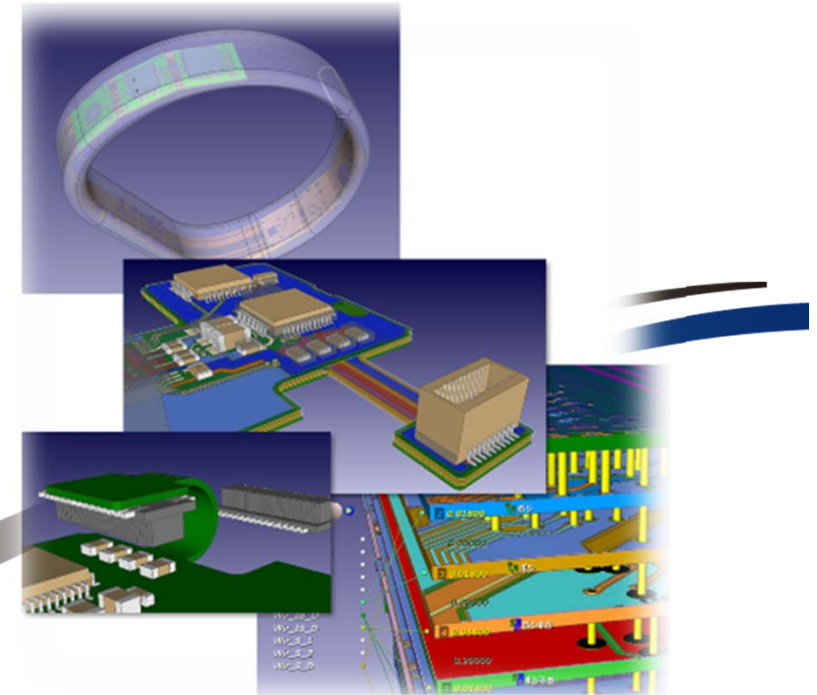


Progress and Outlook of Medium-term Business Plan

(April 2022 - March 2025)

December 15, 2023



ZUKEN Inc.

Tokyo Stock Exchange, Prime Market
Securities code: 6947

Summary of Progress and Outlook



Assessment at the Mid-point of the Three-year Plan and Future Actions

Growth Strategy (1)

Engineering DX Proposition by Model-Based Development (MBSE/MBD)

- Successful development of a wide range of industries
- Expansion of applicable business domains through diversification of industries and purposes
- The challenge is to secure human and development resources

Growth Strategy (2)

Consulting-Driven Customer Engagement to Enlarge Business Scope and Value

Considers application of generative AI

- Strong DX demand in Japan supports the growth
- Strong orders for wire harness design data management
- Started collaboration with nVent HOFFMAN in North America

Earning Power

Expedite our Sales DX and Maintain Decent Pricing Level for Products and Services

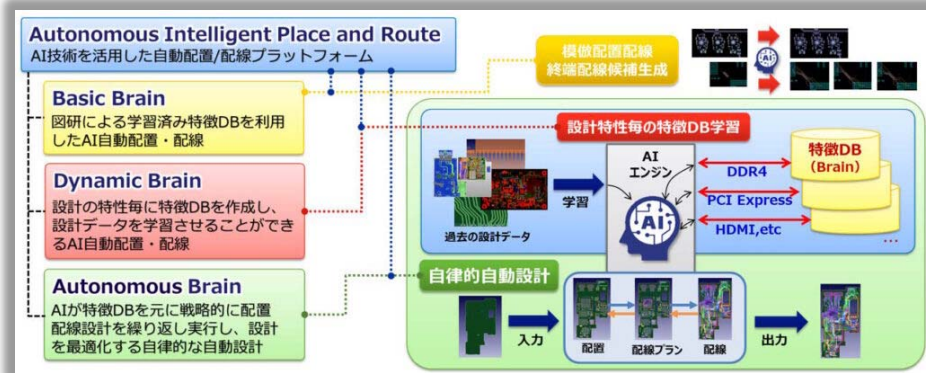
- Price revisions
- CR-5000BD updates scheduled to end in December 2026
- More use of a digital sales platform

- Strong IT investments in the manufacturing sector will continue
→ Many DX ideas, including existing products centered on MBSE
- Continue substantial technology/product development investments for medium/long-term growth and consider measures for hiring and retaining people

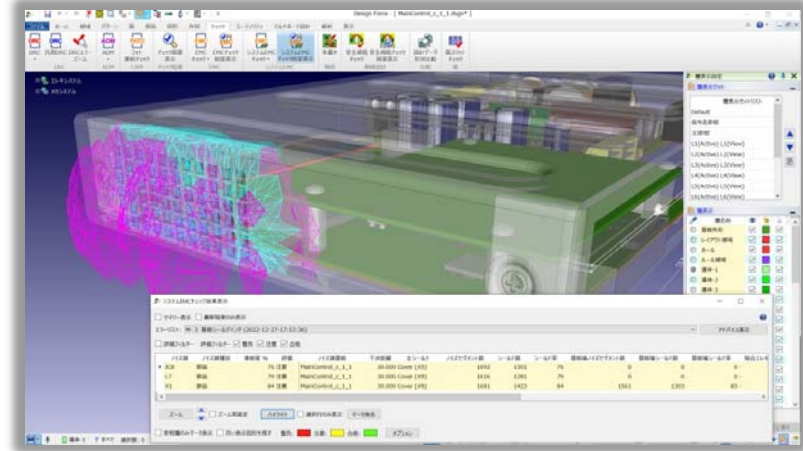
- Speed up the shift to CR-8000
- Increase operating margin by revising prices of maintenance and other services

Topics Two New Products to Meet the DX Needs of Electrical Designers

Automatic placement and routing using AI
Autonomous Intelligent Place and Route
An optional function for the CR-8000



Started selling **3D EMC Adviser**, the industry's first electromagnetic compatibility (EMC) verification tool that combines electrical and mechanical factors



- Started with an automatic wiring placement and routing capability using a pre-trained model by Zuken
- Plan to make upgrades to create a system able to learn on its own the characteristics of designs of users and then determine autonomously the best possible wiring configuration

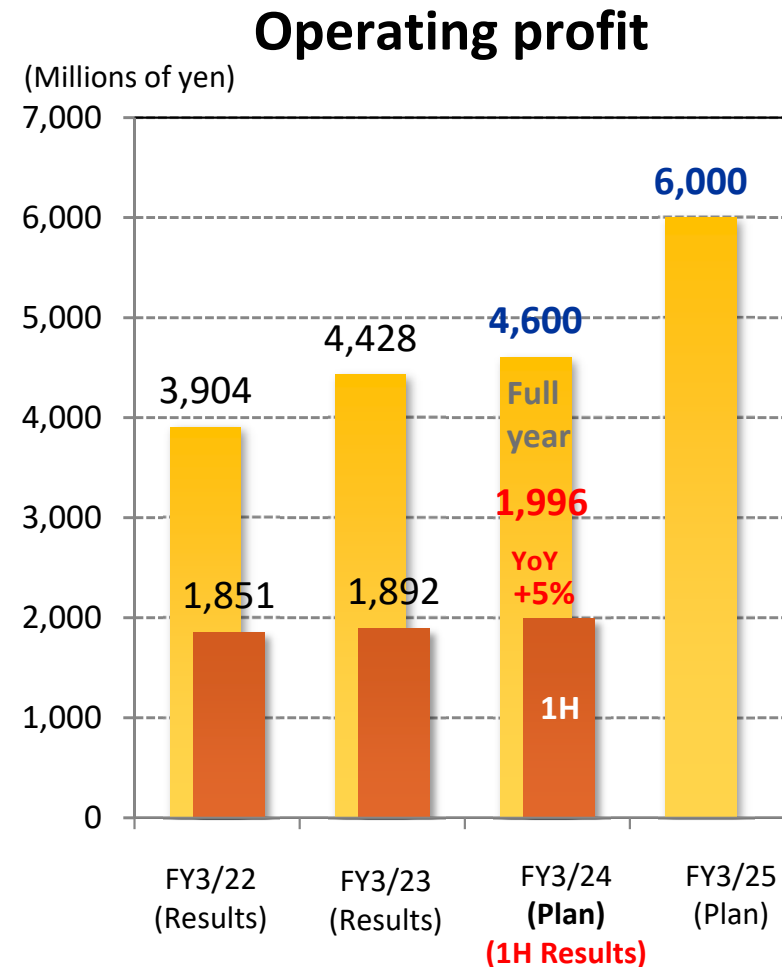
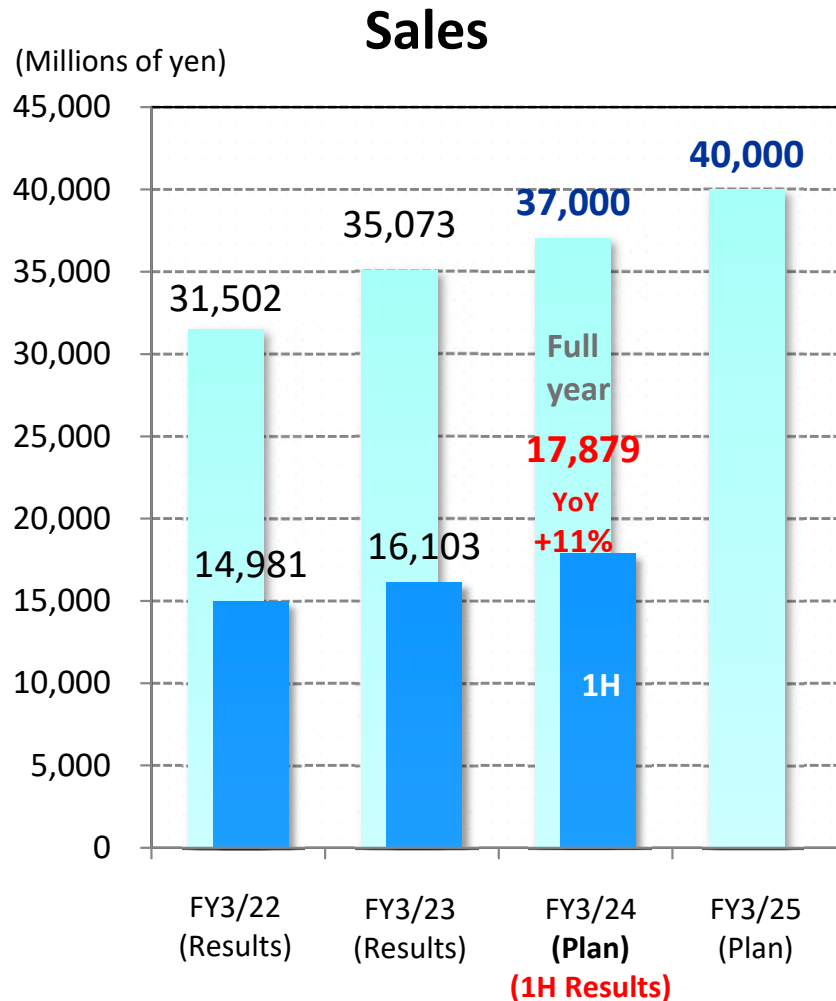
- PCB designers can perform tests for electromagnetic noise using conditions very similar to those of the actual product by importing 3D data of the enclosure, harness, and connector into CR-8000 Design Force.

Solutions that contribute to handing down the exclusive design expertise of individual companies as well as improving the productivity of design

First Half Results of the Second Year and Outlook



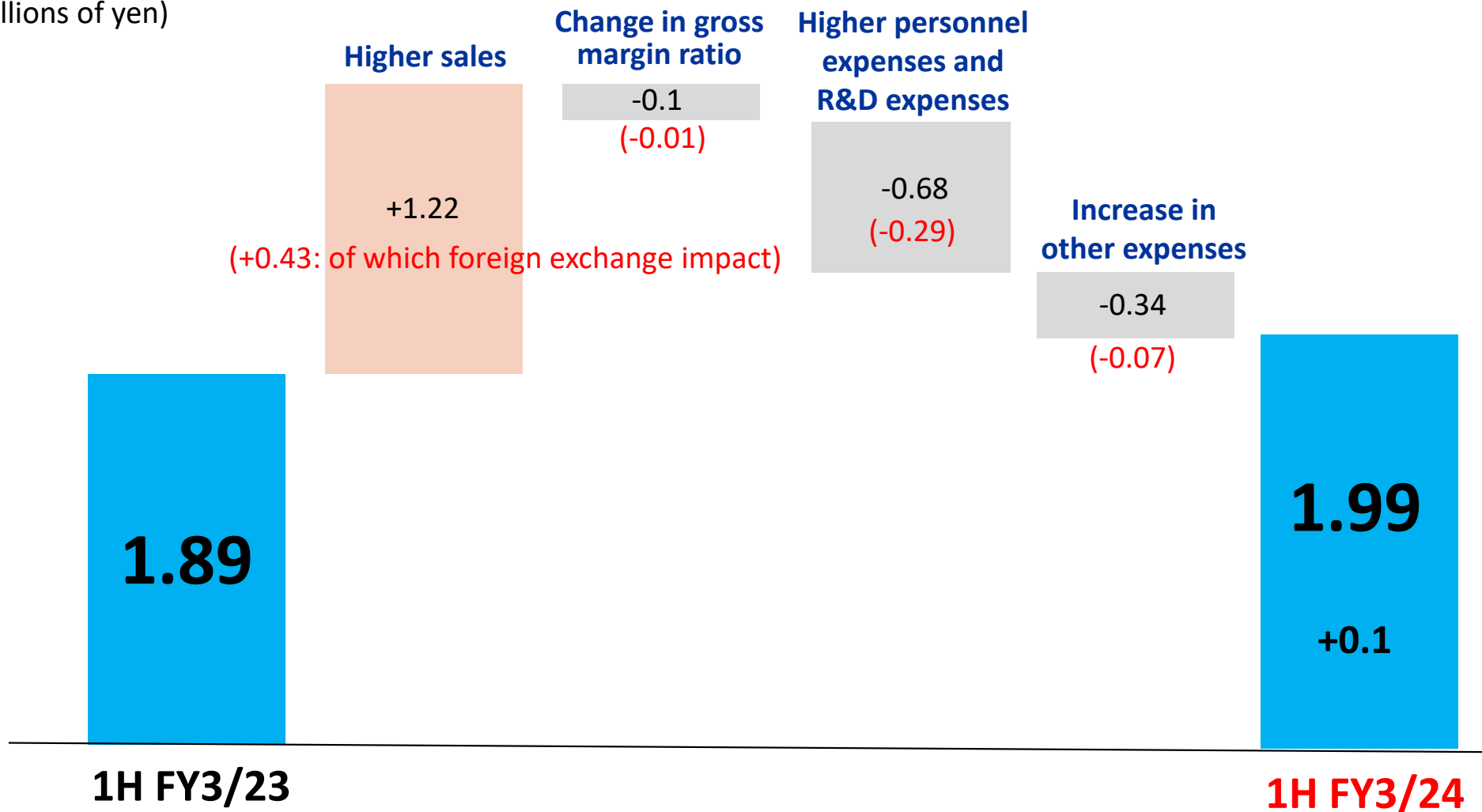
Medium-term Sales/Earnings Targets and 1H FY3/24 Results



Record-high 1H sales and operating profit
Results were consistent with the plan at the mid-point of the three-year plan

Change in 1H FY3/24 Operating Profit

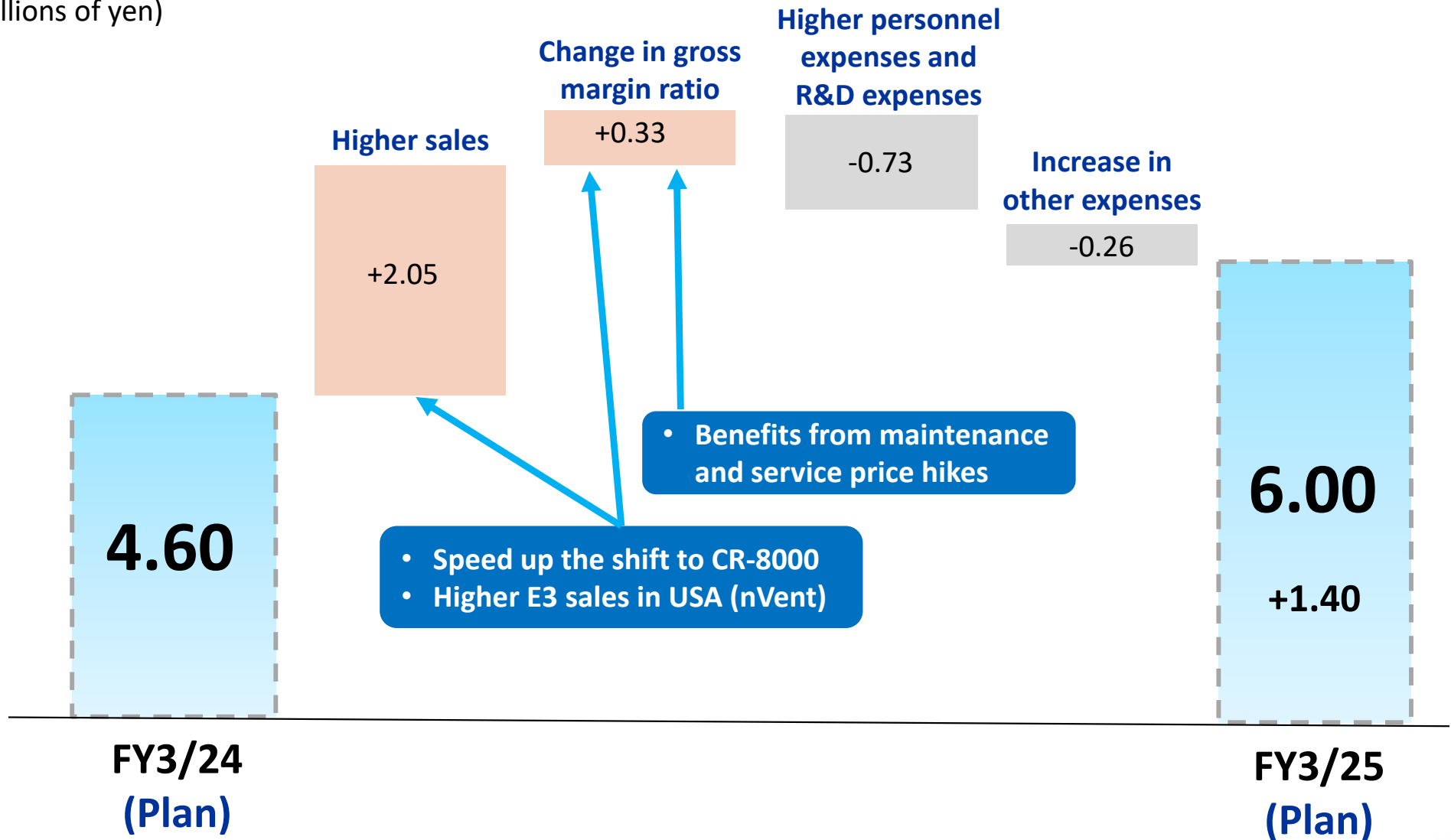
(Billions of yen)



Average exchange rates in 1H FY3/23 were 134 yen/USD and 139 yen/EUR.
Average exchange rates in 1H FY3/24 were 141 yen/USD and 153 yen/EUR.

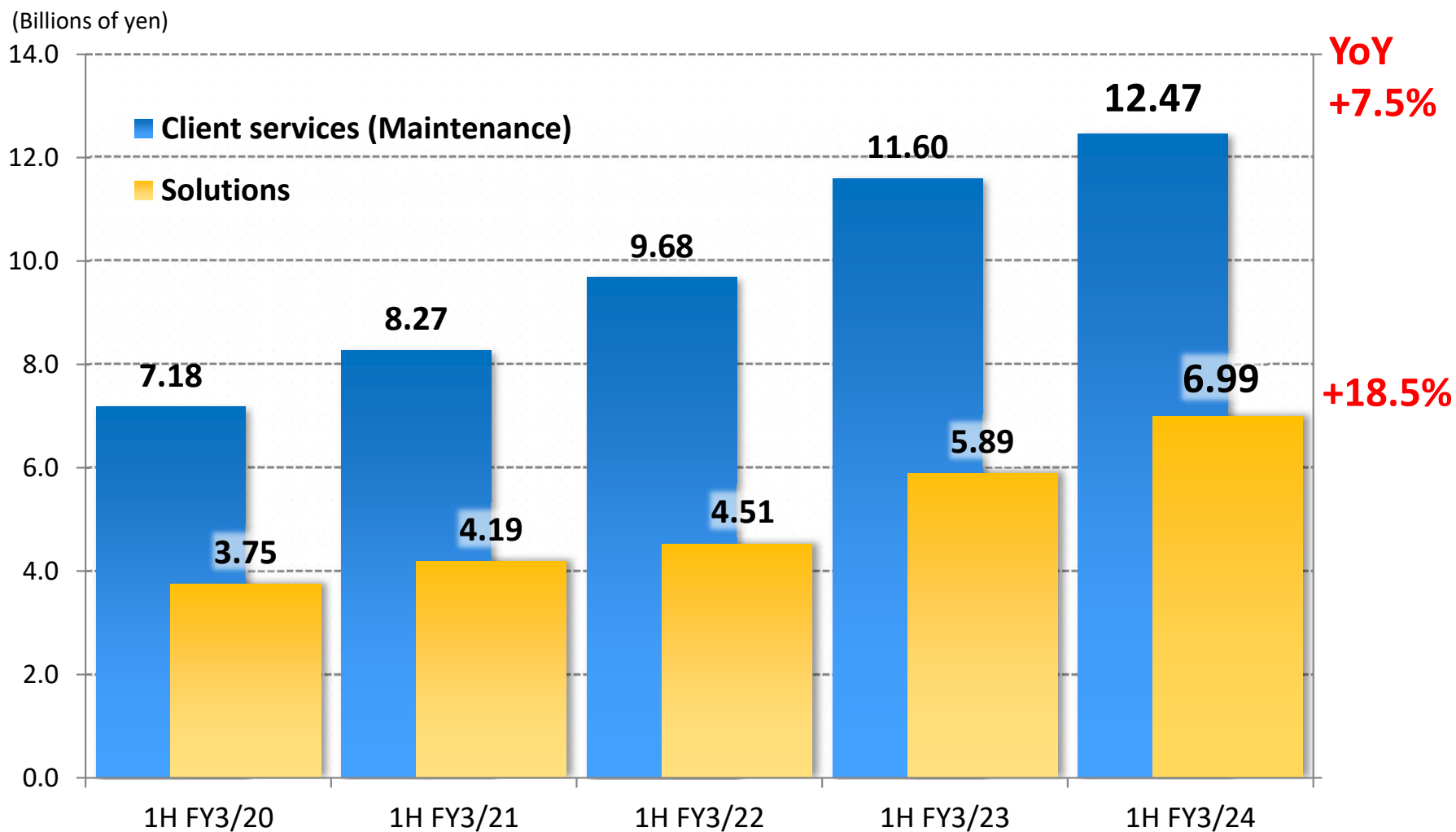
The Earning Goal in the Plan's Final Year

(Billions of yen)



Achieving the sales plan will be the key to reaching the earnings goal

Order Backlog at the End of the First Half



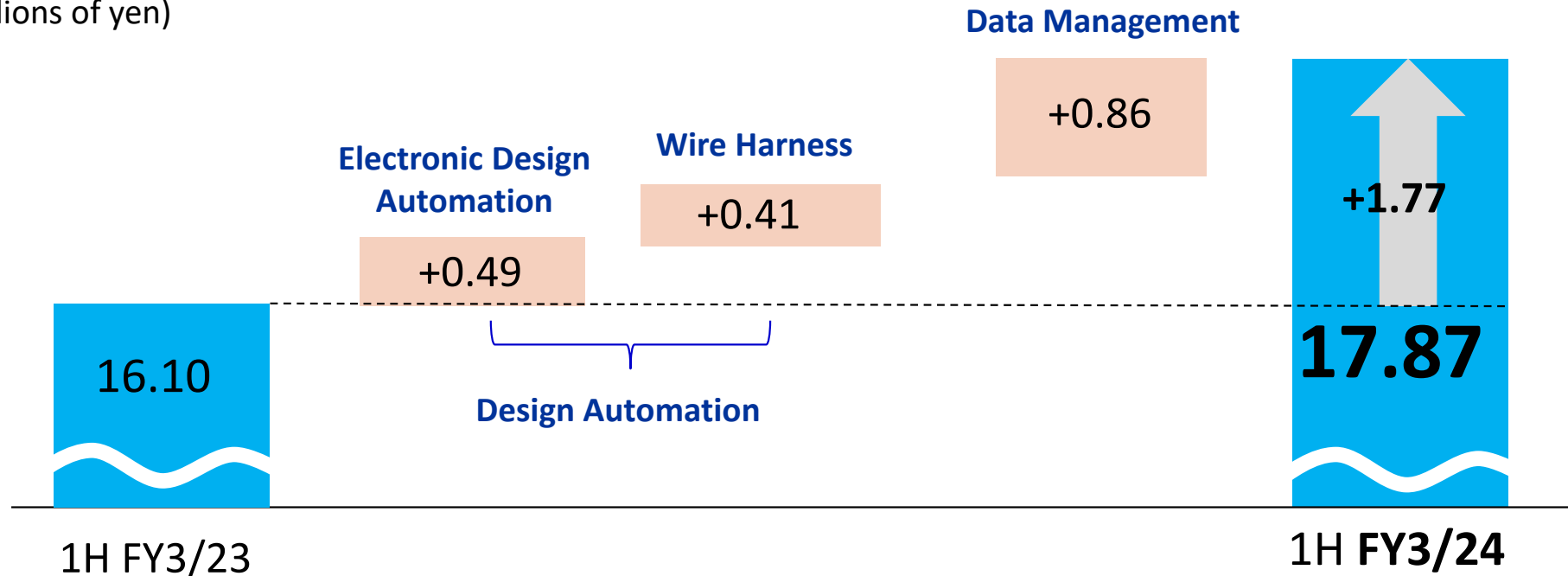
Major Products of Each Category

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 (EDA)	
	Wire harness	CR-8000 Design Gateway
Circuit design solutions		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.

Changes in 1H Sales by Product Category

(Billions of yen)



Electronic Design Automation

- Continuation of the shift to CR-8000 in Japan
- Sales increased in the automotive electronics sector in South Korea
- Official announcement of planned CR-5000BD end of support

Wire Harness Design

- Strong demand for manufacturing equipment in Europe, USA and Japan
- Showing a recovery in the aircraft, railroad, and automobile sectors
- Factory DX demand in Japan continues

Data Management

- Large volume of IT investments for engineering process updates triggered by the enterprise IT system overhaul
- Strong performance of data management for wire harnesses
- Demand for security products is continuing

1H Sales and YoY Change by Product Category

Sales (Millions of yen)	1H FY3/23	1H FY3/24	YoY change	YoY change (%)
Design Automation	9,664	10,572	+908	+9.4%
(of which WH Design)	(3,236)	(3,652)	+416	12.9%
Data Management	6,439	7,306	+867	13.5%
Total	16,103	17,879	+1,776	11.0%

Reference: 1H Sales by Solution Category in Financial Reports

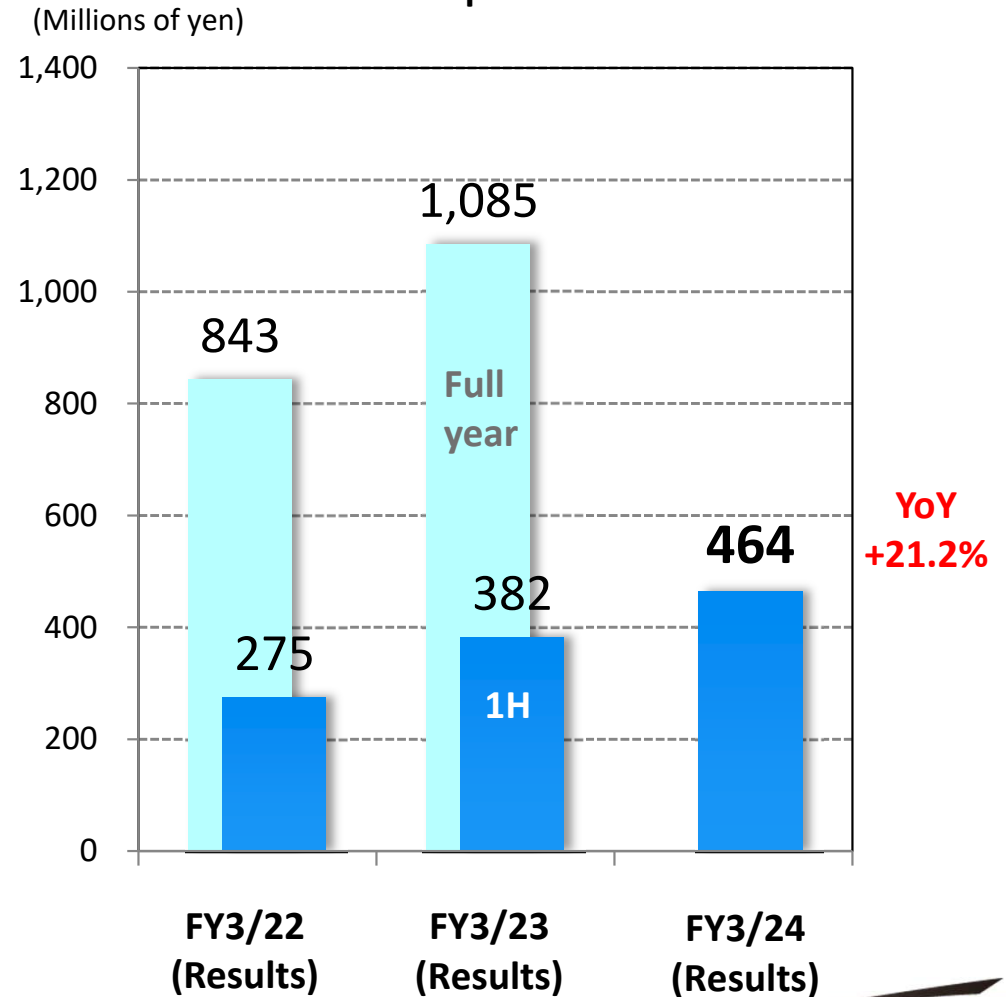
Sales (Millions of yen)	1H FY3/23	1H FY3/24	YoY change	
Printed Circuit Board design solutions	1,939	2,183	+244	Design Automation
Circuit design solutions	3,374	3,802	+427	
IT solutions	3,611	4,053	+441	Data Management
Client services	7,177	7,838	+660	Client services are divided into the above two categories
Total	16,103	17,879	+1,776	

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

Overview

- Steady growth of the MBSE business in Japan (industries, business domains)
- Expect higher demand from the defense and related sectors in Japan
- GENESYS-CR: Increasing interest among current users of CR products in the management of electronic design requirements
- Need to recruit more people and increase technology/product development expenditures as MBSE activities encompass a broader range of business sectors

Sales associated with model-based development



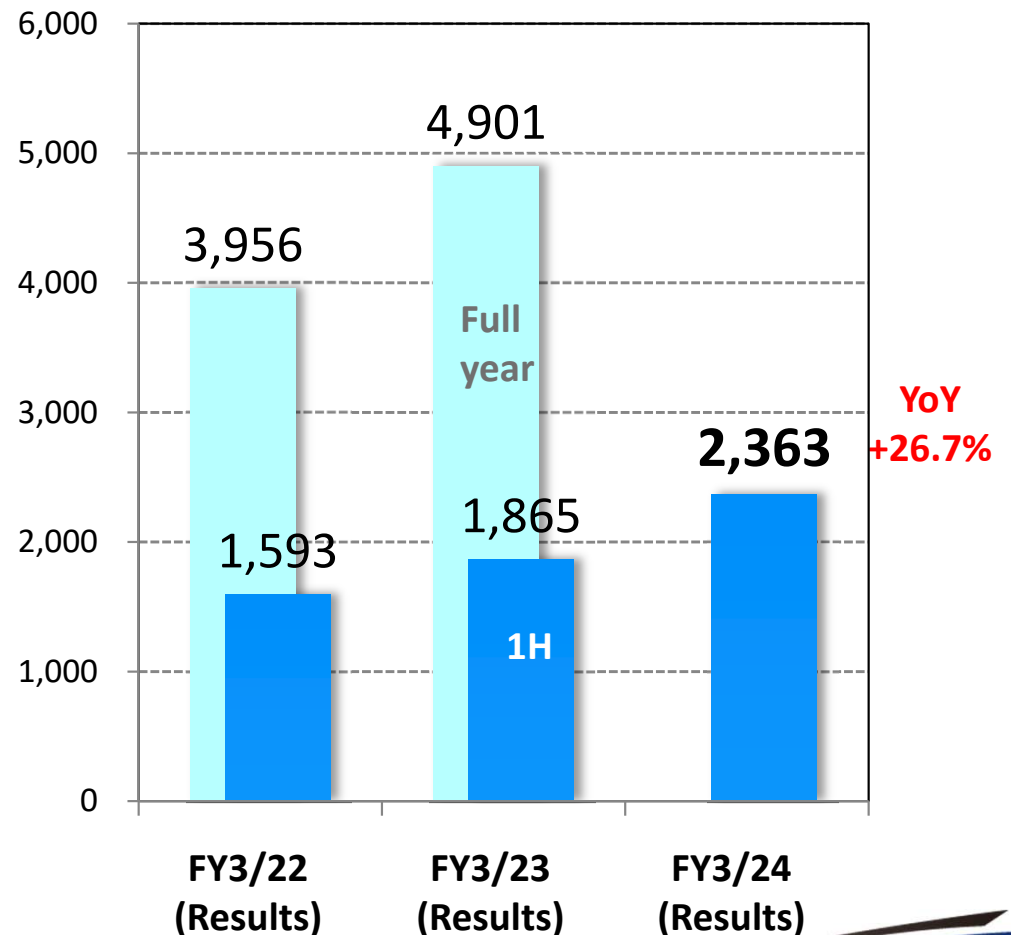
Growth Sector (2) Consulting-driven Customer Engagement Business Sales

Overview

- In Japan, DX investments are strong in all industries. The installation and upgrades of ERP (Enterprise Resource Planning) systems are creating a large volume of IT expenditures for design and manufacturing operations.
- Investments in wire harness design data management are increasing for companies in the manufacturing equipment sector as the demand for labor-saving and automation measures grows (Europe, Japan).
- Anticipate demand for more rigorous management of the procurement of electronic components to build resilient supply chains and meet the requirements of decarbonization and other initiatives.

PDM business sales

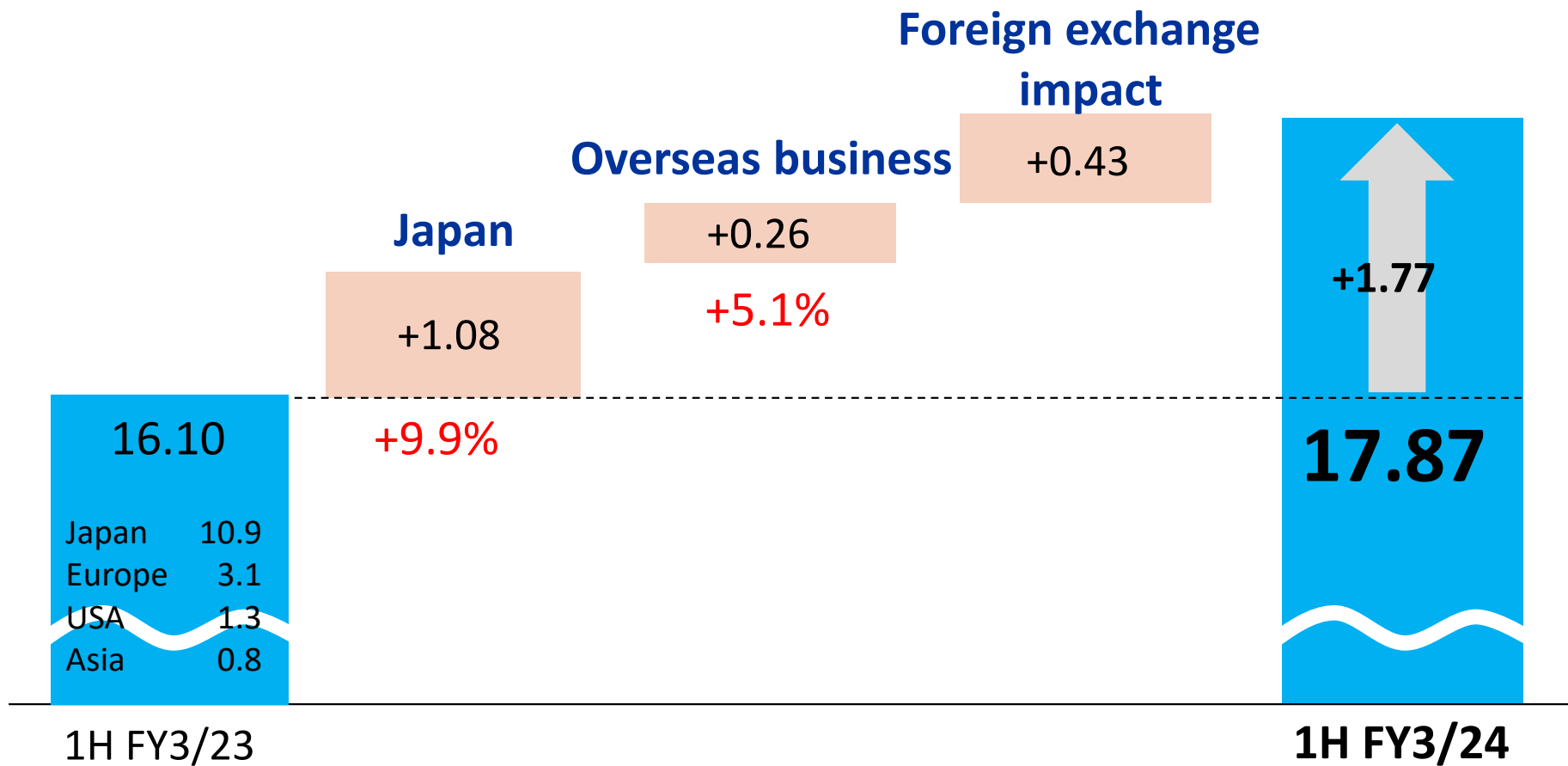
(Millions of yen)



Change in First Half Sales by Region

(Billions of yen)

Average exchange rates in 1H FY3/23 were 134 yen/USD and 139 yen/EUR.
Average exchange rates in 1H FY3/24 were 141 yen/USD and 153 yen/EUR.



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

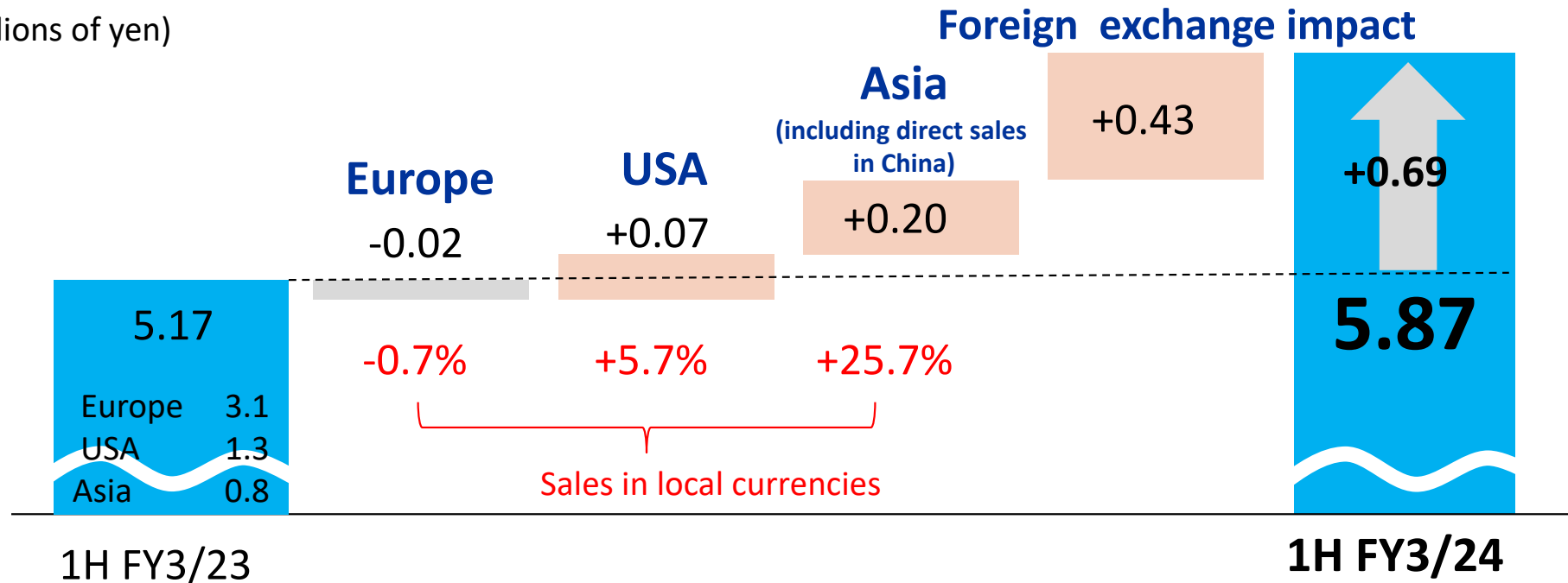
1H FY3/24	FY3/23	FY3/22	FY3/21
1. Office equipment	Automobiles	Vehicle electronics	General electrical machinery
2. Vehicle electronics	Electronic components	General electrical machinery	Communications equipment
3. General electrical machinery	Office equipment	Automobiles	Electronic components
4. Electronic components	Vehicle electronics	Office equipment	Office equipment
5. Automobiles	Inspection equipment	Construction machinery	Consumer products
6. Consumer products	Vehicle electronics	Industrial machinery	Vehicle electronics
7. Automobiles	Automobiles	Office equipment	Consumer products
8. General electrical machinery	Electronic components	Consumer products	Consumer products
9. Vehicle electronics	Automobiles	Construction machinery	Automobiles
10. Communications equipment	Construction machinery	Consumer products	Automobiles

Engineering IT investments in a broad range of industries continued

Change in First Half Overseas Sales

Average exchange rates in 1H FY3/23 were 134 yen/USD and 139 yen/EUR.
Average exchange rates in 1H FY3/24 were 141 yen/USD and 153 yen/EUR.

(Billions of yen)



Europe

- Sales decreased because of a large order in the previous fiscal year, but the volume of sales and orders for the E3.series and DS-E3 remained high.
- Sales are recovering in the railroad and vehicle electronics categories.

USA

- Mainly time-based license revenue, a stable source of sales
- Strong sales to manufacturers of semiconductor production equipment and other industrial machinery; the aerospace sector is recovering
- Delay in the start of sales through nVent HOFFMAN, anticipating an upturn in the second half

Asia

- Large volume of orders from major customers in South Korea that manufacture automotive components
- In China, investments by Japanese companies are declining but there are positive investments by Chinese electric vehicle and vehicle electronics manufacturers

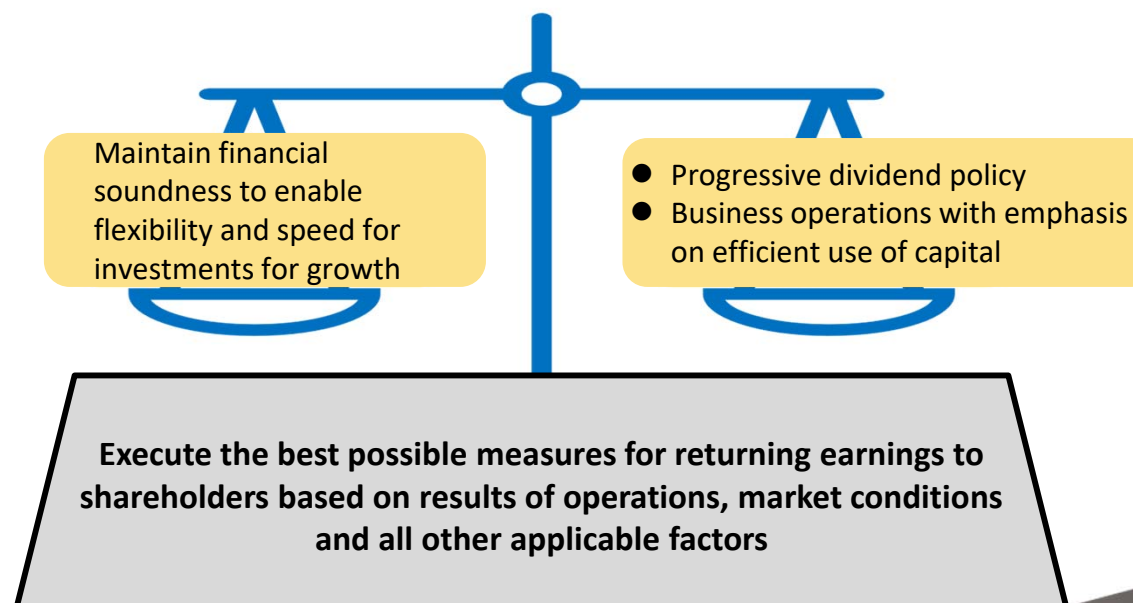
Outlook for Business Categories (KSF)

- **2027 end of support for SAP products (ERP) = IT infrastructure update demand at companies = Positive effects in the PLM/PDM sectors too, resulting in the outlook for IT investments to remain strong**
 - **More efficient development/business processes (labor saving, automation)**
 - **Provide ideas for data management solutions to meet customers' needs involving the green transformation (carbon footprint, etc.) by strengthening component data management, increasing the resilience of procurement activities, and making other improvements**
- **Announcement of end-of-service timing for older products, addition of new optional functions and other actions to speed up the shift to the CR-8000**
- **Get the business through nVent HOFFMAN off the ground in North America**
- **MBSE: Continuing investments to make GENESYS even more competitive and appealing**

Capital Policies and Profit Distributions

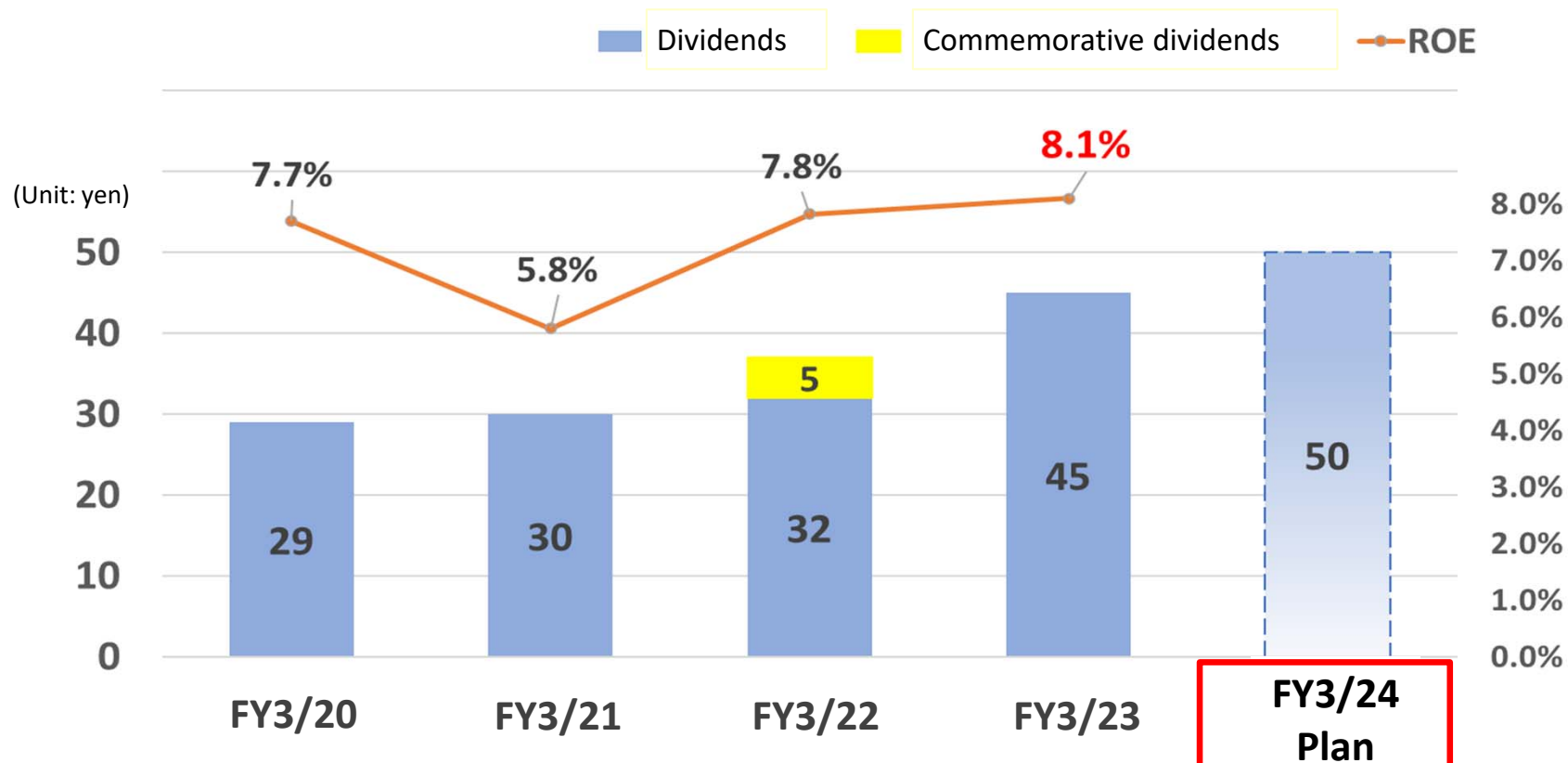
Actions to achieve management conscious of capital costs and stock prices

- ✓ Achieve steady business growth to aim for sustainable earnings growth and shareholder distributions
- ✓ Maintain financial soundness to enable flexibility and speed for investments for growth, including M&A
- ✓ Continue to adhere to the "progressive dividend policy" and, based on the above, implement measures to return profits to shareholders as appropriate, taking into account sales and profit forecasts and ROE.



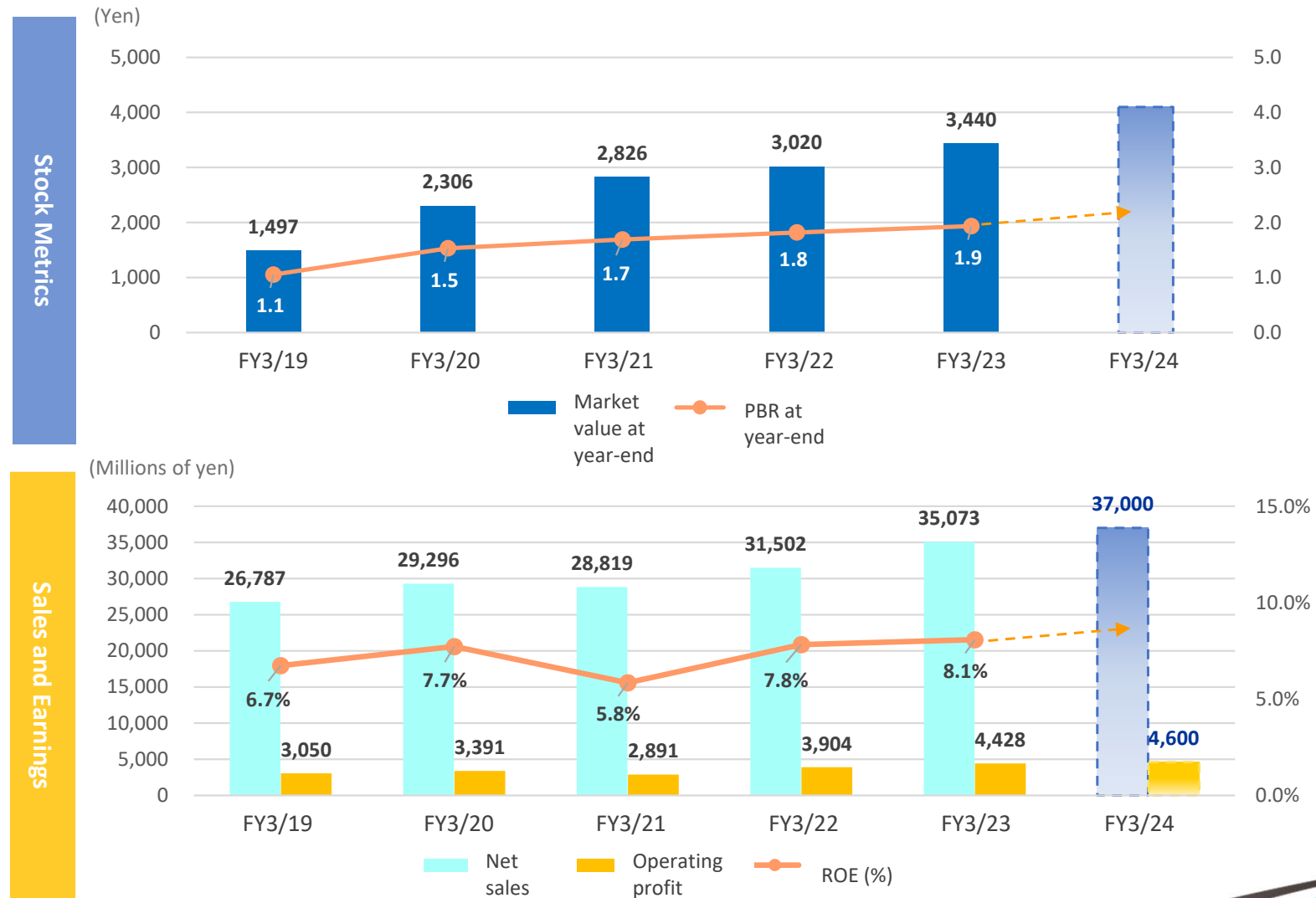
(Reference) Return on Equity and Shareholder Distributions

Consistent Growth of Dividends

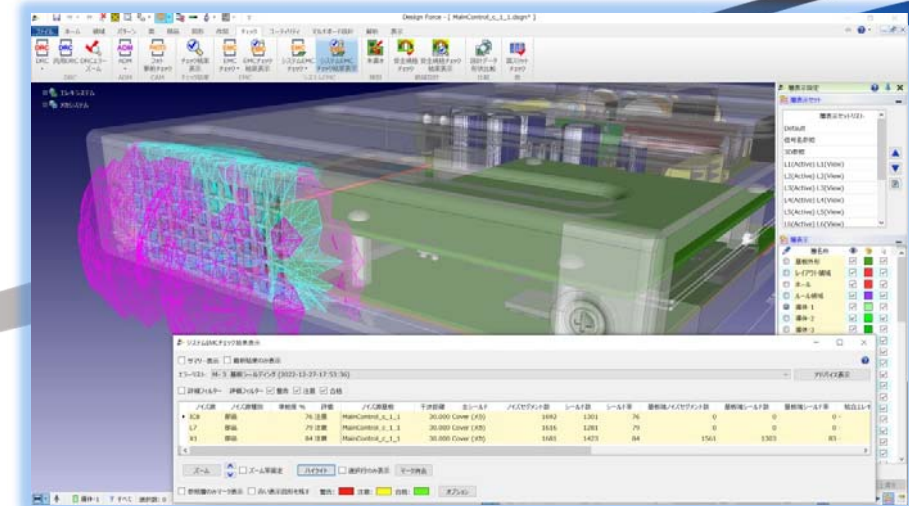


Dividend payout ratio	26.0%	32.6%	28.6%	32.7%	33.7%
Purchase of treasury shares					4.0 billion yen
Total payout ratio	26.0%	32.6%	28.6%	32.7%	153.1%

(Reference) Stock Metrics and Sales and Earnings



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: 440 (non-consolidated)
1,591 (consolidated)

(As of September 30, 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 of Germany.	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

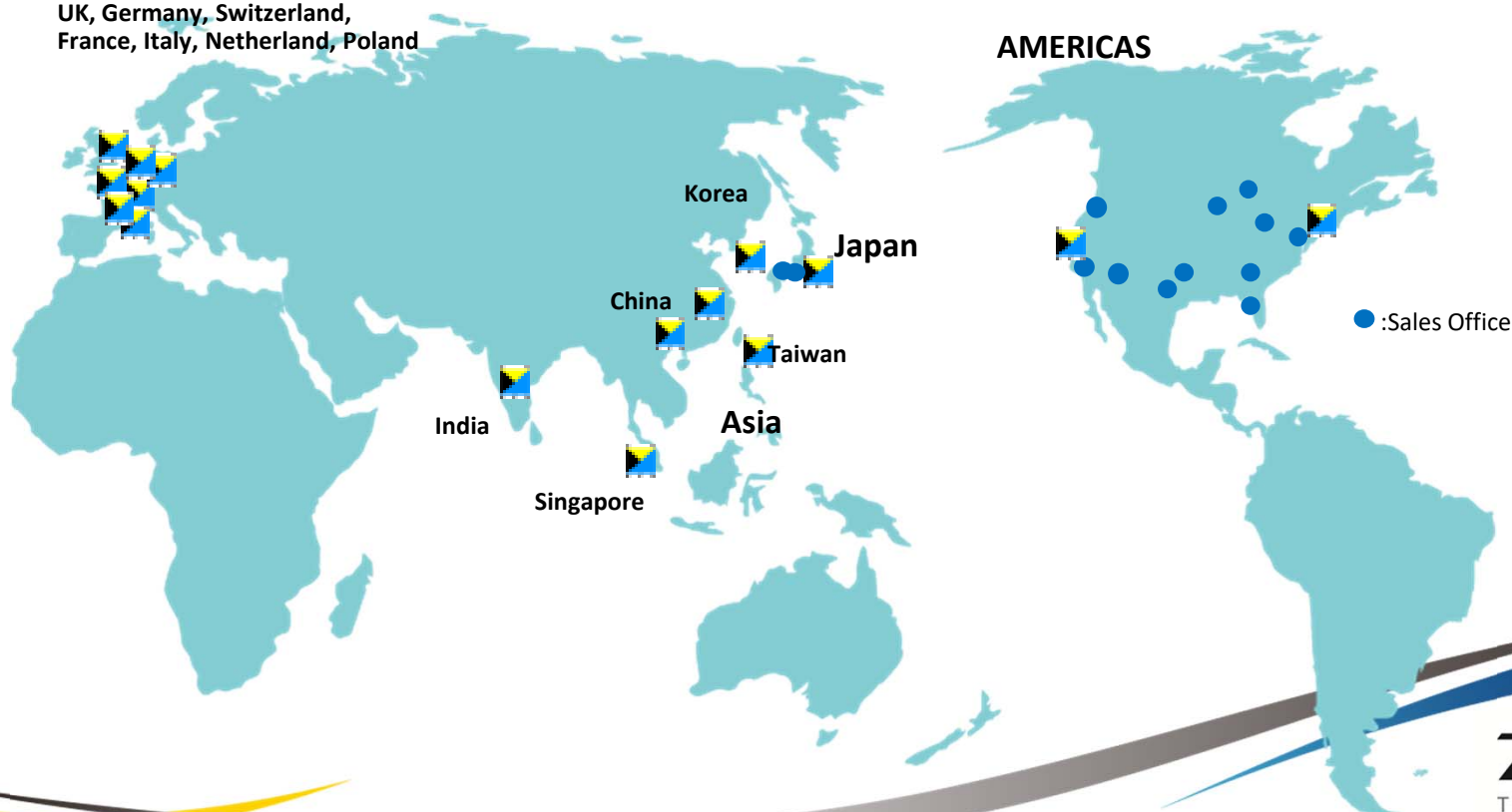
Overseas Locations: 21 locations, including 6 R&D sites

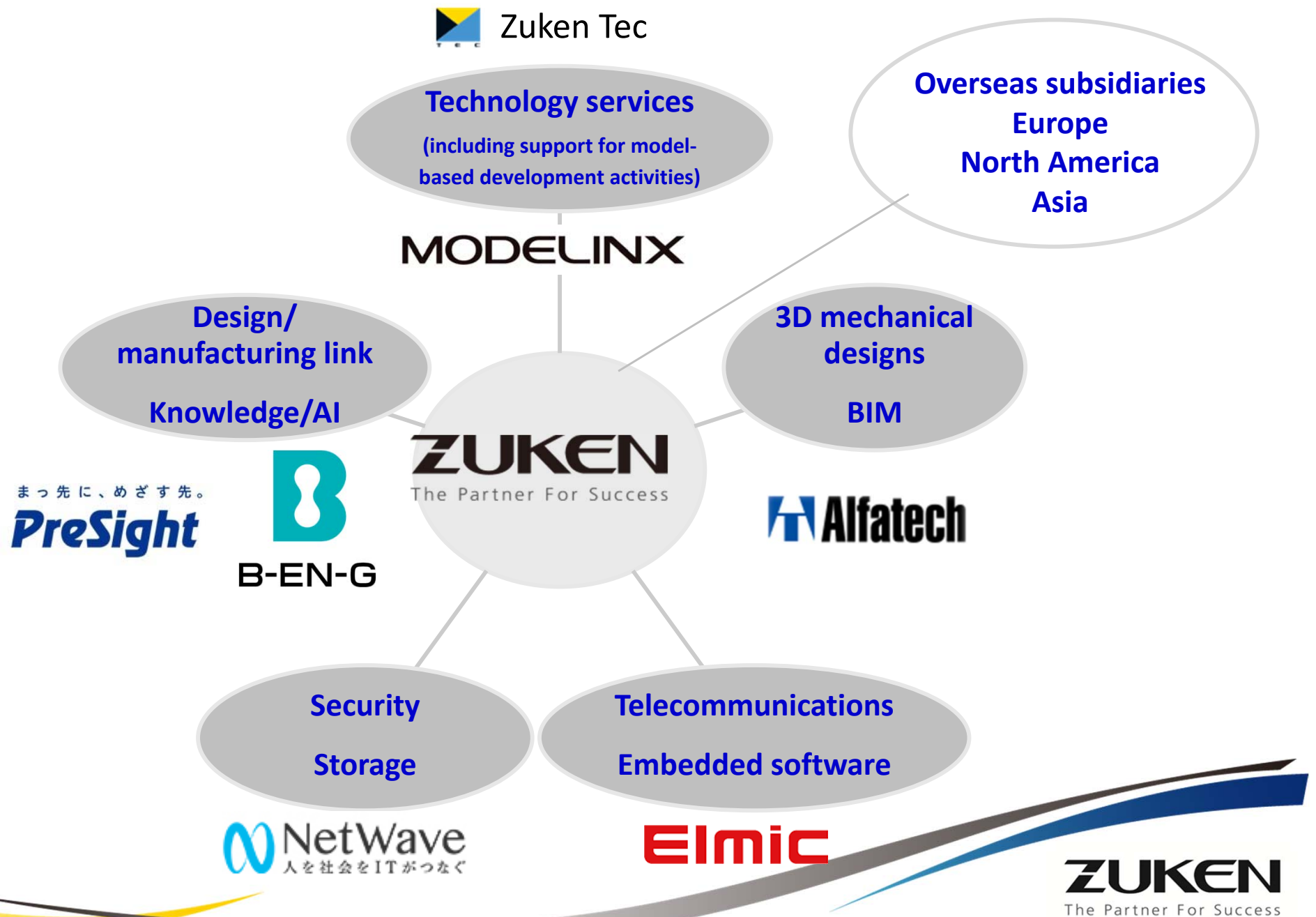
Domestic Affiliates: 7 (Zuken Tec Inc., Zuken Netwave Inc., Zuken Elmic Inc., Zuken PreSight Inc., Zuken Alfatech Inc., Zuken Modelinx Inc., Business Engineering Corporation)

EUROPE

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

AMERICAS





Precautions

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

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

The Partner For Success **ZUKEN**



Contact

ZUKEN Inc.

Corporate Marketing Division

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

Tel: +81-45-942-1511