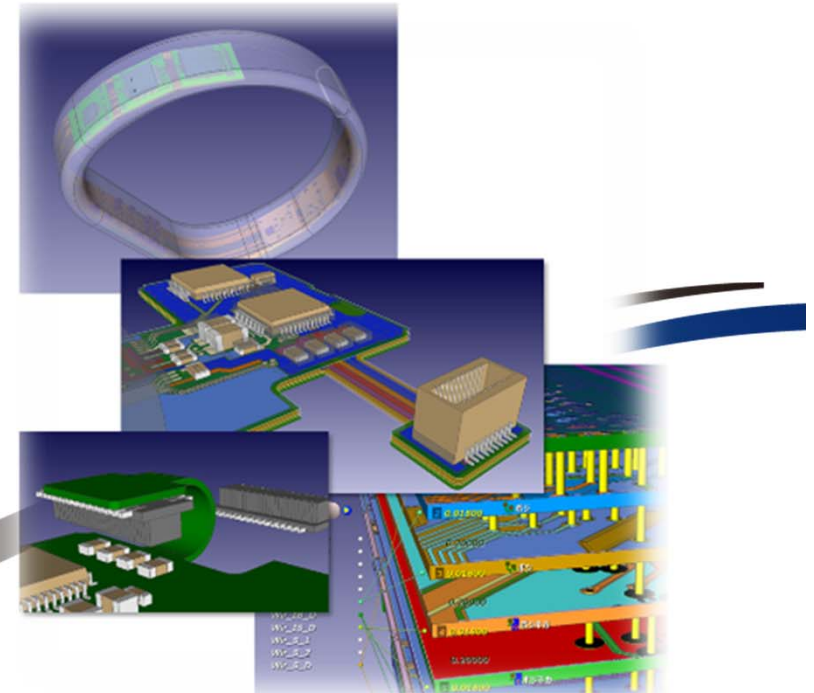


Progress and Outlook of Medium-term Business Plan

(April 2022 - March 2025)

July 21, 2023



ZUKEN Inc.

Tokyo Stock Exchange, Prime Market
Securities code: 6947

Summary of Progress and Outlook

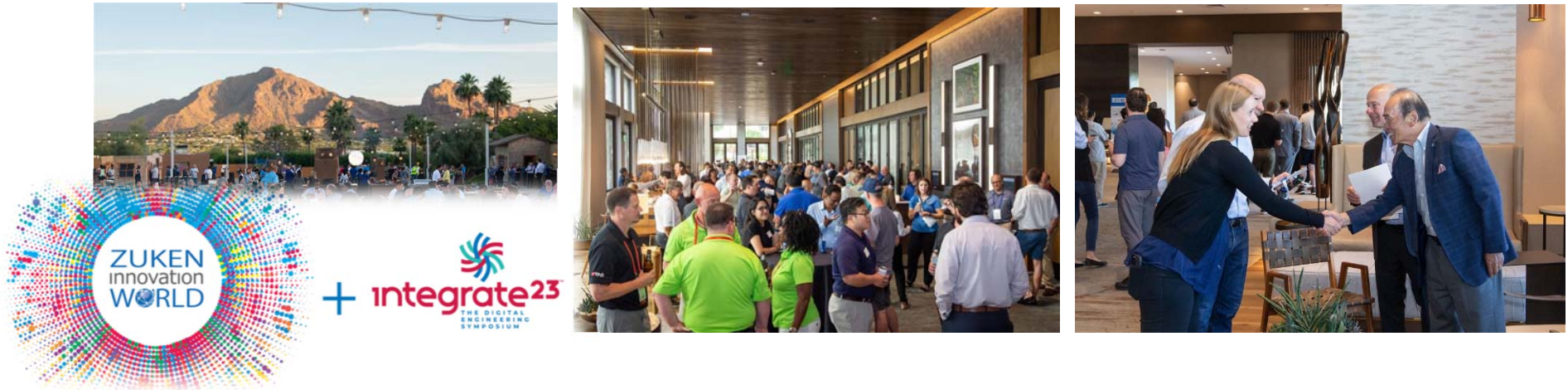


First Year Progress Report and Outlook

- (1) Sales and operating profit reached record highs for the second consecutive year**
- (2) No change in basic policies and numerical targets of the plan**
- (3) Global IT investment in automation and energy conservation are expected to remain strong because of firm driven by DX and smart engineering**
- (4) Steady progress with the MBSE business in Japan, continuing investment in development activities at Zuken Vitech and Zuken**
- (5) Seek opportunities in the three-dimensional integrated circuit (3DIC) market**

Topics

Corporate event in North America by Zuken Vitech and Zuken USA (June 5-8, 2023, Scottsdale, Arizona)

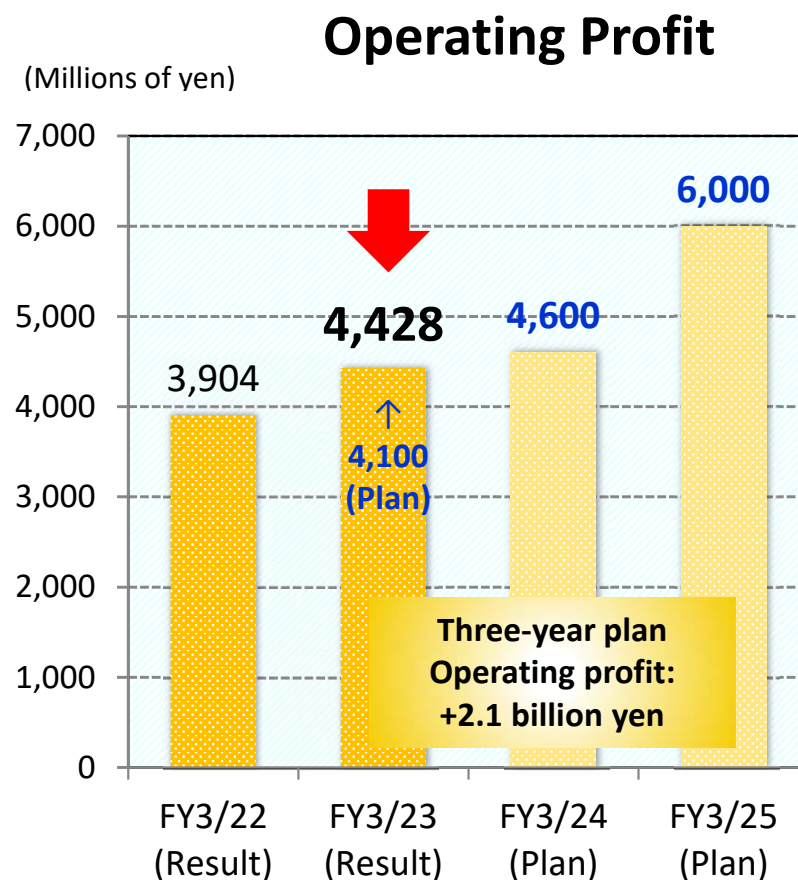
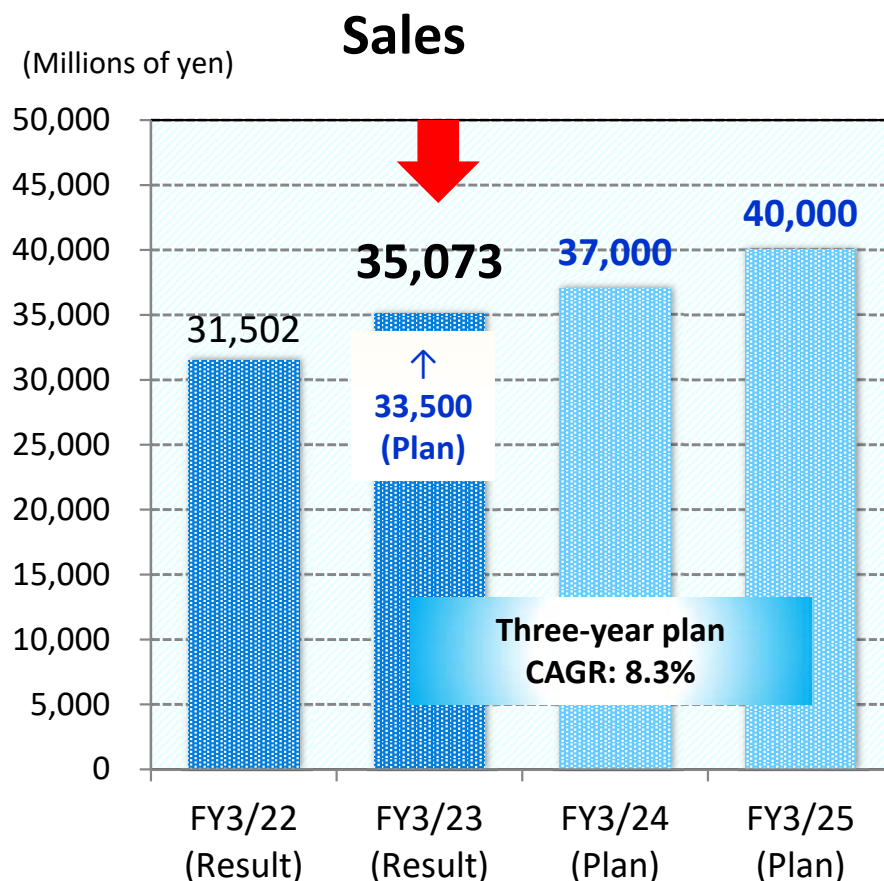


- Presentations by the customers of both companies, including **Applied Materials, Lockheed Martin, Northrup Grumman, Sandia National Laboratories** and others
- Interaction among the customers of both companies through presentations, hands-on demonstrations, design competitions and other activities
- The Zuken and Vitech development teams exchanged views about a GENESYS roadmap based on their knowledge about the market and the needs of customers

Report on the First Year of the Plan



Medium-term Sales and Operating Profit Targets



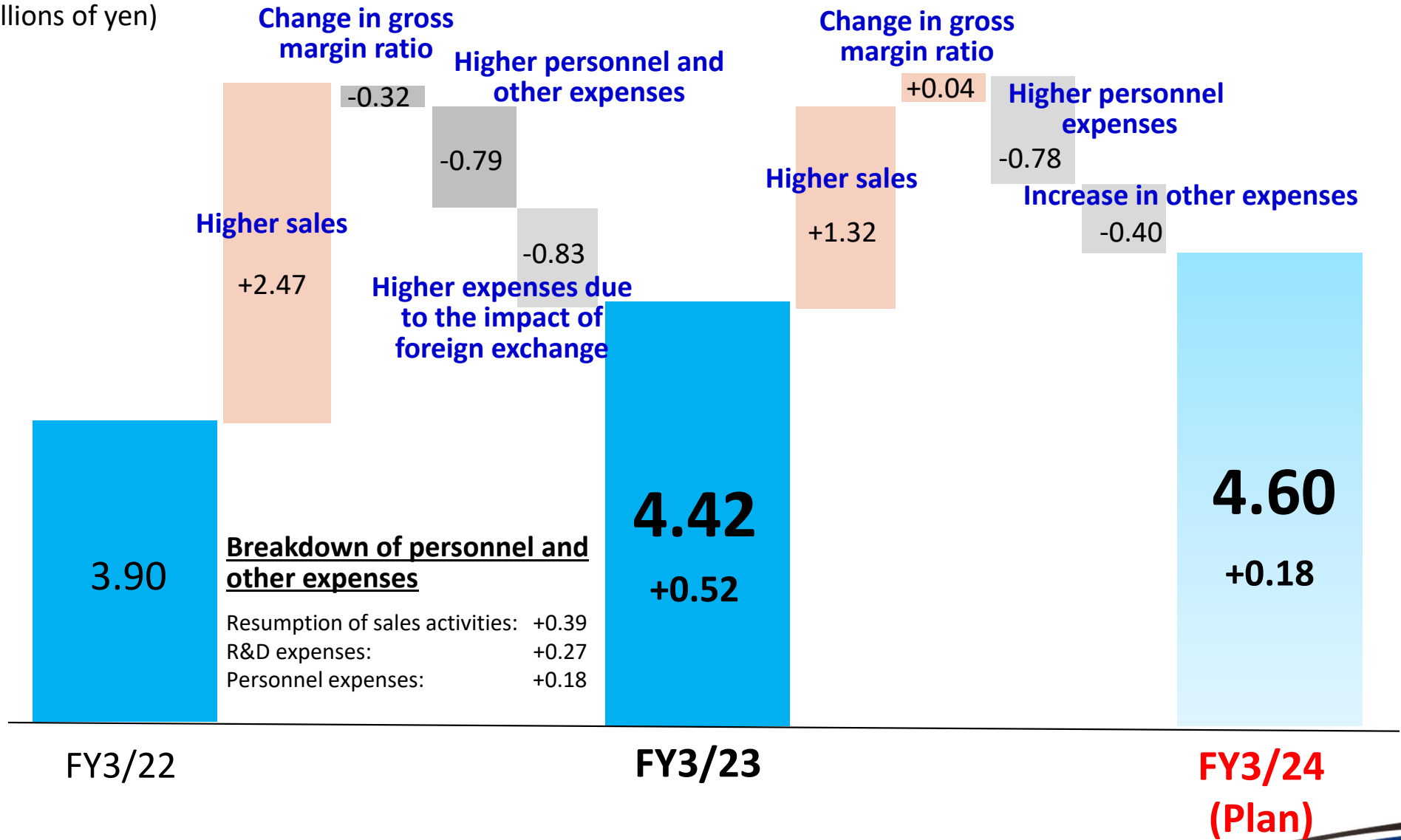
Notes: Average exchange rates in FY3/23 were 135 yen/USD and 141 yen/EUR.

Foreign exchange rate assumptions for the FY3/24 plan are 130 yen/USD and 138 yen/EUR.

Record-high sales and operating profit
No revision of FY3/24 forecast due to FY3/23 results consistent with the plan, excluding the influence of FX

Change in Operating Profit

(Billions of yen)

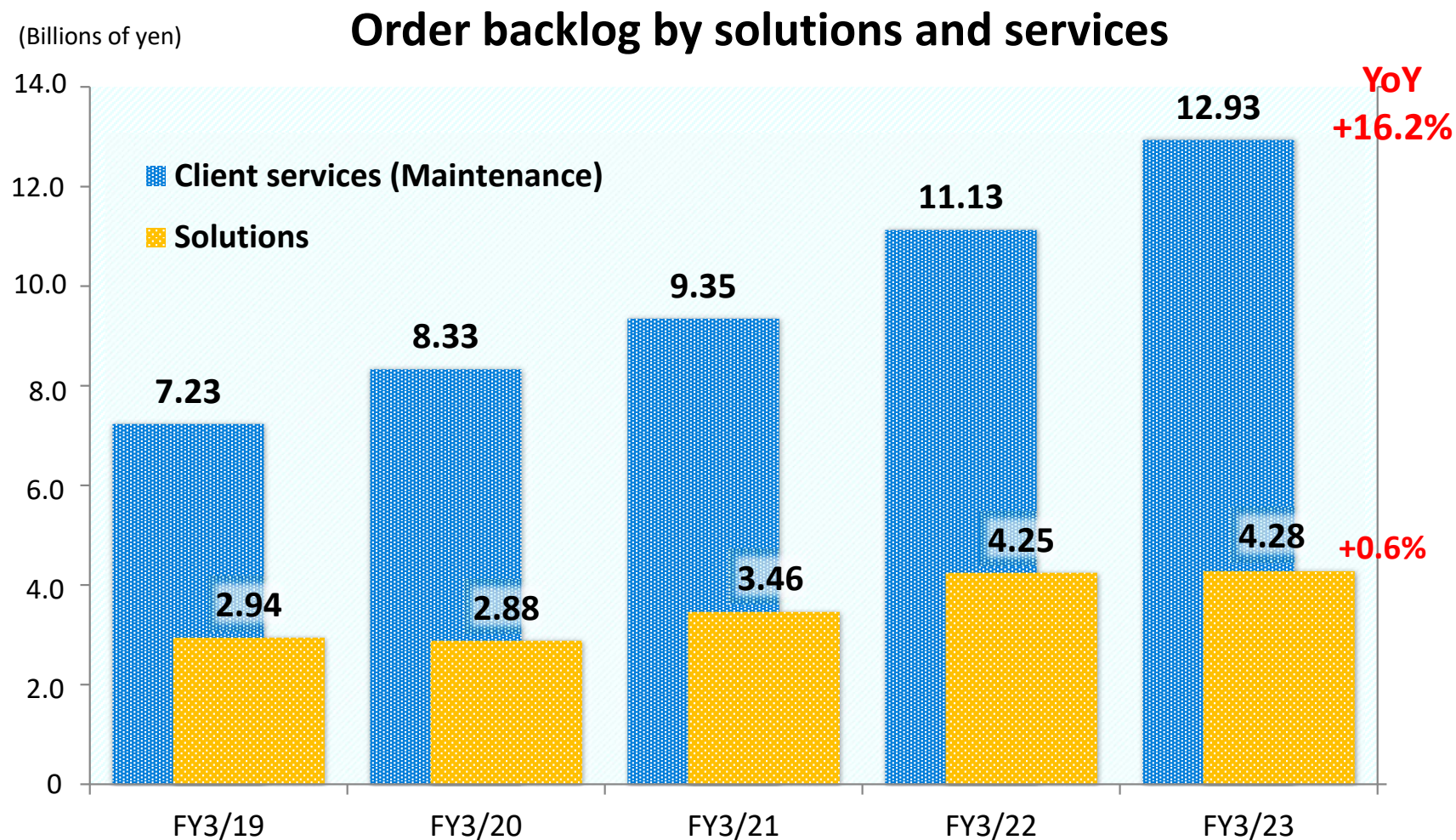


Change in Rankings of Primary Client Industries (for sales in Japan except client services)

FY3/23	FY3/22	FY3/21	FY3/20
1. Automobiles	Vehicle electronics	Electrical machinery	Communications equipment
2. Electronic components	Electrical machinery	Communications equipment	Vehicle electronics
3. Office equipment	Automobiles	Electronic components	Electrical machinery
4. Vehicle electronics	Office equipment	Office equipment	Construction machinery
5. Inspection equipment	Construction machinery	Consumer products	Automobiles
6. Vehicle electronics	Industrial machinery	Vehicle electronics	Electronic components
7. Automobiles	Office equipment	Consumer products	Office equipment
8. Electronic components	Consumer products	Consumer products	Automobiles
9. Automobiles	Construction machinery	Automobiles	Automobiles
10. Construction machinery	Consumer products	Automobiles	Vehicle electronics

Sales to manufacturers of automobiles and automotive components increased in the second half of FY3/23

Order Backlog



Order backlog at a record-high level

Major Products of Each Category

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

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

Sales by Product Category vs. FY3/22

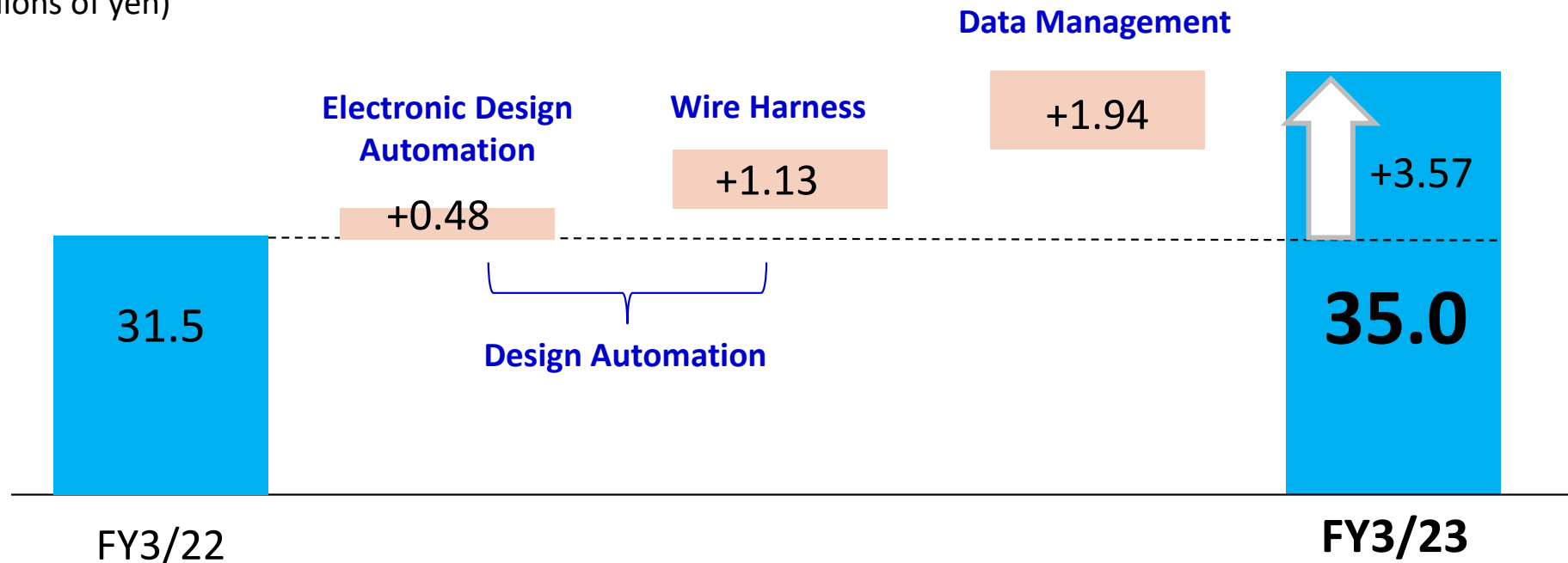
Product category (Millions of yen)	FY3/22	FY3/23	YoY change	YoY change (%)
Design Automation	19,263	20,887	+1,624	+8.4%
(of which WH Design)	(5,893)	(7,032)	+1,138	19.3%
Data Management	12,239	14,186	+1,946	15.9%
Total Sales	31,502	35,073	+3,571	11.3%

Reference: Sales by Solution Category in Financial Reports

Sales (Millions of yen)	FY3/22	FY3/23	YoY change	
Printed Circuit Board design solutions	4,262	4,123	-138	Design Automation
Circuit design solutions	6,884	7,817	+932	
IT solutions	7,198	8,290	+1,092	Data Management
Client services	13,156	14,841	+1,685	Client services are divided into the above two categories
Total	31,502	35,073	+3,571	

Changes in Sales by Product Category

(Billions of yen)



Electronic Design Automation

- Low sales vs. prior year due to demand in FY3/22 created by the resumption of projects and to higher sales of options for remote work environments in FY3/22
- Major customers are continuing to shift to the CR-8000

Wire Harness Design

- Companies are making big investments in supply chain reforms and smart manufacturing, chiefly in the automobile and semiconductor/electronic components industries
- In Japan, now accepting orders for the E3.inifite, a new product, in the automotive OEM sector

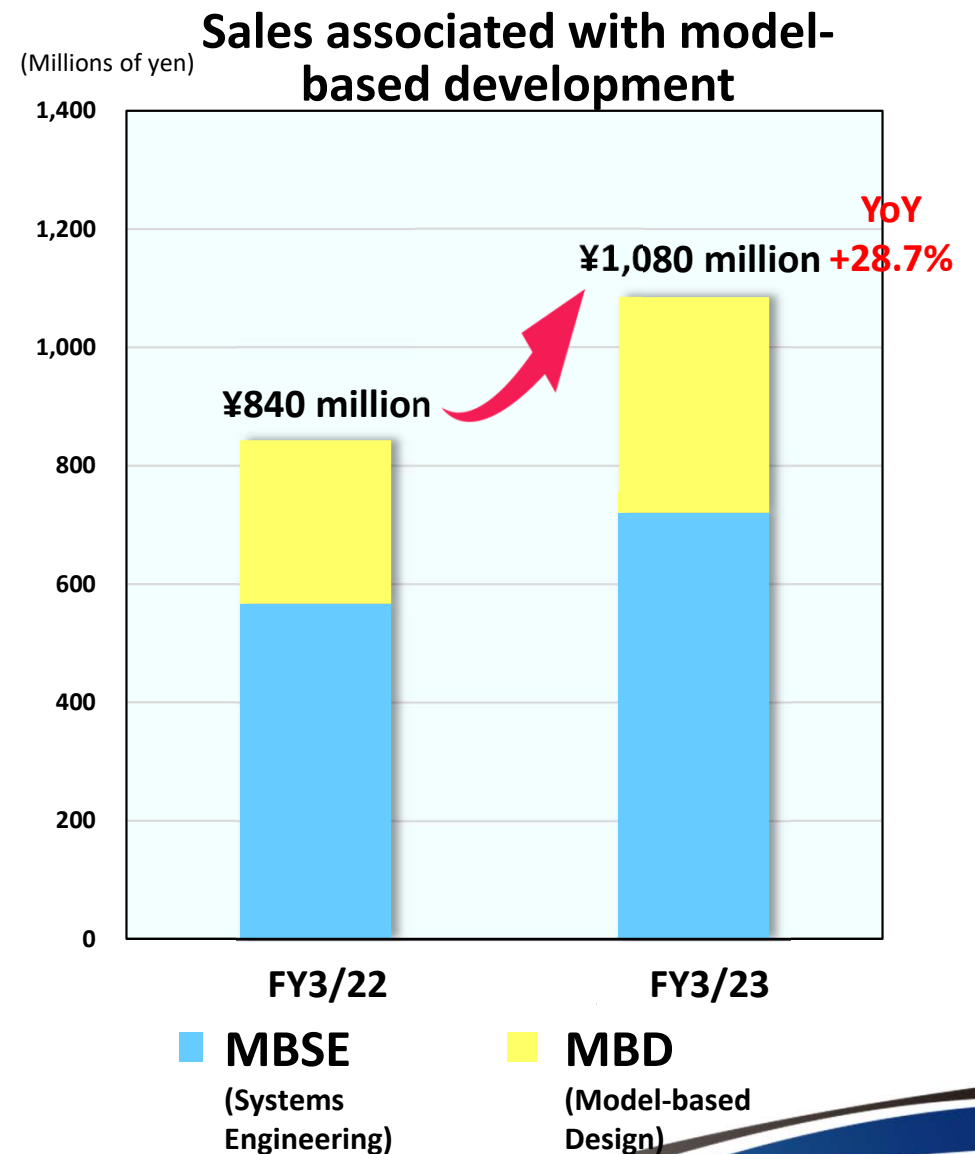
Data Management

- Strong sales involving security solutions (handled by an affiliated company) and data management for wire harnesses
- Large volume of IT investments for overhauling engineering processes (including MBSE) as part of DX demand in the manufacturing sector

Growth Sector (1) Sales Associated with Model-based development

Overview

- Steady growth of the MBSE business in Japan (industries, business domains)
- Promoting system for managing electronic design requirements to current customers using CR products (GENESYS-CR)
- Increasing variations of proposals in different industries and business domains
→ Considering the provision of products and services in a manner that matches the requirements, objectives and expertise of individual customers

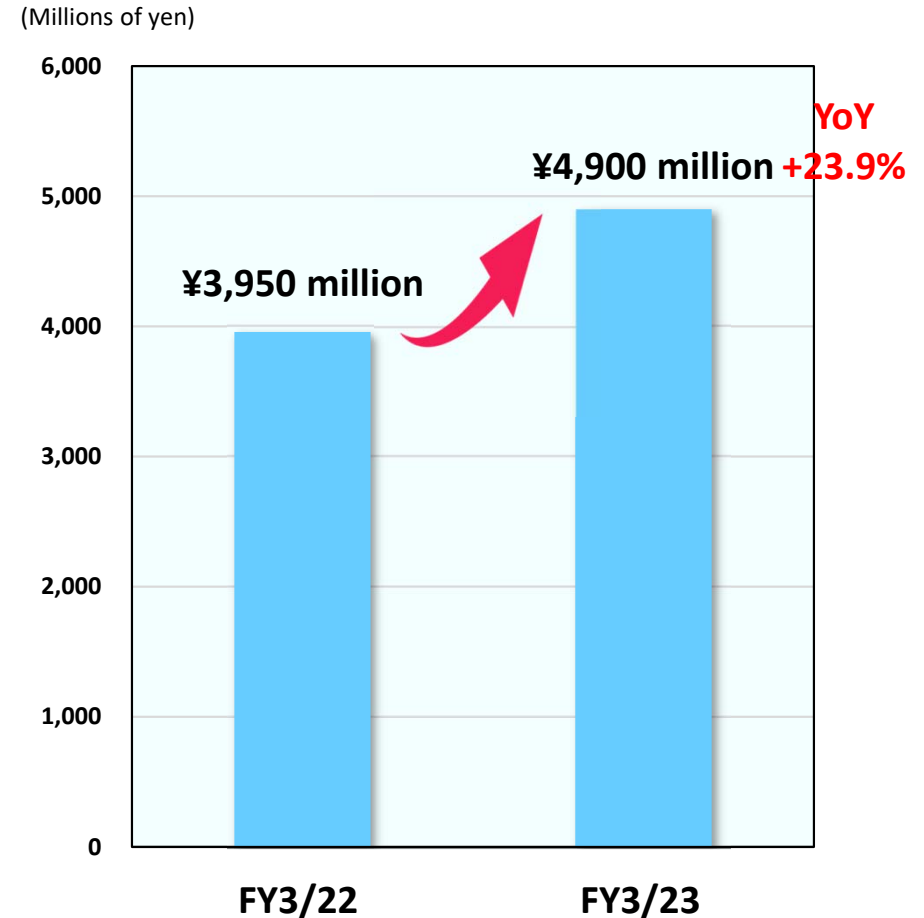


Growth Sector (2) Consulting-driven Customer Engagement Business Sales

Overview

- In Japan, DX investments are strong in all industries. The installation and upgrades of core systems (enterprise resource planning) are creating a large volume of IT expenditures for design and manufacturing operations. Midsize as well as large companies are increasingly using product data management (PDM) for raising the efficiency of business processes.
- Strong sales to companies in the manufacturing equipment sector due to firm demand concerning supply chain reforms and smart manufacturing. Investments for wire harness design data management increased. (Europe, Japan)

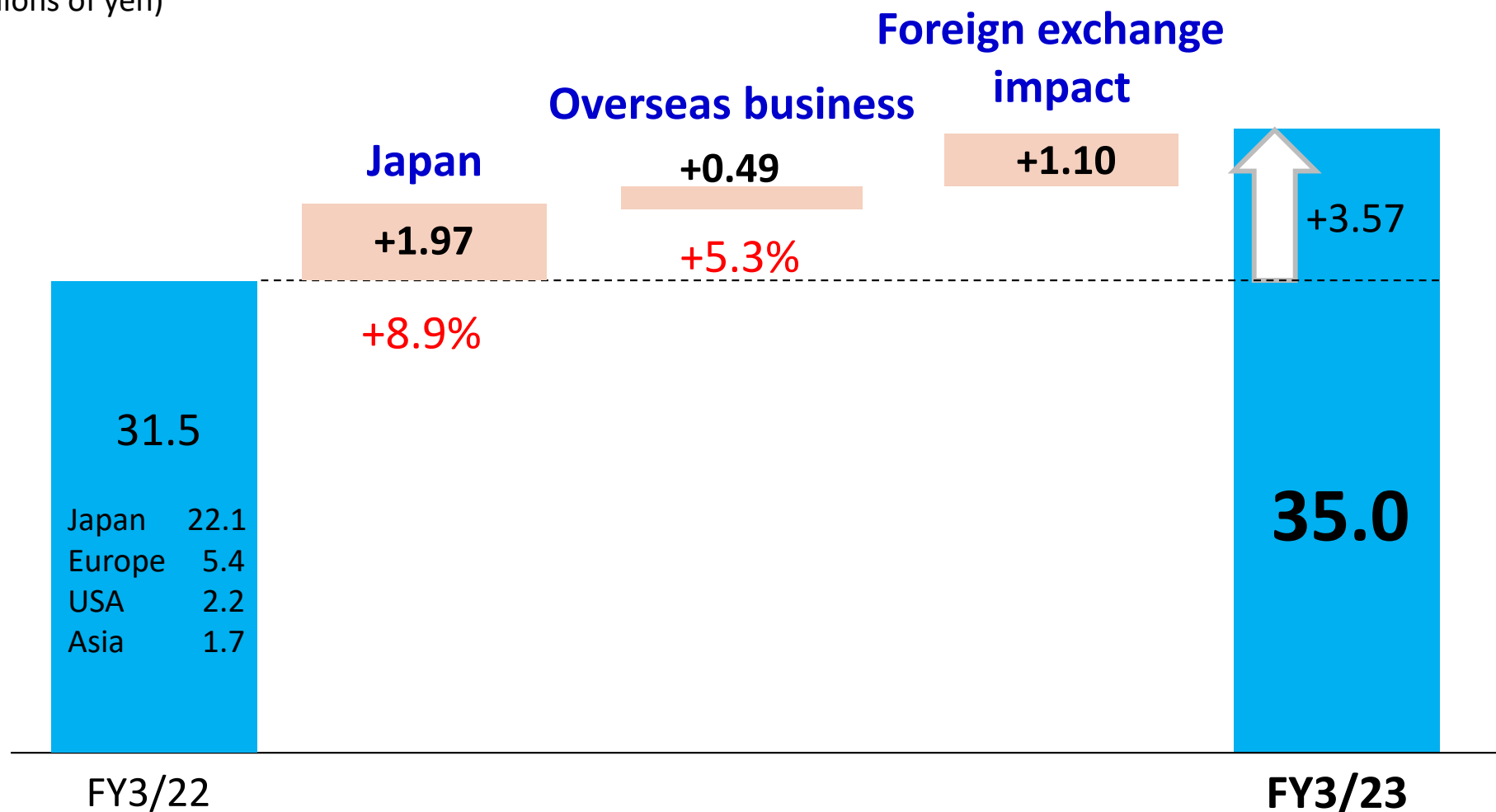
PDM business sales



Changes in Sales by Region

Average exchange rates in FY3/22 were 112 yen/USD and 131 yen/EUR.
Average exchange rates in FY3/23 were 135 yen/USD and 141 yen/EUR.

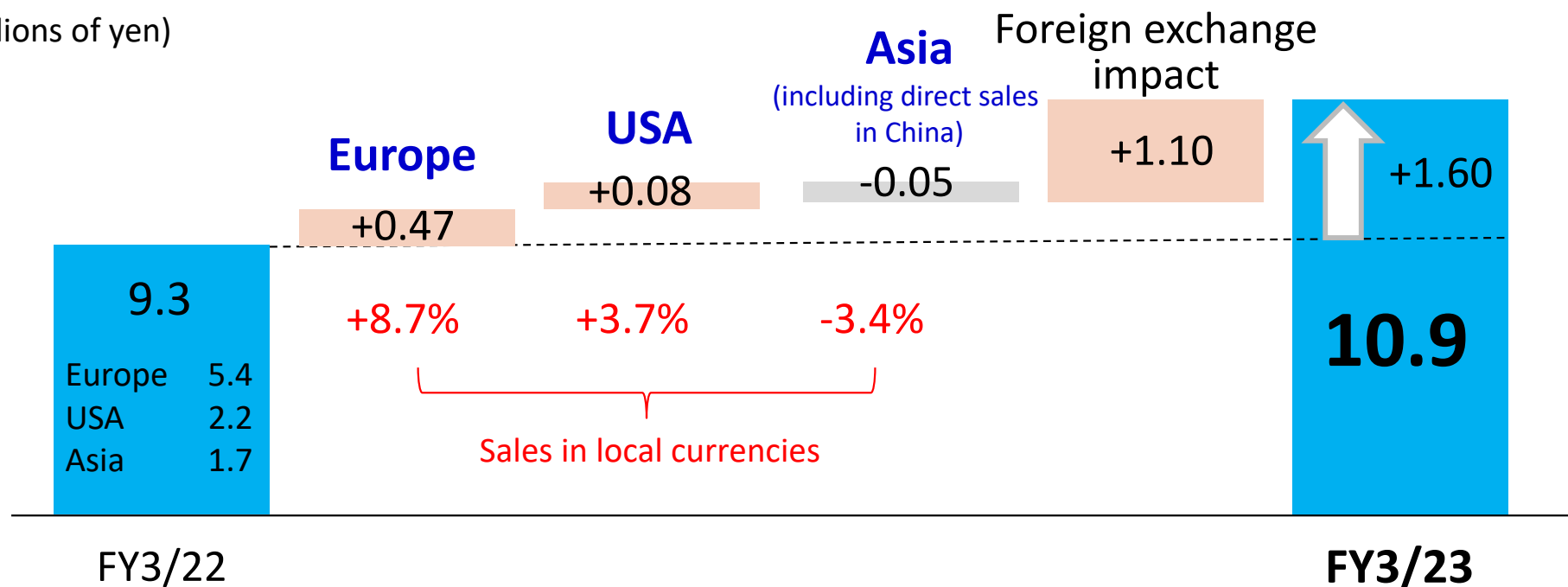
(Billions of yen)



Changes in Overseas Sales

Average exchange rates in FY3/22 were 112 yen/USD and 131 yen/EUR.
Average exchange rates in FY3/23 were 135 yen/USD and 141 yen/EUR.

(Billions of yen)



Europe

- Consistently firm demand for automation and optimization of engineering processes due to positive business situations among industrial machinery manufacturers, the primary users of the E3.series
- Data management sales to current customers increased too

USA

- Stable base for earnings due to TBL (Time Based License) revenue; sales activities with aircraft manufacturers started to recover
- Increasing sales to manufacturing equipment producers as under sound capital expenditures in the U.S. manufacturing sector

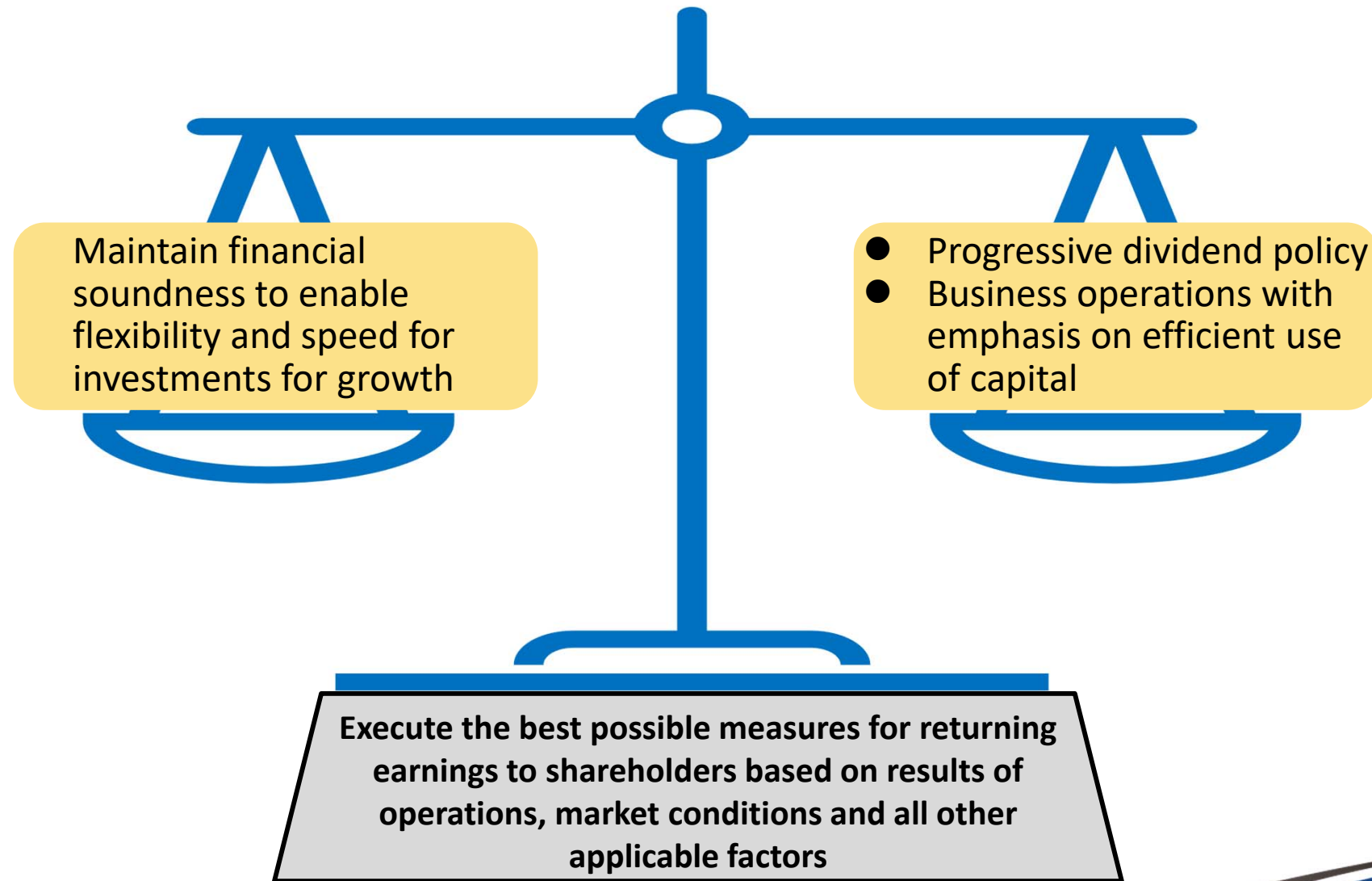
Asia

- A slow recovery among customers in Asia, where most are in consumer product industries, but there are signs of an economic upturn mainly in China and South Korea
- Higher levels of investment expected in the automotive (EV) sector

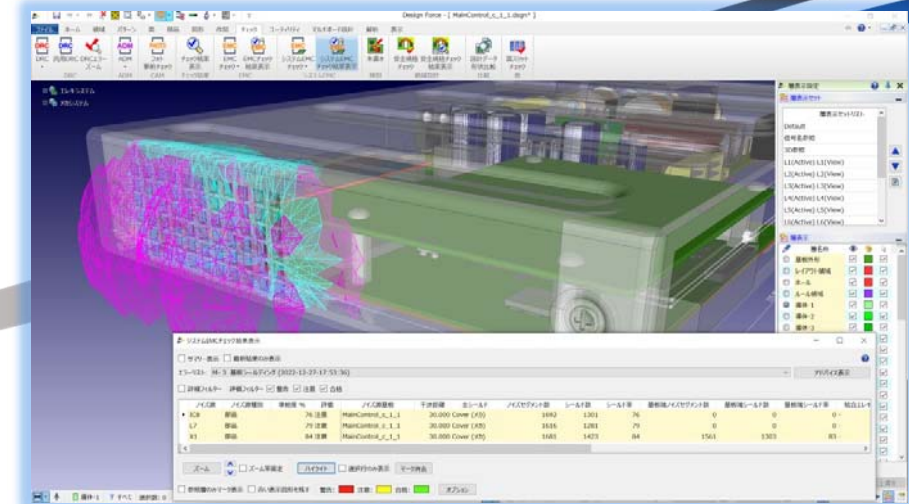
Outlook for Business Categories

- The size of potential projects is increasing as companies aim to implement design and manufacturing process innovations from a medium to long-term perspective
→As a result, the number of projects that include data management solutions is increasing
- Sales have started for the E3.infinite, the new wire harness design system for the automotive OEM sector
→Increasing activities to capture orders by accurately targeting technology trends such as electrifications, the horizontal specialization, and the platform design
- In North America, started receiving orders of E3.series through nVent HOFFMAN for industrial machinery manufacturers
- MBSE: Companies are becoming increasingly aware of the benefits of MBSE
Continuing investments to make GENESYS even more competitive and appealing

Capital Policies and Profit Distributions



Corporate Profile



Zuken has started selling the 3D EMC Adviser, the industry's first electromagnetic compatibility (EMC) analysis tool that combines electrical and mechanical factors. (May 2023)

Corporate Profile



ZUKEN Inc.

Established: December 17, 1976

Capital: 10,117,065,000 yen

Employees: 437 (non-consolidated)
1,538 (consolidated) (As of March 31, 2023)

Tokyo Stock Exchange, Prime Market

Securities code: 6947

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

History

December 1976	Established as Zukei Shori Gijutsu Kenkyusho Inc.	June 2009	Announced the release of "PreSight," a new product of PLM Solutions.
June 1978	Developed Japan's first CAD/CAM system "Create 2000" for the design of printed circuit boards.	May 2010	Concluded an equity alliance with Lattice Technology Co., Ltd., making Zuken the second-largest shareholder after Toyota.
November 1983	Established ZUKEN AMERICA Inc. (now ZUKEN USA Inc.) in the United States.	June 2011	Announced the release of "visual BOM" that integrated bill of materials technology with the ultra lightweight 3D format XL.
January 1988	Developed a new CAD system "CR-3000."	October 2011	Announced worldwide the release of the "CR-8000," a new generation electronic device design platform.
October 1991	Registered in the Second Section of the Tokyo Stock Exchange as a first EDA corporation.	December 2014	Concluded a capital and business alliance with Toyo Business Engineering Corporation (now Business Engineering Corporation).
January 1992	Established ZUKEN EUROPE GmbH (now ZUKEN GmbH) in Germany.	March 2015	Established ZUKEN INDIA Pte. Ltd. in India.
January 1992	Established ZUKEN KOREA Inc. in Seoul.	July 2015	Took over YDC Corporation's CADVANCE business (CAD and PDM operations).
August 1992	Established ZUKEN SINGAPORE Pte. Ltd. in Singapore.	April 2016	The PreSight Division was spun off as Zuken PreSight Inc.
April 1994	Developed EDA vertical integration solution "CR-5000."	December 2017	Acquired all the shares of Alfatech Inc. (now Zuken Alfatech Inc.).
June 1994	Acquired all the shares of Racal-Redac Group (11 companies) of the United Kingdom.	August 2019	Acquired all the shares of Vitech Corporation (now Zuken Vitech Inc.) of USA.
September 1994	Moved up to the First Section of the Tokyo Stock Exchange.	October 2019	Established ZUKEN Modelinx Inc.
March 2000	Acquired all the shares of INCASES Engineering GmbH.	November 2021	Business Engineering Corporation became an equity-method affiliate following an additional investment by ZUKEN
March 2002	Started provision of a wire harness design environment for the automotive industry.	April 2022	Stock listing was moved to the Prime Market because of the restructuring of the Tokyo Stock Exchange into new market segments
June 2002	Established Shanghai Technical Center in Shanghai.		
February 2004	Announced the release of "ePLM Platform DS-2," a PLM solution specially designed for the electrical and electronics industries.		
August 2005	Established ZUKEN TAIWAN Inc. in Taiwan.		
May 2006	Acquired all the shares of CIM-TEAM (now ZUKEN E3 GmbH) of Germany.		
June 2007	Released "V54EE" based on "Catia V5."		

Global Locations and Affiliates in Japan

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

Locations in Japan: Yokohama, Osaka and Nagoya

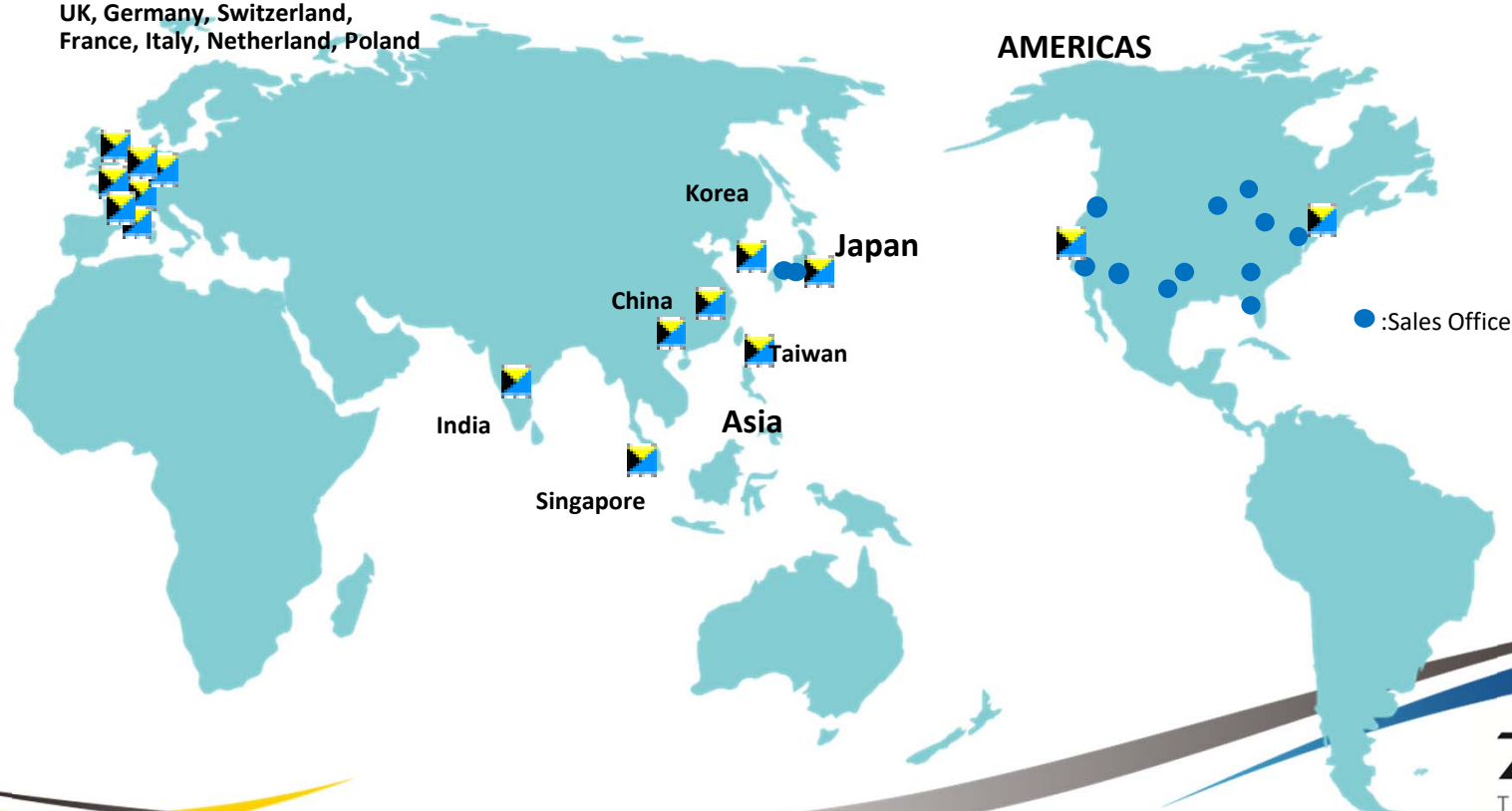
Overseas Locations: 21 locations, including 6 R&D sites

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

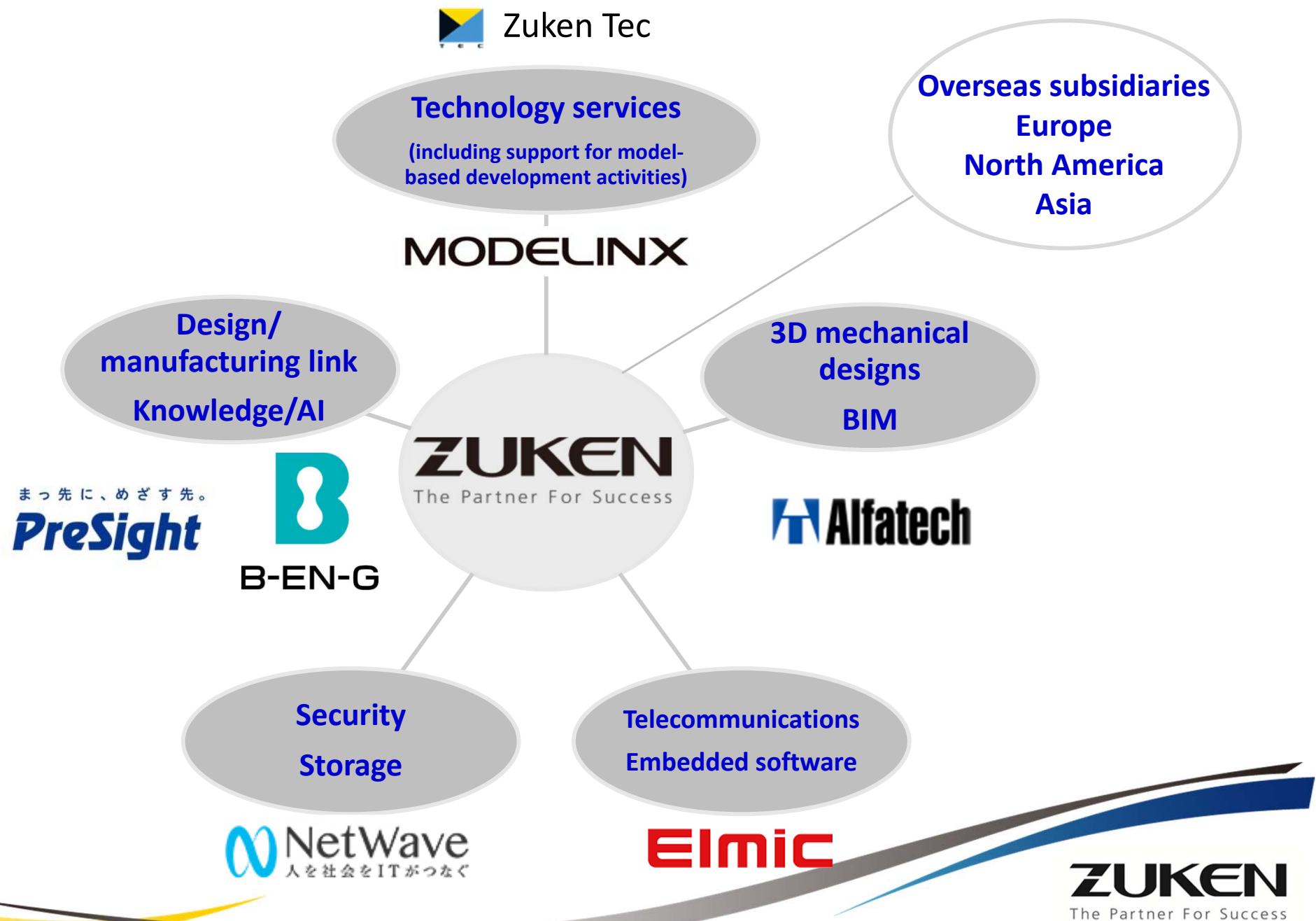
EUROPE

UK, Germany, Switzerland,
France, Italy, Netherland, Poland

AMERICAS



Zuken Group



Precautions

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

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

The Partner For Success **ZUKEN**



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