



August 6, 2024

Summary of Consolidated Financial Results
for the First Quarter of Fiscal Year Ending March 31, 2025 (FY2024)
(Three Months Ended June 30, 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 First Quarter Ended June 30, 2024 (April 1, 2024 – June 30, 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	%
Three months ended								
Jun. 30, 2024	9,017	6.8	856	10.5	1,124	7.1	703	2.3
Jun. 30, 2023	8,441	9.6	775	(9.5)	1,050	5.6	687	1.2

Note: Comprehensive income (Millions of yen) Three months ended Jun. 30, 2024: 835 (down 39.2%)
 Three months ended Jun. 30, 2023: 1,373 (up 82.5%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended				
Jun. 30, 2024	31.62		-	
Jun. 30, 2023	29.63		-	

(2) Consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio	
	Millions of yen		Millions of yen		%	
As of Jun. 30, 2024	64,470		41,173		63.0	
As of Mar. 31, 2024	63,879		41,017		63.3	

Reference: Shareholders' equity (Millions of yen) As of Jun. 30, 2024: 40,608 As of Mar. 31, 2024: 40,454

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2024	-	25.00	-	30.00	55.00
Fiscal year ending Mar. 31, 2025	-				
Fiscal year ending Mar. 31, 2025 (forecast)		30.00	-	30.00	60.00

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	179.78

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

Only the full-year forecast is shown because Zuken manages performance on a fiscal year basis.

*** 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 Jun. 30, 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 Jun. 30, 2024:	130 shares	As of Mar. 31, 2024:	10 shares
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(c) Average number of shares outstanding during the period

Three months ended Jun. 30, 2024:	22,249,694 shares	Three months ended Jun. 30, 2023:	23,201,231 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 quarter of the current fiscal year, the economic outlook remained uncertain due to concerns about the continuation of inflation worldwide, the possibility of an economic downturn in China and other reasons. Despite this uncertainty, the economy recovered slowly as 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.

Net sales in the first quarter increased 6.8% from one year earlier to 9,017 million yen, a new record for the first quarter. This is mainly due to a significant increase in sales of E3.series largely in Europe, a wire harness design system, and firm sales of data management system DS series in Japan, Europe and the United States.

Although expenses increased because of more investments in development activities, earnings were higher because of the increase in sales. Operating profit increased 10.5% to 856 million yen, ordinary profit increased 7.1% to 1,124 million yen, and profit attributable to owners of parent increased 2.3% to 703 million yen. All three are record highs for the first quarter of a fiscal year.

(2) Financial Position

Total assets at the end of the first quarter of the current fiscal year increased 591 million yen from the end of the previous fiscal year to 64,470 million yen.

Current assets increased 939 million yen. The main factors include increases of 830 million yen in cash and deposits and 1,683 million yen in other mainly due to an increase in suspense payments associated with the tender offer for shares of our consolidated subsidiary, and a decrease of 1,800 million yen in notes and accounts receivable-trade. Non-current assets decreased 348 million yen. The main factors include a decrease of 298 million yen in investments and other assets.

Total liabilities increased 434 million yen from the end of the previous fiscal year to 23,297 million yen. Current liabilities increased 356 million yen. There were an increase of 1,853 million yen in advances received and decreases of 559 million yen in income taxes payable and 511 million yen in provision for bonuses. Non-current liabilities increased 78 million yen mainly due to an increase in deferred tax liabilities included in other non-current liabilities.

Net assets increased 156 million yen from the end of the previous fiscal year to 41,173 million yen, and the shareholders' equity ratio was 63.0%.

(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 occur 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)	First quarter of FY2024 (As of Jun. 30, 2024)
Assets		
Current assets		
Cash and deposits	28,447,612	29,278,542
Notes and accounts receivable-trade	7,248,491	5,447,847
Securities	6,700,000	6,700,000
Merchandise and finished goods	433,950	501,139
Work in process	184,107	351,894
Raw materials and supplies	1,396	1,714
Other	5,919,228	7,602,861
Allowance for doubtful accounts	(37,848)	(47,608)
Total current assets	48,896,939	49,836,392
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,499,841	2,466,817
Land	3,009,821	3,009,821
Other, net	736,920	764,697
Total property, plant and equipment	6,246,583	6,241,336
Intangible assets		
Goodwill	110,427	102,004
Other	824,617	789,112
Total intangible assets	935,045	891,117
Investments and other assets	7,800,989	7,502,031
Total non-current assets	14,982,617	14,634,485
Total assets	63,879,557	64,470,877

	(Thousands of yen)	
	FY2023 (As of Mar. 31, 2024)	First quarter of FY2024 (As of Jun. 30, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	774,308	530,711
Income taxes payable	818,003	258,416
Advances received	12,888,531	14,742,082
Provision for bonuses	1,198,773	687,205
Other provisions	107,248	25,241
Other	3,000,379	2,900,314
Total current liabilities	18,787,244	19,143,971
Non-current liabilities		
Retirement benefit liability	3,813,933	3,826,465
Other	261,277	326,836
Total non-current liabilities	4,075,210	4,153,301
Total liabilities	22,862,454	23,297,273
Net assets		
Shareholders' equity		
Share capital	10,117,065	10,117,065
Capital surplus	8,662,477	8,662,472
Retained earnings	18,802,945	18,838,950
Treasury shares	(39)	(526)
Total shareholders' equity	37,582,447	37,617,961
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,080,581	1,979,304
Foreign currency translation adjustment	811,548	1,029,966
Remeasurements of defined benefit plans	(19,962)	(18,362)
Total accumulated other comprehensive income	2,872,166	2,990,909
Non-controlling interests	562,488	564,733
Total net assets	41,017,102	41,173,604
Total liabilities and net assets	63,879,557	64,470,877

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

(Thousands of yen)

	First three months of FY2023 (Apr. 1, 2023 – Jun. 30, 2023)	First three months of FY2024 (Apr. 1, 2024 – Jun. 30, 2024)
Net sales	8,441,843	9,017,552
Cost of sales	2,640,392	2,637,509
Gross profit	5,801,450	6,380,043
Selling, general and administrative expenses	5,026,289	5,523,411
Operating profit	775,161	856,632
Non-operating income		
Interest income	12,024	35,232
Dividend income	20,875	23,966
Foreign exchange gains	118,825	78,717
Share of profit of entities accounted for using equity method	86,788	113,401
Subsidy income	25,410	12,378
Other	14,891	17,296
Total non-operating income	278,814	280,992
Non-operating expenses		
Interest expenses	2,387	793
Commission expenses	-	12,020
Commission for purchase of treasury shares	1,184	-
Other	2	0
Total non-operating expenses	3,574	12,813
Ordinary profit	1,050,401	1,124,810
Extraordinary income		
Gain on sale of non-current assets	1,445	2,153
Total extraordinary income	1,445	2,153
Extraordinary losses		
Loss on disposal of non-current assets	4,335	211
Total extraordinary losses	4,335	211
Profit before income taxes	1,047,511	1,126,753
Income taxes-current	112,358	157,983
Income taxes-deferred	241,125	251,783
Total income taxes	353,483	409,767
Profit	694,028	716,986
Profit attributable to non-controlling interests	6,608	13,487
Profit attributable to owners of parent	687,419	703,498

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

	(Thousands of yen)	
	First three months of FY2023 (Apr. 1, 2023 – Jun. 30, 2023)	First three months of FY2024 (Apr. 1, 2024 – Jun. 30, 2024)
Profit	694,028	716,986
Other comprehensive income		
Valuation difference on available-for-sale securities	449,364	(111,987)
Foreign currency translation adjustment	211,501	218,418
Remeasurements of defined benefit plans, net of tax	1,319	1,600
Share of other comprehensive income of entities accounted for using equity method	17,519	10,710
Total other comprehensive income	679,705	118,742
Comprehensive income	1,373,733	835,728
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,367,125	822,241
Comprehensive income attributable to non-controlling interests	6,608	13,487

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

I. First three months of FY2023 (Apr. 1, 2023 – Jun. 30, 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	3,104,640	881,022	377,068	233,964	4,596,697	-	4,596,697
Client services	2,564,164	740,085	302,423	238,472	3,845,146	-	3,845,146
Sales to third parties	5,668,805	1,621,108	679,492	472,437	8,441,843	-	8,441,843
Intersegment sales or transfers	383,892	269,033	25,764	26,130	704,820	(704,820)	-
Total	6,052,697	1,890,142	705,256	498,568	9,146,664	(704,820)	8,441,843
Segment profit (loss)	629,739	38,180	(35,939)	143,672	775,652	(490)	775,161

Notes: 1. Adjustment amount in segment profit (loss) includes amount of -490 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 three months of FY2024 (Apr. 1, 2024 – Jun. 30, 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	3,028,515	1,152,859	402,833	291,574	4,875,782	-	4,875,782
Client services	2,837,465	773,799	261,781	268,722	4,141,769	-	4,141,769
Sales to third parties	5,865,981	1,926,658	664,614	560,297	9,017,552	-	9,017,552
Intersegment sales or transfers	455,254	331,616	29,382	27,831	844,084	(844,084)	-
Total	6,321,235	2,258,274	693,996	588,129	9,861,636	(844,084)	9,017,552
Segment profit (loss)	780,415	154,727	(284,277)	177,265	828,131	28,500	856,632

Notes: 1. Adjustment amount in segment profit (loss) includes amount of 28,500 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 three months of FY2024 has not been prepared. Depreciation (includes amortization expenses related to intangible assets minus goodwill) and amortization of goodwill for the first three months of FY2023 and FY2024 is as follows.

	(Thousands of yen)	
	First three months of FY2023 (Apr. 1, 2023 – Jun. 30, 2023)	First three months of FY2024 (Apr. 1, 2024 – Jun. 30, 2024)
Depreciation	196,583	212,090
Amortization of goodwill	12,639	14,195

3. Supplementary Information

(1) Sales and Orders

(a) Sales (Thousands of yen)

Segment	First three months of FY2023 (Apr. 1, 2023 – Jun. 30, 2023)		First three months of FY2024 (Apr. 1, 2024 – Jun. 30, 2024)	
	Amount	Composition (%)	Amount	Composition (%)
Japan	5,668,805	67.2	5,865,981	65.1
Europe	1,621,108	19.2	1,926,658	21.4
Americas	679,492	8.0	664,614	7.4
Asia	472,437	5.6	560,297	6.1
Total	8,441,843	100.0	9,017,552	100.0

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

Segment	First three months of FY2023 (Apr. 1, 2023 – Jun. 30, 2023)		First three months of FY2024 (Apr. 1, 2024 – Jun. 30, 2024)	
	Orders received	Order backlog	Orders received	Order backlog
Japan	8,285,859	14,308,733	8,676,506	14,951,298
Europe	1,745,693	3,064,969	1,852,412	4,202,551
Americas	568,617	2,245,597	342,476	2,197,176
Asia	801,570	984,944	616,395	948,125
Total	11,401,741	20,604,245	11,487,790	22,299,152

Note: Intersegment transactions have been eliminated.

(Reference) Results by product category are as follows.

(a) Sales (Thousands of yen)

Product category	First three months of FY2023 (Apr. 1, 2023 – Jun. 30, 2023)		First three months of FY2024 (Apr. 1, 2024 – Jun. 30, 2024)	
	Amount	Composition (%)	Amount	Composition (%)
Printed Circuit Board design solutions	1,241,154	14.7	1,157,901	12.8
Circuit design solutions	1,678,665	19.9	1,944,245	21.6
IT solutions	1,676,877	19.9	1,773,116	19.7
Client services	3,845,146	45.5	4,141,769	45.9
Others	0	0.0	519	0.0
Total	8,441,843	100.0	9,017,552	100.0

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

Product category	First three months of FY2023 (Apr. 1, 2023 – Jun. 30, 2023)		First three months of FY2024 (Apr. 1, 2024 – Jun. 30, 2024)	
	Orders received	Order backlog	Orders received	Order backlog
Printed Circuit Board design solutions	1,911,576	1,690,152	1,092,887	1,650,755
Circuit design solutions	2,503,349	2,372,339	2,473,334	2,851,320
IT solutions	2,600,304	2,802,913	2,920,879	2,910,331
Client services	4,385,124	13,735,252	4,999,305	14,885,344
Others	1,385	3,586	1,382	1,400
Total	11,401,741	20,604,245	11,487,790	22,299,152

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.