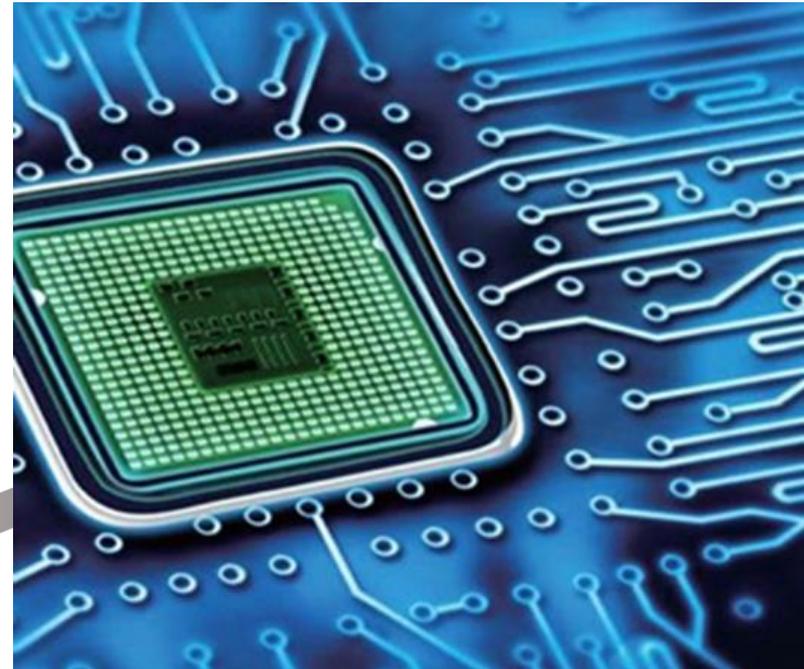


Progress and Outlook of Medium-term Business Plan (April 2019 - March 2022)

December 15, 2021



ZUKEN Inc.

Tokyo Stock Exchange, First Section
Securities code: 6947

Progress Report for the Current Medium-term Plan and Guidelines for the Next Plan

Progress Report for the Current Medium-term Plan

- (1) A strong recovery in the plan's final year from the pandemic downturn**
Sales and earnings may climb to record highs
- (2) Investments and a stronger infrastructure for the enlargement of business domains**
Established a base for the growth of model-based systems engineering (MBSE) into a new core business
- (3) Able to rapidly adapt to changes in the social and business climate**
Well-established framework for telework
Established an infrastructure for online sales activities

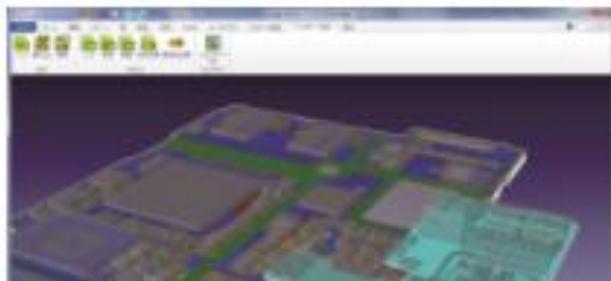
パナソニック、日本と中国の拠点でボード設計EDAを図研に乗り換え

小島 郁太郎 日経クロステック/日経エレクトロニクス

2021.10.18

パナソニックは、エンターテインメント&コミュニケーション事業部イメージングビジネスユニット（以下、イメージングBU）において、ボード（プリント基板）設計用EDA（Electronic Design Automation）システムを図研の製品に乗り換えた。図研が2021年10月14日に発表した（[ニュースリリース](#)）。図研によれば、イメージングBUは、図研以外のEDA製品を利用していたが、今回、全面的に図研製に切り替えた。

イメージングBUが採用したのは、ボード設計用EDAシステムの「CR-8000シリーズ」と設計データ・マネジメント・システム「DS-CR」である。これらを、イメージングBUの日本国内および中国（廈門）拠点に配した。図研の受注総額は約1.5億円である。



The Imaging Business Unit of Panasonic Corporation has decided to migrate to the Zuken CR-8000 series of solutions for leading-edge electronic designs and DS-CR design data management systems for its business sites in Japan and China.

Main Elements of the New Medium-term (3-year) Business Plan

Medium/long-term market trends affecting the Zuken Group

- Shift to a carbon-free economy
- Change in population structures
- Increasing geopolitical and natural disaster risk and supply chain disruptions
- Emergence of new social needs after the pandemic

Further increase in engineering IT needs +

Market changes that are **not simply extensions of current trends**

Issues for the Zuken Group for the next three years

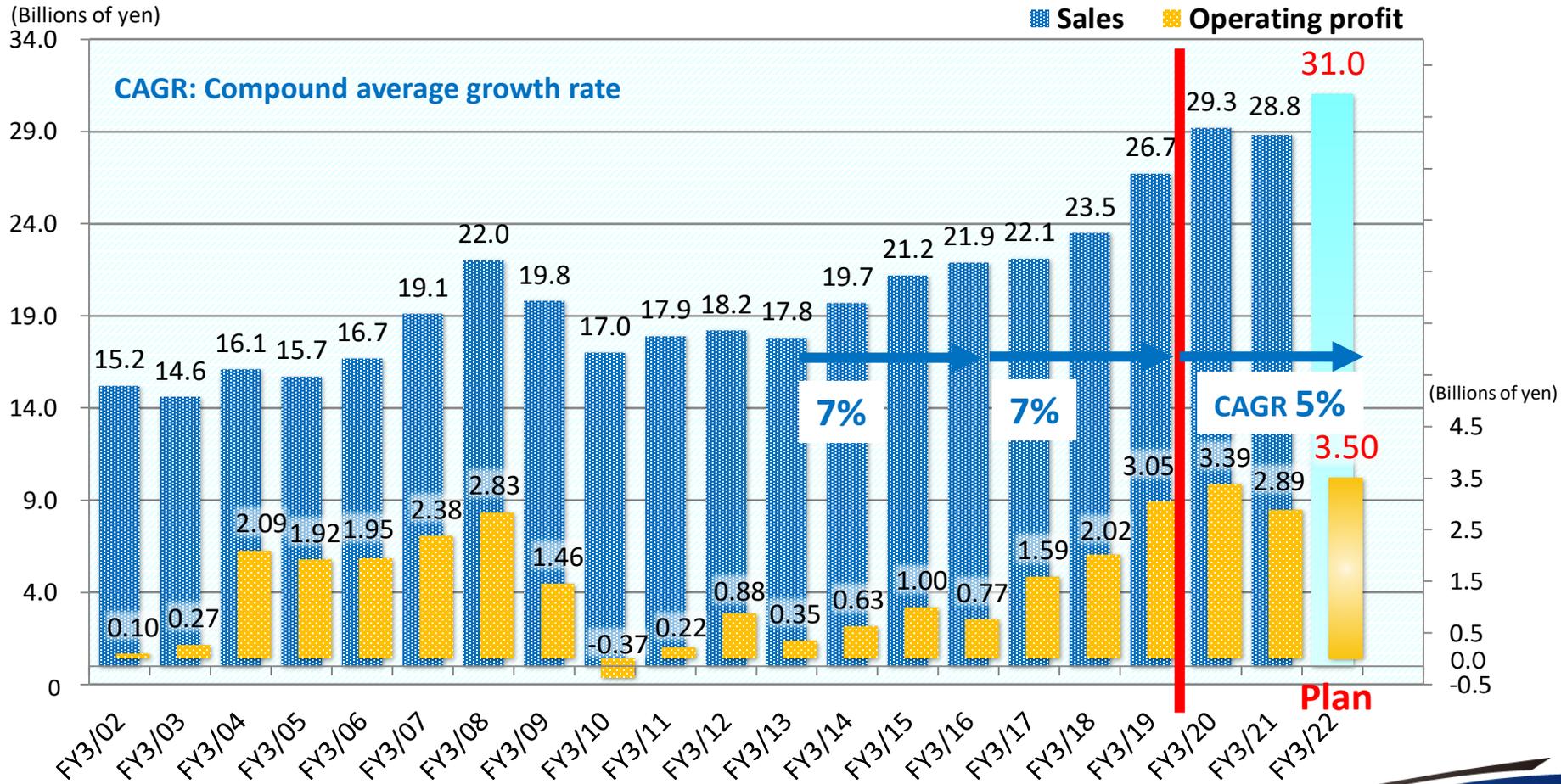
- Establish a governance framework that meets the demands of stock markets (selection of a Prime Market listing)
Build a management framework capable of adapting to change with speed and flexibility
- Increase investments for developing solutions for advances involving smart manufacturing
Model-based development, artificial intelligence, knowledge utilization and other skills (new products + upgraded/expanded functions of current products)
- Establish management, development and sales infrastructures with the goal of maximizing earnings from a global perspective
- Expand activities involving working style reforms at the Zuken Group and at client companies

Aim to achieve annual growth of 8%, which is faster than during the prior three-year plans

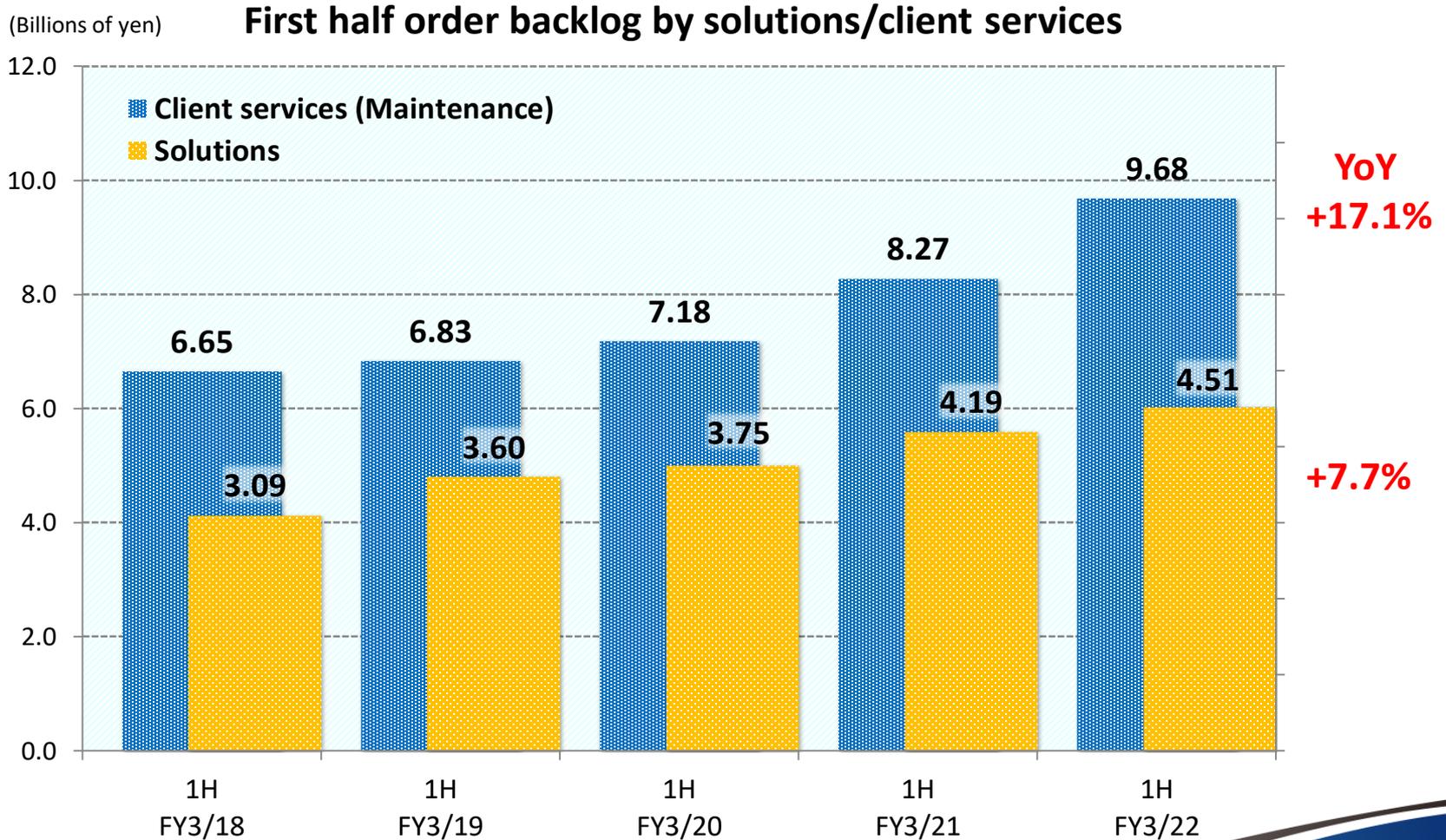
Become a comprehensive consulting company for manufacturers

Financial Summary (FY3/02-FY3/22)

Sales and Operating Profit



Order Backlog at the End of the First Half (FY3/18-FY3/22)



Record-high order backlog at the end of 1H FY3/22

By Product Categories

Order Backlog (Millions of yen)	1H FY3/21	1H FY3/22	YoY change	YoY change (%)
Printed Circuit Board design solutions	1,110	1,084	-26	-2.4%
Circuit design solutions	1,427	1,624	+197	+13.8%
IT solutions	1,650	1,804	+154	+9.3%
Client services	8,267	9,679	+1,412	+17.1%
Total	12,456	14,193	+1,737	+13.9%

Higher order backlog mainly due to orders for wire harness design products in Europe and for maintenance of security products

By Regions

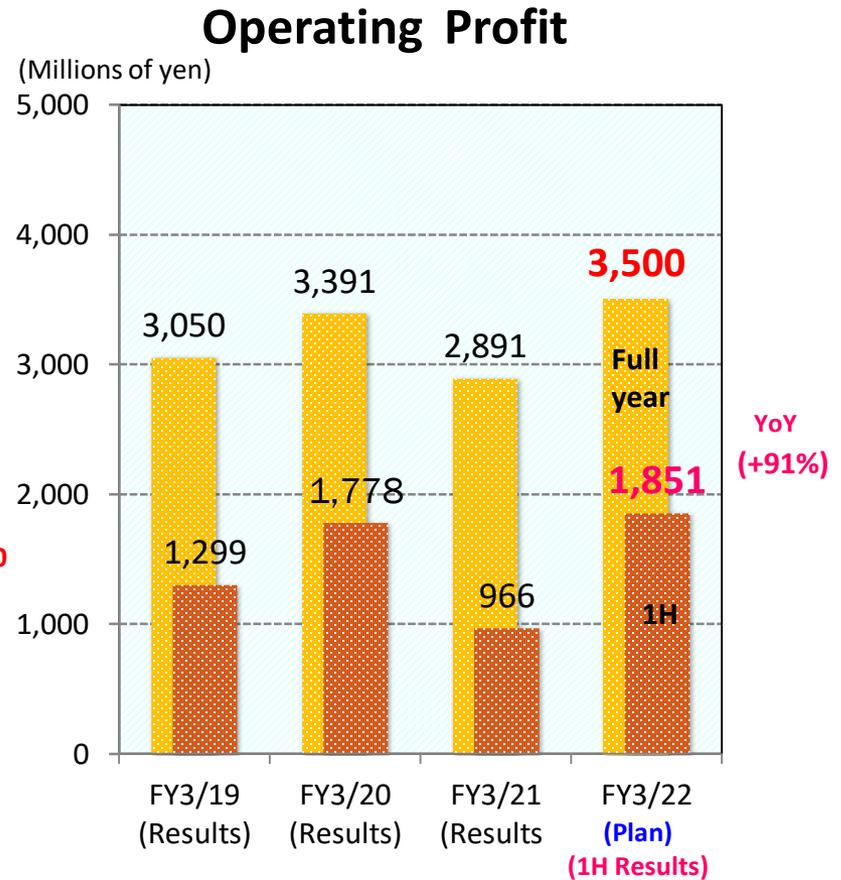
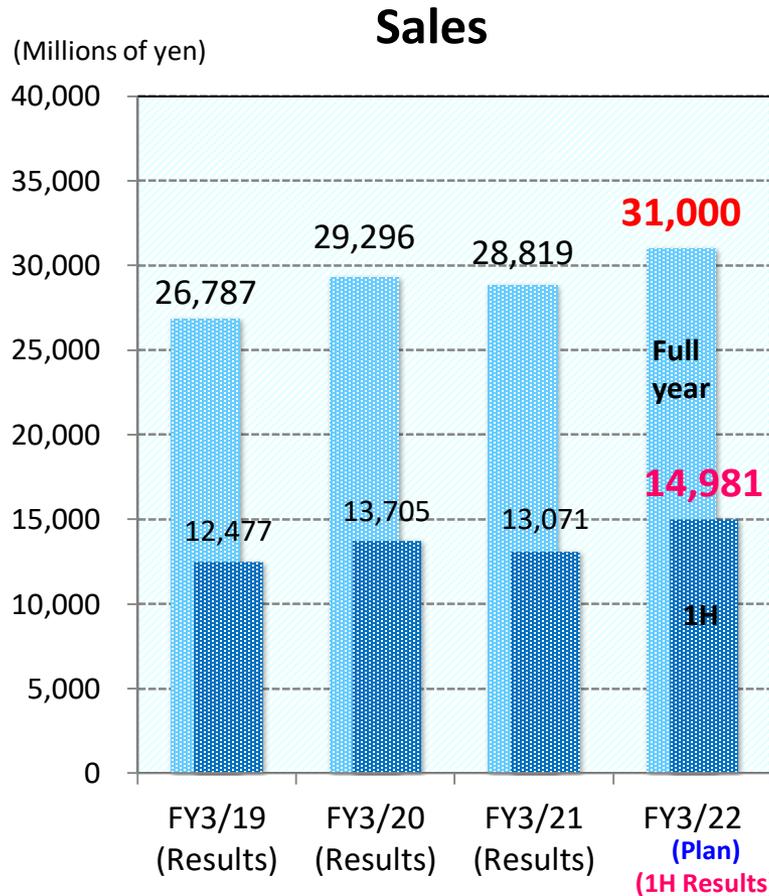
Order Backlog (Millions of yen)	1H FY3/21	1H FY3/22	YoY change	YoY change (%)
Japan	9,560	11,044	+1,484	+15.5%
Europe	1,252	1,463	+211	+16.9%
USA	1,182	1,159	-23	-2.0%
Asia	460	525	+65	+14.2%
Total	12,456	14,193	+1,737	+13.9%

The volume of business is recovering in all regions

1H FY3/22 Results and Outlook



Medium-term Sales/Earnings Targets and 1H FY3/22 Results

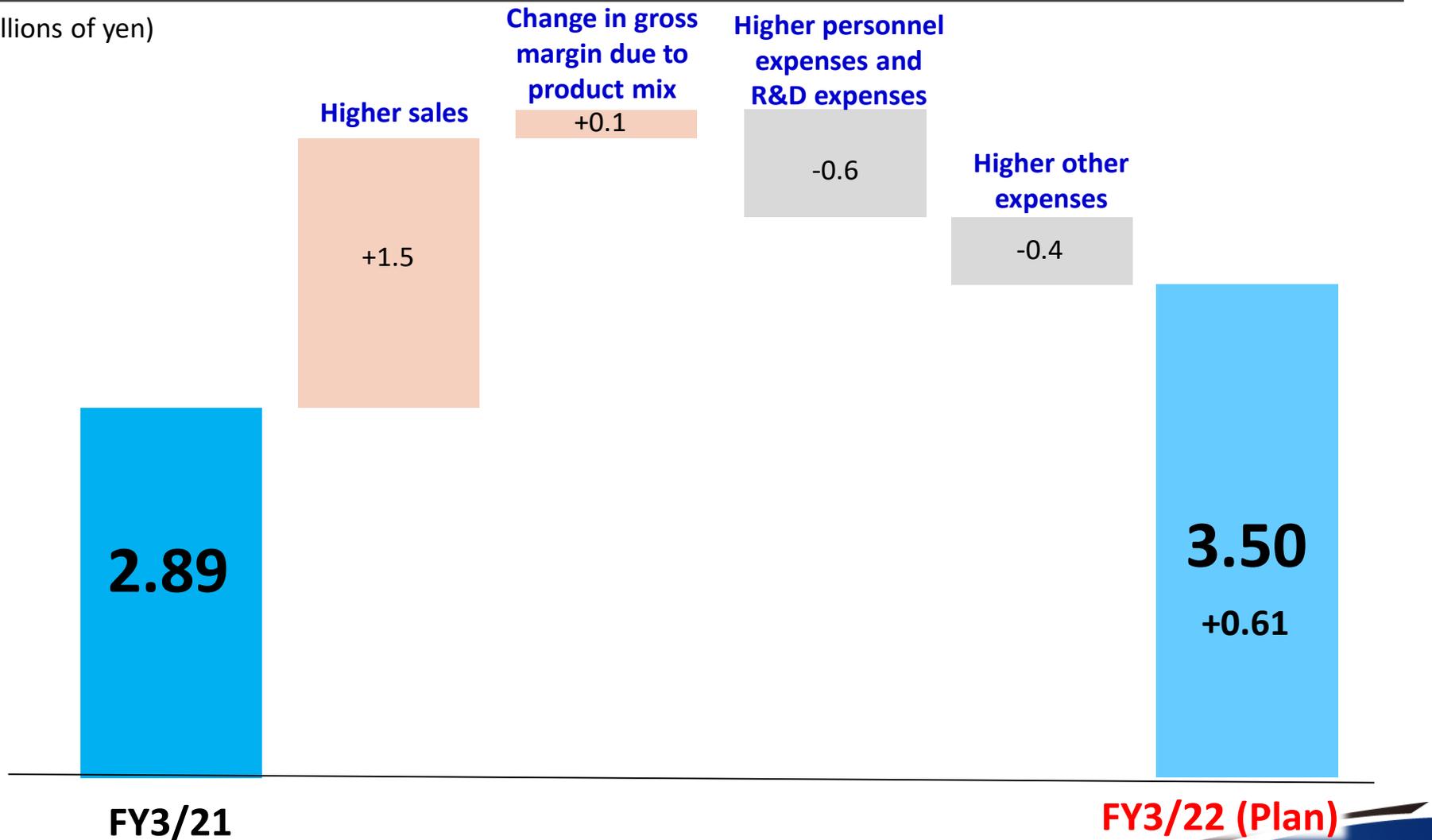


Note: Foreign exchange rate assumptions for the Medium-term Business Plan are 108 yen/USD and 120 yen/EUR.

**Sales in FY3/22 are expected to surpass FY3/20
(before the pandemic)**

Change in Operating Profit and Outlook for FY3/22

(Billions of yen)



First and Second Half Sales and Earnings

Sales (millions of yen)	1H	2H	Full year
FY3/20	13,705	15,591	29,296
FY3/21	13,071	15,748	28,819
FY3/22	14,981	16,019 (plan)	31,000 (plan)

Operating profit (millions of yen)	1H	2H	Full year
FY3/20	1,778	1,612	3,391
FY3/21	966	1,925	2,891
FY3/22	1,851	1,648 (plan)	3,500 (plan)

Record-high sales and earnings in 2H FY3/21 despite challenges due to the pandemic

Reference: First half Sales by Solutions

Sales (Millions of yen)	1H FY3/21	1H FY3/22	YoY change	
Printed Circuit Board design solutions	1,843	2,073	+230	Design Automation
Circuit design solutions	2,674	3,288	+614	
IT solutions	2,922	3,207	+284	Data Management
Client services	5,630	6,411	+780	Client services are divided into the above two categories
Total	13,071	14,981	+1,910	

Reference: Major Products of Solution Categories

Major products of each product category

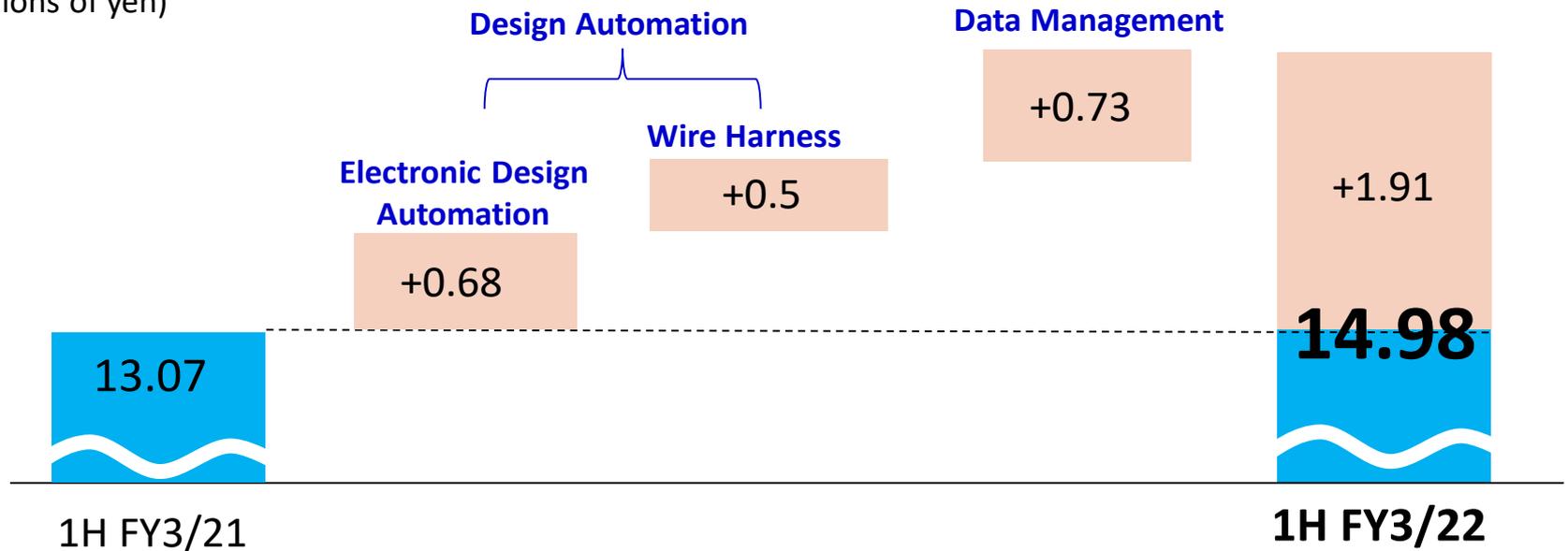
Product Categories Used in Earnings Releases	Major Products
<p>Printed Circuit Board design solutions</p> <p>Circuit design solutions</p>	<p>Design Automation</p> <p>Printed circuit board</p> <ul style="list-style-type: none"> CR-8000 Design Force CR-8000 DFM Center CR-5000 Board Designer <hr/> <p>Wire harness</p> <ul style="list-style-type: none"> CR-8000 Design Gateway CR-8000 System Planner E3.series Cabling Designer Harness Designer
<p>IT solutions</p>	<p>Data Management</p> <ul style="list-style-type: none"> DS-2, visualBOM Knowledge Explorer Fortigate (NW Security)
<p>Client services and others</p>	<p>Divided among the above categories</p> <p>(Maintenance services for products)</p>

1H Sales by Product Category vs. 1H FY3/21

Product Category (Millions of yen)	1H FY3/21	1H FY3/22	YoY change	
Design Automation	8,197	9,381	+1,183	+14.4%
(of which WH Design)	(2,345)	(2,846)	+501	+21.4%
Data Management Solutions	4,873	5,600	+726	+14.9%
Total Sales	13,071	14,981	+1,910	+14.6%

Changes in 1H Sales by Product Category

(Billions of yen)



Electronic Design Automation

- Contribution to sales from delayed FY3/21 projects that were restarted and from higher sales of options for remote work environments
- Steady volume of investments for innovations continued, mainly in the automobile and electronic components sectors

Wire Harness Design

- Sales supported by the global recovery in demand for manufacturing equipment; a big recovery of E3 sales in Europe
- Japan is recovering too but sales are currently slow; most sales involve additional licenses at automobile and special-purpose vehicle manufacturers

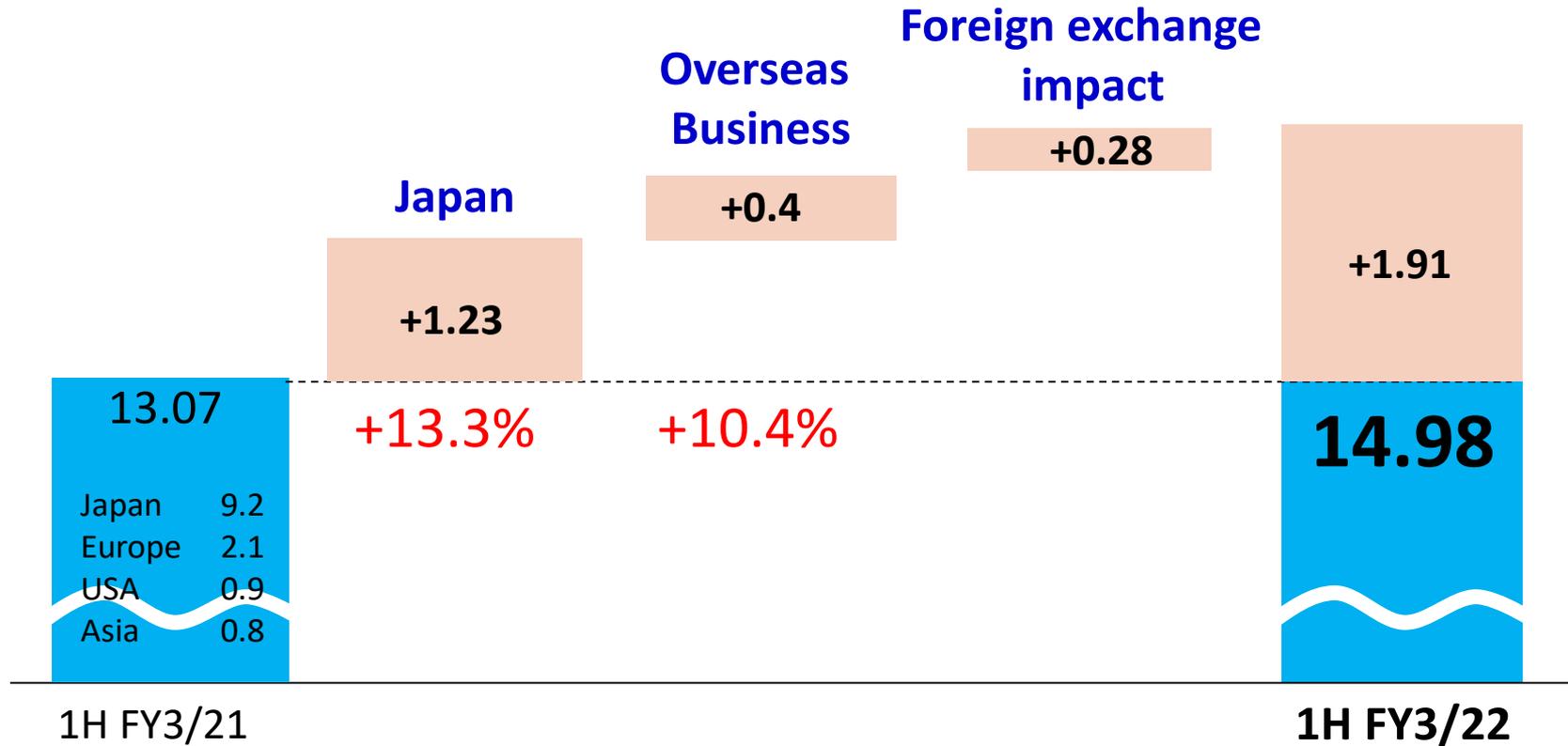
Data Management

- Continuing growth of demand for product data management (PDM) products and security solutions (provided by Zuken affiliates) because of the pandemic
- Increasing recognition of the importance of strengthening infrastructure for digital engineering

Overseas Business 1H Sales

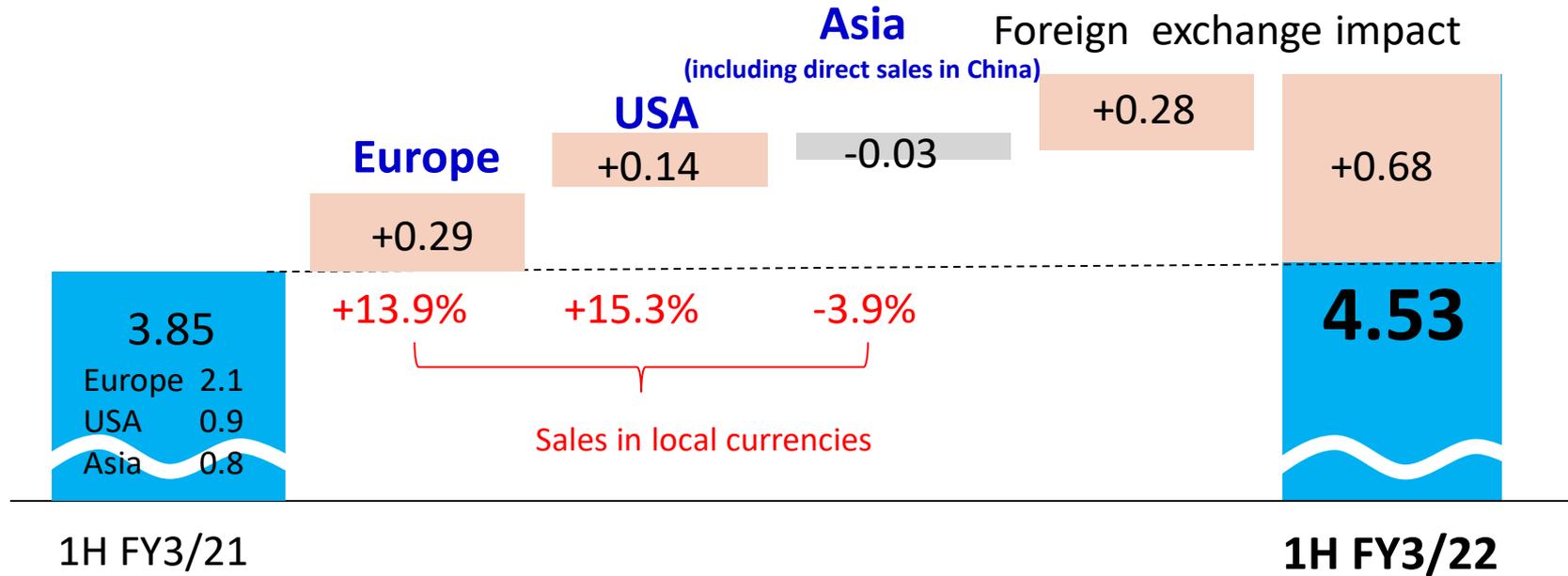
Average exchange rates in 1H FY3/21 were 107 yen/USD and 121 yen/EUR.
Average exchange rates in 1H FY3/22 were 110 yen/USD and 131 yen/EUR.

(Billions of yen)



Changes in 1H Sales by Region

Average exchange rates in 1H FY3/21 were 107 yen/USD and 121 yen/EUR.
Average exchange rates in 1H FY3/22 were 110 yen/USD and 131 yen/EUR.



- Europe**
- Resumption of projects that were suspended; mainly industrial machinery E3 customers
 - Business activities overall are returning to normal including sales activities seeking for new customers

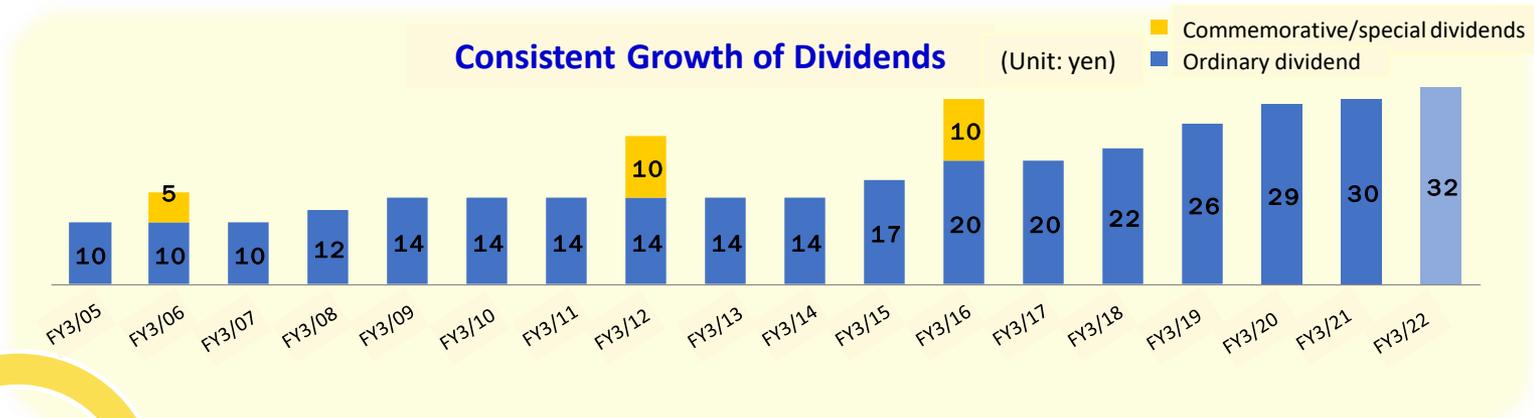
- USA**
- Stable base for earnings, primarily time based licenses
 - Slowly resuming sales activities to receive new orders and sales are beginning to increase

- Asia**
- Sales are lower than one year earlier in China because of the status of sales negotiations with a large customer; activities to diversify the customer base are needed
 - In all regions of Asia other than China, except India, sales increased as economic activity recovered

Outlook for Business Categories

- **The global recovery of development and manufacturing investments is continuing; investments are expected to continue mainly at large major customers for upgrading and optimizing engineering chains**
- **Companies are continuing to make investments involving working style reforms, the digital transformation and other new themes**
- **Prospects for new orders involving model-based systems engineering solutions are expanding in various sectors in addition to the automobile industry**
- **Starting sales of a new automotive E/E (electronic/electrical) design product late in FY3/22 with the goal of substantial sales of this product beginning in FY3/23**

Policy for Shareholder Distributions



Investments for growth

Stable shareholder distributions

Financial soundness

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

Zuken will retain a progressive dividend policy

Corporate Profile

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



ZUKEN DX
Digital Transformation

Digital transformation of the Zuken Group

 <p>リモート環境での社員の安全・健康管理を支援！</p> <p>図研ネットワークイブ</p>	 <p>増えた情報資産をナレッジとして活用！</p> <p>図研プリサイト</p>	 <p>EMC設計・熱設計のe-learningサービス</p> <p>図研テック</p>	 <p>カメラ映像とムを連携し、化・自動化へ</p> <p>図研エルミツ</p>
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Corporate Profile



ZUKEN Inc.

Established: December 17, 1976

Capital: 10,117,065,000 yen

Employees: 435 (non-consolidated)

1,479 (consolidated) (As of Sep. 30, 2021)

Tokyo Stock Exchange, First Section

Securities code: 6947

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

History

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

Global Locations and Affiliates in Japan

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

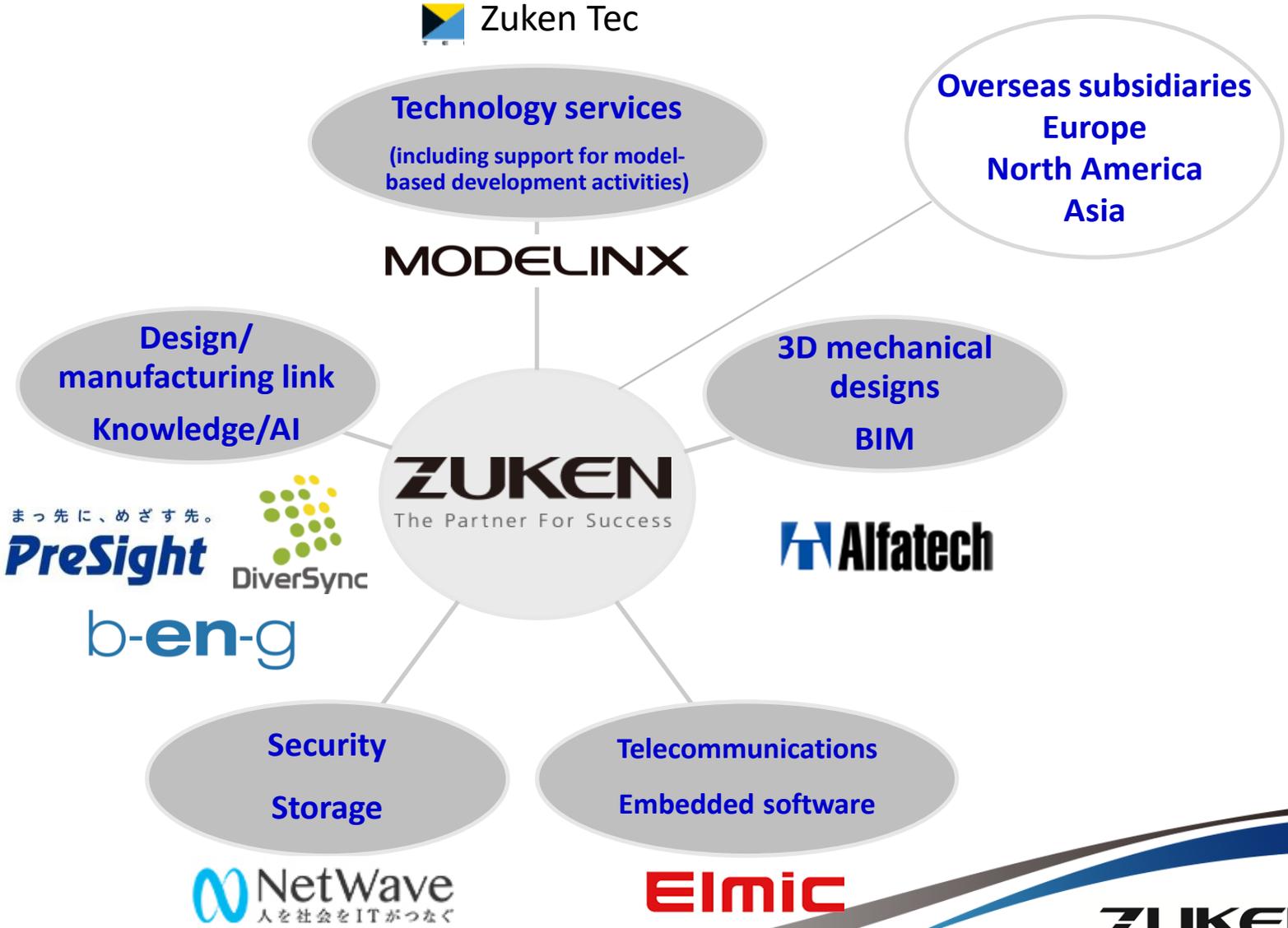
Locations in Japan: Yokohama, Osaka and Nagoya

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

Domestic Affiliates: 8 (Zuken Tec Inc., Zuken Netwave Inc., Zuken Elmic Inc., Zuken PreSight Inc., Zuken Alfatech Inc., Business Engineering Corporation, and two other companies)



Zuken Group



Precautions

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

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

The Partner For Success **ZUKEN**



Contact

ZUKEN Inc.

Corporate Marketing Division

2-25-1, Edahigashi Tsuzuki-ku, Yokohama

Tel: +81-45-942-1511