



May 13, 2024

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (FY2023)

[Japanese GAAP]

Company name: ZUKEN Inc. Listing: Tokyo Stock Exchange
 Stock code: 6947 URL: <https://www.zuken.co.jp>
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 Scheduled date of Annual General Shareholders' Meeting: June 27, 2024
 Scheduled date of payment of dividend: June 28, 2024
 Scheduled date of filing of Annual Securities Report: June 27, 2024
 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, 2024 (April 1, 2023 – March 31, 2024)

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

Fiscal years ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Mar. 31, 2024	38,466	9.7	4,796	8.3	5,439	14.9	3,868	21.0
Mar. 31, 2023	35,073	11.3	4,428	13.4	4,735	13.4	3,196	6.4

Note: Comprehensive income (Millions of yen) Fiscal year ended Mar. 31, 2024: 4,814 (up 29.8%)
 Fiscal year ended Mar. 31, 2023: 3,707 (up 586.0%)

Fiscal years ended	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Mar. 31, 2024	171.37	-	9.5	8.6	12.5
Mar. 31, 2023	137.48	-	8.1	7.8	12.6

Reference: Equity in earnings of associates (Millions of yen) Fiscal year ended Mar. 31, 2024: 324
 Fiscal year ended Mar. 31, 2023: 268

(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, 2024	63,879	41,017	63.3	1,818.20
As of Mar. 31, 2023	62,498	41,355	65.4	1,758.56

Reference: Shareholders' equity (Millions of yen) As of Mar. 31, 2024: 40,454 As of Mar. 31, 2023: 40,884

(3) Consolidated cash flows

Fiscal years ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Mar. 31, 2024	4,880	(1,636)	(5,215)	27,295
Mar. 31, 2023	2,879	(747)	(1,023)	28,399

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, 2023	-	20.00	-	25.00	45.00	1,046	32.7	2.6
Fiscal year ended Mar. 31, 2024	-	25.00	-	30.00	55.00	1,226	32.1	3.1
Fiscal year ending Mar. 31, 2025 (forecast)	-	30.00	-	30.00	60.00		33.4	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(Percentages represent year-on-year changes)

Full year	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
	41,000	6.6	5,500	14.7	5,900	8.5	4,000	3.4	179.78

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

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Changes in accounting policies and accounting-based estimates, and restatements

- (a) Changes in accounting policies due to revisions in accounting standards, others: None
 (b) Changes in accounting policies other than (a) above: None
 (c) Changes in accounting-based estimates: None
 (d) Restatements: None

(3) Number of outstanding shares (common stock)

(a) Number of shares outstanding at the end of the period (including treasury shares)

As of Mar. 31, 2024: 22,249,804 shares As of Mar. 31, 2023: 23,267,169 shares

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

As of Mar. 31, 2024: 10 shares As of Mar. 31, 2023: 18,611 shares

(c) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2024: 22,573,772 shares Fiscal year ended Mar. 31, 2023: 23,248,639 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

Fiscal years ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Mar. 31, 2024	12,649	5.0	1,814	7.7	3,746	14.5	1,182	(49.5)
Mar. 31, 2023	12,042	6.7	1,684	11.1	3,270	14.6	2,342	18.0

Fiscal years ended	Net income per share	Diluted net income per share
	Yen	Yen
Mar. 31, 2024	52.40	-
Mar. 31, 2023	100.76	-

(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, 2024	39,681	33,467	84.3	1,504.17
As of Mar. 31, 2023	42,827	36,973	86.3	1,590.35

Reference: Shareholders' equity (Millions of yen) As of Mar. 31, 2024: 33,467 As of Mar. 31, 2023: 36,973

* 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 increasing inflation worldwide, the possibility of an economic downturn in other countries and other reasons. Despite this uncertainty, the economy recovered slowly as economic activity returned to normal following the end of the pandemic.

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

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 anywhere in the world. During the fiscal year, we continued to focus on increasing sales of core products, upgrading their functions, and working on new methods for developing products and technologies. Major initiatives of the fiscal year were as follows.

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

Sales of the CR-8000, our core electronic system design solution series for the electronics manufacturing industry, increased as we continued to place priority on the growth of global sales of this product. In addition, we developed new functions that use AI for automation, further upgraded analytic functions, and made other improvements. Sales of the E3 series of wire harness design systems for manufacturers of automobiles and industrial machinery increased, mainly to multinational enterprises in Europe and North America, and the Company accelerated its business alliance with the largest North American manufacturer of control panels to add new customers. For the DS series of data management systems, linkage with design systems was increased and the sale of integrated solutions extending from designs to data management resulted in orders as a part of large projects.

(ii) Approach to a new design methodology

Solving the diverse array of design issues resulting from the increasing size and complexity of manufacturing operations requires innovations using digital technologies that encompass the entire engineering process. To provide these innovations to customers, the Zuken Group is continuing to use the model-based systems engineering (MBSE) methodology, which optimizes designs beginning with the conceptual design stage, for the development of new products spanning electrical, mechanical, software and many other design categories.

We made the GENESYS MBSE modeling tool even more competitive by further increasing functions linking it with existing products, improving the ease of operation and checking function, and making other improvements. A large number of potential users interested in using the latest technologies are contacting Zuken for verifications of the benefits of using this modeling tool. Many follow-up sales activities have been conducted with a view to full-scale introduction as the next step for this modeling tool.

Consolidated results

Net sales	38,466 million yen	(up 9.7% year on year)
Ordinary profit	5,439 million yen	(up 14.9% year on year)
Profit attributable to owners of parent	3,868 million yen	(up 21.0% year on year)

Fiscal year sales reached an all-time high for the third consecutive year, as sales in all solution categories increased significantly from the previous fiscal year. The CR-8000 series of electronic system design platforms and the E3 series of wire harness design systems were major contributors to sales growth. Strong sales of network security products at a subsidiary in Japan were another reason for the record-high sales.

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

Product category sales were as follows.

Product category sales

Printed Circuit Board design solutions	4,698 million yen	(up 13.9% year on year)
Circuit design solutions	8,456 million yen	(up 8.2% year on year)
IT solutions	9,354 million yen	(up 12.8% year on year)
Client services	15,945 million yen	(up 7.5% year on year)

Major products of Printed Circuit Board design solutions	CR-8000 Design Force CR-8000 Board Designer CR-8000 DFM Center CADSTAR eCADSTAR
Major products of Circuit design solutions	CR-8000 Design Gateway CR-8000 System Planner E3.series E3.infinite Cabling Designer Harness Designer
Major products of IT solutions	DS-CR DS-2 Espresso DS-E3 DS-E3.infinite GENESYS PreSight visual BOM

(2) Financial Position

Total assets at the end of the current fiscal year increased 1,381 million yen from the end of the previous fiscal year to 63,879 million yen. The main factors include increases of 644 million yen in investment securities, 427 million yen in accounts receivable-trade and 408 million yen in prepaid expenses.

Total liabilities increased 1,720 million yen from the end of the previous fiscal year to 22,862 million yen. The main factors were an increase of 1,419 million yen in advances received.

Net assets decreased 338 million yen from the end of the previous fiscal year to 41,017 million yen mainly due to dividends paid of 1,140 million yen and repurchase and cancellation of treasury shares of 4,000 million yen during the current fiscal year, while there was profit attributable to owners of parent of 3,868 million yen. As a result, the shareholders' equity ratio was 63.3%.

(3) Cash Flows

Cash and cash equivalents (hereafter "cash") at the end of the current fiscal year decreased 1,103 million yen over the end of the previous fiscal year to 27,295 million yen.

Cash flows by category were as follows.

Cash flows from operating activities

Net cash provided by operating activities increased 2,000 million yen from the previous fiscal year to 4,880 million yen. The main cash inflows were profit before income taxes of 5,518 million yen (a year-on-year increase of 868 million yen), an increase in advances received of 957 million yen (a year-on-year decrease of 928 million yen), depreciation of 849 million yen (a year-on-year increase of 117 million yen). The main cash outflow was income taxes paid of 1,546 million yen (a year-on-year decrease of 1,621 million yen) and an increase in prepaid expenses of 365 million yen (a year-on-year decrease of 436 million yen).

Cash flows from investing activities

Net cash used in investing activities increased 888 million yen from the previous fiscal year to 1,636 million yen. This was mainly due to an increase in time deposits of 989 million yen (a decrease of 206 million yen in the previous fiscal year) and purchase of intangible assets of 657 million yen (a year-on-year decrease of 202 million yen).

Cash flows from financing activities

Net cash used in financing activities increased 4,191 million yen from the previous fiscal year to 5,215 million yen. This was mainly due to purchase of treasury shares of 4,009 million yen (a year-on-year increase of 4,009 million yen) and dividends paid of 1,140 million yen (a year-on-year increase of 186 million yen).

Cash flow indicators were as follows:

Fiscal years ended	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Shareholders' equity ratio	67.4%	64.7%	65.4%	63.3%
Shareholders' equity ratio based on market prices	114.9%	118.8%	128.0%	156.9%
Interest-bearing debt to cash flow ratio	2.3%	5.7%	3.9%	2.0%
Interest coverage ratio	1,205.4	393.0	1,232.3	924.4

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 turmoil in the Middle East, concerns about the possibility of a downturn in overseas economies and other reasons. Meanwhile, the business climate for the manufacturing sector is constantly changing as products become more complex and AI and other new technologies are used. 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 41,000 million yen, ordinary profit of 5,900 million yen, and profit attributable to owners of parent of 4,000 million yen in the fiscal year ending March 31, 2025.

* 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)	
	FY2022 (As of Mar. 31, 2023)	FY2023 (As of Mar. 31, 2024)
Assets		
Current assets		
Cash and deposits	28,506,871	28,447,612
Notes receivable-trade	227,597	359,351
Accounts receivable-trade	6,461,314	6,889,139
Securities	6,700,000	6,700,000
Merchandise and finished goods	593,209	433,950
Work in process	101,238	184,107
Raw materials and supplies	1,768	1,396
Prepaid expenses	5,101,400	5,510,157
Other	337,789	409,070
Allowance for doubtful accounts	(37,623)	(37,848)
Total current assets	47,993,566	48,896,939
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,171,138	9,213,162
Accumulated depreciation	(6,593,700)	(6,713,321)
Buildings and structures, net	2,577,438	2,499,841
Machinery, equipment and vehicles	155,743	189,797
Accumulated depreciation	(80,641)	(70,125)
Machinery, equipment and vehicles, net	75,102	119,671
Tools, furniture and fixtures	2,528,402	2,608,303
Accumulated depreciation	(1,980,038)	(2,087,686)
Tools, furniture and fixtures, net	548,364	520,617
Land	3,009,821	3,009,821
Leased assets	182,097	189,167
Accumulated depreciation	(73,217)	(95,895)
Leased assets, net	108,879	93,271
Construction in progress	-	3,360
Total property, plant and equipment	6,319,606	6,246,583
Intangible assets		
Goodwill	147,863	110,427
Other	854,403	824,617
Total intangible assets	1,002,267	935,045
Investments and other assets		
Investment securities	3,243,357	3,888,261
Shares of subsidiaries and associates	2,266,680	2,407,877
Deferred tax assets	1,042,524	859,069
Other	649,296	665,037
Allowance for doubtful accounts	(19,127)	(19,257)
Total investments and other assets	7,182,731	7,800,989
Total non-current assets	14,504,605	14,982,617
Total assets	62,498,172	63,879,557

	(Thousands of yen)	
	FY2022	FY2023
	(As of Mar. 31, 2023)	(As of Mar. 31, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	751,939	774,308
Income taxes payable	826,012	818,003
Advances received	11,469,101	12,888,531
Provision for bonuses	1,150,839	1,198,773
Provision for bonuses for directors (and other officers)	102,725	101,700
Other provisions	8,819	5,548
Other	2,613,485	3,000,379
Total current liabilities	16,922,923	18,787,244
Non-current liabilities		
Retirement benefit liability	3,982,222	3,813,933
Other	237,108	261,277
Total non-current liabilities	4,219,330	4,075,210
Total liabilities	21,142,254	22,862,454
Net assets		
Shareholders' equity		
Share capital	10,117,065	10,117,065
Capital surplus	8,662,477	8,662,477
Retained earnings	20,096,025	18,802,945
Treasury shares	(19,737)	(39)
Total shareholders' equity	38,855,831	37,582,447
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,622,185	2,080,581
Foreign currency translation adjustment	417,293	811,548
Remeasurements of defined benefit plans	(11,251)	(19,962)
Total accumulated other comprehensive income	2,028,227	2,872,166
Non-controlling interests	471,859	562,488
Total net assets	41,355,918	41,017,102
Total liabilities and net assets	62,498,172	63,879,557

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

(Thousands of yen)

	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)	FY2023 (Apr. 1, 2023 – Mar. 31, 2024)
Net sales	35,073,421	38,466,233
Cost of sales	11,130,712	12,330,687
Gross profit	23,942,708	26,135,545
Selling, general and administrative expenses	19,514,344	21,338,810
Operating profit	4,428,364	4,796,735
Non-operating income		
Interest income	21,531	66,999
Dividend income	32,681	38,493
Foreign exchange gains	-	114,144
Share of profit of entities accounted for using equity method	268,165	324,825
Subsidy income	96,502	55,190
Other	39,641	56,920
Total non-operating income	458,522	656,574
Non-operating expenses		
Interest expenses	2,336	5,279
Commission for purchase of treasury shares	-	7,999
Foreign exchange losses	147,003	-
Other	1,719	343
Total non-operating expenses	151,059	13,622
Ordinary profit	4,735,827	5,439,686
Extraordinary income		
Gain on sale of non-current assets	10,432	10,990
Gain on termination of retirement benefit plan	-	150,679
Total extraordinary income	10,432	161,669
Extraordinary losses		
Loss on disposal of non-current assets	8,909	5,693
Extra retirement payments	-	69,315
Loss on valuation of investment securities	87,839	7,867
Total extraordinary losses	96,749	82,876
Profit before income taxes	4,649,510	5,518,479
Income taxes-current	1,444,067	1,525,391
Income taxes-deferred	(99,718)	22,780
Total income taxes	1,344,349	1,548,172
Profit	3,305,161	3,970,307
Profit attributable to non-controlling interests	108,822	101,864
Profit attributable to owners of parent	3,196,338	3,868,443

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY2022	FY2023
	(Apr. 1, 2022 – Mar. 31, 2023)	(Apr. 1, 2023 – Mar. 31, 2024)
Profit	3,305,161	3,970,307
Other comprehensive income		
Valuation difference on available-for-sale securities	150,046	453,023
Foreign currency translation adjustment	263,360	394,254
Remeasurements of defined benefit plans, net of tax	(19,301)	(8,711)
Share of other comprehensive income of entities accounted for using equity method	8,725	5,371
Total other comprehensive income	402,830	843,938
Comprehensive income	3,707,991	4,814,246
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,599,169	4,712,381
Comprehensive income attributable to non-controlling interests	108,822	101,864

(3) Consolidated Statement of Changes in Equity

FY2022 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousands of yen)

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

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,463,414	153,932	8,050	1,625,397	377,608	38,616,150
Changes during period						
Dividends of surplus						(953,195)
Profit attributable to owners of parent						3,196,338
Purchase of treasury shares						(457)
Net changes other than shareholders' equity	158,771	263,360	(19,301)	402,830	94,250	497,080
Total changes during period	158,771	263,360	(19,301)	402,830	94,250	2,739,767
Balance at end of period	1,622,185	417,293	(11,251)	2,028,227	471,859	41,355,918

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

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY2022	FY2023
	(Apr. 1, 2022 – Mar. 31, 2023)	(Apr. 1, 2023 – Mar. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	4,649,510	5,518,479
Depreciation	732,013	849,971
Amortization of goodwill	47,681	53,035
Interest and dividend income	(54,212)	(105,493)
Foreign exchange losses (gains)	(9,351)	(27,753)
Share of loss (profit) of entities accounted for using equity method	(268,165)	(324,825)
Loss (gain) on valuation of investment securities	87,839	7,867
Decrease (increase) in trade receivables	(527,909)	(291,886)
Increase (decrease) in trade payables	(245,315)	130,189
Increase (decrease) in advances received	1,886,055	957,123
Decrease (increase) in prepaid expenses	(802,172)	(365,676)
Increase (decrease) in retirement benefit liability	118,149	(252,821)
Other, net	272,579	61,568
Subtotal	5,886,701	6,209,778
Interest and dividends received	162,740	291,098
Interest paid	(2,336)	(5,279)
Income taxes paid	(3,167,322)	(1,546,064)
Extra retirement payments	-	(69,315)
Net cash provided by (used in) operating activities	2,879,783	4,880,217
Cash flows from investing activities		
Decrease (increase) in time deposits	206,400	(989,200)
Purchase of property, plant and equipment	(457,778)	(329,981)
Purchase of intangible assets	(402,277)	(327,791)
Purchase of shares of subsidiaries and associates	(99,986)	-
Other, net	6,272	10,951
Net cash provided by (used in) investing activities	(747,369)	(1,636,021)
Cash flows from financing activities		
Purchase of treasury shares	(457)	(4,009,659)
Dividends paid	(953,195)	(1,140,167)
Other, net	(70,184)	(65,839)
Net cash provided by (used in) financing activities	(1,023,836)	(5,215,665)
Effect of exchange rate change on cash and cash equivalents	390,737	868,029
Net increase (decrease) in cash and cash equivalents	1,499,314	(1,103,439)
Cash and cash equivalents at beginning of period	26,900,029	28,399,343
Cash and cash equivalents at end of period	28,399,343	27,295,903

(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 notes and account receivables-trade and loans receivable, allowances equal to the estimated amount of uncollectible receivables are booked for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.

(b) Provision for bonuses

To provide for employee bonus obligation, the Company and some consolidated subsidiaries provide an allowance at the amount based on the estimated bonus obligations.

(c) Provision for bonuses for directors (and other officers)

To provide for bonuses for directors (and other officers), the Company and some consolidated subsidiaries provide an allowance at the amount based on the estimated bonus obligations.

(4) Accounting for retirement benefit

(a) Allocation method for the estimated retirement benefit obligations

For the determination of retirement benefit obligations, the benefit formula standard is used as the method for allocating estimated retirement payments over the period ending in the current fiscal year.

(b) Accounting for actuarial gain or loss and past service cost

Past service cost is charged to expenses for the fiscal year when they are incurred.

Actuarial gain or loss is amortized and charged to expenses in the year following the fiscal year in which such gain or loss is recognized by the straight-line method over five years.

(5) Recognition of significant income and expenses

Significant performance obligations in major businesses concerning revenue from contracts with customers of the Company and its consolidated subsidiaries and the normal time when these obligations are satisfied (normal time of revenue recognition) are as follows.

The Zuken Group sells solutions involving processes extending from designs to production, primarily for manufacturers in the electronics, automobile and industrial equipment industries, and provides client services associated with these solutions. For the sale of solutions, the satisfaction of a performance obligation is judged to occur when a product is delivered to a customer because the customer has acquired control of the product at that time. Consequently, revenue is recognized when the product is delivered. For some products for which the Zuken Group performs the role of an agent for the provision of a good or service to the customer, the net amount obtained by deducting the amount paid to the supplier from the amount received from the customer is recognized as revenue. For the provision of client services, which are primarily product maintenance service contracts for a designated period, revenue is recognized as the associated obligation is satisfied during the contractual maintenance period.

Consideration for transactions are received within one year of the satisfaction of the corresponding obligation and there are no significant financial components.

(6) Translation of significant foreign currency-denominated assets and liabilities

Foreign currency receivables and payables are translated into Japanese yen at year-end exchange rates and resulting exchange gains or losses are recognized in current earnings. All assets and liabilities of overseas consolidated subsidiaries and affiliates are translated into Japanese yen at year-end exchange rates, and income and expenses into Japanese yen at the average of the exchange rates in effect during each fiscal period. The resulting exchange gains or losses are included in foreign currency translation adjustment and non-controlling interests in the net assets section.

(7) Goodwill amortization method and amortization period

Goodwill is amortized using the straight-line method within 15 years, with the number of years determined by the origin of the goodwill.

(8) Scope of cash and cash equivalents on the consolidated statement of cash flows

Cash and cash equivalents consist of cash on hand and readily available deposits and short-term investments which can be easily converted to cash and are exposed to little risk of a change in value.

Notes to Consolidated Balance Sheet

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

	(Thousands of yen)	
	FY2022 (As of Mar. 31, 2023)	FY2023 (As of Mar. 31, 2024)
Shares of subsidiaries and associates	2,266,680	2,407,877
Other (Investments in capital)	11,500	11,500

Notes to Consolidated Statement of Income

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

	(Thousands of yen)	
	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)	FY2023 (Apr. 1, 2023 – Mar. 31, 2024)
Salaries and allowances	7,116,908	7,885,156
Depreciation	606,793	694,995
Provision of allowance for doubtful accounts	8,352	-
Provision for bonuses	703,696	771,716
Provision for bonuses for directors (and other officers)	102,725	101,700
Retirement benefit expenses	314,046	291,414
Research and development expenses	4,604,374	4,917,134

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

	(Thousands of yen)	
	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)	FY2023 (Apr. 1, 2023 – Mar. 31, 2024)
	4,604,374	4,917,134

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

	(Thousands of yen)	
	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)	FY2023 (Apr. 1, 2023 – Mar. 31, 2024)
Vehicles	5,115	10,923
Tools, furniture and fixtures	36	66
Buildings, etc.	5,280	-
Total	10,432	10,990

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

	(Thousands of yen)	
	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)	FY2023 (Apr. 1, 2023 – Mar. 31, 2024)
Buildings, etc.	3,201	3,496
Tools, furniture and fixtures	2,156	1,027
Software	3,551	798
Others	-	371
Total	8,909	5,693

Notes to Consolidated Statement of Comprehensive Income

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

	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)	FY2023 (Apr. 1, 2023 – Mar. 31, 2024)
(Thousands of yen)		
Valuation difference on available-for-sale securities:		
Amount incurred during the period	216,205	652,772
Re-classification adjustments	-	-
Before tax effect adjustments	216,205	652,772
Tax effect	(66,158)	(199,748)
Valuation difference on available-for-sale securities	150,046	453,023
Foreign currency translation adjustment:		
Amount incurred during the period	263,360	394,254
Remeasurements of defined benefit plans, net of tax:		
Amount incurred during the period	2,088	(20,155)
Re-classification adjustments	(29,566)	7,547
Before tax effect adjustments	(27,478)	(12,607)
Tax effect	8,176	3,896
Remeasurements of defined benefit plans, net of tax	(19,301)	(8,711)
Share of other comprehensive income of entities accounted for using equity method:		
Amount incurred during the period	8,725	5,371
Total other comprehensive income	402,830	843,938

Notes to Consolidated Statement of Changes in Equity

FY2022 (Apr. 1, 2022 – Mar. 31, 2023)

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

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

Note: Number of treasury shares of common stock increased 140 shares due to the acquisition of odd-lot shares.

2. Dividends

(1) Dividend payment

Resolution	Type of share	Total dividends (Thousands of yen)	Dividend per share (Yen)	Record date	Effective date
General Shareholders' Meeting on Jun. 29, 2022	Common stock	488,222	21	Mar. 31, 2022	Jun. 30, 2022
Board of Directors' meeting on Nov. 7, 2022	Common stock	464,972	20	Sep. 30, 2022	Dec. 2, 2022

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total dividends (Thousands of yen)	Source of funds	Dividend per share (Yen)	Record date	Effective date
General Shareholders' Meeting on Jun. 29, 2023	Common stock	581,213	Retained earnings	25	Mar. 31, 2023	Jun. 30, 2023

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

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)

	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)	FY2023 (Apr. 1, 2023 – Mar. 31, 2024)
Cash and deposits	28,506,871	28,447,612
Time deposit with maturities over three months	(107,527)	(1,151,709)
Cash and cash equivalents	28,399,343	27,295,903

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.

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

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

(*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	FY2022	FY2023
Unlisted stocks	301,960	294,092

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

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

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	-	-	-

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

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

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

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

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

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

Item	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Available-for-sale securities				
Bond investment trusts	-	6,699,560	-	6,699,560
Shares of subsidiaries and associates	7,560,000	-	-	7,560,000
Assets total	7,560,000	6,699,560	-	14,259,560

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

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

Securities and investment securities, and shares of subsidiaries and associates

Listed stock is valued by using market prices. These fair values are classified as level 1 fair value because listed securities are traded in an active market.

Bond investment trusts are valued by using the reference prices announced by financial institutions that trade these bonds. These prices are not recognized as market prices in an active market and, as a result, the fair values are categorized as level 2 fair value.

Marketable Securities

1. Available-for-sale securities

FY2022 (As of Mar. 31, 2023)

(Thousands of yen)

Type	Book value	Acquisition cost	Unrealized gains (losses)
Securities with book value that exceeds acquisition cost			
(1) Shares	2,941,397	592,906	2,348,491
(2) Bonds	-	-	-
(3) Others	-	-	-
Sub-total	2,941,397	592,906	2,348,491
Securities with book value not exceeding acquisition cost			
(1) Shares	-	-	-
(2) Bonds	-	-	-
(3) Others	6,700,000	6,700,000	-
Sub-total	6,700,000	6,700,000	-
Total	9,641,397	7,292,906	2,348,491

Note: Unlisted stocks (book value of 301,960 thousand yen) are not included in available-for-sale securities in the above table because these securities are shares with no market price.

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.

2. Marketable securities written down for impairment

FY2022 (Apr. 1, 2022– Mar. 31, 2023)

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

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.

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

FY2022 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousands of yen)

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

Notes: 1. Contents of adjustments are as follows.

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

(2) Adjustment amount in segment assets includes amount of -4,437,125 thousand yen eliminated for intersegment transactions and total company assets of 26,207,494 thousand yen. The total company assets are mainly composed of surplus funds (deposits and marketable securities), and long-term invested assets (investment securities) of the Company.

2. Segment profit (loss) is adjusted with operating profit in the consolidated statement of income.

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.

Per-share Information

(Yen)

	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)	FY2023 (Apr. 1, 2023 – Mar. 31, 2024)
Net assets per share	1,758.56	1,818.20
Net income per share	137.48	171.37

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.

	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)	FY2023 (Apr. 1, 2023 – Mar. 31, 2024)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	3,196,338	3,868,443
Amount not available to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Thousands of yen)	3,196,338	3,868,443
Average number of shares outstanding during period (Shares)	23,248,639	22,573,772

Subsequent Events

Not applicable.

4. Production, Orders and Sales

(1) Sales and Orders

(a) Sales

(Thousands of yen)

Segment	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)		FY2023 (Apr. 1, 2023 – Mar. 31, 2024)	
	Amount	Composition (%)	Amount	Composition (%)
Japan	24,364,789	69.5	26,499,054	68.9
Europe	6,331,010	18.1	7,094,657	18.4
Americas	2,807,206	8.0	3,024,989	7.9
Asia	1,570,414	4.4	1,847,532	4.8
Total	35,073,421	100.0	38,466,233	100.0

(b) Orders received and order backlog

(Thousands of yen)

Segment	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)		FY2023 (Apr. 1, 2023 – Mar. 31, 2024)	
	Orders received	Order backlog	Orders received	Order backlog
Japan	25,499,907	11,691,679	26,948,148	12,140,773
Europe	6,278,877	2,705,320	8,061,704	4,049,626
Americas	3,143,001	2,185,245	2,936,933	2,377,554
Asia	1,626,323	627,367	2,032,898	874,528
Total	36,548,110	17,209,613	39,979,686	19,442,483

Note: Intersegment transactions have been eliminated.

(Reference) Results by product category are as follows.

(a) Sales

(Thousands of yen)

Product category	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)		FY2023 (Apr. 1, 2023 – Mar. 31, 2024)	
	Amount	Composition (%)	Amount	Composition (%)
Printed Circuit Board design solutions	4,123,936	11.8	4,698,531	12.2
Circuit design solutions	7,817,245	22.3	8,456,353	22.0
IT solutions	8,290,717	23.6	9,354,230	24.3
Client services	14,835,344	42.3	15,945,586	41.5
Others	6,176	0.0	11,531	0.0
Total	35,073,421	100.0	38,466,233	100.0

(b) Orders received and order backlog

(Thousands of yen)

Product category	FY2022 (Apr. 1, 2022 – Mar. 31, 2023)		FY2023 (Apr. 1, 2023 – Mar. 31, 2024)	
	Orders received	Order backlog	Orders received	Order backlog
Printed Circuit Board design solutions	4,104,044	961,463	5,312,010	1,664,653
Circuit design solutions	7,715,005	1,468,171	9,093,485	2,229,918
IT solutions	8,313,597	1,843,363	9,177,241	1,719,741
Client services	16,407,471	12,934,413	16,387,081	13,827,633
Others	7,990	2,200	9,866	536
Total	36,548,110	17,209,613	39,979,686	19,442,483

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, 2024)

Directors

- Candidates for director
Director: Wakana Takahara (Attorney of Arai Sogo Law Offices)
Note: Ms. Wakana Takahara is a candidate for Outside Director. The Company plans to register her as an Independent Director as provided for the rules of the Tokyo Stock Exchange.
- Retiring director
Director: Yoichi Arai

Audit & Supervisory Board Members

- Candidates for Audit & Supervisory Board Member
Audit & Supervisory Board Member (part-time): Yasutoyo Takada
(Representative Director and Executive Vice
President of Corporate-pension Business Service)
Note: Mr. Yasutoyo Takada is a candidate for Audit & Supervisory Board Member. The Company plans to register him as an Independent Director as provided for the rules of the Tokyo Stock Exchange.
- Retiring Audit & Supervisory Board Member
Audit & Supervisory Board Member (part-time): Yoshinobu Maeba

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.