

Financial Results

for the First Quarter of the Fiscal Year Ending March 31, 2025

July 31, 2024

Tsuzuki Denki Co., Ltd.



Highlights

All financial indicators were down YoY, due to a drop in sales caused by the sale of the Electronic Devices business in the previous fiscal year (January 2024) and sluggish performance of the equipment business. That being said, the six growth areas, including security and cloud-based services, held firm.

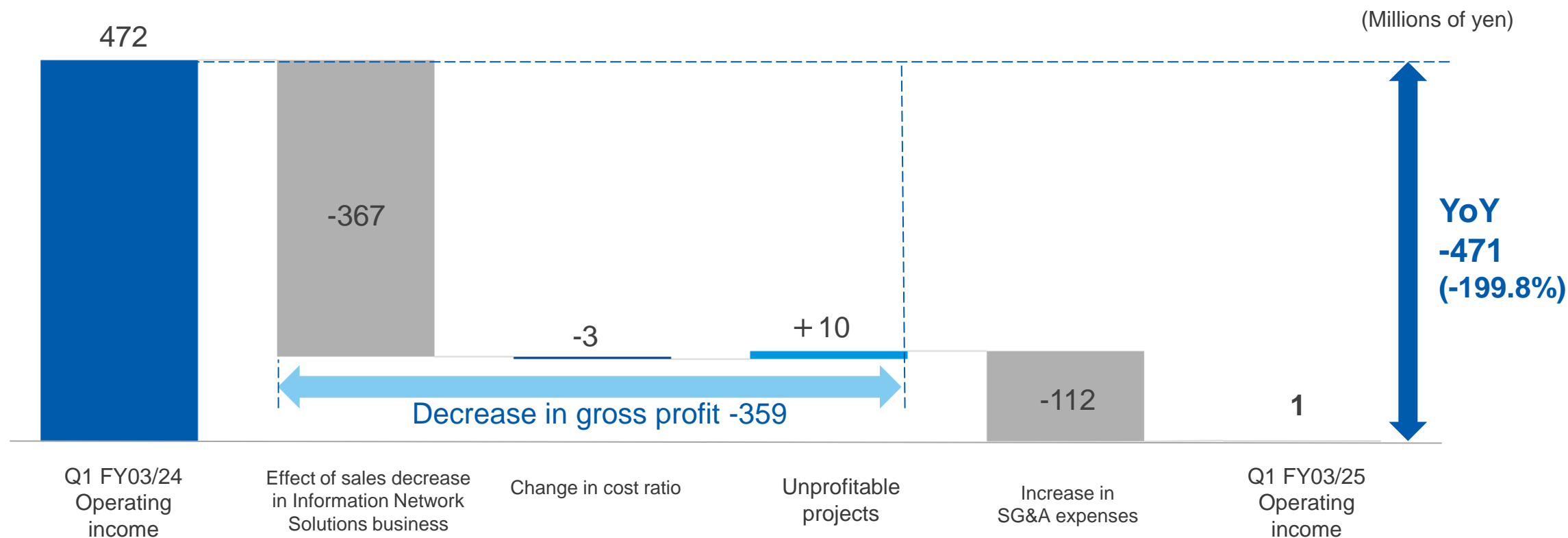
- (Ref. 1) Q1 FY03/24 results for Electronic Devices: Net sales JPY7,683mn, operating income JPY216mn, and orders JPY8,428mn
- (Ref. 2) YoY change in Information Network Solutions results: Net sales -8.2%, operating income -99.8%, and orders -2.6%
- Results for the six growth areas: Total sales of about JPY2.7bn (+13% YoY)

(Millions of yen)

	Q1 FY03/24	Q1 FY03/25	Change (amount)	Change (YoY)
Net sales	28,128	18,771	-9,357	-33.3%
Gross profit	5,346	4,114	-1,232	-23.1%
(Cost ratio)	(81.0%)	(78.1%)	(-2.9pt)	—
SG&A expenses	4,648	4,113	-534	-11.5%
Operating income	698	1	-697	-199.9%
(Operating margin)	(2.5%)	(0.0%)	(-2.5pt)	—
Profit attributable to owners of parent	448	1	-447	-199.7%
Orders	32,699	23,642	-9,057	-27.7%
Order backlog	49,070	22,766	-26,304	-53.6%

Factors Affecting Operating Income (Continuing Operations Basis)

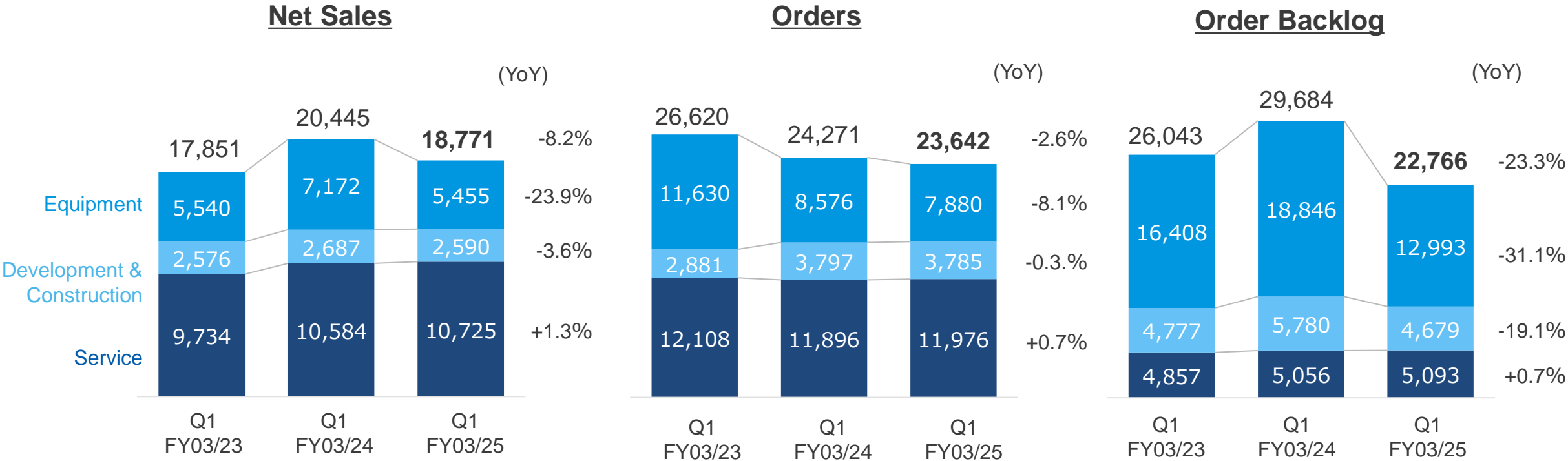
■ Positive	Lower sales in Information Network Solutions (-JPY367mn)	:Sales decline primarily in the equipment business
	Change in cost ratio (-JPY3mn)	:Cost ratio was unchanged YoY
	Increase in SG&A expenses (-JPY112mn)	:Increase in personnel, R&D, and advertising expenses
■ Negative	Decrease in unprofitable projects (+JPY10mn)	:No unprofitable projects as of Q1 results announcement (one such project a year ago)



Results by Business Model (Information Network Solutions)

- Equipment
Sales and orders declined due to the falloff of some large projects and delays in capturing PC-related orders
- Development & Construction
PBX infrastructure construction and system development orders held firm while network construction orders fell slightly
- Service
Services in the six growth areas, including security and cloud-based services, grew

(Millions of yen)



FY03/25 Consolidated Earnings Forecast (No Change)

Progress was largely in line with the initial forecast. We expect to renew the previous record profit in Information Network Solutions by executing profitability improvement strategies centered on bolstering sales activities to win orders from EOS business negotiations, which are in full swing, and pricing management.

(Millions of yen)

	FY03/24 results	FY03/25 forecast	Change (amount)	Change (YoY)
Net sales	102,523 (124,856)	103,000	476 (-21,856)	+0.5% (-17.5%)
Operating income	5,925 (6,439)	6,250	324 (-189)	+5.5% (-2.9%)
Operating margin	5.8% (5.2%)	6.1%	—	+0.3pp (+0.9pp)
Profit attributable to owners of parent	5,477	4,100	-1,377	-25.1%

*The upper figures in each cell are for the Information Network Solutions business only, and the lower figures in parentheses include the Electronic Devices business.

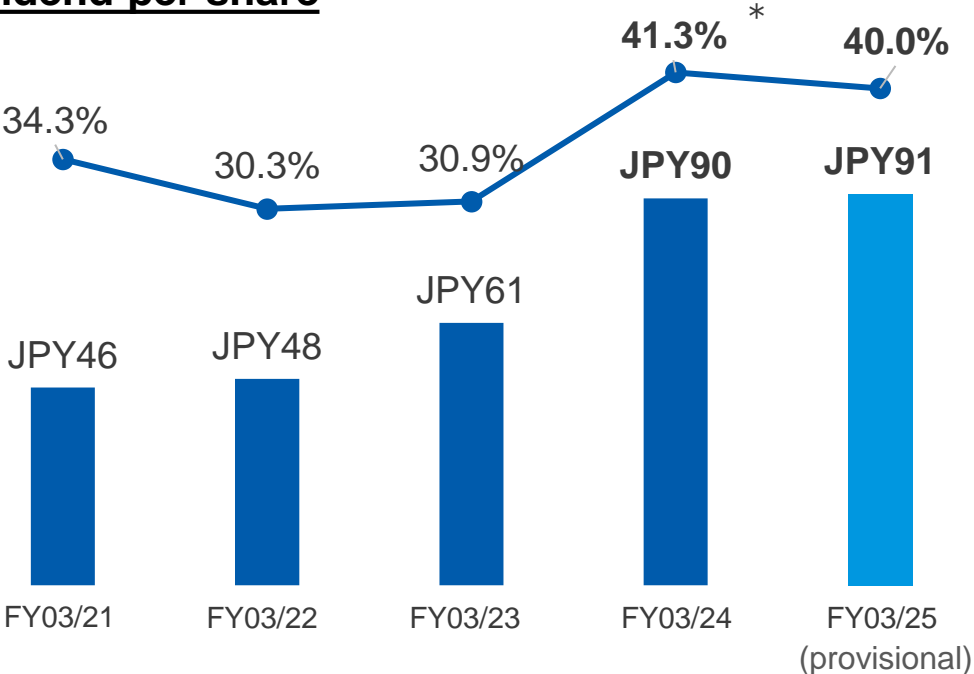
Shareholder Returns (No Change)

Pay stable dividends with a target payout ratio of 40%*
(Minimum dividend on equity [DOE] ratio of 3.5%)

Dividend forecast for FY03/25: Interim JPY45, year-end JPY46

*Earnings per share excluding extraordinary gains/losses

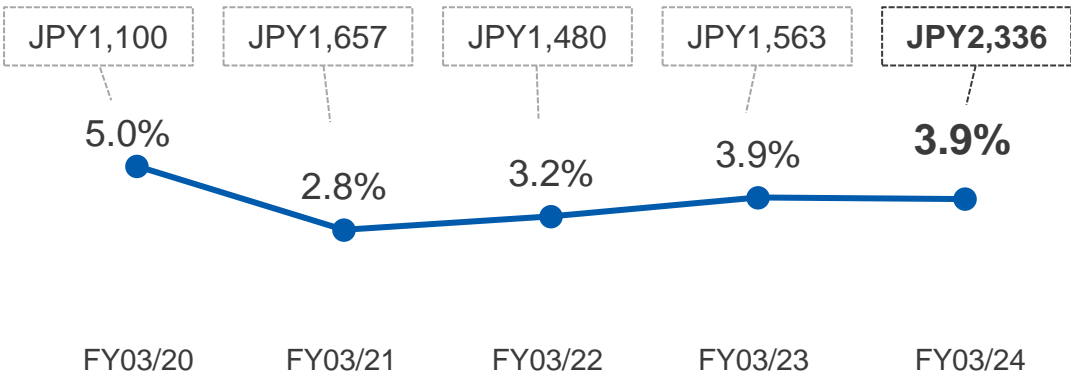
Dividend per share



*Based on profit from business activities. Dividend payout ratio is 29.5% based on reported profit attributable to owners of parent

Dividend yield

Year-end share price



*Dividend yield = Dividend per share / Share price at the end of the period (final record date)

Shareholder benefits

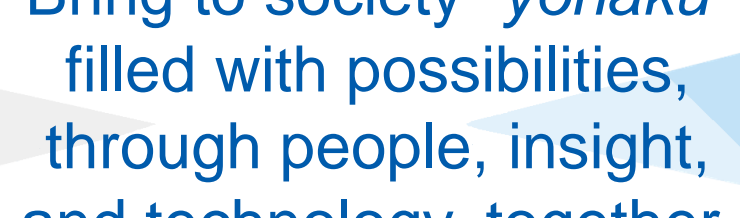
Number of shares held \ Number of years held	Products (including QUO Cards, 13 types in different price ranges)	
	Less than 3 years	More than 3 years
100 shares to less than 300 shares	JPY1,000 worth	JPY2,000 worth
300 shares to less than 1,000 shares	JPY2,000 worth	JPY4,000 worth
1,000 shares or more	JPY3,000 worth	JPY6,000 worth

*If 1,000 shares or more but less than 3 years (worth 3,000 yen) and 300 shares to less than 1,000 shares for more than 3 years (worth 4,000 yen) both apply, it will be treated as 300 shares to less than 1,000 shares for more than 3 years (worth 4,000 yen).

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Bring to society “*yohaku*”
filled with possibilities,
through people, insight,
and technology, together.