Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2025

January 31, 2025

Tsuzuki Denki Co., Ltd.

DX認定

TSUZUKI
可能性に満ちた"余白"を、ともに。

Highlights

■ **Decline from Q1–Q3 FY03/24 due to the concentration of management resources in the Information Network Solutions business and the absence of the large-scale, one-time demand observed during the same period in the previous fiscal year. Meanwhile, progress is steady in the six growth areas, including security and contact center services**

(Millions of yen)

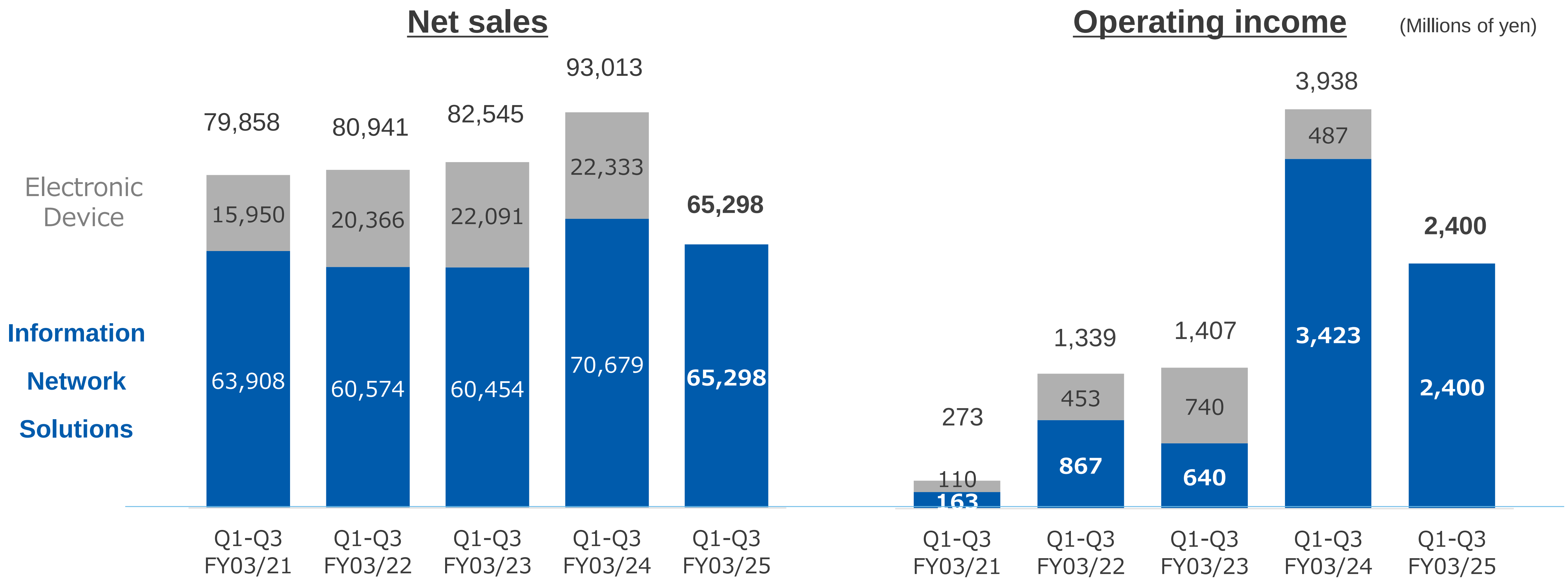
	FY03/24 Q1–Q3	FY03/25 Q1–Q3	Change (amount)	Change (YoY)
Net sales	93,013	**65,298**	△27,714	70.2%
Gross profit	18,309	**14,601**	△3,707	79.7%
(Cost ratio)	(80.3%)	**(77.6%)**	(△2.7pt)	–
SG&A expenses	14,371	**12,201**	△2,169	84.9%
Operating income	3,938	**2,400**	△1,538	60.9%
(Operating margin)	(4.2%)	**(3.7%)**	(△0.5pt)	–
Profit attributable to owners of parent	4,187	**1,736**	△2,450	41.5%
Orders	88,009	**71,866**	△16,142	81.6%
Order backlog	39,496	**24,463**	△15,032	61.9%

(Reference)
・Electronic Devices segment 3Q FY03/24 results: Net sales JPY22,333mn, operating income JPY487mn, and orders JPY19,474mn
・Information Network business* 3Q FY03/24 results: Net sales JPY70,679mn, operating income JPY3,423mn, and orders JPY68,534mn
・Results for the six growth areas: Total sales of about JPY8.7bn (+6% YoY)

Cumulative Q1–Q3 Segment Results for Past Five Accounting Periods

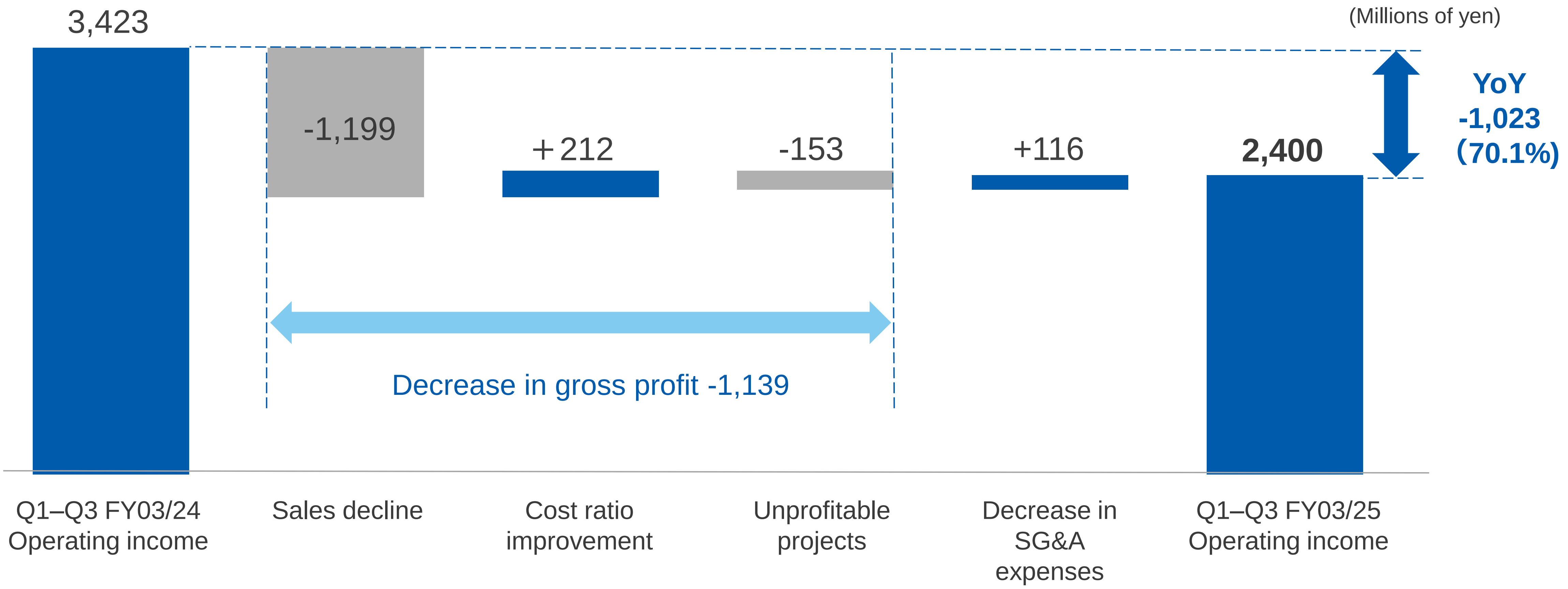
■ **Net sales:** : Information Network business sales higher than in the past when excluding impact from the absence of large-scale, one-time demand projects previously handled in FY03/24

■ **Operating income** : Despite sales downturn, Information Network business operating income trending positively for FY03/25 thanks to a shift toward high-earning growth areas and a focus on pricing management



Information Network Business: Factors Affecting Operating Income

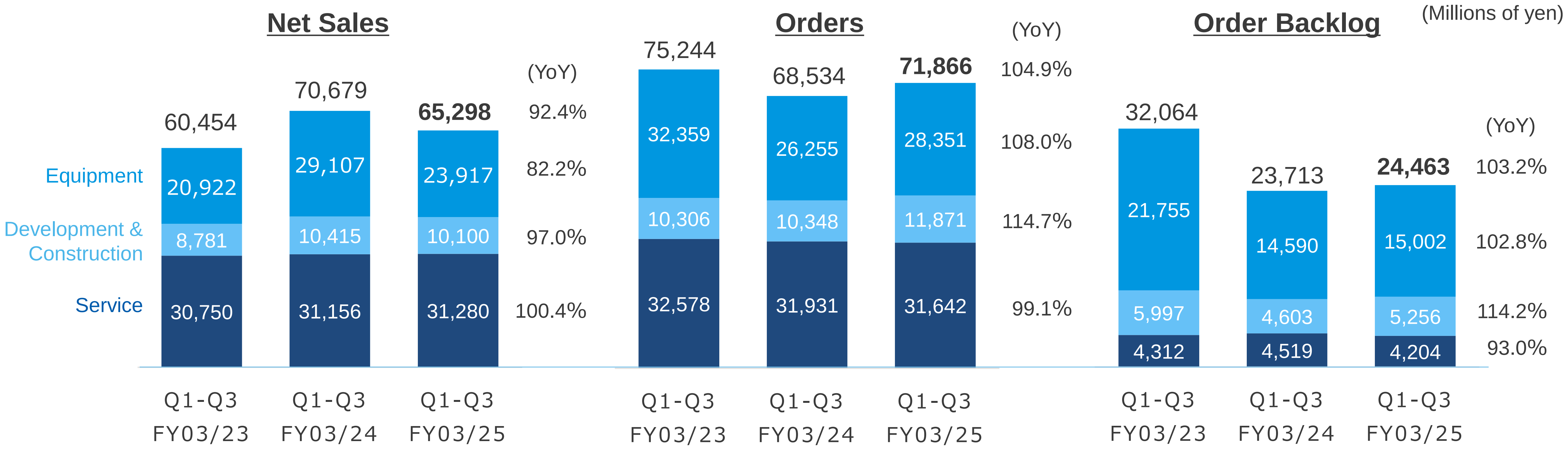
■ **Negative**	Sales decline	(-JPY1,199mn)	: Downturn in equipment business sales (absence of special demand seen in FY03/24)
	Unprofitable projects	(-JPY153mn)	: Two unprofitable projects handled in Q3
■ **Positive**	Cost ratio improvement	(+JPY212mn)	: Increased sales and cost reductions through pricing management
	Decrease in SG&A expenses	(+JPY116mn)	: Decrease in taxes and dues (incurred high taxes in connection with the sale of fixed assets in FY03/24); downturn in amortization of goodwill (amortization of goodwill associated with companies converted into subsidiaries completed in FY03/24)



Results by Business Model (Information Network Solutions)

Orders and order backlog up YoY

- **Equipment** : Orders were up YoY due to the growth of mobile work systems, but sales declined due to the absence of large-scale, one-time demand projects
- **Development & Construction** : Orders up despite a YoY decline in system development project orders thanks to the acquisition of network construction project orders from the manufacturing and real estate industries
- **Service** : In contrast with growth in orders associated with the “six growth areas” (security, etc.), maintenance business orders down YoY due to decline in equipment business orders



FY03/25 Consolidated Earnings Forecast

■1Q-3Q results generally in line with initial plan. Expect to achieve record-high profit in Information Network business through the following initiatives:

· Sales acquisition through leveraging opportunities from intensified EOS-related deals*

· Strengthen focus on growth areas and thoroughly implement strategies to improve profitability centered on pricing management

* Mobile work due to the end of support for Windows 10 (EOS), AI PC negotiations

■Profit attributable to owners of parent declined in reaction to the extraordinary gains recorded in FY03/24

(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.

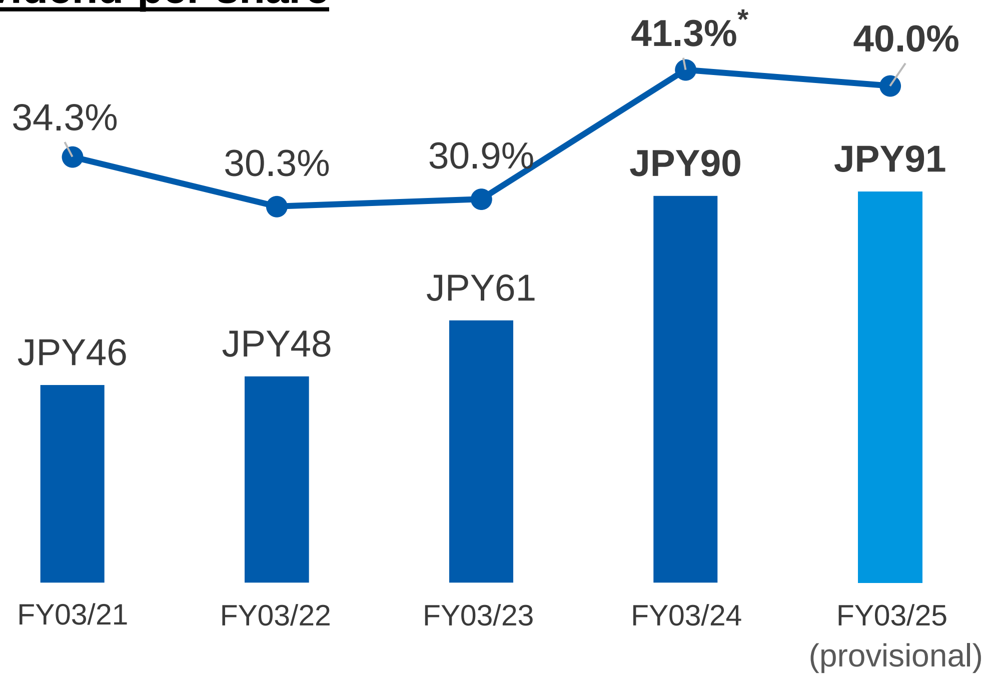
Shareholder Return

Achieved a major dividend increase

Dividend policy: Target dividend payout ratio of 40%, with a minimum DOE of 3.5%
(Profit attributable to owners of parent used for dividend calculation is based on profit from business activities, excluding extraordinary gains/losses, etc.)

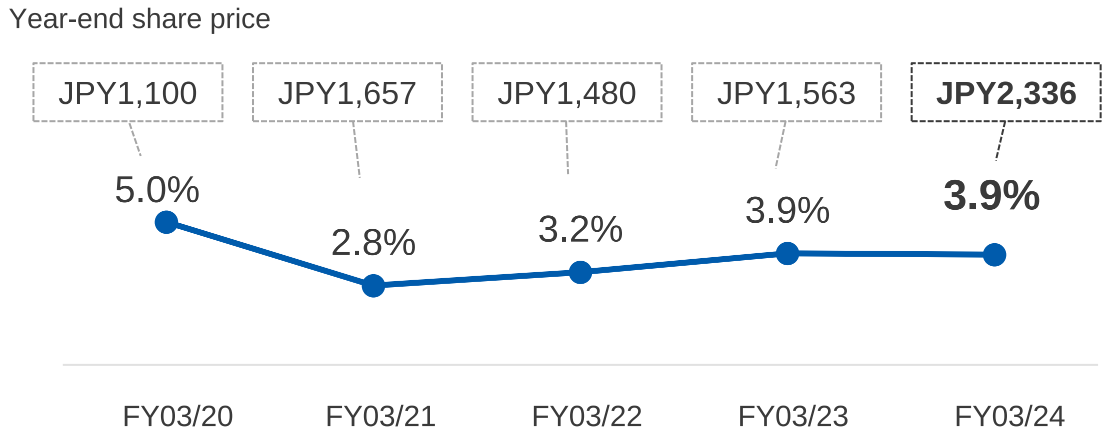
Interim dividend: 45 yen; Year-end dividend: 46 yen
(provisional)

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



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

Shareholder benefits

Number of years held / Number of shares 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).

Contact

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filled with possibilities,
through people, insight,
and technology, together.