

Tsuzuki Denki Co., Ltd.

Q&A Session at Financial Results Briefing for the First Half of the Fiscal Year
Ending March 31, 2025 held on November 19, 2024 (Summary)

Q1: The progress rate for 1H against the full-year forecast is lower than usual. What factors are expected to increase sales and profits in the Information Network business in 2H?

A1: In terms of sales, we will focus on securing firm orders from EOS deals as the driver. We believe that we can achieve this because the projects we plan to receive in 2H are large enough to meet our full-year forecast. We also expect to achieve the forecast due to the effectiveness of measures aimed at strengthening pricing management and our six growth areas, as well as the improvement in system development productivity through the standardization of operations, the use of low-code development tools, and generative AI. In particular, pricing management in the maintenance business, that we started focusing on this fiscal year, is projected to produce tangible results.

Q2: Cash and deposits at end-1H were 36.3 billion yen, not much change from the end of March. Could you explain the company's approach to cash management?

A2: Investments in personnel and technology are progressing as planned. While active discussions are underway regarding alliances, including potential M&A opportunities, no agreements have been finalized due to factors involving counterparties. We will continue these discussions, but depending on their progress, we may consider reallocating a portion of the budget toward shareholder returns. In any case, as M&A is a measure for business growth, remain committed to evaluating these opportunities and will provide detailed updates when discussions advance to a more concrete stage.

Q3: Tsuzuki Denki often outperforms its initial forecasts. How do you analyze the factors behind this?

A3: There are various factors, but one is the significant number of small-scale installation projects we receive and record as sales at the end of March. The scale depends on the customer's performance and budget, so it is difficult to predict. We believe that the results are also attributable to the cumulative efforts of our employees to achieve their targets. For future growth, it is crucial to address the needs of existing customers, so we will ensure steady progress in this area. In addition, we will commercialize an offering-based service that provides the specialized expertise we have accumulated over our long history to clients beyond our existing customer base. To this end, we are establishing an environment and organizational structure that makes it easier for employees to take on challenges to revitalize our organization. Also, recognizing the importance of speed, we will pursue M&A or alliances as necessary for collaboration with other companies.