



May 11, 2020

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (FY2019)

[Japanese GAAP]

Company name: ZUKEN Inc. Listing: Tokyo Stock Exchange, First Section
 Stock code: 6947 URL: <https://www.zuken.co.jp>
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 Scheduled date of Annual General Shareholders' Meeting: June 26, 2020
 Scheduled date of payment of dividend: June 29, 2020
 Scheduled date of filing of Annual Securities Report: June 26, 2020
 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, 2020 (April 1, 2019 – March 31, 2020)

(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, 2020	29,296	9.4	3,391	11.2	3,486	9.2	2,595	22.8
Mar. 31, 2019	26,787	13.6	3,050	50.6	3,191	50.9	2,113	39.8

Note: Comprehensive income (Millions of yen) Fiscal year ended Mar. 31, 2020: 2,633 (down 14.4%)

Fiscal year ended Mar. 31, 2019: 3,078 (up 22.5%)

	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, 2020	111.65	-	7.7	7.1	11.6
Mar. 31, 2019	90.88	-	6.7	7.0	11.4

Reference: Equity in earnings of associates (Millions of yen) Fiscal year ended Mar. 31, 2020: -

Fiscal year ended Mar. 31, 2019: -

(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, 2020	51,445	35,013	67.2	1,487.50
As of Mar. 31, 2019	47,190	33,050	69.1	1,402.49

Reference: Shareholders' equity (Millions of yen) As of Mar. 31, 2020: 34,583 As of Mar. 31, 2019: 32,607

(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, 2020	4,207	(1,034)	(807)	20,306
Mar. 31, 2019	3,425	(1,176)	(588)	18,137

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, 2019	-	12.00	-	14.00	26.00	604	28.6	1.9
Fiscal year ended Mar. 31, 2020	-	14.00	-	15.00	29.00	674	26.0	2.0
Fiscal year ending Mar. 31, 2021 (forecast)	-	15.00	-	15.00	30.00		-	

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

The forecast for the fiscal year ending March 31, 2021 has not been determined at this time because it is difficult to reasonably predict the impact of the spread of COVID-19. The Company will promptly announce the forecast as soon as it is determined.

*** 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

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|--|------|
| (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, 2020:	23,267,169 shares	As of Mar. 31, 2019:	23,267,169 shares
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(b) Number of treasury shares at the end of the period

As of Mar. 31, 2020:	17,680 shares	As of Mar. 31, 2019:	17,480 shares
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(c) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2020:	23,249,578 shares	Fiscal year ended Mar. 31, 2019:	23,249,972 shares
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Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(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, 2020	12,072	7.5	1,680	15.4	2,553	18.5	2,277	27.7
Mar. 31, 2019	11,235	12.6	1,456	73.9	2,154	37.9	1,783	32.6

	Net income per share	Diluted net income per share
Fiscal years ended	Yen	Yen
Mar. 31, 2020	97.96	-
Mar. 31, 2019	76.69	-

(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, 2020	39,464	33,427	84.7	1,437.76
As of Mar. 31, 2019	37,344	31,556	84.5	1,357.29

Reference: Shareholders' equity (Millions of yen) As of Mar. 31, 2020: 33,427 As of Mar. 31, 2019: 31,556

* 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

During the fiscal year ended on March 31, 2020, the global economy recovered slowly in Europe, the United States and Japan. However, the COVID-19 pandemic caused a sharp downturn in the global economy late in the fiscal year and the economic environment is now extremely challenging.

Manufacturers in the electronics, automotive and industrial equipment sectors are the main customers of the Zuken Group. Though corporate activities were somewhat restrained due to the pandemic, IT investment remained strong throughout the fiscal year.

The Zuken Group has the goal of becoming a “truly global company” able to supply the best-in-class solutions to manufacturers worldwide. During the fiscal year, we stepped up activities for increasing sales of our core products, increased the speed of new product development, entered new fields of technology and took other actions for accomplishing this goal. Major initiatives of the fiscal year were as follows.

(i) Increase in Sales of Core Products and Development of New Products

In the electronic equipment manufacturing sector, there were many activities for increasing worldwide sales of our core CR-8000 Design Force, electronics system design solution series. Sales were higher due to these activities, especially in Japan and Europe. In addition, we started full-scale sales activities for eCADSTAR, a new PCB design system tailored for relatively small design teams. This allowed us to increase sales activities that targeted market segments requiring small and midsize designs.

In the automotive and industrial equipment manufacturing sectors, we continued to concentrate on sales of the E3.series wire harness design systems. Furthermore, we upgraded the functions of the DS-E3 electrical design data management system, which was developed for use with the E3.series, in order to sell integrated solutions extending from design to data management. To meet the requirements of a diverse array of design environments, we are increasing the pace of activities to create a new wire harness design system that combines products of Germany and Japan and takes these products to a higher level.

(ii) Activities for Medium- and Long-term Growth

A growing number of manufacturers worldwide are reexamining their design and manufacturing processes from the ground up in response to the increasing technical sophistication and complexity in product development. As a result, manufacturers require new frameworks and technologies capable of making their design and production process more efficient.

Towards meeting these requirements, we acquired a U.S. company with highly advanced technologies in the field of model-based systems engineering (MBSE), which is a new methodology of the design process. We significantly strengthened our operation and support infrastructure for MBSE. Additionally, there are other ongoing activities including R&D cooperation and alliances with various companies focused on leading-edge technologies. Taking these actions has enabled the Zuken Group to cover a broader range of solution domains and build an infrastructure for supporting manufacturers' innovations involving design and production processes.

*MBSE is a next-generation methodology that is starting to be used for fabricating products that are complex and require very high quality. Companies in the aerospace, automobile and other industries are using MBSE. This approach allows electrical, mechanical, software and other engineers to perform their tasks based on a single model. The main goal is to optimize at the conceptual planning stage the development of products that require an intricate combination of a range of technologies.

Consolidated results

Net sales	29,296 million yen	(up 9.4% year on year)
Ordinary profit	3,486 million yen	(up 9.2% year on year)
Profit attributable to owners of parent	2,595 million yen	(up 22.8% year on year)

Net sales were much higher than the previous fiscal year and reached a record high for the fourth consecutive fiscal year. Sales of the CR-8000 electronics system design solution series, our core product, and the E3.series wire harness design systems increased. Sales growth was also attributable to strong sales at a subsidiary in Japan of 3D solutions to construction companies.

Due to the higher sales, operating profit and ordinary profit reached record highs.

Sales by product category were as follows.

Sales by product

Printed Circuit Board design solutions	4,782 million yen	(up 13.3% year on year)
Circuit design solutions	7,361 million yen	(up 20.2% year on year)
IT solutions	6,193 million yen	(up 4.6% year on year)
Client services	10,948 million yen	(up 4.1% year on year)

Major products of Printed Circuit Board design solutions	CR-8000 Design Force CR-8000 DFM Center CADSTAR eCADSTAR	CR-5000 Board Designer
Major products of Circuit design solutions	CR-8000 Design Gateway CR-8000 System Planner E3.series Cabling Designer Harness Designer	CR-5000 System Designer
Major products of IT solutions	PreSight visual BOM DS-CR DS-2 Espresso DS-E3 GENESYS	

(2) Financial Position

Total assets at the end of the fiscal year under review increased 4,254 million yen from the end of the previous fiscal year to 51,445 million yen. The main factors were increases of 2,051 million yen in cash and deposits, 537 million yen in notes and accounts receivable-trade and 465 million yen in investment securities.

Liabilities at the end of the fiscal year under review increased 2,291 million yen from the end of the previous fiscal year to 16,432 million yen. The main factors were increases of 1,328 million yen in advances received, 350 million yen in accounts payable-trade and 349 million yen in retirement benefit liability.

Net assets at the end of the fiscal year under review increased 1,963 million yen from the end of the previous fiscal year to 35,013 million yen and the shareholders' equity ratio was 67.2%.

(3) Cash Flows

Cash and cash equivalents (hereafter "cash") at the end of the fiscal year under review increased 2,169 million yen over the end of the previous fiscal year to 20,306 million yen.

Cash flows by category were as follows.

Cash flows from operating activities

Net cash provided by operating activities increased 781 million yen from the previous fiscal year to 4,207 million yen. The main cash inflows were profit before income taxes of 3,619 million yen (a year-on-year increase of 519 million yen), an increase in advances received of 1,321 million yen (a year-on-year increase of 1,102 million yen), depreciation of 694 million yen (a year-on-year increase of 25 million yen). The main cash outflow was income taxes paid of 1,059 million yen (a year-on-year increase of 129 million yen).

Cash flows from investing activities

Net cash used in investing activities decreased 141 million yen from the previous fiscal year to 1,034 million yen. The main cash outflows include purchase of non-current assets of 721 million yen (a year-on-year increase of 226 million yen) and purchase of shares of subsidiaries resulting in change in scope of consolidation of 432 million yen.

Cash flows from financing activities

Net cash used in financing activities increased 218 million yen from the previous fiscal year to 807 million yen. This was mainly due to cash dividends paid of 650 million yen (a year-on-year increase of 92 million yen).

Cash flow indicators were as follows:

Fiscal years ended	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
Shareholders' equity ratio	69.3%	69.0%	69.1%	67.2%
Shareholders' equity ratio based on market prices	78.2%	78.1%	73.8%	104.2%
Interest-bearing debt to cash flow ratio	0.9%	0.9%	0.9%	2.0%
Interest coverage ratio	36,726.9	28,300.6	11,290.9	977.3

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 / Operating cash flows
 Interest coverage ratio: Operating 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. Operating cash flows are calculated using the figures for operating cash flows on the consolidated statement of cash flows.
 4. Interest-bearing debt includes all liabilities on the consolidated balance sheet that incur interest.

(4) Outlook

We expect the current severe economic environment to continue because the impact of the spread of COVID-19 cannot be foreseen. Dramatic changes are taking place worldwide in how products are manufactured along with advances in artificial intelligence and the launch of 5G, the next generation communication infrastructure. These changes are creating an urgent need for innovations involving design and manufacturing processes. We believe that the result will be an expansion of the business domains where there are opportunities for the Zuken Group.

The Zuken Group is determined to achieve more growth in corporate value by supplying innovative solutions that help client companies upgrade their manufacturing operations.

The forecast for the fiscal year ending March 2021 has not been determined at this time because it is difficult to reasonably predict the impact of the COVID-19 pandemic. We will promptly announce the forecast as soon as it is determined.

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)	
	FY2018	FY2019
	(As of Mar. 31, 2019)	(As of Mar. 31, 2020)
Assets		
Current assets		
Cash and deposits	18,523,202	20,574,644
Notes and accounts receivable-trade	5,870,720	6,407,981
Securities	6,700,000	6,700,000
Merchandise and finished goods	345,764	403,944
Work in process	109,325	264,482
Raw materials and supplies	3,761	1,862
Other	2,336,168	2,749,149
Allowance for doubtful accounts	(25,786)	(29,587)
Total current assets	33,863,156	37,072,477
Non-current assets		
Property, plant and equipment		
Buildings and structures	9,249,118	9,398,922
Accumulated depreciation	(6,466,880)	(6,549,021)
Buildings and structures, net	2,782,237	2,849,901
Machinery, equipment and vehicles	96,860	95,913
Accumulated depreciation	(56,087)	(60,821)
Machinery, equipment and vehicles, net	40,772	35,091
Tools, furniture and fixtures	1,947,425	2,012,463
Accumulated depreciation	(1,567,051)	(1,615,356)
Tools, furniture and fixtures, net	380,374	397,107
Land	3,015,103	3,015,103
Leased assets	56,046	134,378
Accumulated depreciation	(29,722)	(54,926)
Leased assets, net	26,323	79,452
Total property, plant and equipment	6,244,812	6,376,656
Intangible assets		
Goodwill	492,088	913,777
Other	628,999	602,140
Total intangible assets	1,121,088	1,515,917
Investments and other assets		
Investment securities	4,919,667	5,385,293
Deferred tax assets	532,100	564,101
Other	525,050	548,198
Allowance for doubtful accounts	(14,908)	(16,752)
Total investments and other assets	5,961,910	6,480,840
Total non-current assets	13,327,811	14,373,415
Total assets	47,190,967	51,445,892

	(Thousands of yen)	
	FY2018	FY2019
	(As of Mar. 31, 2019)	(As of Mar. 31, 2020)
Liabilities		
Current liabilities		
Accounts payable-trade	827,244	1,177,418
Income taxes payable	630,106	716,954
Advances received	5,455,151	6,783,516
Provision for bonuses	846,582	902,008
Provision for bonuses for directors (and other officers)	73,650	66,600
Other provisions	10,883	70,207
Other	2,273,360	2,303,253
Total current liabilities	10,116,979	12,019,959
Non-current liabilities		
Retirement benefit liability	3,842,064	4,192,059
Other	181,867	220,565
Total non-current liabilities	4,023,931	4,412,625
Total liabilities	14,140,911	16,432,584
Net assets		
Shareholders' equity		
Share capital	10,117,065	10,117,065
Capital surplus	8,659,016	8,659,023
Retained earnings	12,230,462	14,175,240
Treasury shares	(16,365)	(16,778)
Total shareholders' equity	30,990,177	32,934,550
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,022,397	2,266,875
Foreign currency translation adjustment	22,984	(86,604)
Remeasurements of defined benefit plans	(428,220)	(531,321)
Total accumulated other comprehensive income	1,617,162	1,648,949
Non-controlling interests	442,715	429,808
Total net assets	33,050,055	35,013,308
Total liabilities and net assets	47,190,967	51,445,892

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

	(Thousands of yen)	
	FY2018	FY2019
	(Apr. 1, 2018 – Mar. 31, 2019)	(Apr. 1, 2019 – Mar. 31, 2020)
Net sales	26,787,267	29,296,353
Cost of sales	7,561,172	8,524,666
Gross profit	19,226,094	20,771,686
Selling, general and administrative expenses	16,175,918	17,380,445
Operating profit	3,050,176	3,391,241
Non-operating income		
Interest income	9,686	15,286
Dividend income	34,707	66,278
Subsidy income	17,533	36,917
Received incentive	19,462	22,257
Other	91,130	30,525
Total non-operating income	172,521	171,266
Non-operating expenses		
Foreign exchange losses	27,959	70,127
Other	3,165	5,620
Total non-operating expenses	31,125	75,747
Ordinary profit	3,191,571	3,486,759
Extraordinary income		
Gain on sales of non-current assets	2,056	2,506
Transfer of rights income	-	137,358
Gain on liquidation of subsidiaries	23,321	-
Total extraordinary income	25,377	139,864
Extraordinary losses		
Loss on disposal of non-current assets	3,885	5,246
Provision of allowance for doubtful accounts of golf club membership	-	2,000
Retirement benefit expenses	112,756	-
Total extraordinary losses	116,642	7,246
Profit before income taxes	3,100,307	3,619,377
Income taxes-current	1,003,689	1,151,151
Income taxes-deferred	(48,160)	(133,618)
Total income taxes	955,528	1,017,533
Profit	2,144,778	2,601,844
Profit attributable to non-controlling interests	31,758	6,076
Profit attributable to owners of parent	2,113,020	2,595,767

Consolidated Statement of Comprehensive Income

	(Thousands of yen)	
	FY2018	FY2019
	(Apr. 1, 2018 – Mar. 31, 2019)	(Apr. 1, 2019 – Mar. 31, 2020)
Profit	2,144,778	2,601,844
Other comprehensive income		
Valuation difference on available-for-sale securities	897,702	244,477
Foreign currency translation adjustment	(123,959)	(109,588)
Remeasurements of defined benefit plans, net of tax	159,488	(103,101)
Total other comprehensive income	933,232	31,787
Comprehensive income	3,078,010	2,633,631
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,046,252	2,627,554
Comprehensive income attributable to non-controlling interests	31,758	6,076

(3) Consolidated Statement of Changes in Equity

FY2018 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,117,065	8,659,021	10,675,443	(15,716)	29,435,814
Changes during period					
Dividends of surplus			(558,001)		(558,001)
Profit attributable to owners of parent			2,113,020		2,113,020
Other		(5)			(5)
Purchase of treasury shares				(649)	(649)
Net changes other than shareholders' equity					
Total changes during period	-	(5)	1,555,018	(649)	1,554,363
Balance at end of period	10,117,065	8,659,016	12,230,462	(16,365)	30,990,177

	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	1,124,695	146,943	(587,708)	683,930	427,891	30,547,635
Changes during period						
Dividends of surplus						(558,001)
Profit attributable to owners of parent						2,113,020
Other						(5)
Purchase of treasury shares						(649)
Net changes other than shareholders' equity	897,702	(123,959)	159,488	933,232	14,823	948,056
Total changes during period	897,702	(123,959)	159,488	933,232	14,823	2,502,419
Balance at end of period	2,022,397	22,984	(428,220)	1,617,162	442,715	33,050,055

FY2019 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,117,065	8,659,016	12,230,462	(16,365)	30,990,177
Changes during period					
Dividends of surplus			(650,989)		(650,989)
Profit attributable to owners of parent			2,595,767		2,595,767
Other		7			7
Purchase of treasury shares				(413)	(413)
Net changes other than shareholders' equity					
Total changes during period	-	7	1,944,777	(413)	1,944,372
Balance at end of period	10,117,065	8,659,023	14,175,240	(16,778)	32,934,550

	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	2,022,397	22,984	(428,220)	1,617,162	442,715	33,050,055
Changes during period						
Dividends of surplus						(650,989)
Profit attributable to owners of parent						2,595,767
Other						7
Purchase of treasury shares						(413)
Net changes other than shareholders' equity	244,477	(109,588)	(103,101)	31,787	(12,906)	18,880
Total changes during period	244,477	(109,588)	(103,101)	31,787	(12,906)	1,963,252
Balance at end of period	2,266,875	(86,604)	(531,321)	1,648,949	429,808	35,013,308

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	3,100,307	3,619,377
Depreciation	668,769	694,125
Amortization of goodwill	157,376	219,344
Interest and dividend income	(44,393)	(81,565)
Foreign exchange losses (gains)	461	9,494
Loss (gain) on liquidation of subsidiaries	(23,321)	-
Transfer of rights income	-	(137,358)
Decrease (increase) in trade receivables	(513,764)	(584,879)
Increase (decrease) in trade payables	406,714	351,540
Increase (decrease) in advances received	219,525	1,321,834
Decrease (increase) in prepaid expenses	(144,299)	(407,794)
Increase (decrease) in retirement benefit liability	441,839	260,409
Other, net	42,293	(74,479)
Subtotal	4,311,508	5,190,050
Interest and dividends received	44,042	81,103
Interest paid	(303)	(4,305)
Income taxes paid	(929,422)	(1,059,136)
Net cash provided by (used in) operating activities	3,425,824	4,207,711
Cash flows from investing activities		
Decrease (increase) in time deposits	(128,280)	93,000
Purchase of property, plant and equipment	(260,642)	(446,002)
Purchase of intangible assets	(234,238)	(275,690)
Purchase of investment securities	(549,000)	(100,800)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(432,557)
Proceeds from transfer of rights	-	137,358
Other, net	(3,932)	(9,875)
Net cash provided by (used in) investing activities	(1,176,093)	(1,034,567)
Cash flows from financing activities		
Repayments of short-term borrowings	-	(79,443)
Repayments of long-term borrowings	-	(25,797)
Purchase of treasury shares	(649)	(413)
Dividends paid	(558,001)	(650,989)
Other, net	(29,845)	(50,735)
Net cash provided by (used in) financing activities	(588,496)	(807,380)
Effect of exchange rate change on cash and cash equivalents	(132,610)	(196,708)
Net increase (decrease) in cash and cash equivalents	1,528,624	2,169,055
Cash and cash equivalents at beginning of period	16,609,271	18,137,895
Cash and cash equivalents at end of period	18,137,895	20,306,950

(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: 23

Main consolidated subsidiaries: Zuken USA Inc., Zuken GmbH, Zuken Limited, Zuken Tec Inc., Zuken NetWave Inc.

In the current fiscal year, the number of consolidated subsidiaries has increased due to the acquisition the stock of Vitech Corporation and the establishment of ZUKEN Modelinx Inc.

(2) Number of non-consolidated subsidiaries: 2

These subsidiaries are not included in the scope of consolidation since they are small-scale businesses 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

Number of non-consolidated subsidiaries not accounted for under the equity method: 2

These subsidiaries are not included in the scope of application of the equity method since they are small-scale businesses 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., Vitech Corporation and one other company 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 six 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

Marketable securities: Stated at fair value using quoted market price on the balance sheet date. (Unrealized gain or loss is included in net assets. Cost of securities sold is determined by the moving-average method.)

Non-marketable securities: 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 fiscal year under review.

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

Past service cost is charged to expenses for the fiscal year when they were 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

Recognition criteria for net sales and cost of sales of completed construction contracts

(a) The portion of contracted work deemed to have been completed by the end of the fiscal year under review

The percentage-of-completion standard (with the percentage of completion estimated on the cost-to-cost basis).

(b) Other contracted works

The completed-contract standard.

(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 earnings currently. 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, and resulting exchange gains or losses are included in

foreign currency translation adjustment and non-controlling interests under the net assets section.

(7) Amortization method and amortization period of goodwill

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 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 change in value.

(9) Other significant accounting policies in the preparation of consolidated financial statements

Accounting for consumption taxes, etc.

Consumption taxes, etc. are accounted by the tax-exclusion method.

Notes to Consolidated Balance Sheet

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

	(Thousands of yen)	
	FY2018 (As of Mar. 31, 2019)	FY2019 (As of Mar. 31, 2020)
Other (Investments in capital)	11,500	11,769

Notes to Consolidated Statement of Income

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

	(Thousands of yen)	
	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)
Salaries and allowances	5,678,902	5,983,283
Depreciation	555,566	577,270
Provision of allowance for doubtful accounts	-	4,983
Provision for bonuses	563,754	604,514
Provision for bonuses for directors (and other officers)	73,650	66,600
Retirement benefit expenses	403,098	476,237
Research and development expenses	3,717,081	4,041,272

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

	(Thousands of yen)	
	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)
	3,717,081	4,041,272

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

	(Thousands of yen)	
	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)
Vehicles	2,042	2,421
Tools, furniture and fixtures, and others	13	85
Total	2,056	2,506

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

	(Thousands of yen)	
	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)
Buildings, etc.	1,336	2,182
Tools, furniture and fixtures, and others	2,549	3,063
Total	3,885	5,246

Notes to Consolidated Statement of Comprehensive Income

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

	(Thousands of yen)	
	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)
Valuation difference on available-for-sale securities:		
Amount incurred during the period	1,280,977	364,815
Re-classification adjustments	-	-
Before tax effect adjustments	1,280,977	364,815
Tax effect	(383,274)	(120,338)
Valuation difference on available-for-sale securities	897,702	244,477
Foreign currency translation adjustment:		
Amount incurred during the period	(123,959)	(109,588)
Remeasurements of defined benefit plans, net of tax:		
Amount incurred during the period	1,768	(249,353)
Re-classification adjustments	133,640	125,005
Before tax effect adjustments	135,409	(124,348)
Tax effect	24,079	21,247
Remeasurements of defined benefit plans, net of tax	159,488	(103,101)
Total other comprehensive income	933,232	31,787

Notes to Consolidated Statement of Changes in Equity

FY2018 (Apr. 1, 2018 – Mar. 31, 2019)

1. Type of share and number of shares of outstanding shares and treasury shares (Shares)

	Number of shares as of Apr. 1, 2018	Increase	Decrease	Number of shares as of Mar. 31, 2019
Outstanding shares				
Common stock	23,267,169	-	-	23,267,169
Total	23,267,169	-	-	23,267,169
Treasury shares				
Common stock (Note)	17,057	423	-	17,480
Total	17,057	423	-	17,480

Note: Number of treasury shares of common stock increased 423 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. 28, 2018	Common stock	279,001	12	Mar. 31, 2018	Jun. 29, 2018
Board of Directors' meeting on Nov. 5, 2018	Common stock	279,000	12	Sep. 30, 2018	Dec. 4, 2018

(2) Dividends with a record date in the fiscal year under review 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, 2019	Common stock	325,495	Retained earnings	14	Mar. 31, 2019	Jun. 28, 2019

FY2019 (Apr. 1, 2019 – Mar. 31, 2020)

1. Type of share and number of shares of outstanding shares and treasury shares (Shares)

	Number of shares as of Apr. 1, 2019	Increase	Decrease	Number of shares as of Mar. 31, 2020
Outstanding shares				
Common stock	23,267,169	-	-	23,267,169
Total	23,267,169	-	-	23,267,169
Treasury shares				
Common stock (Note)	17,480	200	-	17,680
Total	17,480	200	-	17,680

Note: Number of treasury shares of common stock increased 200 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. 27, 2019	Common stock	325,495	14	Mar. 31, 2019	Jun. 28, 2019
Board of Directors' meeting on Nov. 11, 2019	Common stock	325,494	14	Sep. 30, 2019	Dec. 3, 2019

(2) Dividends with a record date in the fiscal year under review 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. 26, 2020	Common stock	348,742	Retained earnings	15	Mar. 31, 2020	Jun. 29, 2020

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)

	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)
Cash and deposits	18,523,202	20,574,644
Time deposit with maturities over three months	(385,306)	(267,693)
Cash and cash equivalents	18,137,895	20,306,950

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 are mainly stock of companies with relationships with the Zuken Group. 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

Fair value of the financial instrument is measured at a quoted market price, if available, or reasonably assessed value if a quoted market price is not available. As the calculation of the reasonably assessed value 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. However, financial instruments whose fair value is deemed to be extremely difficult to measure are not included (please refer to Note 2 below.)

FY2018 (As of Mar. 31, 2019)

(Thousands of yen)

	Book value	Fair value	Difference
(1) Cash and deposits	18,523,202	18,523,202	-
(2) Notes and accounts receivable-trade	5,870,720	5,870,720	-
(3) Marketable securities and investment securities	11,327,167	11,327,167	-
Assets total	35,721,089	35,721,089	-
(1) Accounts payable-trade	827,244	827,244	-
Liabilities total	827,244	827,244	-

FY2019 (As of Mar. 31, 2020)

(Thousands of yen)

	Book value	Fair value	Difference
(1) Cash and deposits	20,574,644	20,574,644	-
(2) Notes and accounts receivable-trade	6,407,981	6,407,981	-
(3) Marketable securities and investment securities	11,691,982	11,691,982	-
Assets total	38,674,608	38,674,608	-
(1) Accounts payable-trade	1,177,418	1,177,418	-
Liabilities total	1,177,418	1,177,418	-

Notes 1. Matters concerning determination of fair value of financial instruments and marketable securities

Assets

(1) Cash and deposits, and (2) Notes and accounts receivable-trade

Fair value of the financial instruments in these categories is deemed to be equal to their carrying amount.

(3) Marketable securities and investment securities

For fair value of the financial instruments in these categories, stocks are valued based on their prices on securities exchanges. Fair value of bond investment trust is deemed to be equal to its carrying amount. Please refer to the section “Marketable Securities” for information about securities categorized by purpose.

Liabilities

(1) Accounts payable-trade

Fair value of the financial instrument in this category is deemed to be equal to their carrying amount because they are settled within a short period of time.

2. Financial instruments whose fair values are deemed to be extremely difficult to measure

(Thousands of yen)

Item	FY2018 (As of Mar. 31, 2019)	FY2019 (As of Mar. 31, 2020)
Unlisted stocks	292,500	393,310

These instruments are not included in the above table because there are no market prices and the fair values are deemed to be extremely difficult to measure.

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

FY2018 (As of Mar. 31, 2019)

(Thousands of yen)

	Due within one year	One to five years	Five to ten years	Over ten years
Cash and deposits	18,523,202	-	-	-
Notes and accounts receivable-trade	5,870,720	-	-	-
Total	24,393,922	-	-	-

FY2019 (As of Mar. 31, 2020)

(Thousands of yen)

	Due within one year	One to five years	Five to ten years	Over ten years
Cash and deposits	20,574,644	-	-	-
Notes and accounts receivable-trade	6,407,981	-	-	-
Total	26,982,626	-	-	-

Marketable Securities

1. Available-for-sale securities

FY2018 (As of Mar. 31, 2019)

(Thousands of yen)

Type	Book value	Acquisition cost	Unrealized gains (losses)
Securities with book value exceeds acquisition cost			
(1) Shares	4,627,167	1,725,592	2,901,575
(2) Bonds	-	-	-
(3) Others	-	-	-
Sub-total	4,627,167	1,725,592	2,901,575
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	11,327,167	8,425,592	2,901,575

Note: Unlisted stocks (book value of 292,500 thousand yen) are not included in available-for-sale securities in the above table because there are no market prices and the fair values are deemed to be extremely difficult to measure.

FY2019 (As of Mar. 31, 2020)

(Thousands of yen)

Type	Book value	Acquisition cost	Unrealized gains (losses)
Securities with book value exceeds acquisition cost			
(1) Shares	4,917,949	1,642,224	3,275,725
(2) Bonds	-	-	-
(3) Others	-	-	-
Sub-total	4,917,949	1,642,224	3,275,725
Securities with book value not exceeding acquisition cost			
(1) Shares	74,032	83,367	(9,334)
(2) Bonds	-	-	-
(3) Others	6,700,000	6,700,000	-
Sub-total	6,774,032	6,783,367	(9,334)
Total	11,691,982	8,425,592	3,266,390

Note: Unlisted stocks (book value of 393,310 thousand yen) are not included in available-for-sale securities in the above table because there are no market prices and the fair values are deemed to be extremely difficult to measure.

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 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

FY2018 (Apr. 1, 2018 – Mar. 31, 2019)

(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							
Sales to third parties	18,969,942	4,674,988	1,728,838	1,413,498	26,787,267	-	26,787,267
Intersegment sales or transfers	1,127,051	928,563	44,127	89,080	2,188,822	(2,188,822)	-
Total	20,096,994	5,603,552	1,772,965	1,502,578	28,976,090	(2,188,822)	26,787,267
Segment profit	2,336,295	232,083	84,639	387,641	3,040,660	9,515	3,050,176
Segment assets	20,171,981	5,909,217	1,094,188	1,457,676	28,633,063	18,557,903	47,190,967
Other items							
Depreciation	545,059	101,806	15,503	6,399	668,769	-	668,769
Amortization of goodwill	29,806	101,172	26,396	-	157,376	-	157,376
Increase in property, plant and equipment and intangible assets	343,733	124,903	12,440	4,663	485,741	-	485,741

Notes: 1. Contents of adjustments are as follows.

(1) Adjustment amount in segment profit includes amount of 9,515 thousand yen eliminated for intersegment transactions.

(2) Adjustment amount in segment assets includes amount of -4,201,398 thousand yen eliminated for intersegment transactions and total company assets of 22,759,302 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 is adjusted with operating profit in the consolidated statement of income.

FY2019 (Apr. 1, 2019 – Mar. 31, 2020)

(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							
Sales to third parties	21,228,330	4,654,408	2,063,016	1,350,598	29,296,353	-	29,296,353
Intersegment sales or transfers	1,070,003	952,423	56,555	96,780	2,175,763	(2,175,763)	-
Total	22,298,334	5,606,831	2,119,571	1,447,378	31,472,116	(2,175,763)	29,296,353
Segment profit	2,656,588	240,028	115,655	372,433	3,384,706	6,535	3,391,241
Segment assets	22,839,235	6,161,296	1,496,278	1,653,481	32,150,291	19,295,601	51,445,892
Other items							
Depreciation	544,439	106,321	17,407	25,956	694,125	-	694,125
Amortization of goodwill	94,858	98,605	25,880	-	219,344	-	219,344
Increase in property, plant and equipment and intangible assets	608,520	107,809	8,060	7,244	731,634	-	731,634

Notes: 1. Contents of adjustments are as follows.

(1) Adjustment amount in segment profit includes amount of 6,535 thousand yen eliminated for intersegment transactions.

(2) Adjustment amount in segment assets includes amount of -4,870,157 thousand yen eliminated for intersegment transactions and total company assets of 24,165,758 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 is adjusted with operating profit in the consolidated statement of income.

Per-share Information

(Yen)

	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)
Net assets per share	1,402.49	1,487.50
Net income per share	90.88	111.65

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.

	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	2,113,020	2,595,767
Amount not available to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Thousands of yen)	2,113,020	2,595,767
Average number of shares outstanding during period (Shares)	23,249,972	23,249,578

Subsequent Events

Not applicable.

4. Production, Orders and Sales

(1) Sales and Orders

(a) Sales

(Thousands of yen)

Segment	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)		FY2019 (Apr. 1, 2019 – Mar. 31, 2020)	
	Amount	Composition (%)	Amount	Composition (%)
Japan	18,969,942	70.8	21,228,330	72.5
Europe	4,674,988	17.5	4,654,408	15.9
Americas	1,728,838	6.5	2,063,016	7.0
Asia	1,413,498	5.2	1,350,598	4.6
Total	26,787,267	100.0	29,296,353	100.0

(b) Orders received and order backlog

(Thousands of yen)

Segment	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)		FY2019 (Apr. 1, 2019 – Mar. 31, 2020)	
	Orders received	Order backlog	Orders received	Order backlog
Japan	19,558,177	6,790,874	22,100,211	7,662,755
Europe	4,721,708	1,654,721	4,759,748	1,685,342
Americas	1,994,316	1,367,109	2,146,215	1,424,182
Asia	1,173,237	366,344	1,451,654	439,523
Total	27,447,439	10,179,049	30,457,830	11,211,804

Notes: 1. Intersegment transactions have been eliminated.

2. The above amounts are based on selling prices and the amounts do not include consumption taxes.

(Reference) Results by product category are as follows.

(a) Sales

(Thousands of yen)

Product category	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)		FY2019 (Apr. 1, 2019 – Mar. 31, 2020)	
	Amount	Composition (%)	Amount	Composition (%)
Printed Circuit Board design solutions	4,221,589	15.8	4,782,582	16.3
Circuit design solutions	6,121,850	22.9	7,361,105	25.1
IT solutions	5,918,626	22.1	6,193,266	21.1
Client services	10,517,058	39.2	10,948,790	37.5
Others	8,142	0.0	10,607	0.0
Total	26,787,267	100.0	29,296,353	100.0

(b) Orders received and order backlog

(Thousands of yen)

Product category	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)		FY2019 (Apr. 1, 2019 – Mar. 31, 2020)	
	Orders received	Order backlog	Orders received	Order backlog
Printed Circuit Board design solutions	4,244,941	695,935	4,913,702	812,423
Circuit design solutions	6,462,662	1,193,974	7,268,256	1,084,438
IT solutions	6,122,386	1,053,754	6,128,067	983,467
Client services	10,608,428	7,234,342	12,137,899	8,331,135
Others	9,020	1,043	9,904	339
Total	27,447,439	10,179,049	30,457,830	11,211,804

Notes: 1. The above amounts are based on selling prices and the amounts do not include consumption taxes.

2. Name of major products by product category are as follows.

Major products of Printed Circuit Board design solutions	CR-8000 Design Force CR-8000 DFM Center CADSTAR eCADSTAR	CR-5000 Board Designer
Major products of Circuit design solutions	CR-8000 Design Gateway CR-8000 System Planner E3.series Cabling Designer Harness Designer	CR-5000 System Designer
Major products of IT solutions	PreSight visual BOM DS-CR DS-2 Espresso DS-E3 GENESYS	

5. Non-consolidated Financial Statements

(1) Balance Sheet

	(Thousands of yen)	
	FY2018	FY2019
	(As of Mar. 31, 2019)	(As of Mar. 31, 2020)
Assets		
Current assets		
Cash and deposits	11,143,135	12,083,975
Notes receivable-trade	229,516	223,893
Accounts receivable-trade	2,874,739	2,794,357
Securities	6,700,000	6,700,000
Inventories	68,706	88,716
Short-term loans receivable from subsidiaries and associates	20,810	65,298
Other	229,675	250,311
Allowance for doubtful accounts	(620)	-
Total current assets	21,265,963	22,206,553
Non-current assets		
Property, plant and equipment		
Buildings	2,653,589	2,715,507
Structures	34,162	31,353
Vehicles	16,563	10,927
Tools, furniture and fixtures	103,275	107,631
Land	3,009,559	3,009,559
Leased assets	8,922	6,104
Total property, plant and equipment	5,826,072	5,881,084
Intangible assets		
Other	296,722	260,237
Total intangible assets	296,722	260,237
Investments and other assets		
Investment securities	4,916,167	5,381,782
Shares of subsidiaries and associates	1,479,526	2,138,039
Investments in capital of subsidiaries and associates	2,429,229	2,429,229
Long-term loans receivable from subsidiaries and associates	-	108,785
Long-term trade accounts receivables from subsidiaries and associates	617,185	594,665
Deferred tax assets	211,665	145,548
Other	333,260	333,083
Allowance for doubtful accounts	(31,612)	(14,902)
Total investments and other assets	9,955,421	11,116,231
Total non-current assets	16,078,216	17,257,554
Total assets	37,344,179	39,464,108

	(Thousands of yen)	
	FY2018	FY2019
	(As of Mar. 31, 2019)	(As of Mar. 31, 2020)
Liabilities		
Current liabilities		
Accounts payable-trade	466,853	672,988
Accounts payable-other	938,623	943,296
Income taxes payable	394,790	339,523
Advances received	647,921	883,458
Provision for bonuses	350,614	360,369
Provision for bonuses for directors (and other officers)	50,000	50,000
Provision for loss on business liquidation	950	-
Other	199,607	186,961
Total current liabilities	3,049,359	3,436,597
Non-current liabilities		
Provision for retirement benefits	2,443,118	2,484,919
Provision for loss on business of subsidiaries and associates	177,000	-
Long-term accounts payable-other	96,850	96,850
Other	21,383	18,585
Total non-current liabilities	2,738,351	2,600,354
Total liabilities	5,787,711	6,036,951
Net assets		
Shareholders' equity		
Share capital	10,117,065	10,117,065
Capital surplus		
Legal capital surplus	8,657,753	8,657,753
Total capital surpluses	8,657,753	8,657,753
Retained earnings		
Legal retained earnings	311,082	311,082
Other retained earnings		
General reserve	8,325,000	9,525,000
Retained earnings brought forward	2,139,534	2,566,158
Total retained earnings	10,775,617	12,402,241
Treasury shares	(16,365)	(16,778)
Total shareholders' equity	29,534,070	31,160,281
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,022,397	2,266,875
Total valuation and translation adjustments	2,022,397	2,266,875
Total net assets	31,556,468	33,427,156
Total liabilities and net assets	37,344,179	39,464,108

(2) Statement of Income

(Thousands of yen)

	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)
Net sales	11,235,386	12,072,710
Cost of sales	2,998,862	3,162,497
Gross profit	8,236,523	8,910,213
Selling, general and administrative expenses	6,779,777	7,229,770
Operating profit	1,456,745	1,680,443
Non-operating income		
Interest income	888	2,442
Dividend income	598,594	868,495
Rental income	156,615	131,334
Other	74,675	72,038
Total non-operating income	830,773	1,074,310
Non-operating expenses		
Foreign exchange losses	13,511	70,068
Rental costs on real estate	117,689	130,523
Other	1,976	1,071
Total non-operating expenses	133,177	201,662
Ordinary profit	2,154,342	2,553,091
Extraordinary income		
Reversal of provision for loss on business of subsidiaries and associates	53,000	177,000
Reversal of allowance for doubtful accounts for subsidiaries and associates	17,870	18,554
Total extraordinary income	70,870	195,554
Extraordinary losses		
Loss on disposal of non-current assets	1,357	1,641
Loss on valuation of shares of subsidiaries and associates	-	35,047
Provision of allowance for doubtful accounts of golf club membership	-	2,000
Total extraordinary losses	1,357	38,688
Profit before income taxes	2,223,854	2,709,957
Income taxes-current	535,907	486,565
Income taxes-deferred	(95,146)	(54,221)
Total income taxes	440,760	432,344
Profit	1,783,094	2,277,613

(3) Statement of Changes in Equity

FY2018 (Apr. 1, 2018 – Mar. 31, 2019)

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	10,117,065	8,657,753	8,657,753	311,082	7,325,000	1,914,442	9,550,525
Changes during period							
Provision of general reserve					1,000,000	(1,000,000)	
Dividends of surplus						(558,001)	(558,001)
Profit						1,783,094	1,783,094
Purchase of treasury shares							
Net changes other than shareholders' equity							
Total changes during period	-	-	-	-	1,000,000	225,092	1,225,092
Balance at end of period	10,117,065	8,657,753	8,657,753	311,082	8,325,000	2,139,534	10,775,617

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(15,716)	28,309,627	1,124,695	1,124,695	29,434,322
Changes during period					
Provision of general reserve					
Dividends of surplus		(558,001)			(558,001)
Profit		1,783,094			1,783,094
Purchase of treasury shares	(649)	(649)			(649)
Net changes other than shareholders' equity			897,702	897,702	897,702
Total changes during period	(649)	1,224,443	897,702	897,702	2,122,145
Balance at end of period	(16,365)	29,534,070	2,022,397	2,022,397	31,556,468

FY2019 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	10,117,065	8,657,753	8,657,753	311,082	8,325,000	2,139,534	10,775,617
Changes during period							
Provision of general reserve					1,200,000	(1,200,000)	
Dividends of surplus						(650,989)	(650,989)
Profit						2,277,613	2,277,613
Purchase of treasury shares							
Net changes other than shareholders' equity							
Total changes during period	-	-	-	-	1,200,000	426,623	1,626,623
Balance at end of period	10,117,065	8,657,753	8,657,753	311,082	9,525,000	2,566,158	12,402,241

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(16,365)	29,534,070	2,022,397	2,022,397	31,556,468
Changes during period					
Provision of general reserve					
Dividends of surplus		(650,989)			(650,989)
Profit		2,277,613			2,277,613
Purchase of treasury shares	(413)	(413)			(413)
Net changes other than shareholders' equity			244,477	244,477	244,477
Total changes during period	(413)	1,626,210	244,477	244,477	1,870,687
Balance at end of period	(16,778)	31,160,281	2,266,875	2,266,875	33,427,156

6. Others

(1) Change in Representative Director

Not applicable.

(2) Changes in Other Board Members (Scheduled for June 26, 2020)

i) Candidate for promoting director

Kazuhiro Kariya	Current position:	Managing Director and General Manager of Technology Division
	New position:	Senior Managing Director and General Manager of Technology Division

ii) Candidates for director

Yasuo Ueno	Current position:	General Manager of Business Division
	New position:	Senior Managing Director and General Manager of Business Division

Hiroyuki Fujiwara	Current position:	General Manager of EDA Business Unit
	New position:	Director and General Manager of EDA Business Unit

iii) Candidate for Audit & Supervisory Board Member

Yoshinobu Maeba	COO and Representative Director of Taisay Building Management Co.,Ltd.
	New position: Audit & Supervisory Board Member (part-time)

Note: Mr. Yoshinobu Maeba is a candidate for an Outside Audit & Supervisory Board Member. The Company plans to submit a notice that Mr. Maeba as an independent Audit & Supervisory Board Member as prescribed by the Tokyo Stock Exchange.

iv) Retiring Audit & Supervisory Board Member

Akio Tate	Current position: Audit & Supervisory Board Member (part-time)
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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.