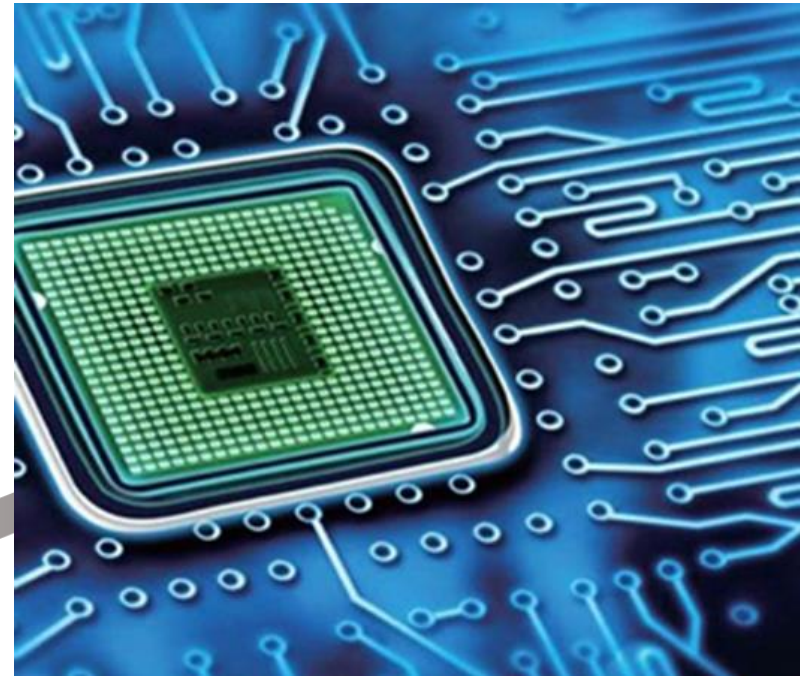


Progress and Outlook of Medium-term Business Plan (April 2019 - March 2022)

December 4, 2020



ZUKEN Inc.

Tokyo Stock Exchange, First Section
Securities code: 6947

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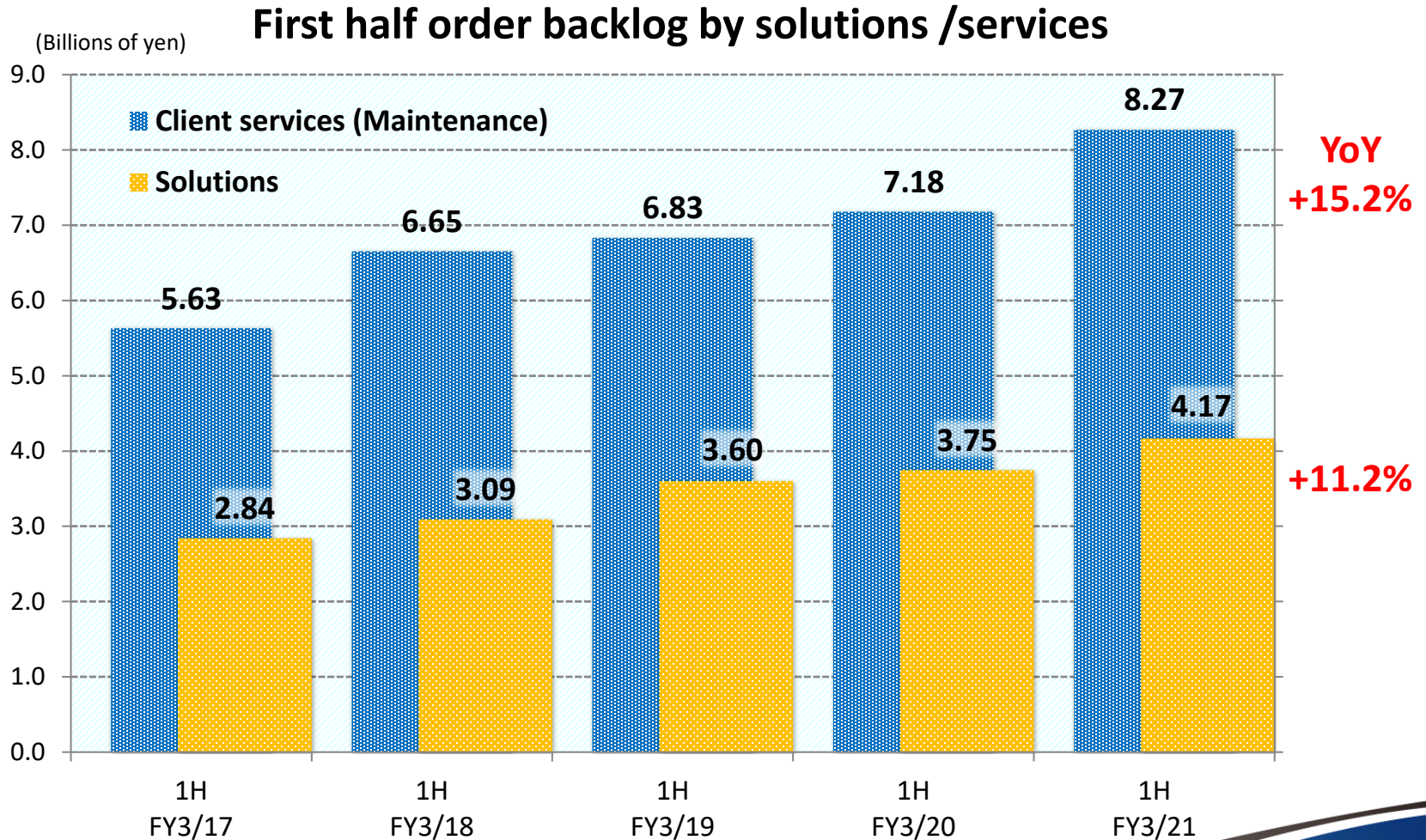
A Sound Base for More Progress as the Plan's Second Half Begins

The slide features three large, flowing, wavy lines that sweep across the lower half of the page. From top to bottom, they are yellow, grey, and dark blue. The lines are smooth and curved, creating a sense of movement and flow.

Outlook and Activities for the Plan's Final Year

- (1) Maintain the FY3/21 outlook due to the sound backlog of orders, despite lower sales and earnings in the 1H FY3/21**
- (2) Deployment of Model-Based Systems Engineering (MBSE) is advancing as planned for tools and solutions**
- (3) Ready for the “new normal” by providing solutions for customers’ remote engineering activities and supplying online marketing and sales platforms**

Order Backlog At the End of the First Half



Order backlog reached an all-time high

Product Categories

Order Backlog (Millions of yen)	1H FY3/20	1H FY3/21	YoY change	
Printed Circuit Board design solutions	893	1,110	+217	+24.3%
Circuit design solutions	1,437	1,427	-10	-0.7%
IT solutions	1,417	1,650	+233	+16.4%
Client services	7,179	8,267	+1,088	+15.2%
Total	10,925	12,456	+1,530	+14.0%

A small decrease in circuit design solutions because of the large volume of orders in 1H FY3/20

Regions

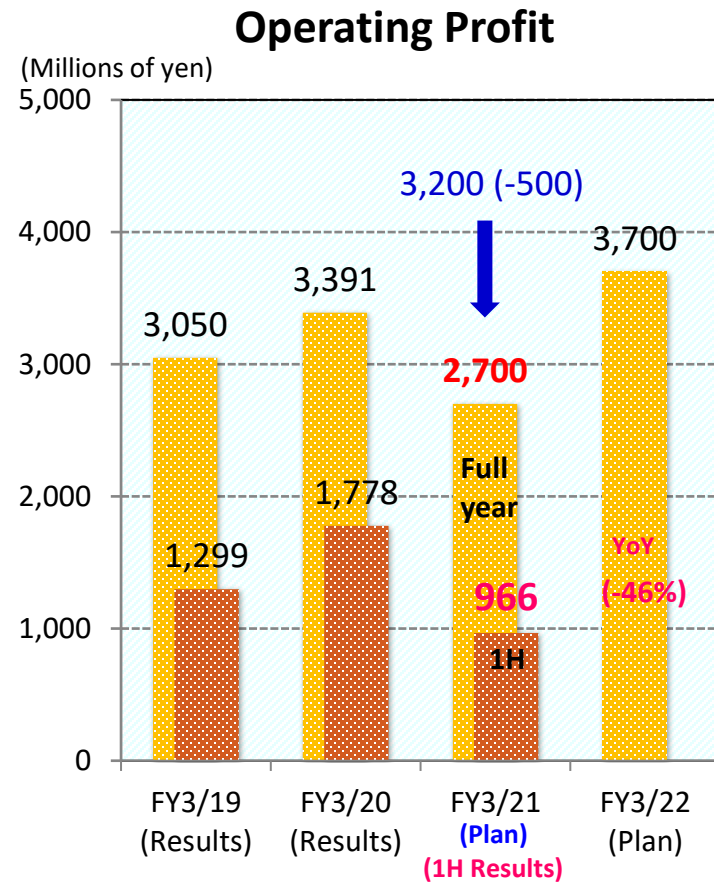
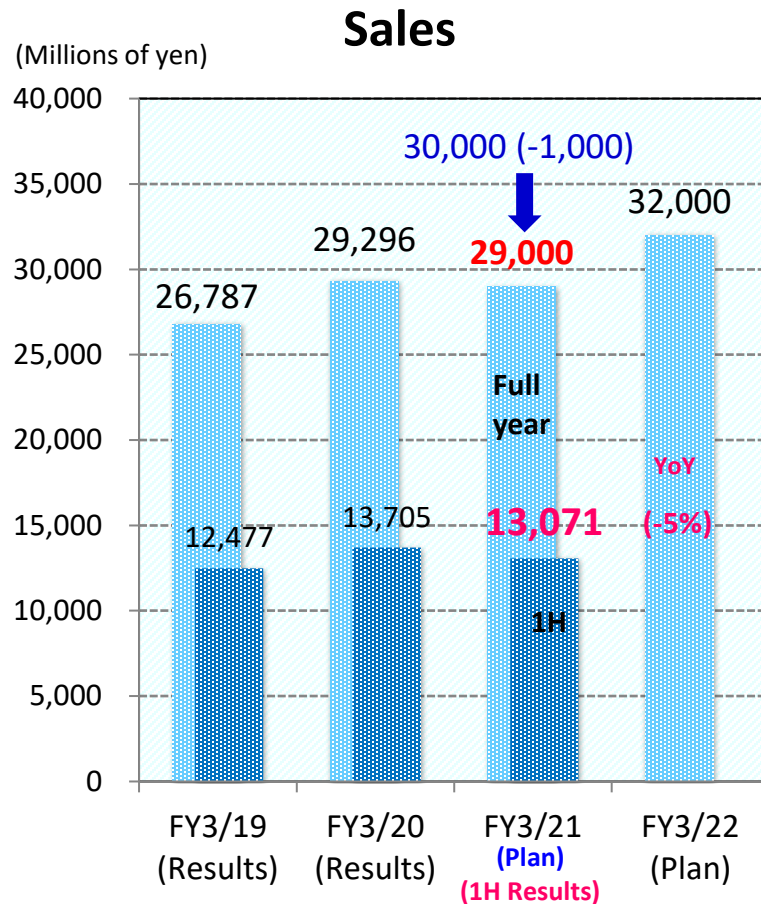
Order Backlog (Millions of yen)	1H FY3/20	1H FY3/21	YoY change	
Japan	8,258	9,560	+1,301	+15.7%
Europe	1,335	1,252	-82	-6.2%
USA	978	1,182	+204	+20.9%
Asia	354	460	+106	+29.9%
Total	10,925	12,456	+1,530	+14.0%

The increase in Japan is due to growing demand for PDM products and security products

Medium-term Business Plan Progress and Outlook (First Half of the Second Year)



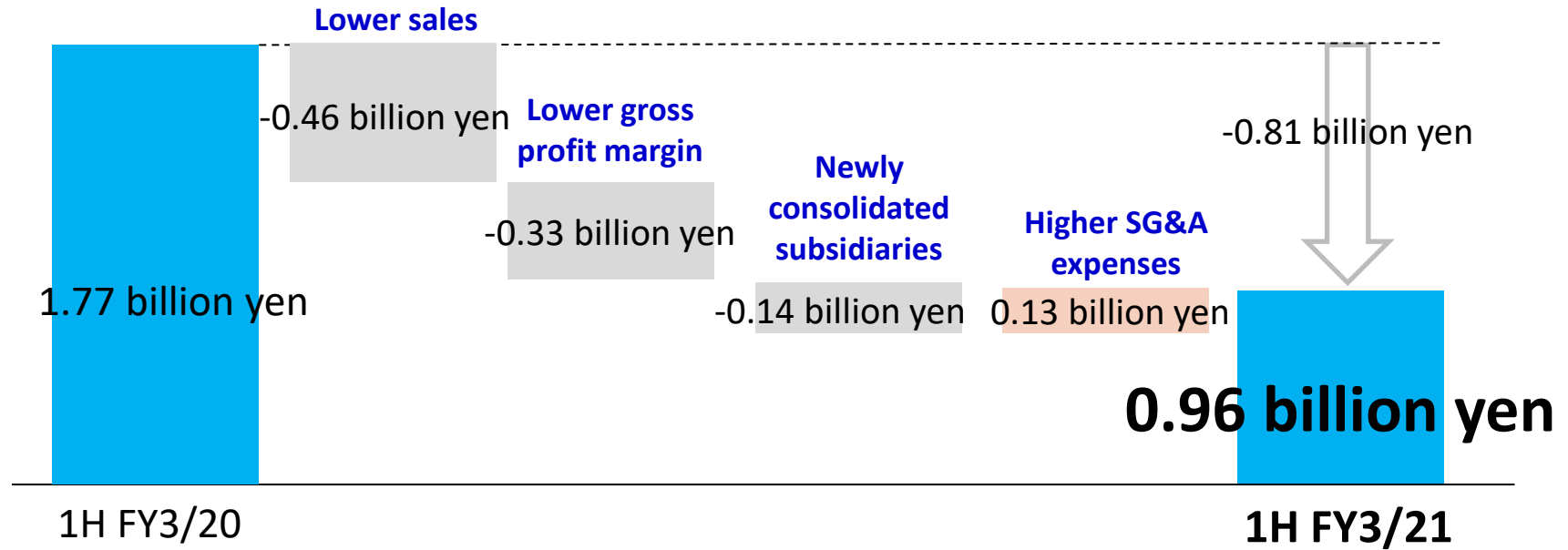
Medium-term Sales/Earnings Targets and 1H FY3/21 Results



Note: Foreign exchange rate assumptions for the Medium-term Business Plan are **108** yen/USD and **120** yen/EUR.

A solid performance amid global turmoil in markets and restrictions on sales and business activities due to the COVID-19 crisis

Factors Impacting the Change in First Half Operating Profit



Lower gross profit margin

- Due to change in the product mix caused by higher sales of network security products purchased from third-party vendors

New MBSE/MBD subsidiaries

- The subsidiaries posted losses due to up-front investments immediately after starting operations
- Goodwill

Lower SG&A expenses

- Declines in expenses for business travel, trade shows, user conferences and other items because of the COVID-19 pandemic

Reference: First Half Sales by Solutions

Sales (Millions of yen)	1H FY3/20	1H FY3/21	YoY change	
Printed Circuit Board design solutions	2,297	1,843	-454	Design Automation
Circuit design solutions	3,325	2,674	-650	
IT solutions	2,719	2,922	+203	Data Management
Client services	5,363	5,630	+267	Maintenance services
Total	13,705	13,071	-634	

Reference: Product Category

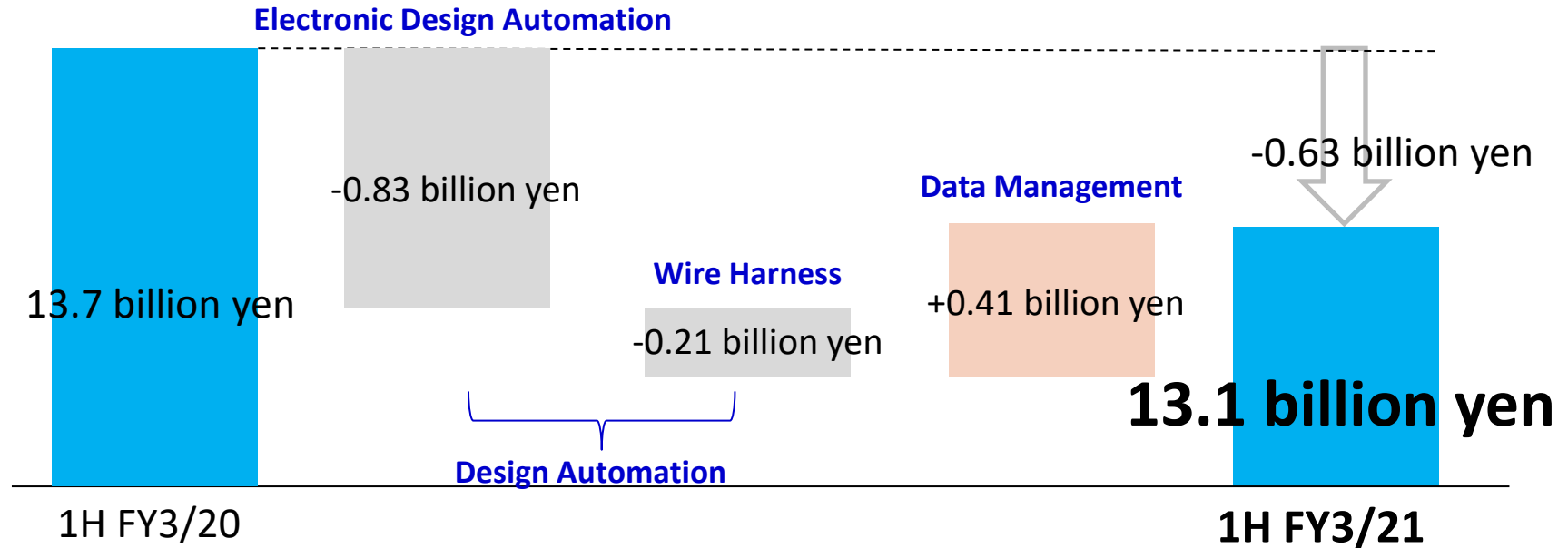
Major products of each product category

Product Categories Used in Earnings Releases	Major Products
<p>Printed Circuit Board design solutions</p> <p>Circuit design solutions</p>	<p>Design Automation</p> <p>CR-8000 Design Force CR-8000 DFM Center CR-5000 Board Designer</p> <p>Printed circuit board</p> <hr/> <p>CR-8000 Design Gateway CR-8000 System Planner</p> <p>E3.series Cabling Designer Harness Designer</p> <p>Wire harness</p>
<p>IT solutions</p>	<p>Data Management</p> <p>DS-2, visualBOM Knowledge Explorer Fortigate (NW Security)</p>
<p>Client services and others</p>	<p>(Divided among the three product categories)</p> <p>Maintenance services for products</p>

Sales by Product Category vs. 1H FY3/20

Product Category (Millions of yen)	1H FY3/20	1H FY3/21	YoY change	
Design Automation	9,237	8,197	-1,039	-11.3%
(of which WH Design)	(2,558)	(2,345)	-213	-8.3%
Data Management Solutions	4,468	4,873	+405	+9.1%
Total Sales	13,705	13,071	-634	-4.6%

Changes in Sales by Product Category



Electronic Design Automation

- Current customers are postponing projects because of the uncertain business climate in Japan and other countries
- Consistent need for design improvement investments, mainly at automakers and their suppliers and in the electronic components industry

Wire Harness Design

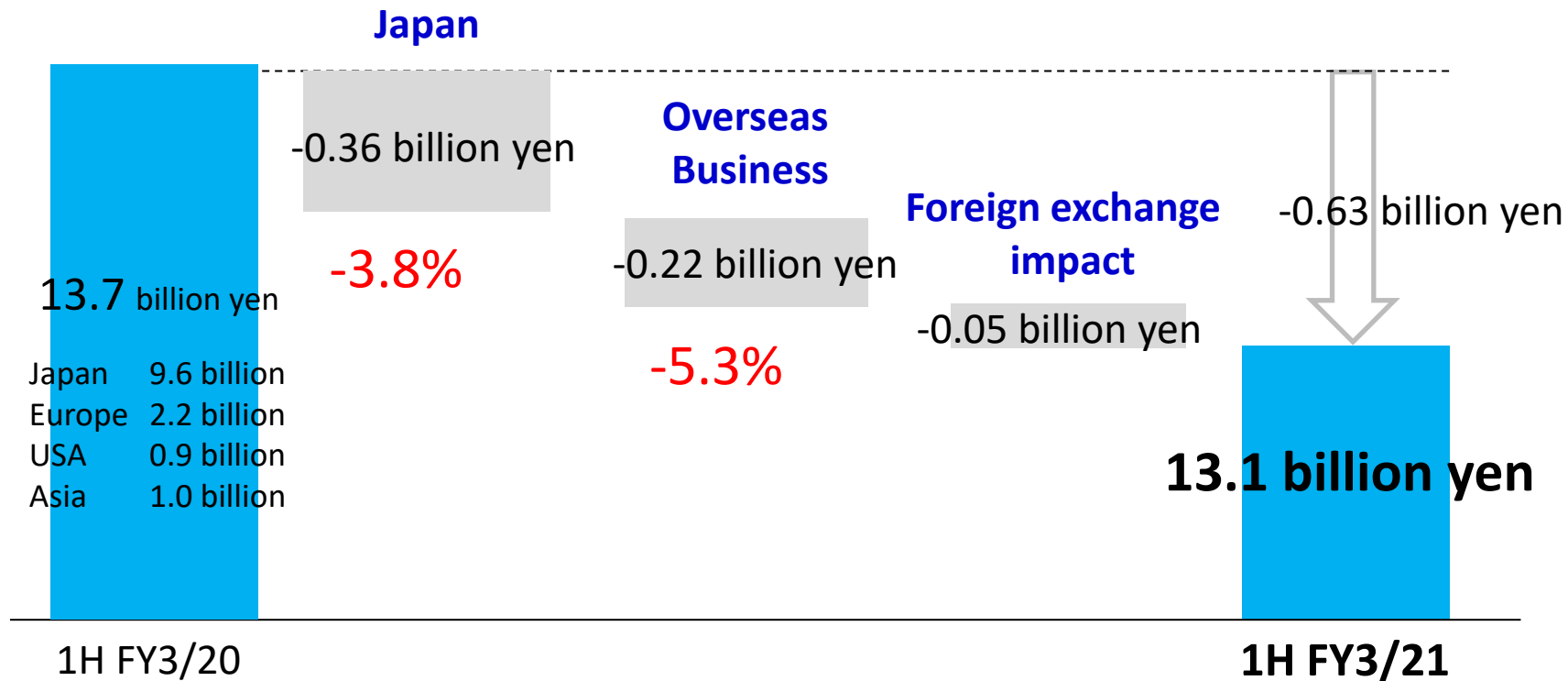
- Demand is weak because of the uncertain business climate and some current customers are postponing projects
- Good prospects for growth in the factory DX solutions market, but currently no signs of a significant recovery

Data Management

- Sales of PDM products remained high as in FY3/20 due to the consistent need for the optimization of engineering processes
- The COVID-19 crisis has increased demand for security solutions (provided by a Zuken affiliate)

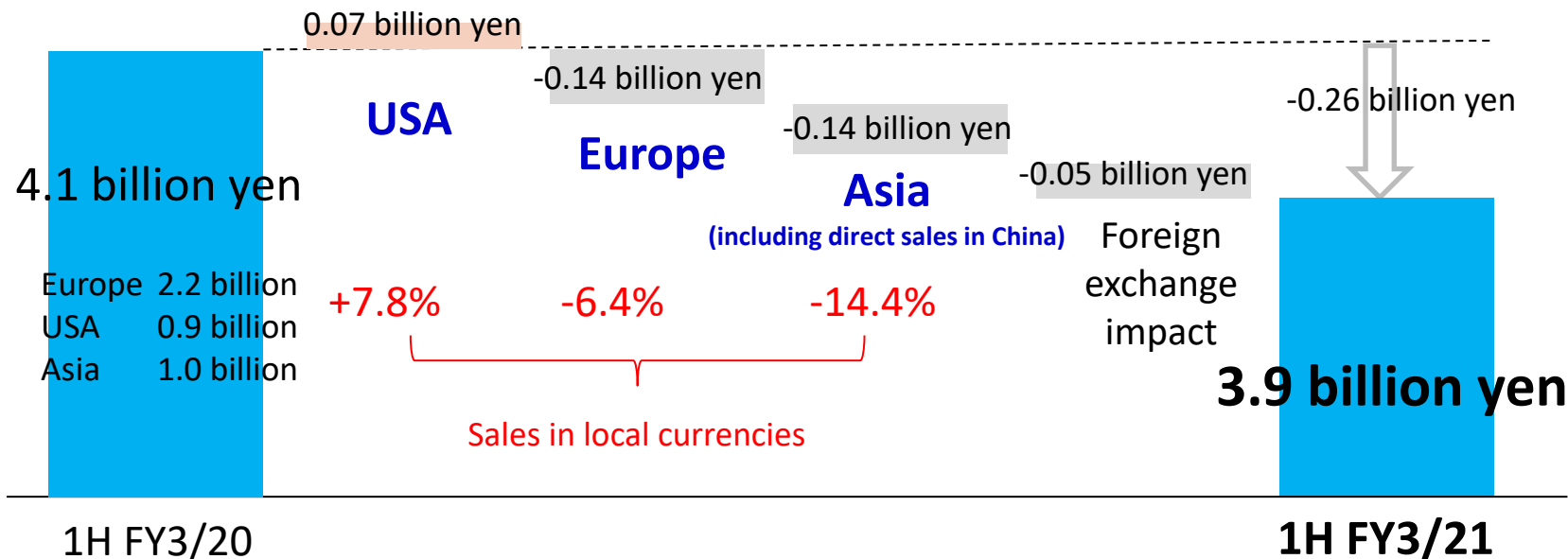
Overseas Business Sales

Average exchange rates in 1H FY3/20 were 109 yen/USD and 121 yen/EUR.
Average exchange rates in 1H FY3/21 were 107 yen/USD and 121 yen/EUR.



Changes in Sales by Region

Average exchange rates in 1H FY3/20 were 109 yen/USD and 121 yen/EUR.
Average exchange rates in 1H FY3/21 were 107 yen/USD and 121 yen/EUR.



1H FY3/20

1H FY3/21

USA

- Sales and earnings were stable due to the large volume of time-based licenses, but the challenging market conditions made it difficult to receive new orders, especially in the aerospace industry
- Newly acquired Vitech contributed to sales

Europe

- Almost all consulting and other services for current major customers stopped and ongoing projects were pushed back
- Sales activities for new orders in the industrial machinery sector were suspended

Asia

- Sales activities decreased everywhere except Taiwan; the business climate is especially difficult in India
- The Asia region is expected to return to growth in the 2H due to the resumption of economic activity in China, South Korea, Taiwan and other countries

Outlook for the Business Environment

- **The business climate is uncertain and the outlook is unpredictable because COVID-19 infections started to increase again globally. However, major Zuken customers are expected to continue to make substantial investments over the next several years to upgrade and optimize their engineering infrastructures to keep up with advances in many fields of technology.**
- **The acceleration of IT demand growth backed by working style reforms, the digital transformation and other trends is expected to continue.**
- **New working styles reflecting the COVID-19 crisis, and the post-crisis environment, are becoming firmly established at Zuken; the goal is a strong rebound in the second half of the current business plan.**

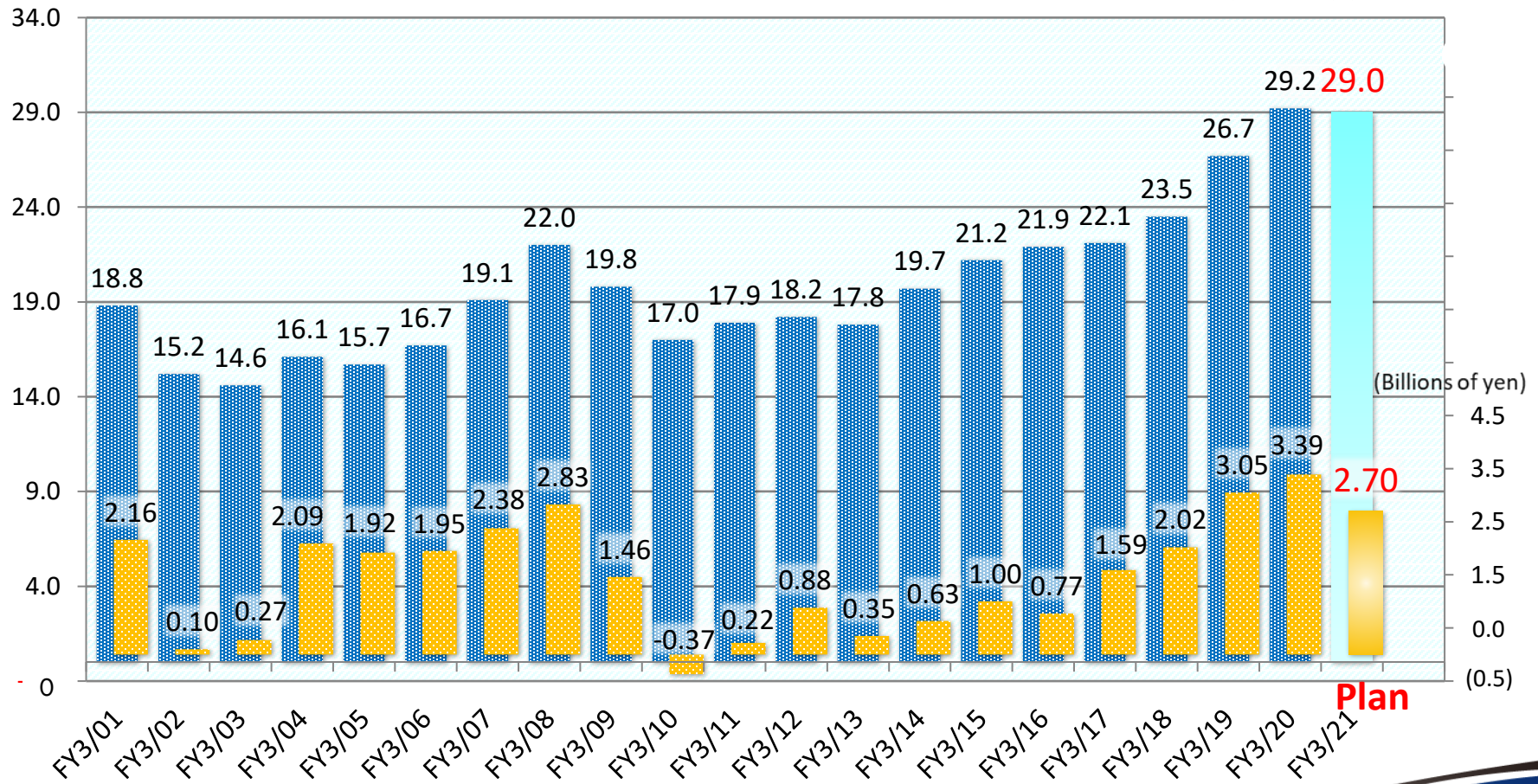
No change in the current targets for the following fiscal years

Financial Summary

Sales and Operating Profit

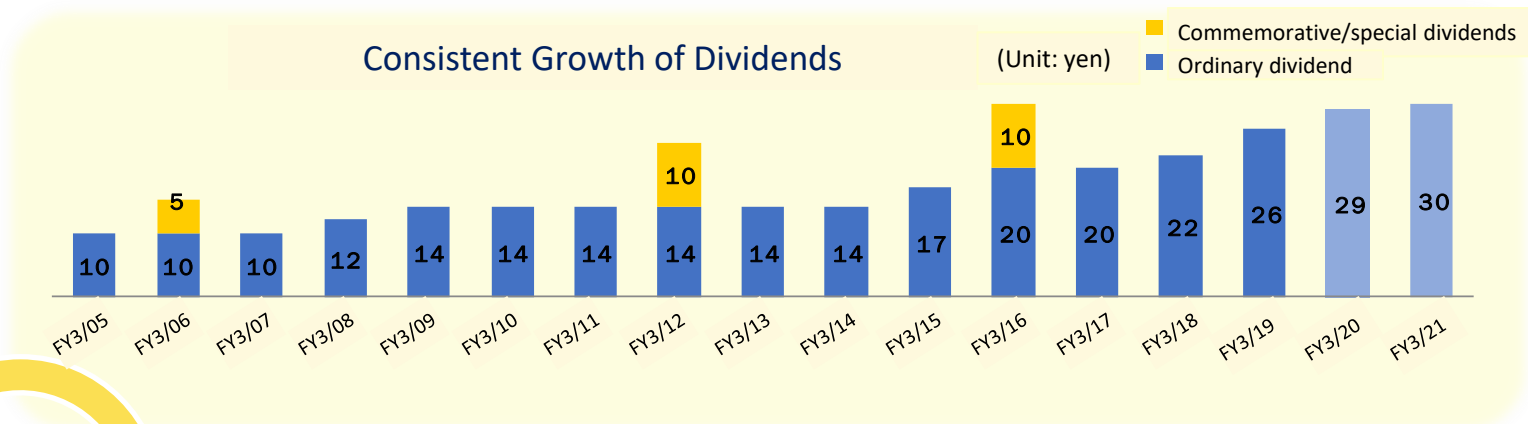
(Billions of yen)

■ Sales ■ Operating profit



Record-high sales and operating profit in FY3/20

Policy for Shareholder Distributions



Investments for growth

Stable shareholder distributions

Financial soundness

- Zuken has paid an annual dividend per share of at least 10 yen every year since its listing in 1987
- The dividend has increased several times since 2008 and the annual dividend was 29 yen for FY3/20 with the year-end dividend of 15 yen
- Zuken plans to pay an annual dividend of 30 yen for FY3/21
- We will continue to consider suitable and highly effective methods of returning earnings to shareholders by taking into account business performance, operating conditions and other factors

Zuken will retain a progressive dividend policy

Corporate Profile

The Zuken Group's digital transformation special web page
<https://www.zuken.co.jp/dx/>

ZUKEN DX
Digital Transformation

Digital transformation of the Zuken Group

 <p>リモート環境での社員の安全・健康管理を支援！</p> <p>図研ネットワークイブ</p>	 <p>増えた情報資産をナレッジとして活用！</p> <p>図研プリサイト</p>	 <p>EMC設計・熱設計のe-learningサービス</p> <p>図研テック</p>	 <p>カメラ映像とムを連携し、化・自動化へ</p> <p>図研エルミツ</p>
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Corporate Profile



ZUKEN Inc.

Established: December 17, 1976

Capital: 10,117,065,000 yen

Employees: 426 (non-consolidated)

1,447 (consolidated) (As of Sep. 30, 2020)

Tokyo Stock Exchange, First Section

Securities code: 6947

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

History

December 1976	Established as Zukei Shori Gijutsu Kenkyusho Inc.	June 2009	Announced the release of "PreSight," a new product of PLM Solutions.
June 1978	Developed Japan's first CAD/CAM system "Create 2000" for the design of printed circuit boards.	May 2010	Concluded an equity alliance with Lattice Technology Co., Ltd., making Zuken the second-largest shareholder after Toyota.
November 1983	Established ZUKEN AMERICA Inc. (now ZUKEN USA Inc.) in the United States.	June 2011	Announced the release of "visual BOM" that integrated bill of materials technology with the ultra lightweight 3D format XVL.
January 1988	Developed a new CAD system "CR-3000."	January 2011	Announced worldwide the release of the "CR-8000," a new generation electronic device design platform.
October 1991	Registered in the Second Section of the Tokyo Stock Exchange as a first EDA corporation.	September 2013	Established "Zuken SOZO Center" in Silicon Valley, North America.
January 1992	Established ZUKEN EUROPE GmbH (now ZUKEN GmbH) in Germany.	August 2014	Established Global Automotive and Transportation Competence Center in Erlangen, Germany.
January 1992	Established ZUKEN KOREA Inc. in Seoul.	December 2014	Concluded a capital and business alliance with Toyo Business Engineering Corporation (now Business Engineering Corporation).
August 1992	Established ZUKEN SINGAPORE Pte. Ltd. in Singapore.	February 2015	Established DiverSync Corporation.
April 1994	Developed EDA vertical integration solution "CR-5000."	March 2015	Established ZUKEN INDIA Pte. Ltd. in India.
June 1994	Acquired all the shares of Racal-Redac Ltd. of the United Kingdom.	July 2015	Took over YDC Corporation's CADVANCE business (CAD and PDM operations).
September 1994	Moved up to the First Section of the Tokyo Stock Exchange.	April 2016	The PreSight Division was spun off as Zuken PreSight Inc.
March 2000	Acquired all the shares of INCASES Engineering GmbH.	December 2017	Alfatech Inc. (now Zuken Alfatech Co., Ltd.) became a wholly owned subsidiary.
March 2002	Started provision of a wire harness design environment for the automotive industry.	August 2019	Acquired Vitech Corporation (now Zuken Vitech Inc.) of USA.
June 2002	Established Shanghai Technical Center in Shanghai.	October 2019	Established ZUKEN Modelinx Inc.
February 2004	Announced the release of "ePLM Platform DS-2," a PLM solution specially designed for the electrical and electronics industries.		
August 2005	Established ZUKEN TAIWAN Inc. in Taiwan.		
May 2006	Acquired CIM-TEAM (now ZUKEN E3 GmbH) of Germany.		
June 2007	Released "V54EE" based on "Catia V5."		

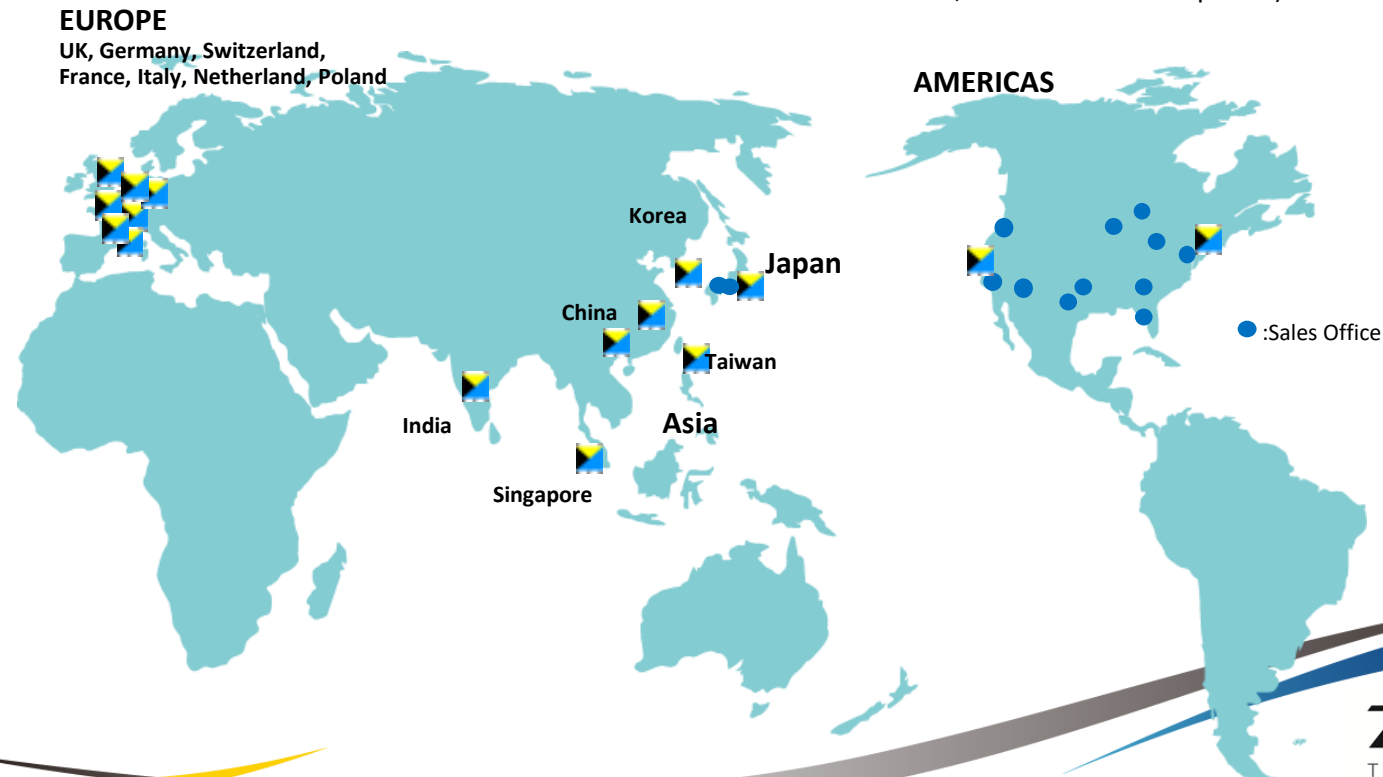
Global Locations and Affiliates in Japan

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

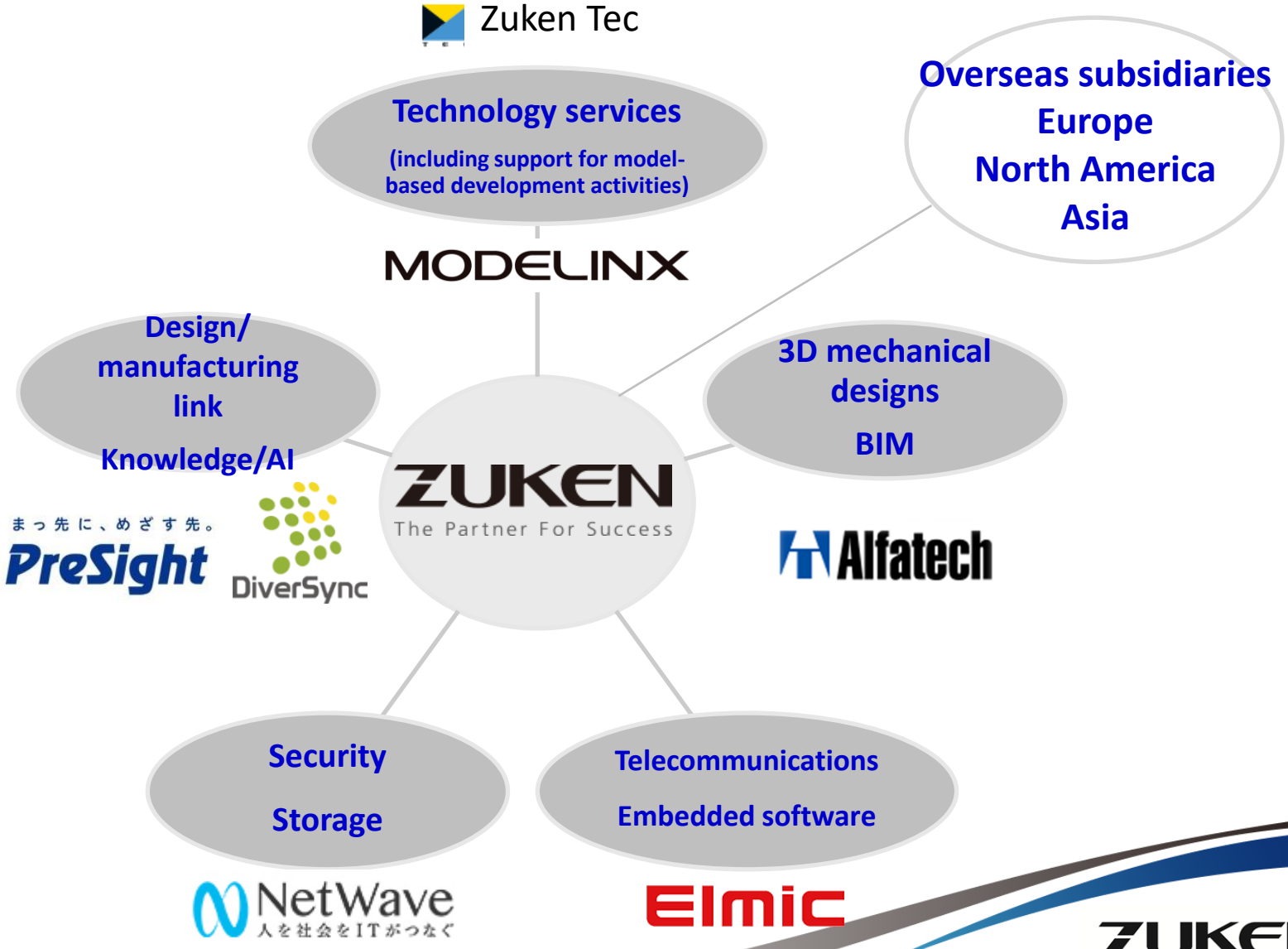
Locations in Japan: Yokohama, Osaka and Nagoya

Overseas Locations: 5 countries in Asia, 8 countries in Europe and the United States

Domestic Affiliates: 7 (Zuken Tec Inc., Zuken Netwave Inc., Zuken Elmic Inc., Zuken PreSight Inc., Zuken Alfatech Inc., and two other companies)



Zuken Group



Precautions

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

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

The Partner For Success **ZUKEN**



Contact

ZUKEN Inc.

Corporate Marketing Division

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

Tel: +81-45-942-1511