales returned to growth trajectory in FY3/22.
- During all three previous fiscal years, customers remained committed to expenditures for development programs (especially for electronic components and automotive electronics).
- Starting in FY3/21, companies increased investments for process reforms, such as for establishing remote work environments.
- In FY3/22, orders in the industrial machinery sector increased (especially in Europe) as investments for manufacturing increased in the semiconductor, electric vehicle and other market sectors.
- Progress of MBSE business:  
Joint development activities with Zuken Vitech  
Product planning, proof of concept with customers and other activities (especially in Japan)

# New Medium-term Sales Plan by Solutions

(Billions of yen)



## Electronic Design Automation

- Shift customers to the CR8000 by explaining advantages for CAE links etc.
- Target the demand for MEMS designs, advanced packaging designs and other sophisticated electronics designs.

## Wire Harness Design

- Increase sales of the new E3.infinite to automotive OEMs.
- Increase sales to new EV manufacturers
- Target the demand for smart factories and increase sales to factory automation manufacturers and companies' factory engineering departments.

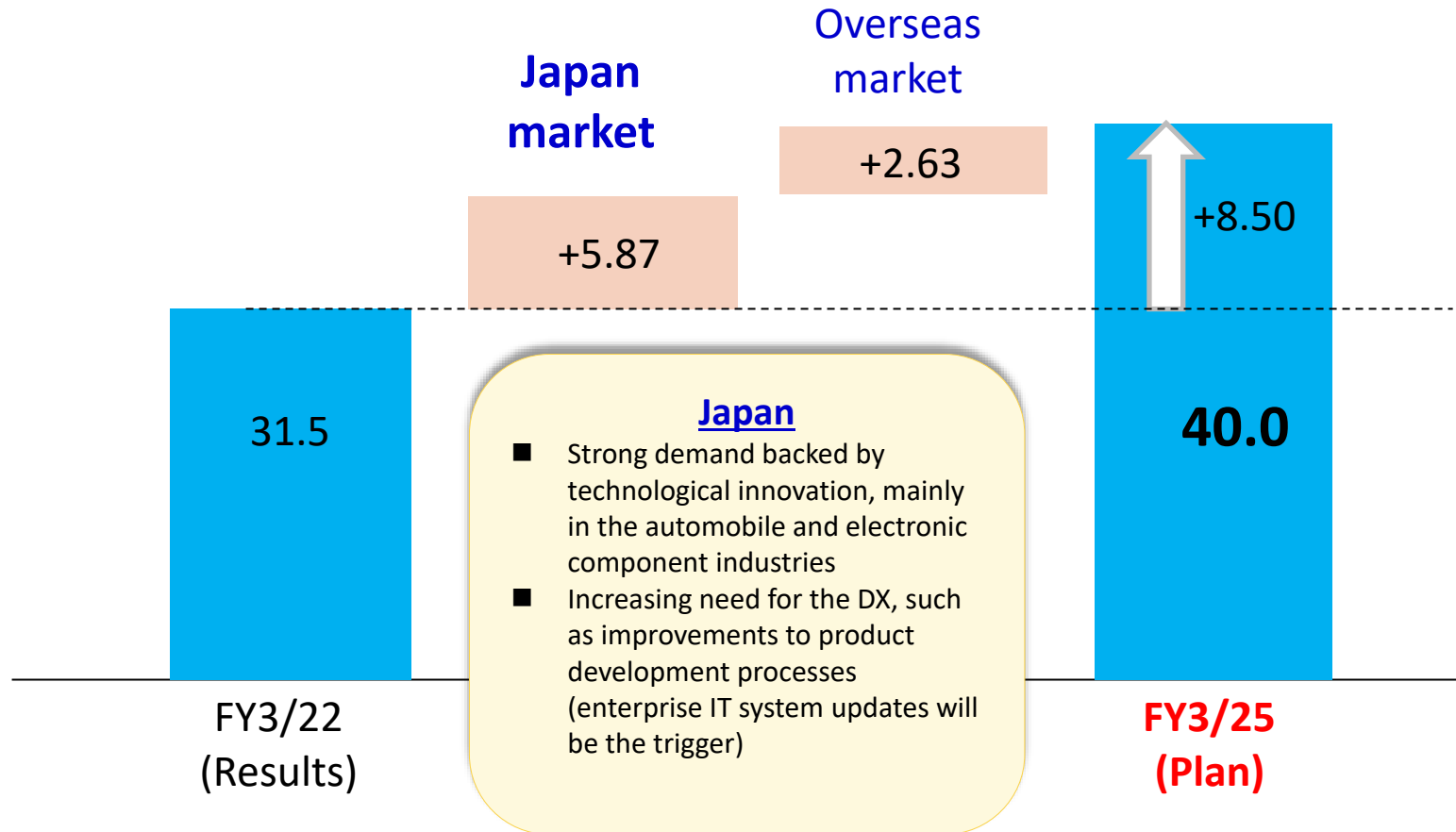
## Data Management

- Increasing demand for design process innovation (**including the MBSE/MBD business**) because of the need for the DX at customers
- Increase activities to provide customers with ideas for ways to add more value by combining data management with CAD.
- Continuation of significant demand for network security solution

# New Medium-term Sales Plan by Regions

## Japan Market Overview

(Billions of yen)



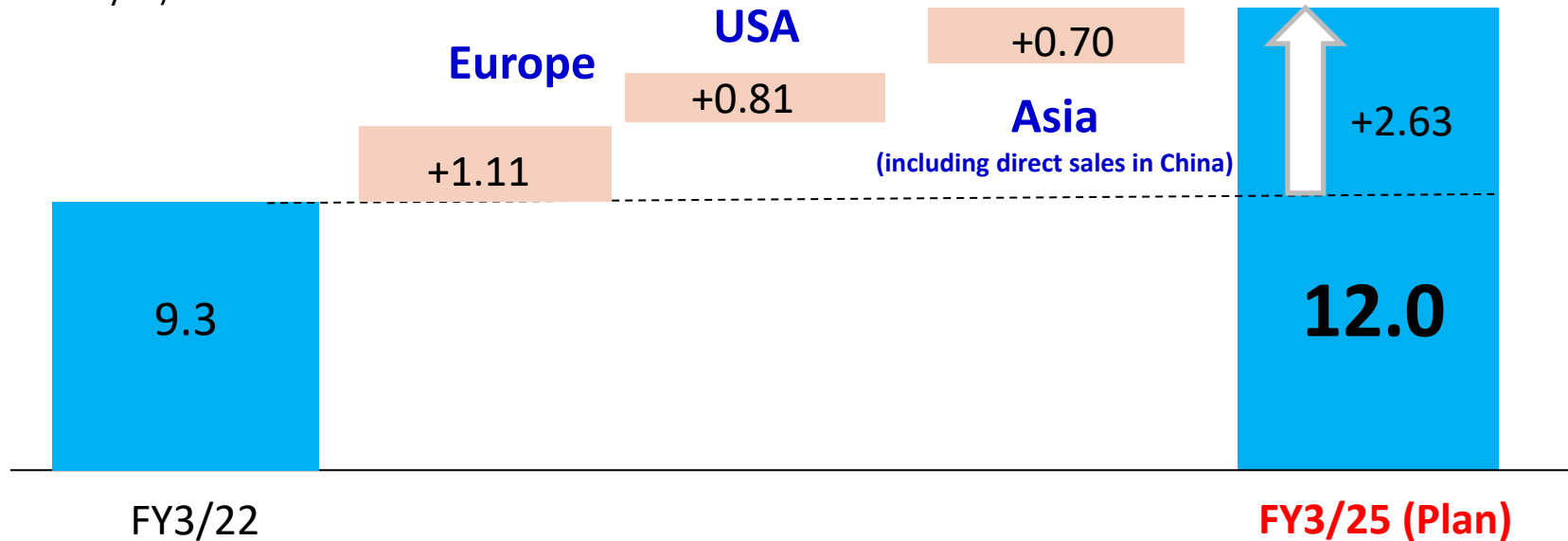
Note: Foreign exchange rate assumptions for the Medium-term Business Plan are 120 yen/USD and 130 yen/EUR.



# New Medium-term Sales Plan by Regions

## Overseas Market Overview

(Billions of yen)



### Europe

- Market conditions are currently favorable in the automotive electronics and industrial machinery sectors, which are the primary sources of business in Europe.
- Increase activities to submit data management proposals to current EDA/WH customers (especially wire harness customers).

### USA

- Stable earnings because most sales are TBL projects; new orders are recovering.
- Investments by aircraft manufacturers are slowly starting to recover.
- Increase sales by using Zuken Vitech/Zuken USA collaboration.

### Asia

- Market growth is likely involving new EV manufacturers and the advanced PKG/PCB sector.
- In China, aiming to expand the local customer base to cover more market sectors.
- The manufacturing sector in India is recovering from pandemic.

## (Reference) New Medium-term Sales Plan by Solutions

Solutions Category (Millions of yen)	FY3/22	FY3/25	Change	CAGR
Design Automation	19,263	<b>23,745</b>	+4,482	+7.2%
(of which WH Design)	(5,893)	<b>(7,835)</b>	+1,941	+10.0%
Data Management	12,239	<b>16,254</b>	+4,015	+9.9%
<b>Total Sales</b>	31,502	<b>40,000</b>	+8,497	+8.3%

## (Reference) Comparison with Disclosure Information for Product Categories

Product Categories Used in Earnings Releases		Major Products
Printed Circuit Board design solutions	<b>Design Automation</b>	CR-8000 Design Force CR-8000 DFM Center
	Printed Circuit Board	
Circuit design solutions		CR-8000 Design Gateway
	Wire harness	E3.series/E3.infinite Cabling Designer series
IT solutions	<b>Data Management</b>	DS-2 series GENESYS FortiGate PreSight/visual BOM
Client services and others*		Divided among the above categories

\*Client services are recurring revenue from the maintenance and updates of licenses.

## (Reference) New Medium-term Sales Plan By Region

Region (Millions of yen)	FY3/22	FY3/25	Change	CAGR
Japan	22,143	<b>28,008</b>	+5,865	+8.1%
Europe	5,400	<b>6,511</b>	+1,111	+6.4%
USA	2,246	<b>3,064</b>	+817	+10.9%
Asia	1,711	<b>2,414</b>	+703	+12.2%
Total	31,502	<b>40,000</b>	+8,497	+8.3%

## Corporate Profile

# Corporate Profile



## **ZUKEN Inc.**

**Established:** December 17, 1976

**Capital:** 10,117,065,000 yen

**Employees:** 427 (non-consolidated)  
1,476 (consolidated) (As of Mar. 31, 2022)

**Tokyo Stock Exchange, Prime Market**

**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.	March 2015	Established ZUKEN INDIA Pte. Ltd. in India.
April 1994	Developed EDA vertical integration solution "CR-5000."	July 2015	Took over YDC Corporation's CADVANCE business (CAD and PDM operations).
June 1994	Acquired all the shares of Racal-Redac Group (11 companies) of the United Kingdom.	April 2016	The PreSight Division was spun off as Zuken PreSight Inc.
September 1994	Moved up to the First Section of the Tokyo Stock Exchange.	December 2017	Acquired all the shares of Alfatech Inc. (now Zuken Alfatech Inc.).
March 2000	Acquired all the shares of INCASES Engineering GmbH.	August 2019	Acquired all the shares of Vitech Corporation (now Zuken Vitech Inc.) of USA.
March 2002	Started provision of a wire harness design environment for the automotive industry.	October 2019	Established ZUKEN Modelinx Inc.
June 2002	Established Shanghai Technical Center in Shanghai.	November 2021	Business Engineering Corporation became an equity-method affiliate following an additional investment by ZUKEN
February 2004	E& Announced the release of "ePLM Platform DS-2," a PLM solution specially designed for the electrical and electronics industries.	April 2022	Stock listing was moved to the Prime Market because of the restructuring of the Tokyo Stock Exchange into new market segments
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

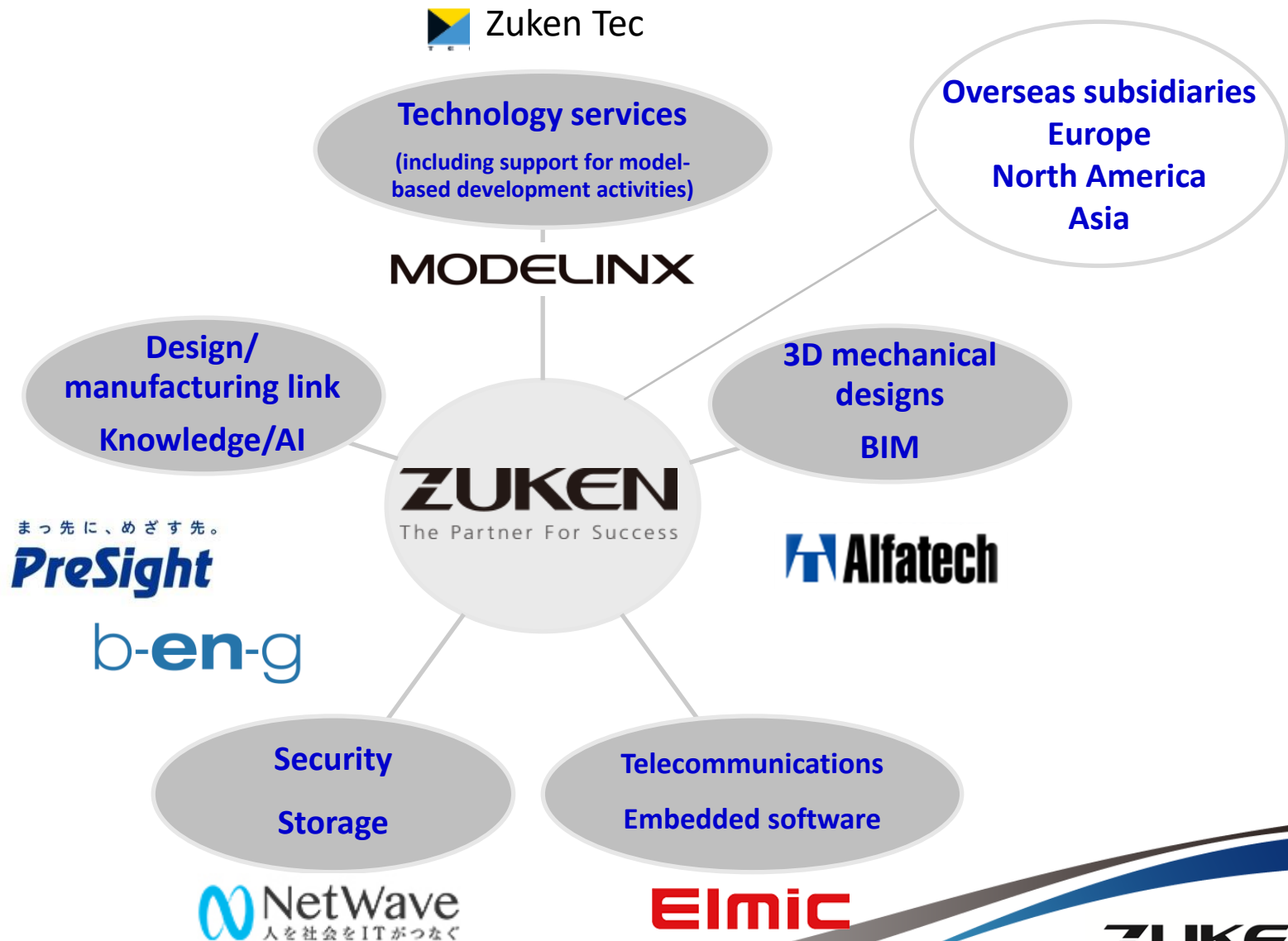
**Overseas Locations:** 5 countries in Asia, 8 countries in Europe and the United States

**Domestic Affiliates:** 7 (Zuken Tec Inc., Zuken Netwave Inc., Zuken Elmic Inc., Zuken PreSight Inc., Zuken Alfatech Inc., Zuken Modelinx Inc., Business Engineering Corporation)





# Zuken Group



## Precautions

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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**



#### Contact

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