



February 6, 2025

Summary of Consolidated Financial Results
for the Third Quarter of Fiscal Year Ending March 31, 2025 (FY2024)
(Nine Months Ended December 31, 2024)

[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
 Contact: Susumu Yoshida, General Manager of Finance Department Tel: +81-45-942-1511
 Scheduled date of payment of dividend: -
 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 Third Quarter Ended December 31, 2024
(April 1, 2024 – December 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
Dec. 31, 2024	28,678	5.5	3,499	11.1	3,942	8.3	2,625	11.2
Dec. 31, 2023	27,180	9.8	3,149	4.2	3,639	14.0	2,360	9.6

Note: Comprehensive income (Millions of yen) Nine months ended Dec. 31, 2024: 3,423 (up 24.1%)
 Nine months ended Dec. 31, 2023: 2,759 (up 29.5%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended				
Dec. 31, 2024		118.36		-
Dec. 31, 2023		104.07		-

(2) Consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio	
	Millions of yen		Millions of yen		%	
As of Dec. 31, 2024	61,164		39,314		64.3	
As of Mar. 31, 2024	63,879		41,017		63.3	

Reference: Shareholders' equity (Millions of yen) As of Dec. 31, 2024: 39,314 As of Mar. 31, 2024: 40,454

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen				
Fiscal year ended Mar. 31, 2024	-	25.00	-	30.00	55.00
Fiscal year ending Mar. 31, 2025	-	50.00	-		
Fiscal year ending Mar. 31, 2025 (forecast)				50.00	100.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(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	41,000	6.6	5,500	14.7	5,900	8.5	4,000	3.4	181.39	

Note: Revisions to the most recently announced consolidated forecast: None

At the Board of Directors meeting held on November 11, 2024, ZUKEN resolved the purchase of its own shares and the repurchase was completed on January 27, 2025. Net income per share is calculated considering the result of this repurchase of treasury shares.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

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

(a) Changes in accounting policies due to revisions in accounting standards, others: None

(b) Changes in accounting policies other than (a) above: None

(c) Changes in accounting-based estimates: None

(d) Restatements: None

(4) Number of outstanding shares (common stock)

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

As of Dec. 31, 2024:	22,249,804 shares	As of Mar. 31, 2024:	22,249,804 shares
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(b) Number of treasury shares at the end of the period

As of Dec. 31, 2024:	404,900 shares	As of Mar. 31, 2024:	10 shares
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(c) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2024:	22,181,020 shares	Nine months ended Dec. 31, 2023:	22,681,763 shares
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* Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm: None

* 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., (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 2 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 first nine months of the current fiscal year, the economic outlook remained uncertain due to concerns about U.S. economic policy and the possibility of an economic downturn in China, among other factors. Despite these uncertainties, the economy slowly recovered, supported by strong corporate earnings. The speed of the digital transformation of the manufacturing sector is increasing, and manufacturers in the electronics, automobile and industrial equipment sectors, which are the major customers of the Zuken Group, are continuing to make substantial IT investments for the digital transformation.

Net sales in the first nine months increased 5.5% year on year to 28,678 million yen, a new record high for the first nine months of a fiscal year. Sales in all solution categories increased. One reason for this performance is a significant growth in sales of the E3.series of wire harness design system and the DS-E3 electrical design data management system in Europe. Another reason is the continuing growth of sales of the core CR-8000 Design Force electronic design system in Japan.

Earnings increased and achieved a new record for the first nine months due to sales growth. Operating profit increased 11.1% to 3,499 million yen, ordinary profit increased 8.3% to 3,942 million yen and profit attributable to owners of parent increased 11.2% to 2,625 million yen.

(2) Financial Position

Total assets at the end of the third quarter of the current fiscal year decreased by 2,714 million yen from the end of the previous fiscal year to 61,164 million yen.

Current assets decreased by 3,560 million yen. The main factors include decreases of 2,282 million yen in cash and deposits and 2,069 million yen in notes and accounts receivable-trade. Non-current assets increased by 845 million yen. The main factors include an increase of 1,038 million yen in investments and other assets from the evaluation of investment securities at market value.

Total liabilities decreased by 1,011 million yen from the end of the previous fiscal year to 21,850 million yen. Current liabilities decreased by 1,449 million yen. There were decreases of 476 million yen in provision for bonuses and 440 million yen in income taxes payable. Non-current liabilities increased by 438 million yen mainly due to an increase in deferred tax liabilities included in other non-current liabilities.

Net assets decreased by 1,703 million yen from the end of the previous fiscal year to 39,314 million yen and shareholders' equity ratio was 64.3%, mainly due to repurchase of treasury shares of 1,725 million yen.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

We currently maintain the consolidated forecast for the fiscal year ending March 31, 2025 that was released on May 13, 2024. Many of the Zuken Group's customers use a fiscal year that ends in March. As a result, a large percentage of the deliveries and final acceptances of our products tend to be concentrated in March each year. Consequently, sales and profits tend to be disproportionately concentrated in the fourth quarter in each fiscal year.

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

	(Thousands of yen)	
	FY2023 (As of Mar. 31, 2024)	Third quarter of FY2024 (As of Dec. 31, 2024)
Assets		
Current assets		
Cash and deposits	28,447,612	26,165,051
Notes and accounts receivable-trade	7,248,491	5,178,584
Securities	6,700,000	6,700,000
Merchandise and finished goods	433,950	798,852
Work in process	184,107	499,176
Raw materials and supplies	1,396	1,651
Other	5,919,228	6,022,782
Allowance for doubtful accounts	(37,848)	(29,595)
Total current assets	48,896,939	45,336,504
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,499,841	2,423,201
Land	3,009,821	3,009,821
Other, net	736,920	697,846
Total property, plant and equipment	6,246,583	6,130,869
Intangible assets		
Goodwill	110,427	69,727
Other	824,617	788,345
Total intangible assets	935,045	858,072
Investments and other assets	7,800,989	8,839,213
Total non-current assets	14,982,617	15,828,155
Total assets	63,879,557	61,164,660

	(Thousands of yen)	
	FY2023 (As of Mar. 31, 2024)	Third quarter of FY2024 (As of Dec. 31, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	774,308	845,953
Income taxes payable	818,003	377,706
Advances received	12,888,531	12,534,440
Provision for bonuses	1,198,773	722,666
Other provisions	107,248	86,550
Other	3,000,379	2,770,002
Total current liabilities	18,787,244	17,337,318
Non-current liabilities		
Retirement benefit liability	3,813,933	3,817,852
Other	261,277	695,478
Total non-current liabilities	4,075,210	4,513,331
Total liabilities	22,862,454	21,850,649
Net assets		
Shareholders' equity		
Share capital	10,117,065	10,117,065
Capital surplus	8,662,477	7,625,112
Retained earnings	18,802,945	19,648,287
Treasury shares	(39)	(1,725,397)
Total shareholders' equity	37,582,447	35,665,066
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,080,581	2,865,827
Foreign currency translation adjustment	811,548	798,276
Remeasurements of defined benefit plans	(19,962)	(15,161)
Total accumulated other comprehensive income	2,872,166	3,648,943
Non-controlling interests	562,488	-
Total net assets	41,017,102	39,314,010
Total liabilities and net assets	63,879,557	61,164,660

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Nine-month Period)**

(Thousands of yen)

	First nine months of FY2023 (Apr. 1, 2023 – Dec. 31, 2023)	First nine months of FY2024 (Apr. 1, 2024 – Dec. 31, 2024)
Net sales	27,180,683	28,678,827
Cost of sales	8,550,307	8,759,751
Gross profit	18,630,376	19,919,076
Selling, general and administrative expenses	15,480,647	16,419,591
Operating profit	3,149,728	3,499,485
Non-operating income		
Interest income	52,254	111,029
Dividend income	38,493	43,241
Foreign exchange gains	25,495	-
Share of profit of entities accounted for using equity method	278,852	357,016
Subsidy income	72,218	38,080
Other	37,385	61,586
Total non-operating income	504,699	610,954
Non-operating expenses		
Interest expenses	4,384	2,733
Foreign exchange losses	-	4,732
Commission expenses	-	156,428
Commission for purchase of treasury shares	7,999	3,448
Other	2,243	945
Total non-operating expenses	14,628	168,288
Ordinary profit	3,639,800	3,942,151
Extraordinary income		
Gain on sale of non-current assets	6,614	5,441
Total extraordinary income	6,614	5,441
Extraordinary losses		
Loss on disposal of non-current assets	5,226	397
Extra retirement payments	68,256	-
Total extraordinary losses	73,482	397
Profit before income taxes	3,572,932	3,947,194
Income taxes-current	871,730	991,824
Income taxes-deferred	287,466	308,310
Total income taxes	1,159,197	1,300,134
Profit	2,413,734	2,647,059
Profit attributable to non-controlling interests	53,286	21,742
Profit attributable to owners of parent	2,360,448	2,625,317

Quarterly Consolidated Statement of Comprehensive Income**(For the Nine-month Period)**

	(Thousands of yen)	
	First nine months of FY2023 (Apr. 1, 2023 – Dec. 31, 2023)	First nine months of FY2024 (Apr. 1, 2024 – Dec. 31, 2024)
Profit	2,413,734	2,647,059
Other comprehensive income		
Valuation difference on available-for-sale securities	27,473	765,561
Foreign currency translation adjustment	308,891	(13,271)
Remeasurements of defined benefit plans, net of tax	3,959	4,801
Share of other comprehensive income of entities accounted for using equity method	5,321	19,685
Total other comprehensive income	345,645	776,776
Comprehensive income	2,759,379	3,423,836
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,706,093	3,402,094
Comprehensive income attributable to non-controlling interests	53,286	21,742

(3) Notes to Quarterly Consolidated Financial Statements**Segment Information**

I. First nine months of FY2023 (Apr. 1, 2023 – Dec. 31, 2023)

1. Information about reportable segment net sales and profit or loss, and breakdown of revenue

(Thousands of yen)

	Reportable segment					Adjustment amount (Note 1)	Appropriated amount in the quarterly consolidated statement of income (Note 2)
	Japan	Europe	Americas	Asia	Total		
Net sales							
Solutions	10,501,985	2,959,488	1,253,337	598,599	15,313,410	-	15,313,410
Client services	7,886,925	2,279,816	915,752	784,778	11,867,272	-	11,867,272
Sales to third parties	18,388,910	5,239,304	2,169,089	1,383,378	27,180,683	-	27,180,683
Intersegment sales or transfers	1,125,873	1,067,805	77,971	90,098	2,361,749	(2,361,749)	-
Total	19,514,784	6,307,110	2,247,061	1,473,477	29,542,433	(2,361,749)	27,180,683
Segment profit (loss)	2,541,645	574,551	(256,240)	410,105	3,270,063	(120,334)	3,149,728

Notes: 1. Adjustment amount in segment profit (loss) includes amount of -120,334 thousand yen eliminated for intersegment transactions.

2. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Not applicable.

II. First nine months of FY2024 (Apr. 1, 2024 – Dec. 31, 2024)

1. Information about reportable segment net sales and profit or loss, and breakdown of revenue

(Thousands of yen)

	Reportable segment					Adjustment amount (Note 1)	Appropriated amount in the quarterly consolidated statement of income (Note 2)
	Japan	Europe	Americas	Asia	Total		
Net sales							
Solutions	10,758,577	3,397,875	1,302,134	602,999	16,061,587	-	16,061,587
Client services	8,687,412	2,285,528	776,161	868,137	12,617,240	-	12,617,240
Sales to third parties	19,445,990	5,683,403	2,078,296	1,471,137	28,678,827	-	28,678,827
Intersegment sales or transfers	1,238,450	996,786	96,791	97,480	2,429,508	(2,429,508)	-
Total	20,684,440	6,680,190	2,175,087	1,568,617	31,108,336	(2,429,508)	28,678,827
Segment profit (loss)	3,153,382	564,114	(741,665)	445,342	3,421,175	78,310	3,499,485

Notes: 1. Adjustment amount in segment profit (loss) includes amount of 78,310 thousand yen eliminated for intersegment transactions.

2. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Going Concern Assumption

Not applicable.

Notes to Quarterly Consolidated Statement of Cash Flows

A quarterly consolidated statement of cash flows for the first nine months of FY2024 has not been prepared. Depreciation (includes amortization expenses related to intangible assets minus goodwill) and amortization of goodwill for the first nine months of FY2023 and FY2024 is as follows.

	(Thousands of yen)	
	First nine months of FY2023 (Apr. 1, 2023 – Dec. 31, 2023)	First nine months of FY2024 (Apr. 1, 2024 – Dec. 31, 2024)
Depreciation	621,956	643,570
Amortization of goodwill	39,393	41,813

Business Combinations

Transactions under common control

On May 13, 2024, the Zuken Board of Directors approved a resolution to conduct a tender offer pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948 including subsequent amendments) for the common stock of consolidated subsidiary Zuken Elmic, Inc. The tender offer took place between May 14 and June 24, 2024. Subsequently, in accordance with the resolution of the extraordinary shareholders meeting of Zuken Elmic held on September 5, 2024, Zuken acquired, on December 10, 2024, one additional share corresponding to the total number of fractional shares resulting from the reverse stock split (1 share for 897,812 shares) effective on October 1, 2024, after obtaining court approval pursuant to Article 235, Paragraph 2 of the Companies Act, which is applicable in lieu of Article 234, Paragraph 2 of the same act. As a result, Zuken Elmic became a wholly owned subsidiary of Zuken. As a result of the resolution for this reverse stock split, Zuken Elmic's common stock met the delisting criteria stipulated in the Securities Listing Regulations of the Tokyo Stock Exchange, Inc. and was delisted effective on September 27, 2024.

1. Summary of the business combination

(1) Company acquired and its business activities

Company acquired: Zuken Elmic, Inc.

Business activities: Engineering services, protocol stacks, system platforms and other telecommunication middleware products

(2) Date of business combination

Acquisition through a tender offer: July 1, 2024

Acquisition pursuant to Article 234, Paragraph 2 of the Companies Act: December 10, 2024

(3) Method of business combination

Acquisition of shares with cash

(4) Name of the company after business combination

There is no change in the company's name.

(5) Other item concerning summary of business combination

Percentage of voting rights before business combination: 40.41%

Percentage of voting rights after tender offer: 86.62%

Percentage of voting rights after acquisition pursuant to Article 234, Paragraph 2 of the Companies Act: 100.00%

2. Summary of accounting methods applied

Accounting methods used for this acquisition as a transaction with non-controlling interests under common control are based on “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, January 16, 2019) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

3. Matters concerning additional purchase of subsidiary’s shares

Acquisition cost and breakdown by type of consideration

Payment for the acquisition: Cash and deposits 1,610,349 thousand yen

Acquisition cost: 1,610,349 thousand yen

4. Change in ownership interest of Zuken due to transactions with non-controlling interests

(1) Major changes in capital surplus

Additional purchase of the subsidiary’s shares

(2) Decrease in capital surplus due to transactions with non-controlling interests

1,047,861 thousand yen

Subsequent Events

Repurchase of treasury shares

At the Board of Directors meeting held on November 11, 2024, ZUKEN resolved the following matters pertaining to the purchase of its own shares pursuant to Article 156 of the Companies Act which is applicable in lieu of Article 165, Paragraph 3 of the Companies Act, and implemented the acquisition.

1. Reason for repurchase of shares

Shares are repurchased to improve capital efficiency and return more earnings to shareholders.

2. Details of repurchase

- | | |
|---|--|
| (1) Type of shares to be repurchased: | Common stock of ZUKEN |
| (2) Total number of shares to be repurchased: | Up to 750,000 shares
(3.37% of total number of shares outstanding, excluding treasury shares) |
| (3) Total value of shares to be repurchased: | Up to 2.5 billion yen |
| (4) Period for repurchase: | From November 12, 2024 to March 31, 2025 |
| (5) Method of repurchase: | Purchase on the Tokyo Stock Exchange |

3. Result of repurchase

As a result of the purchase on the Tokyo Stock Exchange, 582,900 shares of the ZUKEN’s common stock (acquisition cost: 2.5 billion yen) were repurchased from November 12, 2024 to January 27, 2025 (contract basis).

The repurchase was completed because the authorized total value of the repurchase was reached.

3. Supplementary Information

(1) Sales and Orders

(a) Sales (Thousands of yen)

Segment	First nine months of FY2023 (Apr. 1, 2023 – Dec. 31, 2023)		First nine months of FY2024 (Apr. 1, 2024 – Dec. 31, 2024)	
	Amount	Composition (%)	Amount	Composition (%)
Japan	18,388,910	67.7	19,445,990	67.8
Europe	5,239,304	19.3	5,683,403	19.8
Americas	2,169,089	8.0	2,078,296	7.2
Asia	1,383,378	5.0	1,471,137	5.2
Total	27,180,683	100.0	28,678,827	100.0

(b) Orders received and order backlog (Thousands of yen)

Segment	First nine months of FY2023 (Apr. 1, 2023 – Dec. 31, 2023)		First nine months of FY2024 (Apr. 1, 2024 – Dec. 31, 2024)	
	Orders received	Order backlog	Orders received	Order backlog
Japan	19,784,637	13,087,405	20,943,942	13,638,725
Europe	5,869,867	3,558,829	5,511,923	3,932,149
Americas	1,743,675	1,905,412	1,598,103	1,985,731
Asia	1,490,247	796,590	1,238,716	628,593
Total	28,888,428	19,348,237	29,292,685	20,185,200

Note: Intersegment transactions have been eliminated.

(Reference) Results by product category are as follows.

(a) Sales (Thousands of yen)

Product category	First nine months of FY2023 (Apr. 1, 2023 – Dec. 31, 2023)		First nine months of FY2024 (Apr. 1, 2024 – Dec. 31, 2024)	
	Amount	Composition (%)	Amount	Composition (%)
Printed Circuit Board design solutions	3,176,106	11.7	3,332,593	11.6
Circuit design solutions	5,845,739	21.5	6,287,292	21.9
IT solutions	6,284,930	23.1	6,439,923	22.5
Client services	11,867,272	43.7	12,617,240	44.0
Others	6,634	0.0	1,777	0.0
Total	27,180,683	100.0	28,678,827	100.0

(b) Orders received and order backlog (Thousands of yen)

Product category	First nine months of FY2023 (Apr. 1, 2023 – Dec. 31, 2023)		First nine months of FY2024 (Apr. 1, 2024 – Dec. 31, 2024)	
	Orders received	Order backlog	Orders received	Order backlog
Printed Circuit Board design solutions	3,994,468	1,835,400	3,413,791	1,757,630
Circuit design solutions	6,751,812	2,427,084	6,567,088	2,551,542
IT solutions	7,174,604	2,763,256	7,861,891	3,155,760
Client services	10,958,212	12,317,598	11,430,883	12,702,476
Others	9,330	4,896	19,031	17,790
Total	28,888,428	19,348,237	29,292,685	20,185,200

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

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.