



May 15, 2023

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (FY2022)

[Japanese GAAP]

Company name: ZUKEN Inc. Listing: Tokyo Stock Exchange
 Stock code: 6947 URL: <https://www.zuken.co.jp>
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 Scheduled date of Annual General Shareholders' Meeting: June 29, 2023
 Scheduled date of payment of dividend: June 30, 2023
 Scheduled date of filing of Annual Securities Report: June 29, 2023
 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, 2023 (April 1, 2022 – March 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal years ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Mar. 31, 2023	35,073	11.3	4,428	13.4	4,735	13.4	3,196	6.4
Mar. 31, 2022	31,502	9.3	3,904	35.0	4,177	32.5	3,002	40.5

Note: Comprehensive income (Millions of yen) Fiscal year ended Mar. 31, 2023: 3,707 (up 586.0%)
 Fiscal year ended Mar. 31, 2022: 540 (down 88.2%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
Fiscal years ended	Yen	Yen	%	%	%
Mar. 31, 2023	137.48	-	8.1	7.8	12.6
Mar. 31, 2022	129.16	-	7.8	7.2	12.4

Reference: Equity in earnings of associates (Millions of yen) Fiscal year ended Mar. 31, 2023: 268
 Fiscal year ended Mar. 31, 2022: 84

(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, 2023	62,498	41,355	65.4	1,758.56
As of Mar. 31, 2022	59,105	38,616	64.7	1,644.76

Reference: Shareholders' equity (Millions of yen) As of Mar. 31, 2023: 40,884 As of Mar. 31, 2022: 38,238

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal years ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Mar. 31, 2023	2,879	(747)	(1,023)	28,399
Mar. 31, 2022	1,247	4,703	(765)	26,900

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Mar. 31, 2022	-	16.00	-	21.00	37.00	860	28.6	2.2
Fiscal year ended Mar. 31, 2023	-	20.00	-	25.00	45.00	1,046	32.7	2.6
Fiscal year ending Mar. 31, 2024 (forecast)	-	25.00	-	25.00	50.00		34.7	

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, 2024 (April 1, 2023 – March 31, 2024)

(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	37,000	5.5	4,600	3.9	4,900	3.5	3,350	4.8	144.09

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

(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, 2023: 23,267,169 shares As of Mar. 31, 2022: 23,267,169 shares

(b) Number of treasury shares at the end of the period

As of Mar. 31, 2023: 18,611 shares As of Mar. 31, 2022: 18,471 shares

(c) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2023: 23,248,639 shares Fiscal year ended Mar. 31, 2022: 23,248,912 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal years ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Mar. 31, 2023	12,042	6.7	1,684	11.1	3,270	14.6	2,342	18.0
Mar. 31, 2022	11,289	1.4	1,515	12.9	2,853	7.2	1,985	(11.2)

	Net income per share	Diluted net income per share
Fiscal years ended	Yen	Yen
Mar. 31, 2023	100.76	-
Mar. 31, 2022	85.41	-

(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, 2023	42,827	36,973	86.3	1,590.35
As of Mar. 31, 2022	43,059	35,434	82.3	1,524.15

Reference: Shareholders' equity (Millions of yen) As of Mar. 31, 2023: 36,973 As of Mar. 31, 2022: 35,434

* 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, although the outlook became increasingly uncertain due to the prolonged Ukraine crisis, accelerating inflation worldwide, and other events, the economy continued to recover slowly as restrictions were reduced as the COVID-19 cases fell to a low level and economic activity returned to normal.

Manufacturers in the electronics, automotive and industrial sectors, which are the main customers of the Zuken Group, are continuing to make substantial capital expenditures including a large volume of IT investments with the support of the strong corporate earnings.

The Zuken Group is dedicated to operating as an engineering IT organization capable of providing best-in-class solutions for a broad range of design and manufacturing problems for manufacturers anywhere in the world. During the fiscal year, we continued to focus on increasing sales of core products and assisting customers with the use of new methods for developing products and technologies. Major initiatives of the fiscal year were as follows.

(i) Increased sales of core products

We focused on increasing sales of the CR-8000, our core electronic system design solution series for the electronics manufacturing industry, and the E3.series, a wire harness design system for manufacturers of automobiles and industrial equipment. Sales of these products increased in many market sectors in Europe, North America and Japan. Sales started for the E3.infinite wire harness design system for manufacturers of automobiles and other transportation products. Currently, many companies are interested in performing tests to determine the benefits of replacing an existing design environment with this new system. Sales activities are under way with the aim of having the E3.infinite used by numerous companies. The DS series of data management systems, which are used with these both the E3 and CR systems, was sold as an integrated solution extending from design to data management systems. This resulted in sales growth by making the DS series a part of large projects.

There were highly effective sales activities during the fiscal year that closely reflected proposals for customers, by using the ZUKEN digital web communication tool, as well as face-to-face sales meetings due to the easing of restrictions related to the pandemic.

(ii) A new product development method for design optimization beginning with the conceptual design stage

The need for digital technologies and greater efficiency for all design and manufacturing processes of ZUKEN's customers is growing as the scale and complexity of manufacturing operations increase. The ZUKEN Group is meeting this need by focusing on assistance for the use of the model-based systems engineering (MBSE) methodology, which optimizes designs beginning with the conceptual design stage. This approach is effective for the development of products that require intricate combinations of electrical, mechanical, software and many other technologies.

We continued development activities involving GENESYS MBSE modeling tool for products used in Japan and made this tool even more competitive by making significant improvements in ease of use, performance and search capabilities. For the GENESYS-CR, which links GENESYS and the CR-8000 series, we heightened quality and reliability, upgraded functions and made other improvements as we started full-scale sales activities targeting customers who are considering the use of MBSE.

Consolidated results

Net sales	35,073 million yen	(up 11.3% year on year)
Ordinary profit	4,735 million yen	(up 13.4% year on year)
Profit attributable to owners of parent	3,196 million yen	(up 6.4% year on year)

Fiscal year sales increased significantly from one year earlier to an all-time high for the second consecutive year. This is attributable to higher sales of E3.series, a wire harness design system, and strong sales of data management system DS series.

Earnings were also much higher because of the significant increase in sales, with operating profit and ordinary profit reaching record highs.

Product category sales were as follows.

Product category sales

Printed Circuit Board design solutions	4,123 million yen	(down 3.3% year on year)
Circuit design solutions	7,817 million yen	(up 13.5% year on year)
IT solutions	8,290 million yen	(up 15.2% year on year)
Client services	14,835 million yen	(up 12.8% 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 3,392 million yen from the end of the previous fiscal year to 62,498 million yen. The main factors include increases of 1,315 million yen in cash and deposits, 824 million yen in prepaid expenses and 814 million yen in accounts receivable-trade.

Total liabilities increased 652 million yen from the end of the previous fiscal year to 21,142 million yen. The main factors were an increase of 2,108 million yen in advances received, which offset a decrease of 1,780 million yen in income taxes payable.

Net assets increased 2,739 million yen from the end of the previous fiscal year to 41,355 million yen, and the shareholders' equity ratio was 65.4%.

(3) Cash Flows

Cash and cash equivalents (hereafter "cash") at the end of the current fiscal year increased 1,499 million yen over the end of the previous fiscal year to 28,399 million yen.

Cash flows by category were as follows.

Cash flows from operating activities

Net cash provided by operating activities increased 1,632 million yen from the previous fiscal year to 2,879 million yen. The main cash inflows were profit before income taxes of 4,649 million yen (a year-on-year decrease of 1,476 million yen), an increase in advances received of 1,886 million yen (a year-on-year increase of 413 million yen), depreciation of 732 million yen (a year-on-year increase of 25 million yen). The main cash outflow was income taxes paid of 3,167 million yen (a year-on-year increase of 2,031 million yen) and an increase in prepaid expenses of 802 million yen (a year-on-year decrease of 205 million yen).

Cash flows from investing activities

Net cash used in investing activities totaled 747 million yen, compared with 4,703 million yen provided in the previous fiscal year. This was mainly due to purchase of intangible assets of 860 million yen (a year-on-year increase of 142 million yen).

Cash flows from financing activities

Net cash used in financing activities increased 257 million yen from the previous fiscal year to 1,023 million yen. This was mainly due to cash dividends paid of 953 million yen (a year-on-year increase of 232 million yen).

Cash flow indicators were as follows:

Fiscal years ended	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Shareholders' equity ratio	67.2%	67.4%	64.7%	65.4%
Shareholders' equity ratio based on market prices	104.2%	114.9%	118.8%	128.0%
Interest-bearing debt to cash flow ratio	2.0%	2.3%	5.7%	3.9%
Interest coverage ratio	977.3	1,205.4	393.0	1,232.3

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

Although economic activity is returning to normal as pandemic restrictions end, the outlook remains unclear because of uncertainty about the effects of the prolonged Ukraine conflict, inflation and other events. On the other hand, dramatic changes are taking place worldwide in how products are designed and manufactured because of advances in technologies and the increasing complexity of products. 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 37,000 million yen, ordinary profit of 4,900 million yen, and profit attributable to owners of parent of 3,350 million yen in the fiscal year ending March 31, 2024.

* 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)	
	FY2021	FY2022
	(As of Mar. 31, 2022)	(As of Mar. 31, 2023)
Assets		
Current assets		
Cash and deposits	27,191,189	28,506,871
Notes receivable-trade	383,412	227,597
Accounts receivable-trade	5,647,008	6,461,314
Securities	6,700,000	6,700,000
Merchandise and finished goods	683,085	593,209
Work in process	103,141	101,238
Raw materials and supplies	1,700	1,768
Prepaid expenses	4,276,778	5,101,400
Other	302,402	337,789
Allowance for doubtful accounts	(29,361)	(37,623)
Total current assets	45,259,357	47,993,566
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,248,463	9,171,138
Accumulated depreciation	(6,543,100)	(6,593,700)
Buildings and structures, net	2,705,363	2,577,438
Machinery, equipment and vehicles	102,027	155,743
Accumulated depreciation	(74,548)	(80,641)
Machinery, equipment and vehicles, net	27,479	75,102
Tools, furniture and fixtures	2,276,056	2,528,402
Accumulated depreciation	(1,884,275)	(1,980,038)
Tools, furniture and fixtures, net	391,780	548,364
Land	3,015,103	3,009,821
Leased assets	191,643	182,097
Accumulated depreciation	(124,967)	(73,217)
Leased assets, net	66,676	108,879
Total property, plant and equipment	6,206,402	6,319,606
Intangible assets		
Goodwill	184,948	147,863
Other	743,981	854,403
Total intangible assets	928,929	1,002,267
Investments and other assets		
Investment securities	3,114,992	3,243,357
Shares of subsidiaries and associates	2,002,416	2,266,680
Deferred tax assets	996,219	1,042,524
Other	614,323	649,296
Allowance for doubtful accounts	(16,752)	(19,127)
Total investments and other assets	6,711,198	7,182,731
Total non-current assets	13,846,530	14,504,605
Total assets	59,105,887	62,498,172

	(Thousands of yen)	
	FY2021	FY2022
	(As of Mar. 31, 2022)	(As of Mar. 31, 2023)
Liabilities		
Current liabilities		
Accounts payable-trade	1,140,865	751,939
Income taxes payable	2,606,634	826,012
Advances received	9,361,007	11,469,101
Provision for bonuses	1,023,881	1,150,839
Provision for bonuses for directors (and other officers)	112,100	102,725
Other provisions	11,070	8,819
Other	2,227,089	2,613,485
Total current liabilities	16,482,648	16,922,923
Non-current liabilities		
Retirement benefit liability	3,803,764	3,982,222
Other	203,324	237,108
Total non-current liabilities	4,007,088	4,219,330
Total liabilities	20,489,736	21,142,254
Net assets		
Shareholders' equity		
Share capital	10,117,065	10,117,065
Capital surplus	8,662,477	8,662,477
Retained earnings	17,852,882	20,096,025
Treasury shares	(19,279)	(19,737)
Total shareholders' equity	36,613,144	38,855,831
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,463,414	1,622,185
Foreign currency translation adjustment	153,932	417,293
Remeasurements of defined benefit plans	8,050	(11,251)
Total accumulated other comprehensive income	1,625,397	2,028,227
Non-controlling interests	377,608	471,859
Total net assets	38,616,150	41,355,918
Total liabilities and net assets	59,105,887	62,498,172

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

	(Thousands of yen)	
	FY2021	FY2022
	(Apr. 1, 2021 – Mar. 31, 2022)	(Apr. 1, 2022 – Mar. 31, 2023)
Net sales	31,502,266	35,073,421
Cost of sales	9,708,034	11,130,712
Gross profit	21,794,232	23,942,708
Selling, general and administrative expenses	17,889,814	19,514,344
Operating profit	3,904,417	4,428,364
Non-operating income		
Interest income	9,663	21,531
Dividend income	79,378	32,681
Foreign exchange gains	3,219	-
Share of profit of entities accounted for using equity method	84,939	268,165
Subsidy income	50,648	96,502
Other	51,642	39,641
Total non-operating income	279,492	458,522
Non-operating expenses		
Interest expenses	3,174	2,336
Foreign exchange losses	-	147,003
Other	2,910	1,719
Total non-operating expenses	6,085	151,059
Ordinary profit	4,177,825	4,735,827
Extraordinary income		
Gain on sale of non-current assets	1,075	10,432
Gain on sale of investment securities	5,808,953	-
Total extraordinary income	5,810,029	10,432
Extraordinary losses		
Loss on disposal of non-current assets	20,552	8,909
Loss on valuation of investment securities	-	87,839
Retirement benefit expenses	3,509,057	-
Impairment losses	332,369	-
Total extraordinary losses	3,861,979	96,749
Profit before income taxes	6,125,875	4,649,510
Income taxes-current	3,077,235	1,444,067
Income taxes-deferred	4,891	(99,718)
Total income taxes	3,082,127	1,344,349
Profit	3,043,747	3,305,161
Profit attributable to non-controlling interests	40,881	108,822
Profit attributable to owners of parent	3,002,866	3,196,338

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY2021	FY2022
	(Apr. 1, 2021 – Mar. 31, 2022)	(Apr. 1, 2022 – Mar. 31, 2023)
Profit	3,043,747	3,305,161
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,030,233)	150,046
Foreign currency translation adjustment	105,075	263,360
Remeasurements of defined benefit plans, net of tax	438,313	(19,301)
Share of other comprehensive income of entities accounted for using equity method	(16,392)	8,725
Total other comprehensive income	(2,503,236)	402,830
Comprehensive income	540,511	3,707,991
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	499,630	3,599,169
Comprehensive income attributable to non-controlling interests	40,881	108,822

(3) Consolidated Statement of Changes in Equity

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

FY2022 (Apr. 1, 2022 – Mar. 31, 2023)

(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	17,852,882	(19,279)	36,613,144
Changes during period					
Dividends of surplus			(953,195)		(953,195)
Profit attributable to owners of parent			3,196,338		3,196,338
Purchase of treasury shares				(457)	(457)
Net changes other than shareholders' equity					
Total changes during period	-	-	2,243,143	(457)	2,242,686
Balance at end of period	10,117,065	8,662,477	20,096,025	(19,737)	38,855,831

	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	1,463,414	153,932	8,050	1,625,397	377,608	38,616,150
Changes during period						
Dividends of surplus						(953,195)
Profit attributable to owners of parent						3,196,338
Purchase of treasury shares						(457)
Net changes other than shareholders' equity	158,771	263,360	(19,301)	402,830	94,250	497,080
Total changes during period	158,771	263,360	(19,301)	402,830	94,250	2,739,767
Balance at end of period	1,622,185	417,293	(11,251)	2,028,227	471,859	41,355,918

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY2021	FY2022
	(Apr. 1, 2021 – Mar. 31, 2022)	(Apr. 1, 2022 – Mar. 31, 2023)
Cash flows from operating activities		
Profit before income taxes	6,125,875	4,649,510
Depreciation	706,100	732,013
Impairment losses	332,369	-
Amortization of goodwill	179,970	47,681
Interest and dividend income	(89,042)	(54,212)
Foreign exchange losses (gains)	8,762	(9,351)
Share of loss (profit) of entities accounted for using equity method	(84,939)	(268,165)
Loss (gain) on valuation of investment securities	-	87,839
Loss (gain) on sale of investment securities	(5,808,953)	-
Decrease (increase) in trade receivables	658,974	(527,909)
Increase (decrease) in trade payables	117,412	(245,315)
Increase (decrease) in advances received	1,472,919	1,886,055
Decrease (increase) in prepaid expenses	(1,007,178)	(802,172)
Increase (decrease) in retirement benefit liability	(259,433)	(118,149)
Other, net	(95,502)	272,579
Subtotal	2,257,334	5,886,701
Interest and dividends received	129,108	162,740
Interest paid	(3,174)	(2,336)
Income taxes paid	(1,135,645)	(3,167,322)
Net cash provided by (used in) operating activities	1,247,624	2,879,783
Cash flows from investing activities		
Decrease (increase) in time deposits	-	206,400
Purchase of property, plant and equipment	(301,628)	(457,778)
Purchase of intangible assets	(415,954)	(402,277)
Proceeds from sale of investment securities	5,808,953	-
Purchase of shares of subsidiaries and associates	(342,522)	(99,986)
Other, net	(45,253)	6,272
Net cash provided by (used in) investing activities	4,703,593	(747,369)
Cash flows from financing activities		
Purchase of treasury shares	(1,545)	(457)
Dividends paid	(720,720)	(953,195)
Other, net	(43,637)	(70,184)
Net cash provided by (used in) financing activities	(765,903)	(1,023,836)
Effect of exchange rate change on cash and cash equivalents	302,186	390,737
Net increase (decrease) in cash and cash equivalents	5,487,500	1,499,314
Cash and cash equivalents at beginning of period	21,412,529	26,900,029
Cash and cash equivalents at end of period	26,900,029	28,399,343

(5) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Basis of Presenting the Consolidated Financial Statements**1. Scope of consolidation****(1) Number of consolidated subsidiaries: 21**

Main consolidated subsidiaries: Zuken USA Inc., Zuken GmbH, Zuken Limited, Zuken Tec Inc., Zuken NetWave Inc.

DiverSync Corporation was excluded from the scope of consolidation in the current fiscal year, because of the completion of its liquidation.

(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)****(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.

Notes to Consolidated Balance Sheet

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

	(Thousands of yen)	
	FY2021	FY2022
	(As of Mar. 31, 2022)	(As of Mar. 31, 2023)
Shares of subsidiaries and associates	2,002,416	2,266,680
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)	
	FY2021	FY2022
	(Apr. 1, 2021 – Mar. 31, 2022)	(Apr. 1, 2022 – Mar. 31, 2023)
Salaries and allowances	6,320,617	7,116,908
Depreciation	594,699	606,793
Provision of allowance for doubtful accounts	10,447	8,352
Provision for bonuses	645,282	703,696
Provision for bonuses for directors (and other officers)	112,100	102,725
Retirement benefit expenses	543,607	314,046
Research and development expenses	4,190,462	4,604,374

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

	(Thousands of yen)	
	FY2021	FY2022
	(Apr. 1, 2021 – Mar. 31, 2022)	(Apr. 1, 2022 – Mar. 31, 2023)
	4,190,462	4,604,374

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

	(Thousands of yen)	
	FY2021	FY2022
	(Apr. 1, 2021 – Mar. 31, 2022)	(Apr. 1, 2022 – Mar. 31, 2023)
Buildings, etc.	-	5,280
Vehicles	1,024	5,115
Tools, furniture and fixtures	51	36
Total	1,075	10,432

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

	(Thousands of yen)	
	FY2021	FY2022
	(Apr. 1, 2021 – Mar. 31, 2022)	(Apr. 1, 2022 – Mar. 31, 2023)
Software	226	3,551
Buildings, etc.	3,374	3,201
Tools, furniture and fixtures	335	2,156
Telephone subscription rights	16,615	-
Total	20,552	8,909

Notes to Consolidated Statement of Comprehensive Income

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

(Thousands of yen)

	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)
Valuation difference on available-for-sale securities:		
Amount incurred during the period	1,442,622	216,205
Re-classification adjustments	(5,808,953)	-
Before tax effect adjustments	(4,366,330)	216,205
Tax effect	1,336,097	(66,158)
Valuation difference on available-for-sale securities	(3,030,233)	150,046
Foreign currency translation adjustment:		
Amount incurred during the period	105,075	263,360
Remeasurements of defined benefit plans, net of tax:		
Amount incurred during the period	(11,572)	2,088
Re-classification adjustments	436,288	(29,566)
Before tax effect adjustments	424,715	(27,478)
Tax effect	13,598	8,176
Remeasurements of defined benefit plans, net of tax	438,313	(19,301)
Share of other comprehensive income of entities accounted for using equity method:		
Amount incurred during the period	(16,392)	8,725
Total other comprehensive income	(2,503,236)	402,830

Notes to Consolidated Statement of Changes in Equity

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

FY2022 (Apr. 1, 2022 – Mar. 31, 2023)

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

	Number of shares as of Apr. 1, 2022	Increase	Decrease	Number of shares as of Mar. 31, 2023
Outstanding shares				
Common stock	23,267,169	-	-	23,267,169
Total	23,267,169	-	-	23,267,169
Treasury shares				
Common stock (Note)	18,471	140	-	18,611
Total	18,471	140	-	18,611

Note: Number of treasury shares of common stock increased 140 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, 2022	Common stock	488,222	21	Mar. 31, 2022	Jun. 30, 2022
Board of Directors' meeting on Nov. 7, 2022	Common stock	464,972	20	Sep. 30, 2022	Dec. 2, 2022

(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, 2023	Common stock	581,213	Retained earnings	25	Mar. 31, 2023	Jun. 30, 2023

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)

	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)
Cash and deposits	27,191,189	28,506,871
Time deposit with maturities over three months	(291,160)	(107,527)
Cash and cash equivalents	26,900,029	28,399,343

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.

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

FY2022 (As of Mar. 31, 2023)		(Thousands of yen)	
	Book value	Fair value	Difference
Marketable securities and investment securities	9,641,397	9,640,957	(440)
Shares of subsidiaries and associates	2,266,680	7,560,000	5,293,319
Assets total	11,908,077	17,200,957	5,292,879

(*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	FY2021	FY2022
Unlisted stocks	389,800	301,960

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

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	-	-	-

FY2022 (As of Mar. 31, 2023)		(Thousands of yen)		
	Due within one year	One to five years	Five to ten years	Over ten years
Cash and deposits	28,506,871	-	-	-
Notes receivable-trade	227,597	-	-	-
Accounts receivable-trade	6,461,314	-	-	-
Total	35,195,783	-	-	-

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

FY2022 (As of Mar. 31, 2023) (Thousands of yen)

Item	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Available-for-sale securities				
Shares	2,941,397	-	-	2,941,397
Assets total	2,941,397	-	-	2,941,397

(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

FY2022 (As of Mar. 31, 2023) (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	-	6,699,560	-	6,699,560
Shares of subsidiaries and associates	7,560,000	-	-	7,560,000
Assets total	7,560,000	6,699,560	-	14,259,560

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

Securities and investment securities, and shares of subsidiaries and associates

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

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.

FY2022 (As of Mar. 31, 2023)

(Thousands of yen)

Type	Book value	Acquisition cost	Unrealized gains (losses)
Securities with book value that exceeds acquisition cost			
(1) Shares	2,941,397	592,906	2,348,491
(2) Bonds	-	-	-
(3) Others	-	-	-
Sub-total	2,941,397	592,906	2,348,491
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	9,641,397	7,292,906	2,348,491

Note: Unlisted stocks (book value of 301,960 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

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	-

FY2022 (Apr. 1, 2022 – Mar. 31, 2023)

Not applicable.

3. Securities purpose of ownership revision

FY2021 (Apr. 1, 2021– Mar. 31, 2022)

Due to the purchase of additional stock of Business Engineering Co., Ltd., which was classified as available-for-sale securities in previous years, has been reclassified as shares of subsidiaries and associates (book value of 2,002,416 thousand yen).

FY2022 (Apr. 1, 2022– Mar. 31, 2023)

Not applicable.

4. Marketable securities written down for impairment

Unlisted stocks in available-for-sale securities were written down by 87,839 thousand yen in FY2022.

When determining the impairment of marketable securities, a security is written down to nothing if the fair value at the end of a fiscal period is significantly below the acquisition cost.

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 and breakdown of revenue

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.

FY2022 (Apr. 1, 2022 – Mar. 31, 2023)

(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	14,884,065	3,270,309	1,490,843	592,858	20,238,076	-	20,238,076
Client services	9,480,724	3,060,701	1,316,363	977,555	14,835,344	-	14,835,344
Sales to third parties	24,364,789	6,331,010	2,807,206	1,570,414	35,073,421	-	35,073,421
Intersegment sales or transfers	1,414,861	1,144,391	85,666	120,138	2,765,057	(2,765,057)	-
Total	25,779,650	7,475,402	2,892,872	1,690,552	37,838,478	(2,765,057)	35,073,421
Segment profit (loss)	3,659,089	432,840	(113,453)	412,011	4,390,488	37,876	4,428,364
Segment assets	27,805,565	7,313,579	3,374,879	2,233,779	40,727,803	21,770,368	62,498,172
Other items							
Depreciation	565,760	111,534	10,073	44,645	732,013	-	732,013
Amortization of goodwill	-	47,681	-	-	47,681	-	47,681
Investment in companies accounted for using equity method	2,266,680	-	-	-	2,266,680	-	2,266,680
Increase in property, plant and equipment and intangible assets	615,459	236,602	10,554	4,039	866,654	-	866,654

Notes: 1. Contents of adjustments are as follows.

(1) Adjustment amount in segment profit (loss) includes amount of 37,876 thousand yen eliminated for intersegment transactions.

(2) Adjustment amount in segment assets includes amount of -4,437,125 thousand yen eliminated for intersegment transactions and total company assets of 26,207,494 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 (loss) is adjusted with operating profit in the consolidated statement of income.

Per-share Information

(Yen)

	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)
Net assets per share	1,644.76	1,758.56
Net income per share	129.16	137.48

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.

	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	3,002,866	3,196,338
Amount not available to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Thousands of yen)	3,002,866	3,196,338
Average number of shares outstanding during period (Shares)	23,248,912	23,248,639

Subsequent Events

Not applicable.

4. Production, Orders and Sales

(1) Sales and Orders

(a) Sales

(Thousands of yen)

Segment	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)		FY2022 (Apr. 1, 2022 – Mar. 31, 2023)	
	Amount	Composition (%)	Amount	Composition (%)
Japan	22,433,098	71.2	24,364,789	69.5
Europe	5,400,892	17.1	6,331,010	18.1
Americas	2,246,819	7.1	2,807,206	8.0
Asia	1,421,455	4.6	1,570,414	4.4
Total	31,502,266	100.0	35,073,421	100.0

(b) Orders received and order backlog

(Thousands of yen)

Segment	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)		FY2022 (Apr. 1, 2022 – Mar. 31, 2023)	
	Orders received	Order backlog	Orders received	Order backlog
Japan	24,076,563	10,556,561	25,499,907	11,691,679
Europe	5,853,810	2,598,141	6,278,877	2,705,320
Americas	2,440,821	1,693,588	3,143,001	2,185,245
Asia	1,391,398	525,607	1,626,323	627,367
Total	33,762,594	15,373,898	36,548,110	17,209,613

Note: Intersegment transactions have been eliminated.

(Reference) Results by product category are as follows.

(a) Sales

(Thousands of yen)

Product category	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)		FY2022 (Apr. 1, 2022 – Mar. 31, 2023)	
	Amount	Composition (%)	Amount	Composition (%)
Printed Circuit Board design solutions	4,262,916	13.5	4,123,936	11.8
Circuit design solutions	6,884,653	21.9	7,817,245	22.3
IT solutions	7,198,240	22.8	8,290,717	23.6
Client services	13,146,192	41.8	14,835,344	42.3
Others	10,263	0.0	6,176	0.0
Total	31,502,266	100.0	35,073,421	100.0

(b) Orders received and order backlog

(Thousands of yen)

Product category	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)		FY2022 (Apr. 1, 2022 – Mar. 31, 2023)	
	Orders received	Order backlog	Orders received	Order backlog
Printed Circuit Board design solutions	4,335,436	941,949	4,104,044	961,463
Circuit design solutions	6,913,672	1,514,492	7,715,005	1,468,171
IT solutions	7,775,450	1,790,392	8,313,597	1,843,363
Client services	14,728,184	11,126,676	16,407,471	12,934,413
Others	9,850	387	7,990	2,200
Total	33,762,594	15,373,898	36,548,110	17,209,613

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)	
	FY2021	FY2022
	(As of Mar. 31, 2022)	(As of Mar. 31, 2023)
Assets		
Current assets		
Cash and deposits	17,556,664	16,264,136
Notes receivable-trade	238,093	210,939
Accounts receivable-trade	2,410,582	2,417,649
Securities	6,700,000	6,700,000
Inventories	72,283	70,472
Other	322,165	358,107
Total current assets	27,299,790	26,021,305
Non-current assets		
Property, plant and equipment		
Buildings	2,584,349	2,465,022
Structures	26,417	26,408
Vehicles	15,797	9,953
Tools, furniture and fixtures	118,236	126,502
Land	3,009,559	3,009,559
Leased assets	2,822	13,583
Total property, plant and equipment	5,757,181	5,651,030
Intangible assets		
Other	374,977	449,076
Total intangible assets	374,977	449,076
Investments and other assets		
Investment securities	3,114,992	3,243,357
Shares of subsidiaries and associates	3,639,220	4,374,472
Investments in capital of subsidiaries and associates	1,035,847	1,035,847
Long-term loans receivable from subsidiaries and associates	244,730	-
Long-term trade accounts receivables from subsidiaries and associates	942,367	1,265,122
Deferred tax assets	538,409	458,521
Other	372,335	345,560
Allowance for doubtful accounts	(259,975)	(16,405)
Total investments and other assets	9,627,927	10,706,477
Total non-current assets	15,760,086	16,806,584
Total assets	43,059,876	42,827,890

	(Thousands of yen)	
	FY2021	FY2022
	(As of Mar. 31, 2022)	(As of Mar. 31, 2023)
Liabilities		
Current liabilities		
Accounts payable-trade	426,017	331,438
Accounts payable-other	746,393	878,068
Income taxes payable	2,210,528	266,373
Advances received	910,863	969,513
Provision for bonuses	359,961	432,334
Provision for bonuses for directors (and other officers)	80,000	62,937
Other	193,911	207,600
Total current liabilities	4,927,676	3,148,266
Non-current liabilities		
Provision for retirement benefits	2,563,172	2,586,848
Provision for loss on business of subsidiaries and associates	21,000	-
Long-term accounts payable-other	96,850	96,850
Other	16,729	22,504
Total non-current liabilities	2,697,752	2,706,203
Total liabilities	7,625,428	5,854,469
Net assets		
Shareholders' equity		
Share capital	10,117,065	10,117,065
Capital surplus		
Legal capital surplus	8,657,753	8,657,753
Total capital surpluses	8,657,753	8,657,753
Retained earnings		
Legal retained earnings	311,082	311,082
Other retained earnings		
General reserve	12,525,000	13,825,000
Retained earnings brought forward	2,363,020	2,452,403
Total retained earnings	15,199,103	16,588,486
Treasury shares	(19,279)	(19,737)
Total shareholders' equity	33,954,641	35,343,567
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,479,806	1,629,852
Total valuation and translation adjustments	1,479,806	1,629,852
Total net assets	35,434,448	36,973,420
Total liabilities and net assets	43,059,876	42,827,890

(2) Statement of Income

(Thousands of yen)

	FY2021 (Apr. 1, 2021 – Mar. 31, 2022)	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)
Net sales	11,289,628	12,042,319
Cost of sales	2,699,501	3,006,542
Gross profit	8,590,127	9,035,776
Selling, general and administrative expenses	7,074,477	7,351,494
Operating profit	1,515,650	1,684,281
Non-operating income		
Interest income	1,035	9,553
Dividend income	1,133,073	1,414,538
Foreign exchange gains	99,735	68,656
Rental income	139,307	136,829
Other	86,753	89,330
Total non-operating income	1,459,905	1,718,907
Non-operating expenses		
Rental costs on real estate	120,262	132,177
Other	2,114	171
Total non-operating expenses	122,376	132,349
Ordinary profit	2,853,178	3,270,840
Extraordinary income		
Gain on sale of non-current assets	544	-
Reversal of allowance for doubtful accounts for subsidiaries and associates	-	245,072
Reversal of provision for loss on business of subsidiaries and associates	-	21,000
Gain on sales of investment securities	5,808,953	-
Total extraordinary income	5,809,498	266,072
Extraordinary losses		
Loss on disposal of non-current assets	15,081	3,278
Loss on valuation of shares of subsidiaries and associates	492,810	592,995
Loss on valuation of investment securities	-	87,839
Loss on liquidation of subsidiaries	-	785
Loss on valuation of investments in capital of subsidiaries and associates	3,669,127	-
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	4,443,092	684,900
Profit before income taxes	4,219,584	2,852,012
Income taxes-current	2,331,247	495,704
Income taxes-deferred	(97,359)	13,729
Total income taxes	2,233,888	509,434
Profit	1,985,696	2,342,578

(3) Statement of Changes in Equity

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

FY2022 (Apr. 1, 2022 – Mar. 31, 2023)

(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	12,525,000	2,363,020	15,199,103
Changes during period							
Provision of general reserve					1,300,000	(1,300,000)	
Dividends of surplus						(953,195)	(953,195)
Profit						2,342,578	2,342,578
Purchase of treasury shares							
Net changes other than shareholders' equity							
Total changes during period	-	-	-	-	1,300,000	89,383	1,389,383
Balance at end of period	10,117,065	8,657,753	8,657,753	311,082	13,825,000	2,452,403	16,588,486

	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	(19,279)	33,954,641	1,479,806	1,479,806	35,434,448
Changes during period					
Provision of general reserve					
Dividends of surplus		(953,195)			(953,195)
Profit		2,342,578			2,342,578
Purchase of treasury shares	(457)	(457)			(457)
Net changes other than shareholders' equity			150,046	150,046	150,046
Total changes during period	(457)	1,388,926	150,046	150,046	1,538,972
Balance at end of period	(19,737)	35,343,567	1,629,852	1,629,852	36,973,420

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.