



May 12, 2025

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (FY2024)

[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 Annual General Shareholders' Meeting: June 27, 2025
 Scheduled date of payment of dividend: June 30, 2025
 Scheduled date of filing of Annual Securities Report: June 20, 2025
 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, 2025 (April 1, 2024 – March 31, 2025)

(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, 2025	40,736	5.9	5,392	12.4	5,936	9.1	5,226	35.1
Mar. 31, 2024	38,466	9.7	4,796	8.3	5,439	14.9	3,868	21.0

Note: Comprehensive income (Millions of yen) Fiscal year ended Mar. 31, 2025: 4,834 (up 0.4%)

Fiscal year ended Mar. 31, 2024: 4,814 (up 29.8%)

	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, 2025	236.99	-	13.0	9.3	13.2
Mar. 31, 2024	171.37	-	9.5	8.6	12.5

Reference: Equity in earnings of associates (Millions of yen) Fiscal year ended Mar. 31, 2025: 492

Fiscal year ended Mar. 31, 2024: 324

(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, 2025	63,274	39,948	63.1	1,843.79
As of Mar. 31, 2024	63,879	41,017	63.3	1,818.20

Reference: Shareholders' equity (Millions of yen) As of Mar. 31, 2025: 39,948 As of Mar. 31, 2024: 40,454

(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, 2025	4,861	1,076	(5,957)	27,224
Mar. 31, 2024	4,880	(1,636)	(5,215)	27,295

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, 2024	-	25.00	-	30.00	55.00	1,226	32.1	3.1
Fiscal year ended Mar. 31, 2025	-	50.00	-	50.00	100.00	2,195	42.2	5.5
Fiscal year ending Mar. 31, 2026 (forecast)	-	50.00	-	50.00	100.00		47.8	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 – March 31, 2026)

(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	43,000	5.6	5,600	3.9	6,300	6.1	4,450	(14.9)	209.00

Notes: 1. Only the full-year forecast is shown because Zuken manages performance on a fiscal year basis.

2. At the Board of Directors meeting held today, Zuken resolved and announced the purchase of its own shares.

Net income per share is calculated considering the influence of this repurchase of treasury shares.

* Notes

(1) Significant changes in the scope of consolidation during the period: 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, 2025:	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 Mar. 31, 2025:	583,295 shares	As of Mar. 31, 2024:	10 shares
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(c) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2025:	22,052,399 shares	Fiscal year ended Mar. 31, 2024:	22,573,772 shares
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Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 – March 31, 2025)

(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, 2025	13,384	5.8	2,085	15.0	4,125	10.1	3,863	226.7
Mar. 31, 2024	12,649	5.0	1,814	7.7	3,746	14.5	1,182	(49.5)

	Net income per share	Diluted net income per share
Fiscal years ended	Yen	Yen
Mar. 31, 2025	175.21	-
Mar. 31, 2024	52.40	-

(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, 2025	39,709	32,698	82.3	1,509.18
As of Mar. 31, 2024	39,681	33,467	84.3	1,504.17

Reference: Shareholders' equity (Millions of yen) As of Mar. 31, 2025: 32,698 As of Mar. 31, 2024: 33,467

* 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

The economic outlook remained uncertain during the fiscal year due to concerns about U.S. economic policy and the possibility of an economic downturn in China, among other factors. Despite these uncertainties, the economy slowly recovered, supported by improvements in corporate earnings.

The speed of the digital transformation of the manufacturing sector is increasing, and manufacturers in the electronics, automobile and industrial equipment sectors, which are the major customers of the Zuken Group, are continuing to make substantial IT investments for the digital transformation.

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 challenges for manufacturers around the world. During the fiscal year, we focused on increasing sales of core products and upgrading their functions, while working on activities for medium to long-term growth. Major initiatives of the fiscal year were as follows.

(i) Expanding sales of core products and upgrading their functions

There were many sales activities involving manufacturers in the electronics industry. Priorities were sales of the CR-8000 series, our core electronic design system, and receiving orders for replacements for the CR-5000 series and the systems of other companies. Sales activities for the E3.series of wire harness design systems for manufacturers of automobiles and industrial machinery mainly targeted existing markets for this product. In addition, sales started for the use of the E3.series to increase the efficiency of the enormous volume of oversight tasks required for control cables at power transmission and other facilities in the electricity infrastructure market. For the DS series, which is used to manage data of these two design systems, sales activities promoted the use of this series with a solution that dramatically improves design efficiency. The goal was to receive orders for the use of the DS series, which led to its introduction in large-scale design environments.

Development activities involving the CR-8000 series made this product even more competitive by adding automatic placement and routing using AI and upgrading analytic functions. The DS series of data management systems incorporated many web-based enhancements that allow various departments, not just the development team, to access design data. Adding this capability meets the need for the overall optimization of design and manufacturing processes.

(ii) Activities for medium to long-term growth

In the systems engineering category, there were more activities incorporating proposals for sales of the GENESYS model-based systems engineering (MBSE) modeling tool. Providing extensive support for verifying the benefits of using GENESYS contributed to sales for the full-scale use of this product. In addition, functions for the linkage of GENESYS and the CR-8000 series were strengthened. Another advance was the addition of the capability to use the web for sharing models created by GENESYS and exchanging data efficiently. These and other steps made these systems even easier to use. All these activities are aimed at supplying a next-generation design environment in which design information at the conceptual stage is converted to a digital format for the final design process.

In the semiconductor industry, continuing progress with miniaturization is creating increasingly complex problems involving production processes. Zuken participated in a semiconductor research project for determining ways to use the outstanding data management capabilities and overall performance of the CR-8000 series to devise solutions for these problems. This project allows us to handle advanced semiconductor technologies and establish a firm position in this field by accumulating the best practices of the CR-8000 series from semiconductor companies.

Consolidated results

Net sales	40,736 million yen	(up 5.9% year on year)
Ordinary profit	5,936 million yen	(up 9.1% year on year)
Profit attributable to owners of parent	5,226 million yen	(up 35.1% year on year)

Fiscal year sales reached an all-time high for the fourth consecutive year. Strong sales in Japan of the core CR-8000 Design Force electronic design system and the DS series of design data management systems were major contributors to sales growth. A significant increase in sales of the E3.series of wire harness design systems in Europe was another

reason for the record-high sales.

Expenses for development programs increased because of the faster pace of these programs, primarily involving MBSE. Despite these higher expenses, operating profit and ordinary profit increased to record highs for the fourth consecutive year because of sales growth. Profit attributable to owners of parent, which includes extraordinary income from the sales of strategic shareholdings, was also an all-time high.

Product category sales were as follows.

Product category sales

Printed Circuit Board design solutions	4,969 million yen	(up 5.8% year on year)
Circuit design solutions	8,741 million yen	(up 3.4% year on year)
IT solutions	10,055 million yen	(up 7.5% year on year)
Client services	16,948 million yen	(up 6.3% 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 decreased 605 million yen from the end of the previous fiscal year to 63,274 million yen. The main factors include decreases of 229 million yen in cash and deposits and 477 million yen in investment securities and an increase of 307 million yen in shares of subsidiaries and associates.

Total liabilities increased 463 million yen from the end of the previous fiscal year to 23,325 million yen. The main factors were an increase of 726 million yen in income taxes payable mainly due to a recording of extraordinary income resulting from sale of investment securities.

Net assets decreased 1,068 million yen from the end of the previous fiscal year to 39,948 million yen mainly due to repurchase of treasury shares of 2,501 million yen and dividends paid of 1,779 million yen during the current fiscal year, while there was profit attributable to owners of parent of 5,226 million yen. As a result, the shareholders' equity ratio was 63.1%.

(3) Cash Flows

Cash and cash equivalents (hereafter "cash") at the end of the current fiscal year decreased 71 million yen over the end of the previous fiscal year to 27,224 million yen.

Cash flows by category were as follows.

Cash flows from operating activities

Net cash provided by operating activities decreased 18 million yen from the previous fiscal year to 4,861 million yen. The main cash inflows were profit before income taxes of 7,429 million yen (a year-on-year increase of 1,911 million yen) and depreciation of 830 million yen (a year-on-year decrease of 19 million yen). The main cash outflows were income taxes paid of 1,522 million yen (a year-on-year decrease of 23 million yen), a gain on sale of investment

securities of 1,496 million yen and share of profit of entities accounted for using equity method of 492 million yen (a year-on-year increase of 167 million yen)

Cash flows from investing activities

Net cash provided by investing activities was 1,076 million yen compared with 1,636 million yen used in the previous fiscal year. This was mainly due to proceeds from sale of investment securities of 1,496 million yen and a decrease in time deposits of 143 million yen (an increase of 989 million yen in the previous fiscal year).

Cash flows from financing activities

Net cash used in financing activities increased 742 million yen from the previous fiscal year to 5,957 million yen. This was mainly due to purchase of treasury shares of 2,501 million yen (a year-on-year decrease of 1,508 million yen), dividends paid of 1,779 million yen (a year-on-year increase of 639 million yen) and purchase of shares of subsidiaries not resulting in change in scope of consolidation of 1,610 million yen.

Cash flow indicators were as follows:

Fiscal years ended	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025
Shareholders' equity ratio	64.7%	65.4%	63.3%	63.1%
Shareholders' equity ratio based on market prices	118.8%	128.0%	156.9%	162.0%
Interest-bearing debt to cash flow ratio	5.7%	3.9%	2.0%	2.4%
Interest coverage ratio	393.0	1,232.3	924.4	1,347.4

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 / Cash flows

Interest coverage ratio: 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. Cash flows are calculated using the figures for operating cash flows.

4. Interest-bearing debt includes all liabilities on the consolidated balance sheet that incur interest.

(4) Outlook

The outlook for the economy is expected to remain uncertain because of the U.S. economic policy, concerns over inflation and other reasons. Meanwhile, the business climate for the manufacturing sector is constantly changing due to advances in technologies such as generative AI. We believe that these changes will further enlarge the business domains for the products and services of the Zuken Group.

The Zuken Group is determined to achieve more growth in corporate value by providing the best solutions to help client companies innovate in their design and manufacturing operations.

We forecast net sales of 43,000 million yen, ordinary profit of 6,300 million yen, and profit attributable to owners of parent of 4,450 million yen in the fiscal year ending March 31, 2026.

* These forecasts are based on information available at the time this report was prepared. 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)	
	FY2023	FY2024
	(As of Mar. 31, 2024)	(As of Mar. 31, 2025)
Assets		
Current assets		
Cash and deposits	28,447,612	28,218,445
Notes receivable - trade	359,351	274,733
Accounts receivable - trade	6,889,139	6,960,412
Securities	6,700,000	6,700,000
Merchandise and finished goods	433,950	449,028
Work in process	184,107	122,029
Raw materials and supplies	1,396	3,511
Prepaid expenses	5,510,157	5,420,640
Other	409,070	378,421
Allowance for doubtful accounts	(37,848)	(31,261)
Total current assets	48,896,939	48,495,961
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,213,162	9,261,626
Accumulated depreciation	(6,713,321)	(6,772,785)
Buildings and structures, net	2,499,841	2,488,840
Machinery, equipment and vehicles	189,797	174,850
Accumulated depreciation	(70,125)	(99,453)
Machinery, equipment and vehicles, net	119,671	75,396
Tools, furniture and fixtures	2,608,303	2,580,105
Accumulated depreciation	(2,087,686)	(2,122,831)
Tools, furniture and fixtures, net	520,617	457,274
Land	3,009,821	3,009,821
Leased assets	189,167	194,371
Accumulated depreciation	(95,895)	(83,933)
Leased assets, net	93,271	110,437
Construction in progress	3,360	-
Total property, plant and equipment	6,246,583	6,141,770
Intangible assets		
Goodwill	110,427	54,821
Other	824,617	765,712
Total intangible assets	935,045	820,533
Investments and other assets		
Investment securities	3,888,261	3,410,311
Shares of subsidiaries and associates	2,407,877	2,715,131
Deferred tax assets	859,069	1,039,271
Other	665,037	671,770
Allowance for doubtful accounts	(19,257)	(20,489)
Total investments and other assets	7,800,989	7,815,994
Total non-current assets	14,982,617	14,778,298
Total assets	63,879,557	63,274,260

	(Thousands of yen)	
	FY2023	FY2024
	(As of Mar. 31, 2024)	(As of Mar. 31, 2025)
Liabilities		
Current liabilities		
Accounts payable-trade	774,308	827,019
Income taxes payable	818,003	1,544,513
Advances received	12,888,531	12,772,768
Provision for bonuses	1,198,773	1,233,470
Provision for bonuses for directors (and other officers)	101,700	112,300
Other provisions	5,548	5,057
Other	3,000,379	2,884,319
Total current liabilities	18,787,244	19,379,447
Non-current liabilities		
Retirement benefit liability	3,813,933	3,690,937
Other	261,277	255,306
Total non-current liabilities	4,075,210	3,946,244
Total liabilities	22,862,454	23,325,692
Net assets		
Shareholders' equity		
Share capital	10,117,065	10,117,065
Capital surplus	8,662,477	7,625,112
Retained earnings	18,802,945	22,249,184
Treasury shares	(39)	(2,501,631)
Total shareholders' equity	37,582,447	37,489,730
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,080,581	1,766,657
Foreign currency translation adjustment	811,548	739,710
Remeasurements of defined benefit plans	(19,962)	(47,530)
Total accumulated other comprehensive income	2,872,166	2,458,837
Non-controlling interests	562,488	-
Total net assets	41,017,102	39,948,567
Total liabilities and net assets	63,879,557	63,274,260

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

	(Thousands of yen)	
	FY2023	FY2024
	(Apr. 1, 2023 – Mar. 31, 2024)	(Apr. 1, 2024 – Mar. 31, 2025)
Net sales	38,466,233	40,736,294
Cost of sales	12,330,687	12,812,644
Gross profit	26,135,545	27,923,650
Selling, general and administrative expenses	21,338,810	22,531,397
Operating profit	4,796,735	5,392,252
Non-operating income		
Interest income	66,999	140,198
Dividend income	38,493	43,241
Foreign exchange gains	114,144	-
Share of profit of entities accounted for using equity method	324,825	492,018
Subsidy income	55,190	55,148
Other	56,920	78,638
Total non-operating income	656,574	809,246
Non-operating expenses		
Interest expenses	5,279	3,608
Foreign exchange losses	-	97,595
Commission expenses	-	158,872
Commission for purchase of treasury shares	7,999	5,000
Other	343	258
Total non-operating expenses	13,622	265,335
Ordinary profit	5,439,686	5,936,163
Extraordinary income		
Gain on sale of non-current assets	10,990	5,408
Gain on sale of investment securities	-	1,496,499
Gain on termination of retirement benefit plan	150,679	-
Total extraordinary income	161,669	1,501,907
Extraordinary losses		
Loss on disposal of non-current assets	5,693	3,168
Loss on valuation of investment securities	7,867	5,092
Extra retirement payments	69,315	-
Total extraordinary losses	82,876	8,260
Profit before income taxes	5,518,479	7,429,810
Income taxes-current	1,525,391	2,232,339
Income taxes-deferred	22,780	(50,486)
Total income taxes	1,548,172	2,181,853
Profit	3,970,307	5,247,956
Profit attributable to non-controlling interests	101,864	21,742
Profit attributable to owners of parent	3,868,443	5,226,214

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY2023	FY2024
	(Apr. 1, 2023 – Mar. 31, 2024)	(Apr. 1, 2024 – Mar. 31, 2025)
Profit	3,970,307	5,247,956
Other comprehensive income		
Valuation difference on available-for-sale securities	453,023	(350,919)
Foreign currency translation adjustment	394,254	(71,837)
Remeasurements of defined benefit plans, net of tax	(8,711)	(27,568)
Share of other comprehensive income of entities accounted for using equity method	5,371	36,995
Total other comprehensive income	843,938	(413,329)
Comprehensive income	4,814,246	4,834,627
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,712,381	4,812,885
Comprehensive income attributable to non-controlling interests	101,864	21,742

(3) Consolidated Statement of Changes in Equity

FY2023 (Apr. 1, 2023 – Mar. 31, 2024)

(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	20,096,025	(19,737)	38,855,831
Changes during period					
Dividends of surplus			(1,140,167)		(1,140,167)
Profit attributable to owners of parent			3,868,443		3,868,443
Purchase of treasury shares				(4,001,659)	(4,001,659)
Cancellation of treasury shares			(4,021,356)	4,021,356	-
Net changes other than shareholders' equity					
Total changes during period	-	-	(1,293,080)	19,697	(1,273,383)
Balance at end of period	10,117,065	8,662,477	18,802,945	(39)	37,582,447

	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	1,622,185	417,293	(11,251)	2,028,227	471,859	41,355,918
Changes during period						
Dividends of surplus						(1,140,167)
Profit attributable to owners of parent						3,868,443
Purchase of treasury shares						(4,001,659)
Cancellation of treasury shares						-
Net changes other than shareholders' equity	458,395	394,254	(8,711)	843,938	90,629	934,567
Total changes during period	458,395	394,254	(8,711)	843,938	90,629	(338,815)
Balance at end of period	2,080,581	811,548	(19,962)	2,872,166	562,488	41,017,102

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,117,065	8,662,477	18,802,945	(39)	37,582,447
Changes during period					
Dividends of surplus			(1,779,975)		(1,779,975)
Profit attributable to owners of parent			5,226,214		5,226,214
Purchase of shares of consolidated subsidiaries		(1,037,364)			(1,037,364)
Purchase of treasury shares				(2,501,591)	(2,501,591)
Net changes other than shareholders' equity					
Total changes during period	-	(1,037,364)	3,446,239	(2,501,591)	(92,717)
Balance at end of period	10,117,065	7,625,112	22,249,184	(2,501,631)	37,489,730

	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	2,080,581	811,548	(19,962)	2,872,166	562,488	41,017,102
Changes during period						
Dividends of surplus						(1,779,975)
Profit attributable to owners of parent						5,226,214
Purchase of shares of consolidated subsidiaries						(1,037,364)
Purchase of treasury shares						(2,501,591)
Net changes other than shareholders' equity	(313,924)	(71,837)	(27,568)	(413,329)	(562,488)	(975,817)
Total changes during period	(313,924)	(71,837)	(27,568)	(413,329)	(562,488)	(1,068,534)
Balance at end of period	1,766,657	739,710	(47,530)	2,458,837	-	39,948,567

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2023 (Apr. 1, 2023 – Mar. 31, 2024)	FY2024 (Apr. 1, 2024 – Mar. 31, 2025)
Cash flows from operating activities		
Profit before income taxes	5,518,479	7,429,810
Depreciation	849,971	830,150
Amortization of goodwill	53,035	55,386
Interest and dividend income	(105,493)	(183,440)
Foreign exchange losses (gains)	(27,753)	1,995
Share of loss (profit) of entities accounted for using equity method	(324,825)	(492,018)
Loss (gain) on valuation of investment securities	7,867	5,092
Loss (gain) on sale of investment securities	-	(1,496,499)
Decrease (increase) in trade receivables	(291,886)	(21,892)
Increase (decrease) in trade payables	130,189	(4,362)
Increase (decrease) in advances received	957,123	(83,360)
Decrease (increase) in prepaid expenses	(365,676)	83,594
Increase (decrease) in retirement benefit liability	(252,821)	(152,332)
Other, net	61,568	9
Subtotal	6,209,778	5,972,133
Interest and dividends received	291,098	415,468
Interest paid	(5,279)	(3,608)
Income taxes paid	(1,546,064)	(1,522,295)
Extra retirement payments	(69,315)	-
Net cash provided by (used in) operating activities	4,880,217	4,861,697
Cash flows from investing activities		
Decrease (increase) in time deposits	(989,200)	143,686
Purchase of property, plant and equipment	(329,981)	(283,165)
Purchase of intangible assets	(327,791)	(311,833)
Proceeds from sale of investment securities	-	1,496,499
Other, net	10,951	30,988
Net cash provided by (used in) investing activities	(1,636,021)	1,076,175
Cash flows from financing activities		
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(1,610,349)
Purchase of treasury shares	(4,009,659)	(2,501,591)
Dividends paid	(1,140,167)	(1,779,975)
Other, net	(65,839)	(65,921)
Net cash provided by (used in) financing activities	(5,215,665)	(5,957,838)
Effect of exchange rate change on cash and cash equivalents	868,029	(51,908)
Net increase (decrease) in cash and cash equivalents	(1,103,439)	(71,874)
Cash and cash equivalents at beginning of period	28,399,343	27,295,903
Cash and cash equivalents at end of period	27,295,903	27,224,029

(5) Notes to 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.

(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 trade receivables 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. In Japan, for some products, revenue is recognized at the time of shipment if the period from the shipment to the transfer of control of the products to the customer is within a normal period of time. For transactions in 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 is 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 are translated 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 and affiliates are as follows.

	FY2023	FY2024
	(As of Mar. 31, 2024)	(As of Mar. 31, 2025)
Shares of subsidiaries and associates	2,407,877	2,715,131
Other (Investments in capital)	11,500	11,500

Notes to Consolidated Statement of Income

Major items of selling, general and administrative expenses are as follows.

	FY2023	FY2024
	(Apr. 1, 2023 – Mar. 31, 2024)	(Apr. 1, 2024 – Mar. 31, 2025)
Salaries and allowances	7,885,156	8,457,667
Depreciation	694,995	730,414
Provision for bonuses	771,716	809,803
Provision for bonuses for directors (and other officers)	101,700	112,300
Retirement benefit expenses	291,414	245,273
Research and development expenses	4,917,134	5,125,926

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

	FY2023	FY2024
	(Apr. 1, 2023 – Mar. 31, 2024)	(Apr. 1, 2024 – Mar. 31, 2025)
	4,917,134	5,125,926

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

	FY2023	FY2024
	(Apr. 1, 2023 – Mar. 31, 2024)	(Apr. 1, 2024 – Mar. 31, 2025)
Machinery, equipment and vehicles	10,923	5,089
Tools, furniture and fixtures	66	318
Total	10,990	5,408

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

	FY2023	FY2024
	(Apr. 1, 2023 – Mar. 31, 2024)	(Apr. 1, 2024 – Mar. 31, 2025)
Tools, furniture and fixtures	1,027	3,165
Buildings and structures	3,496	3
Others	1,169	-
Total	5,693	3,168

Notes to Consolidated Statement of Comprehensive Income

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

(Thousands of yen)

	FY2023 (Apr. 1, 2023 – Mar. 31, 2024)	FY2024 (Apr. 1, 2024 – Mar. 31, 2025)
Valuation difference on available-for-sale securities:		
Amount incurred during the period	652,772	1,023,640
Re-classification adjustments	-	(1,496,499)
Before income taxes and tax effect adjustments	652,772	(472,858)
Income taxes and tax effect	(199,748)	121,939
Valuation difference on available-for-sale securities	453,023	(350,919)
Foreign currency translation adjustment:		
Amount incurred during the period	394,254	(71,837)
Remeasurements of defined benefit plans, net of tax:		
Amount incurred during the period	(20,155)	(49,661)
Re-classification adjustments	7,547	9,162
Before income taxes and tax effect adjustments	(12,607)	(40,498)
Income taxes and tax effect	3,896	12,930
Remeasurements of defined benefit plans, net of tax	(8,711)	(27,568)
Share of other comprehensive income of entities accounted for using equity method:		
Amount incurred during the period	5,371	36,995
Total other comprehensive income	843,938	(413,329)

Notes to Consolidated Statement of Changes in Equity

FY2023 (Apr. 1, 2023 – Mar. 31, 2024)

1. Type of share and number of shares of outstanding shares and treasury shares

(Shares)

	Number of shares as of Apr. 1, 2023	Increase	Decrease	Number of shares as of Mar. 31, 2024
Outstanding shares				
Common stock	23,267,169	-	1,017,365	22,249,804
Total	23,267,169	-	1,017,365	22,249,804
Treasury shares				
Common stock (Note)	18,611	998,764	1,017,365	10
Total	18,611	998,764	1,017,365	10

Notes: 1. The number of outstanding shares decreased because of the cancellation of stock in accordance with a resolution approved by the Board of Directors.

2. The number of treasury shares increased because of the purchase of 998,300 shares in accordance with a resolution approved by the Board of Directors and the acquisition of 464 odd-lot shares. The number of treasury shares decreased because of the cancellation of stock in accordance with a resolution approved by the Board of Directors.

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, 2023	Common stock	581,213	25	Mar. 31, 2023	Jun. 30, 2023
Board of Directors' meeting on Nov. 6, 2023	Common stock	558,953	25	Sep. 30, 2023	Dec. 4, 2023

(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. 27, 2024	Common stock	667,493	Retained earnings	30	Mar. 31, 2024	Jun. 28, 2024

FY2024 (Apr. 1, 2024 – Mar. 31, 2025)

1. Type of share and number of shares of outstanding shares and treasury shares

(Shares)

	Number of shares as of Apr. 1, 2024	Increase	Decrease	Number of shares as of Mar. 31, 2025
Outstanding shares				
Common stock	22,249,804	-	-	22,249,804
Total	22,249,804	-	-	22,249,804
Treasury shares				
Common stock (Note)	10	583,285	-	583,295
Total	10	583,285	-	583,295

Note: The number of treasury shares increased because of the purchase of 582,900 shares in accordance with a resolution approved by the Board of Directors and the acquisition of 385 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. 27, 2024	Common stock	667,493	30	Mar. 31, 2024	Jun. 28, 2024
Board of Directors' meeting on Nov. 11, 2024	Common stock	1,112,481	50	Sep. 30, 2024	Dec. 6, 2024

(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. 27, 2025	Common stock	1,083,325	Retained earnings	50	Mar. 31, 2025	Jun. 30, 2025

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)

	FY2023 (Apr. 1, 2023 – Mar. 31, 2024)	FY2024 (Apr. 1, 2024 – Mar. 31, 2025)
Cash and deposits	28,447,612	28,218,445
Time deposit with maturities over three months	(1,151,709)	(994,416)
Cash and cash equivalents	27,295,903	27,224,029

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.

FY2023 (As of Mar. 31, 2024) (Thousands of yen)

	Book value	Fair value	Difference
Marketable securities and investment securities	10,294,169	10,295,819	1,650
Shares of subsidiaries and associates	2,407,877	9,462,600	7,054,722
Assets total	12,702,047	19,758,419	7,056,372

FY2024 (As of Mar. 31, 2025) (Thousands of yen)

	Book value	Fair value	Difference
Marketable securities and investment securities	9,821,311	9,827,351	6,040
Shares of subsidiaries and associates	2,715,131	9,198,000	6,482,868
Assets total	12,536,442	19,025,351	6,488,908

(*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	FY2023	FY2024
Unlisted stocks	294,092	289,000

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

FY2023 (As of Mar. 31, 2024) (Thousands of yen)

	Due within one year	One to five years	Five to ten years	Over ten years
Cash and deposits	28,447,612	-	-	-
Notes receivable-trade	359,351	-	-	-
Accounts receivable-trade	6,889,139	-	-	-
Total	35,696,104	-	-	-

FY2024 (As of Mar. 31, 2025) (Thousands of yen)

	Due within one year	One to five years	Five to ten years	Over ten years
Cash and deposits	28,218,445	-	-	-
Notes receivable-trade	274,733	-	-	-
Accounts receivable-trade	6,960,412	-	-	-
Total	35,453,591	-	-	-

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

FY2023 (As of Mar. 31, 2024) (Thousands of yen)

Item	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Available-for-sale securities				
Shares	3,594,169	-	-	3,594,169
Assets total	3,594,169	-	-	3,594,169

FY2024 (As of Mar. 31, 2025) (Thousands of yen)

Item	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Available-for-sale securities				
Shares	3,121,311	-	-	3,121,311
Assets total	3,121,311	-	-	3,121,311

(2) Financial instruments other than those recorded in the consolidated balance sheet at fair value

FY2023 (As of Mar. 31, 2024) (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	-	6,701,650	-	6,701,650
Shares of subsidiaries and associates	9,462,600	-	-	9,462,600
Assets total	9,462,600	6,701,650	-	16,164,250

FY2024 (As of Mar. 31, 2025) (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	-	6,706,040	-	6,706,040
Shares of subsidiaries and associates	9,198,000	-	-	9,198,000
Assets total	9,198,000	6,706,040	-	15,904,040

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

Marketable 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

FY2023 (As of Mar. 31, 2024)

(Thousands of yen)

Type	Book value	Acquisition cost	Unrealized gains (losses)
Securities with book value that exceeds acquisition cost			
(1) Shares	3,594,169	592,906	3,001,263
(2) Bonds	-	-	-
(3) Others	-	-	-
Sub-total	3,594,169	592,906	3,001,263
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	10,294,169	7,292,906	3,001,263

Note: Unlisted stocks (book value of 294,092 thousand yen) are not included in available-for-sale securities in the above table because these securities are shares with no market price.

FY2024 (As of Mar. 31, 2025)

(Thousands of yen)

Type	Book value	Acquisition cost	Unrealized gains (losses)
Securities with book value that exceeds acquisition cost			
(1) Shares	3,121,311	592,906	2,528,404
(2) Bonds	-	-	-
(3) Others	-	-	-
Sub-total	3,121,311	592,906	2,528,404
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	9,821,311	7,292,906	2,528,404

Note: Unlisted stocks (book value of 289,000 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

FY2023 (Apr. 1, 2023 – Mar. 31, 2024)

Not applicable.

FY2024 (Apr. 1, 2024 – Mar. 31, 2025)

(Thousands of yen)

Type	Sales amount	Aggregate gains	Aggregate losses
(1) Shares	1,496,499	1,496,499	-
(2) Bonds	-	-	-
(3) Others	-	-	-
Total	1,496,499	1,496,499	-

3. Marketable securities written down for impairment

FY2023 (Apr. 1, 2023 – Mar. 31, 2024)

Unlisted stocks in available-for-sale securities were written down by 7,867 thousand yen.

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.

FY2024 (Apr. 1, 2024 – Mar. 31, 2025)

Unlisted stocks in available-for-sale securities were written down by 5,092 thousand yen.

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.

Business Combinations

Transactions under common control

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

1. Summary of the business combination

(1) Company acquired and its business activities

Company acquired: Zuken Elmic, Inc.

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

(2) Date of business combination

Acquisition through a tender offer: July 1, 2024

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

(3) Method of business combination

Acquisition of shares with cash

(4) Name of the company after business combination

There is no change in the company's name.

(5) Other item concerning summary of business combination

Percentage of voting rights before business combination: 40.41%

Percentage of voting rights after tender offer: 86.62%

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

2. Summary of accounting methods applied

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

3. Matters concerning additional purchase of subsidiary's shares

Acquisition cost and breakdown by type of consideration

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

Acquisition cost: 1,610,349 thousand yen

4. Summary of the business combination

(1) Major changes in capital surplus

Additional purchase of the subsidiary's shares

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

1,037,364 thousand yen

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 South 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

FY2023 (Apr. 1, 2023 – Mar. 31, 2024)

(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	15,811,123	4,083,070	1,848,732	777,720	22,520,646	-	22,520,646
Client services	10,687,931	3,011,586	1,176,256	1,069,811	15,945,586	-	15,945,586
Sales to third parties	26,499,054	7,094,657	3,024,989	1,847,532	38,466,233	-	38,466,233
Intersegment sales or transfers	1,506,312	1,440,933	105,186	123,516	3,175,948	(3,175,948)	-
Total	28,005,366	8,535,590	3,130,176	1,971,048	41,642,181	(3,175,948)	38,466,233
Segment profit (loss)	4,006,861	752,521	(354,277)	486,882	4,891,988	(95,253)	4,796,735
Segment assets	29,245,726	8,633,015	3,256,401	2,465,126	43,600,269	20,279,287	63,879,557
Other items							
Depreciation	658,198	145,676	14,929	43,603	862,407	(12,436)	849,971
Amortization of goodwill	-	53,035	-	-	53,035	-	53,035
Investment in companies accounted for using equity method	2,407,877	-	-	-	2,407,877	-	2,407,877
Increase in property, plant and equipment and intangible assets	681,280	121,755	10,647	3,963	817,647	(148,936)	668,711

Notes: 1. Contents of adjustments are as follows.

(1) Adjustment amount in segment profit (loss) includes amount of -95,253 thousand yen eliminated for intersegment transactions.

(2) Adjustment amount in segment assets includes amount of -4,505,032 thousand yen eliminated for intersegment transactions and total company assets of 24,784,319 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.

FY2024 (Apr. 1, 2024 – Mar. 31, 2025)

(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	16,595,597	4,507,616	1,916,240	768,590	23,788,044	-	23,788,044
Client services	11,702,972	3,023,783	1,034,703	1,186,790	16,948,249	-	16,948,249
Sales to third parties	28,298,569	7,531,400	2,950,943	1,955,380	40,736,294	-	40,736,294
Intersegment sales or transfers	1,608,875	1,381,660	125,185	123,369	3,239,091	(3,239,091)	-
Total	29,907,445	8,913,060	3,076,129	2,078,749	43,975,385	(3,239,091)	40,736,294
Segment profit (loss)	4,708,164	832,820	(785,041)	533,591	5,289,534	102,718	5,392,252
Segment assets	30,328,236	8,907,904	3,030,621	2,556,900	44,823,663	18,450,597	63,274,260
Other items							
Depreciation	720,827	107,599	11,892	39,576	879,895	(49,744)	830,150
Amortization of goodwill	-	55,386	-	-	55,386	-	55,386
Investment in companies accounted for using equity method	2,715,131	-	-	-	2,715,131	-	2,715,131
Increase in property, plant and equipment and intangible assets	583,997	41,057	10,132	3,059	638,247	-	638,247

Notes: 1. Contents of adjustments are as follows.

(1) Adjustment amount in segment profit (loss) includes amount of 102,718 thousand yen eliminated for intersegment transactions.

(2) Adjustment amount in segment assets includes amount of -4,454,964 thousand yen eliminated for intersegment transactions and total company assets of 22,905,561 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)

	FY2023 (Apr. 1, 2023 – Mar. 31, 2024)	FY2024 (Apr. 1, 2024 – Mar. 31, 2025)
Net assets per share	1,818.20	1,843.79
Net income per share	171.37	236.99

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.

	FY2023 (Apr. 1, 2023 – Mar. 31, 2024)	FY2024 (Apr. 1, 2024 – Mar. 31, 2025)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	3,868,443	5,226,214
Amount not available to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Thousands of yen)	3,868,443	5,226,214
Average number of shares outstanding during period (Shares)	22,573,772	22,052,399

Subsequent Events

Repurchase of treasury shares

At the Board of Directors meeting held on May 12, 2025, ZUKEN resolved the following matters pertaining to the purchase of its own shares pursuant to Article 156 of the Companies Act which is applicable in lieu of Article 165, Paragraph 3 of the Companies Act.

1. Reason for the repurchase of shares

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

2. Details of repurchase

- | | |
|---|--|
| (1) Type of shares to be repurchased: | Common stock of ZUKEN |
| (2) Total number of shares to be repurchased: | Up to 750,000 shares
(3.46% of total number of shares outstanding, excluding treasury shares) |
| (3) Total value of shares to be repurchased: | Up to 3 billion yen |
| (4) Period for repurchase: | From May 13, 2025 to March 31, 2026 |
| (5) Method of repurchase: | Purchase on the Tokyo Stock Exchange |

4. Production, Orders and Sales

(1) Sales and Orders

(a) Sales

(Thousands of yen)

Segment	FY2023 (Apr. 1, 2023 – Mar. 31, 2024)		FY2024 (Apr. 1, 2024 – Mar. 31, 2025)	
	Amount	Composition (%)	Amount	Composition (%)
Japan	26,499,054	68.9	28,298,569	69.5
Europe	7,094,657	18.4	7,531,400	18.5
Americas	3,024,989	7.9	2,950,943	7.2
Asia	1,847,532	4.8	1,955,380	4.8
Total	38,466,233	100.0	40,736,294	100.0

(b) Orders received and order backlog

(Thousands of yen)

Segment	FY2023 (Apr. 1, 2023 – Mar. 31, 2024)		FY2024 (Apr. 1, 2024 – Mar. 31, 2025)	
	Orders received	Order backlog	Orders received	Order backlog
Japan	26,948,148	12,140,773	29,775,722	13,617,925
Europe	8,061,704	4,049,626	7,781,791	4,278,163
Americas	2,936,933	2,377,554	2,848,894	2,262,074
Asia	2,032,898	874,528	1,877,713	754,959
Total	39,979,686	19,442,483	42,284,121	20,913,122

Note: Intersegment transactions have been eliminated.

(Reference) Results by product category are as follows.

(a) Sales

(Thousands of yen)

Product category	FY2023 (Apr. 1, 2023 – Mar. 31, 2024)		FY2024 (Apr. 1, 2024 – Mar. 31, 2025)	
	Amount	Composition (%)	Amount	Composition (%)
Printed Circuit Board design solutions	4,698,531	12.2	4,969,908	12.2
Circuit design solutions	8,456,353	22.0	8,741,591	21.5
IT solutions	9,354,230	24.3	10,055,324	24.7
Client services	15,945,586	41.5	16,948,249	41.5
Others	11,531	0.0	21,220	0.1
Total	38,466,233	100.0	40,736,294	100.0

(b) Orders received and order backlog

(Thousands of yen)

Product category	FY2023 (Apr. 1, 2023 – Mar. 31, 2024)		FY2024 (Apr. 1, 2024 – Mar. 31, 2025)	
	Orders received	Order backlog	Orders received	Order backlog
Printed Circuit Board design solutions	5,312,010	1,664,653	4,689,966	1,364,055
Circuit design solutions	9,093,485	2,229,918	8,947,604	2,418,686
IT solutions	9,177,241	1,719,741	9,984,375	1,650,118
Client services	16,387,081	13,827,633	18,641,385	15,480,157
Others	9,866	536	20,788	104
Total	39,979,686	19,442,483	42,284,121	20,913,122

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. Others

(1) Change in Representative Director

Not applicable.

(2) Changes in Other Board Members (Scheduled for June 27, 2025)

- Candidates for Audit & Supervisory Board member

Audit & Supervisory Board member (part-time): Etsuko Kawaguchi (President of Kawaguchi Certified Public Accountant Office)

Note: Ms. Etsuko Kawaguchi is a candidate for Outside Audit & Supervisory Board member. The Company plans to register her as an Independent Audit & Supervisory Board member as provided for the rules of the Tokyo Stock Exchange.

- Retiring Audit & Supervisory Board member

Audit & Supervisory Board member (part-time): Takashi Handa

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.