

Financial Results for the Fiscal Year Ended March 31, 2025

May 26, 2025

Tsuzuki Denki Co., Ltd.



FY03/25 Earnings Announcement Highlights

FY03/25 Results

- ◆ Operating income reached a record high for the third consecutive year. Achieved most of our medium-term management plan targets one year ahead of schedule.
Despite the sales downturn resulting from the sale of the Electronic Devices business, the Information Network Solutions segment alone secured profit growth.
- ◆ Pricing management and productivity improvement initiatives under the medium-term management plan proved effective, resulting in improved profitability.

MTP progress

- ◆ Steady progress centered on business strategy.
- ◆ Launched a new service in the OT security field, which is expected to see strong market growth.

FY03/26 Forecast

- ◆ Operating profit target raised from the level originally set when formulating the medium-term management plan.
- ◆ Capture strong customer demand for ICT investment and plan to increase sales and profits.

Shareholder Returns

- ◆ The dividend per share for FY03/25 increased year on year by JPY9 to JPY99, and for FY03/26, JPY100 is planned. Aim to increase dividends for the fifth consecutive year.



01 Summary of Financial Results for the Fiscal Year Ended March 31, 2025

02 Progress of Transformation 2026

03 Earnings Forecast for the Fiscal Year Ending March 31, 2026

Consolidated Results

- Net sales declined YoY due to a reactionary drop following the large-scale special demand recorded in the previous fiscal year
 - Operating income reached a record high for the third consecutive year, driven by successful pricing management, productivity improvements, and lower SG&A expenses.
- The company almost achieved its FY03/26 medium-term plan target of JPY6.5bn in operating income a year ahead of schedule

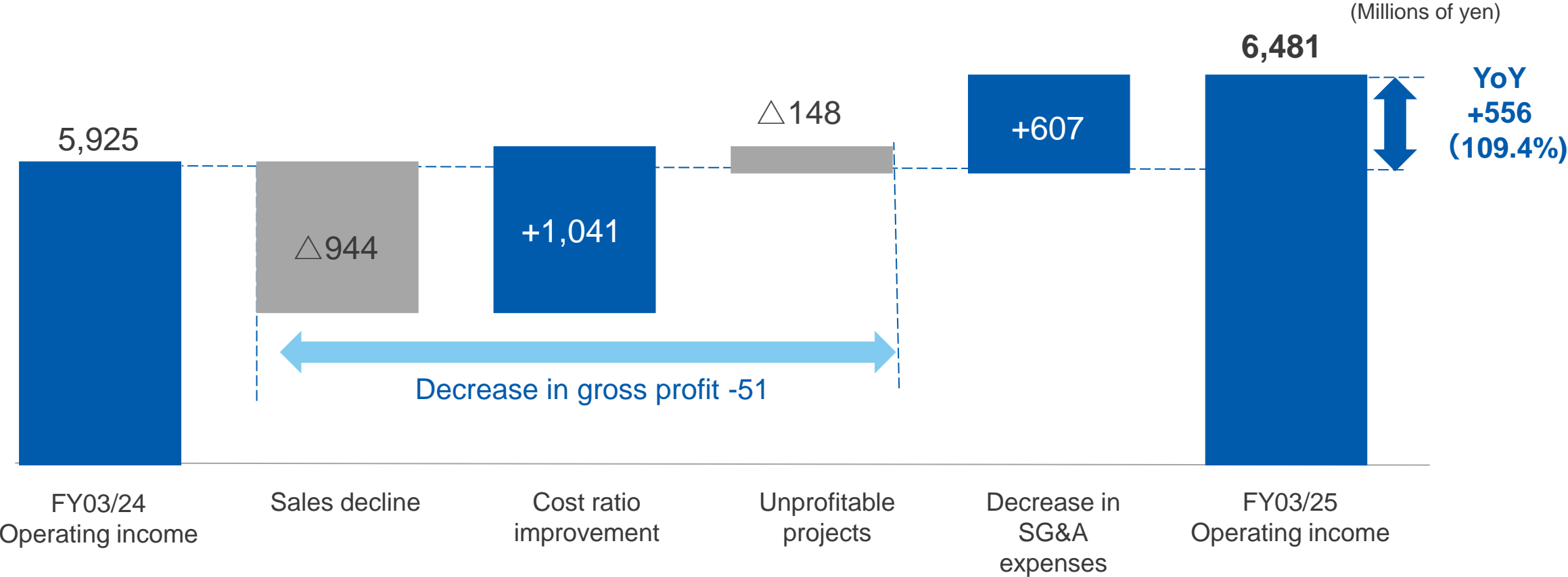
(Millions of yen)							
	FY03/24 results (Excluding the Electronic Devices business)	FY03/25		Compared with forecast		Change (YoY)	
		Forecast (announced May 13, 2024)	Result	Change (amount)	Change (%)	Change (amount)	Change (%)
Net sales	102,523	103,000	98,263	△4,737	△4.6%	△4,259	△4.2%
Gross profit	22,716	—	22,665	—	—	△51	△0.2%
(Cost ratio)	(77.8%)	—	(76.9%)	—	—	(△0.9Pt)	—
SG&A expenses	16,790	—	16,183	—	—	△607	△3.6%
Operating income	5,925	6,250	6,481	+231	+3.7%	+556	+9.4%
(Operating margin)	(5.8%)	(6.1%)	(6.6%)	(+0.5Pt)	—	(+0.8Pt)	—
Profit attributable to owners of parent	3,934	4,100	4,764	+664	+16.2%	+830	+21.1%
Orders	94,560	—	100,615	—	—	+6,054	+6.4%
Order backlog	17,895	—	20,246	—	—	+2,351	+13.1%
ROE (Consolidated)	14.5%	—	11.3%	—	—	△3.2Pt	—

(Reference)

- Electronic Devices segment FY03/24 results: Net sales JPY22,333mn, operating income JPY487mn, and orders JPY19,474mn
 - Including the Electronic Devices segment FY03/24 results: Net sales JPY124,856mn, operating income JPY6,439mn, and orders JPY114,035mn
- Copyright © 2025 Tsuzuki Denki Co., Ltd.

Factors Affecting Operating Income

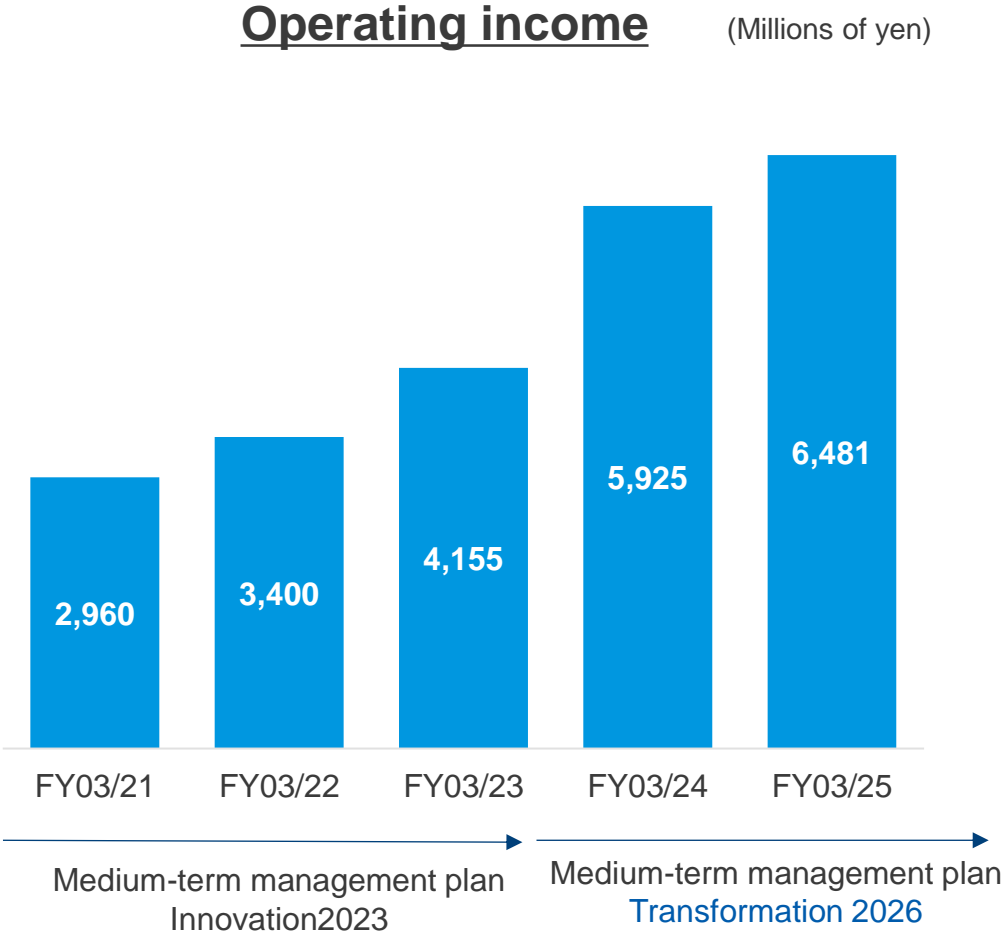
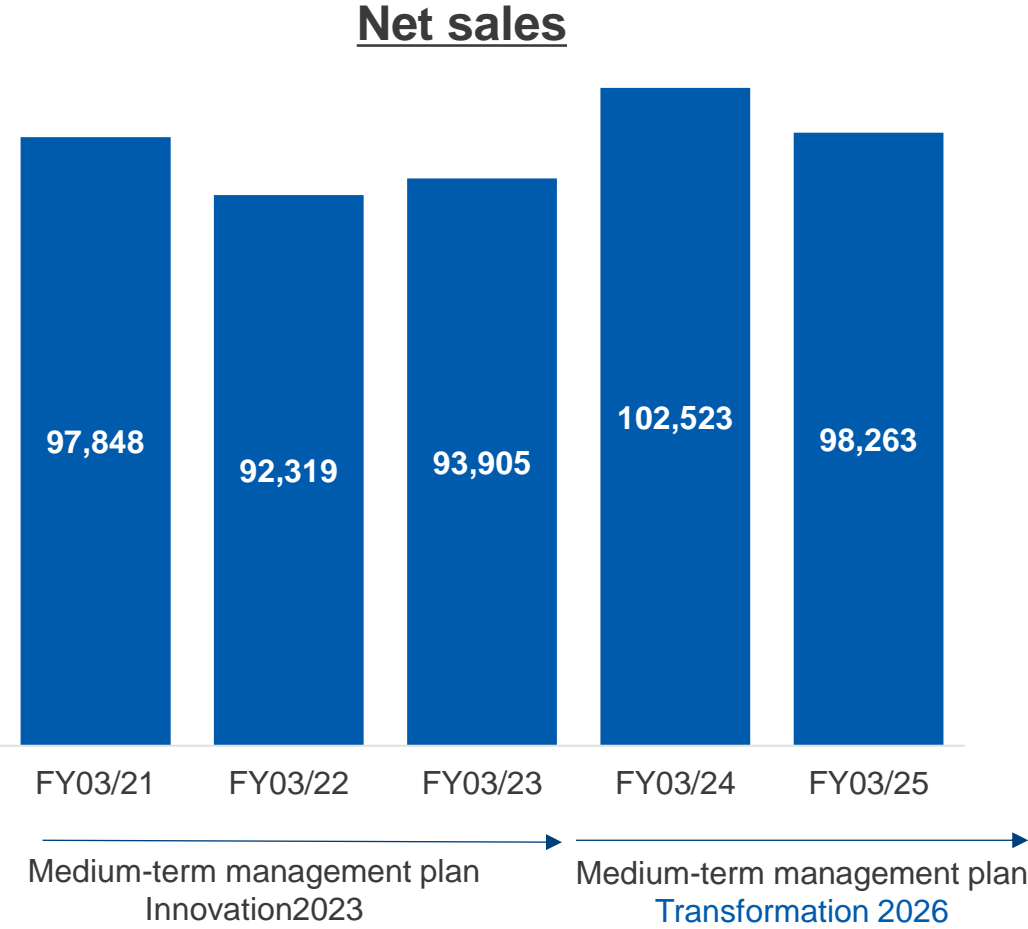
■ <u>Negative</u>	Sales decline	(-JPY944mn)	: Downturn in equipment business sales (absence of special demand seen in FY03/24)
	Unprofitable projects	(-JPY148mn)	: Two unprofitable projects handled in Q3
■ <u>Positive</u>	Cost ratio improvement	(+JPY1,041mn)	: Increased sales and cost reductions through pricing management, productivity improvement contributed
	Decrease in SG&A expenses	(+JPY607mn)	: Decline in personnel costs (due to fewer employees on an increase in retirees) Decrease in taxes and dues (incurred high taxes in connection with the sale of fixed assets in FY03/24)



Business Performance

Sales and operating income both reached record high levels

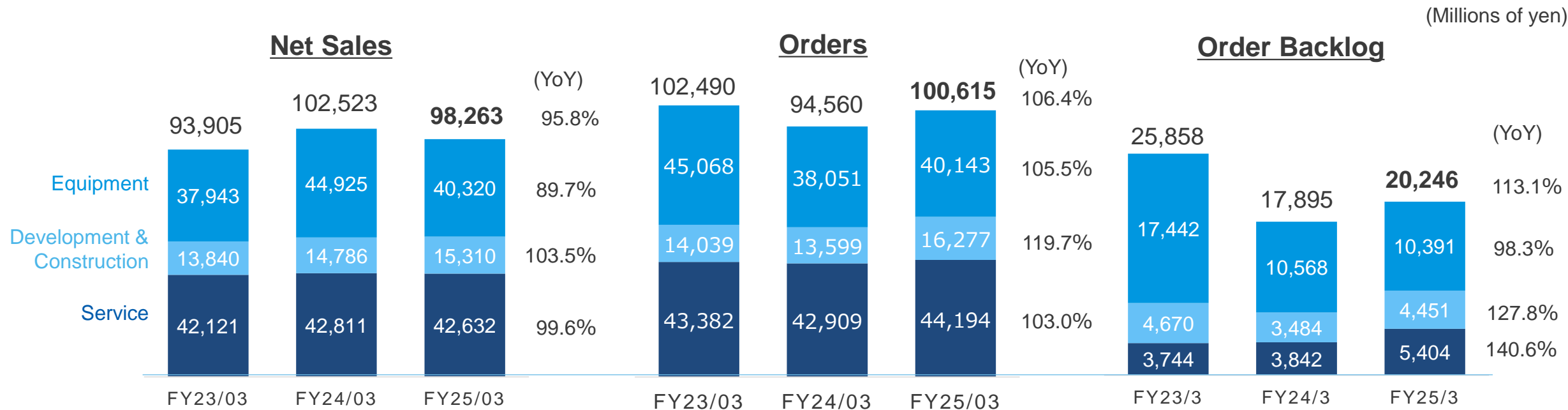
- **Net sales** : Excluding the special demand in FY03/24, results reached a record high—exceeding even the levels seen during the previous medium-term management plan
- **Operating income** : Steady growth was driven by an improved cost ratio resulting from a focus on high-value-added service business, pricing management, and productivity enhancements



Results by Business Model

Orders exceeded the previous fiscal year across all business models

- Equipment : Orders were up YoY due to the growth of mobile work systems for Customers in the Financial Services and Construction Industries, but sales declined due to the absence of large-scale, one-time demand projects
- Development & Construction : In addition to strong performance in network construction projects for the manufacturing and real estate sectors, the acquisition of numerous contracts for system development projects led to orders, sales, and the order backlog all exceeding the previous fiscal year.
- Service : Although the maintenance business declined year on year due to the impact of a downturn in the equipment business, performance in the six growth domains prioritized under the medium-term management plan—particularly in security and contact center systems—remained solid. Additionally, we observed growth in contribution from cloud usage fees and other recurring revenue streams, with both orders and order backlog exceeding the previous fiscal year.





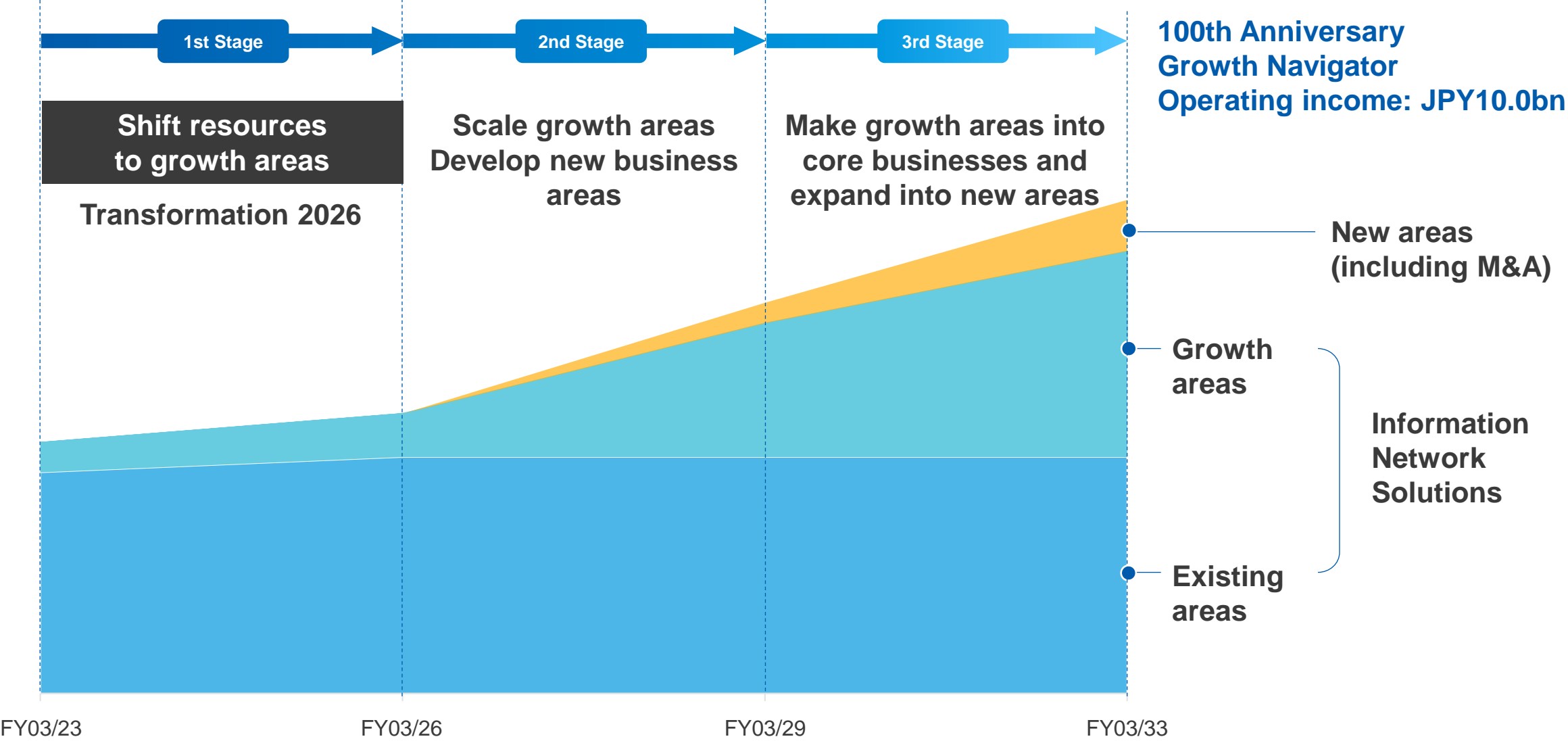
**01 Summary of Financial Results for the
Fiscal Year Ended March 31, 2025**

02 Progress of Transformation 2026

**03 Earnings Forecast for the Fiscal
Year Ending March 31, 2026**

Positioning of the Medium-term Management Plan

First stage: Shift resources and put growing businesses on track to achieve our long-term vision



Overview of the Medium-term Management Plan

Revised FY03/26 targets

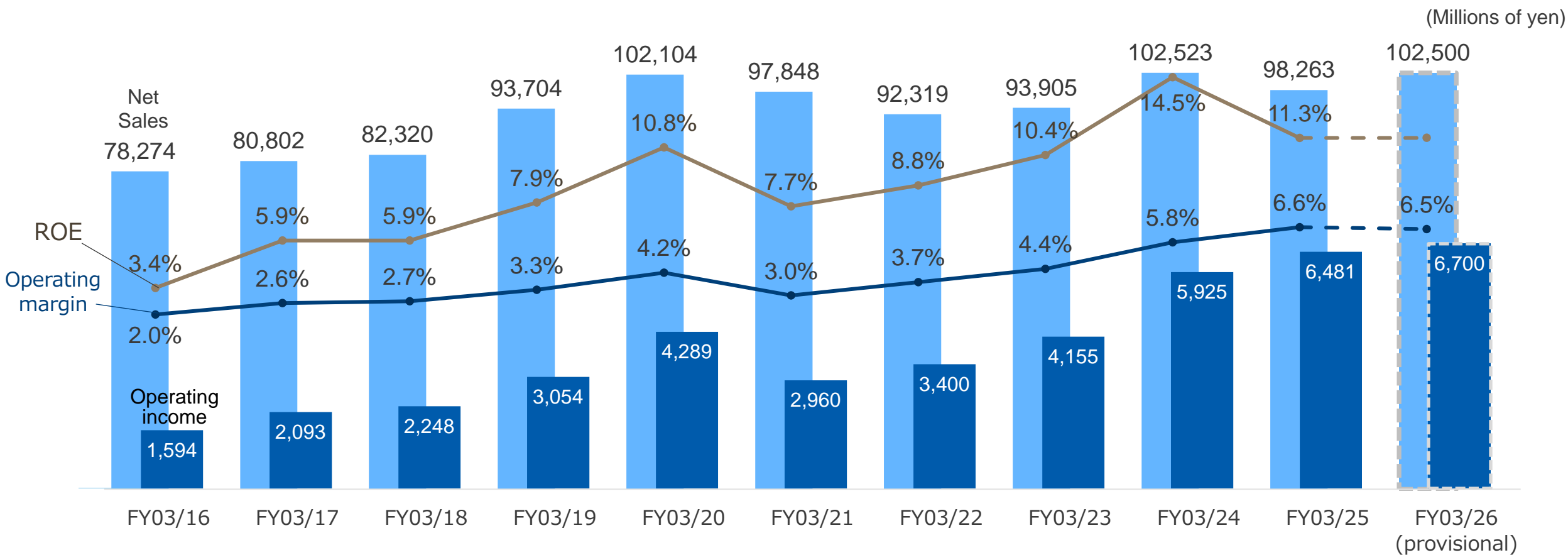
- Net sales : Raised the initial target of JPY102.2bn for the Information Network Solutions business
- Operating income : Operating income was revised upward as the effects of the medium-term management plan measures such as pricing management are expected to continue
- CO2 emissions : Achieved the initial target (1,468 t-CO₂) ahead of schedule in FY03/25 and now focusing on further reductions

FY03/23 results (Excluding the Electronic Devices business)		FY03/26 management targets (After revision)
Net sales JPY93.9bn	1. Business strategies	Net sales JPY102.5bn (Initial target: JPY102.2bn)
Operating income JPY4.2bn	2. Financial strategies	Operating income JPY6.7bn (Initial target: JPY5.5bn)
ROE (Consolidated) 10.4%	3. Management base reinforcement	ROE Over 10%
CO2 emissions Scope1+2 1,623t-CO2		CO2 emissions Scope1+2 1,346t-CO2 (Initial target:1,468t-CO2)

Long-Term Performance Trends

Improved capital efficiency in addition to profit growth due to increased sales

- **Net sales:** Continued on an upward trend, driven by initiatives in growth areas such as cloud-based contact centers and the successful capture of rising ICT demand
- **Operating income:** Continued to rise steadily, driven by service business growth, streamlined development and construction processes, and productivity enhancements



Medium-term management plan

Make New Value 2020

Innovation 2023

Transformation 2026

Summary of Progress of the Medium-Term Management Plan

The initial plan is progressing smoothly.

1. Business strategy

The shift to growth areas and improved profitability in existing areas have steadily produced results

- Six growth areas: Growth driven primarily by contact centers and security; OT* security was newly added to the mix, accelerating the shift in resource allocation
* Operational technology (control technology)
- Existing areas: Thorough implementation of pricing management and other measures to improve profitability
Steady progress in capturing special demand related to Windows 10 EOS* and developing packaged services
* End of support
- M&A/Business tie-ups: Initiated multiple collaborations, including an alliance with Daiwabo Information System Co., Ltd. While we explored M&A opportunities, it did not lead to results
- New markets: Building organizational frameworks to develop the SMB* and healthcare markets
* SMB: Small and Medium-sized Business

2. Financial strategy

Thoroughly manage finances with a focus on the cost of capital

- Budget committee operations: Promoted highly profitable businesses that exceed the 7% hurdle rate
- Investments for growth: Conducted investments in R&D, improvement of employee treatment, human resource development, and system upgrades
- Financial and capital strategy: Conducted a secondary offering to actively restructure the shareholder composition and enhance share liquidity

3. Management base reinforcement

Laying the foundation for growth

- Strengthening human resource development: Steady progress in digital transformation and female empowerment. Developing “intrapreneurs” (in-house entrepreneurs) to establish new business areas
- Creation of a comfortable working environment: Implemented improvements to working conditions, such as raising starting salaries
- Strengthening governance: One independent external director is scheduled to be appointed, bringing the ratio of independent external directors to 45%

Progress of Business Strategy:

(1) Expand the six growth areas

Cloud communications declined YoY due to a reactionary drop following large-scale projects, but contact centers and security performed strongly In FY03/26, plan to increase sales through the release of new services and collaboration with partners

Area	FY03/24 results	FY03/25 results	YoY	FY03/26 targets	YoY	FY03/25 Progress
Contact Center System	JPY5.2bn	JPY5.5bn	106%	JPY6.2bn	113%	<ul style="list-style-type: none"> • In addition to AVAYA, the high-growth Genesys Cloud CX expanded • Enabled integration with OpenAI's speech recognition model and Salesforce's Service Cloud Voice, strengthening competitiveness
Cloud Communication	JPY2.0bn	JPY1.4bn	70%	JPY2.7bn	193%	<ul style="list-style-type: none"> • The number of contract IDs increased by approximately 7,000, and recurring revenue continued to grow steadily • Sales declined due to a reactionary drop following initial construction work on large-scale projects • Aiming to expand scale through collaboration with NTT Communications Corporation
Managed Services	JPY3.5bn	JPY3.7bn	106%	JPY4.1bn	111%	<ul style="list-style-type: none"> • Growth driven by new services such as AI chatbot services • Expanded assessment and consulting services
Security	JPY1.0bn	JPY1.2bn	120%	JPY2.0bn	167%	<ul style="list-style-type: none"> • Continued demand due to heightened risks such as ransomware • Launched the OT Security & Network Package through a four-company partnership
DX Consulting	JPY0.2bn	JPY0.36bn	180%	JPY1.0bn	278%	<ul style="list-style-type: none"> • Acquired numerous data analysis services and generative AI advisory service contracts
Market-specific DX Services	JPY0.08bn	JPY0.15bn	188%	JPY0.39bn	260%	
For logistics operations	JPY0.05bn	JPY0.13bn	260%	JPY0.24bn	185%	<ul style="list-style-type: none"> • Growth accelerated with the acquisition of large deals amid the 2024 logistics problem
For Fruit and vegetable market	JPY0.03bn	JPY0.02bn	67%	JPY0.15bn	750%	<ul style="list-style-type: none"> • Progress was delayed due to prioritization of functional enhancements, but recovery is expected in FY03/26
計	JPY12.0bn	JPY12.3bn	103%	JPY16.3bn	131%	

Strengthened the Six Growth Areas (Launched the OT Security & Network Package)

Launched a new service, the OT Security & Network Package, in the OT security field, which is expected to see strong market growth
Providing comprehensive services—including diagnostics and advisory— through a four-company partnership, each leveraging its respective strengths

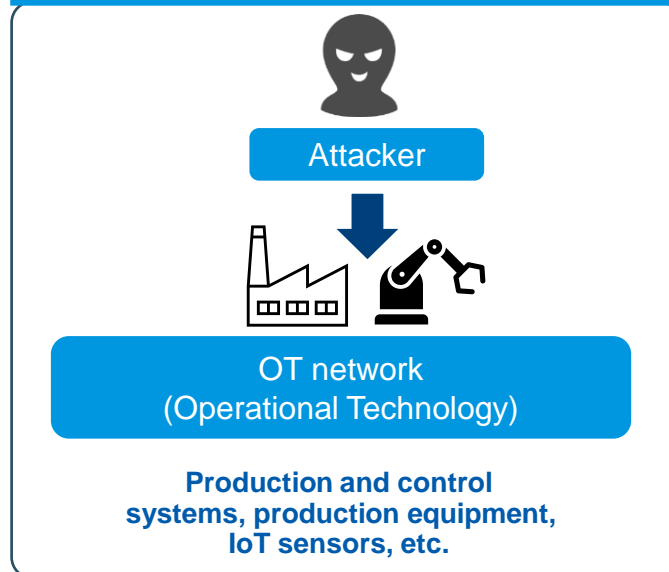
Growth market

2025 forecast for Japan's OT security market

Market size: approx. JPY3.7bn (operation monitoring service market)

CAGR: 37% from 2022 to 2028

Progress in smart factory adoption has led to a sharp increase in demand



Source: ITR press release (November 14, 2024)

Combining the strengths of the four companies

Tsuzuki Denki

Global Security Experts
(GSX)

Business
alliance

Net One Partners

CROSS HEAD

Services offered

User experience

Simple
diagnostics

OT environment
tour

Implementation support

Current situation
survey

Guideline
creation

PoC visualization

Construction

Build by security
level

Physical security

PoC visualization

Operational
support

Operation & maintenance

Support desk

Monitoring
services

Emergency
response

Improvement
advisory

Progress of Business Strategy (2) (Improvement of Profitability in Existing Areas)

Company-wide, cross-functional efforts are producing steady results

Measures	Progress in FY03/25
<div>1. Further improve profitability and productivity</div> <div>(1) Pricing management</div> <div>(2) Utilize generative AI in the development process</div> <div>(3) Improve productivity in the sales division</div>	<div>Improved cost ratio by 0.9%</div> <div><ul style="list-style-type: none">Focused on securing high-quality business negotiationsAbsorbed increased procurement costs by revising offering pricesReviewed maintenance service pricing</div> <div><ul style="list-style-type: none">Improved productivity by saving 14,000 hours annually through the use of the technical standard guideline Tsuzuki Style and generative AI</div> <div><ul style="list-style-type: none">Set a productivity indicator target for each organization and thoroughly managed profits and costs</div>
<div>2. Development of solution service packages*</div> <div><div>* A service that provides customers with packages tailored to specific needs and industries</div></div>	<div><ul style="list-style-type: none">Planned and developed service packages for the SMB market<ul style="list-style-type: none">January 2025: Security Service PackageApril 2025: Launched OT Security & Network PackageNew services are planned for future release</div>
<div>3. Capture EOS* special demand for system equipment</div> <div><div>* End Of Support</div></div>	<div><ul style="list-style-type: none">Improved profitability by adding services such as managed services and securityStrengthened company-wide efforts, resulting in progress surpassing that of Windows 7 EOS [PC sales volume]<ul style="list-style-type: none">Windows7-EOS: 112,000 units (cumulative total from FY03/19 to FY03/21)Windows10-EOS: 109,000 units (cumulative total from FY03/24 to FY03/25)Expected to continue through FY03/26</div>

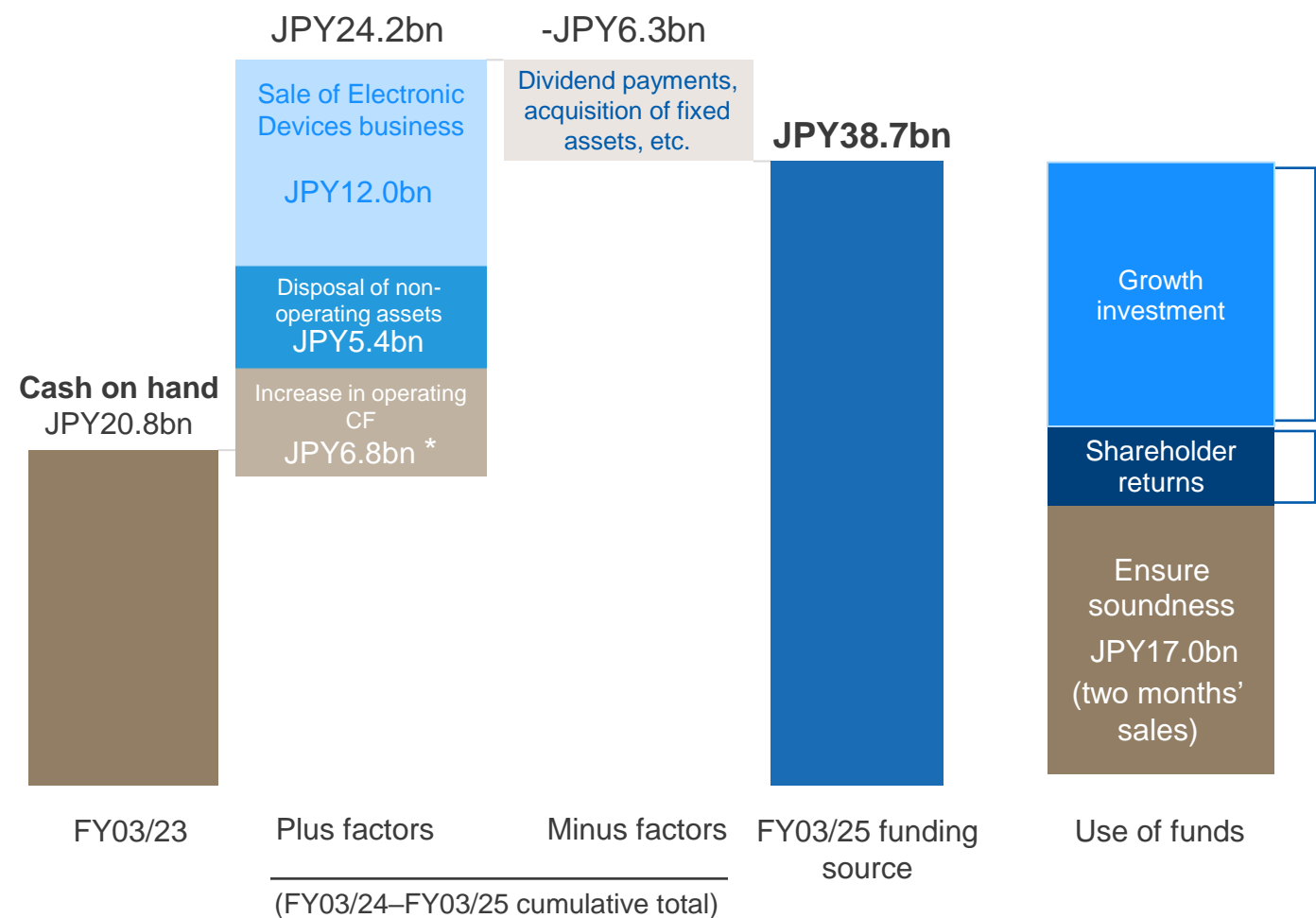
Key Measures to Expand Sales

Focus on markets with high growth potential where we can leverage our knowledge and technological capabilities to drive sales expansion

Measures	Initiatives for FY03/26								
1. Strengthening business for the SMB market	<ul style="list-style-type: none"> Expand sales of competitive offerings such as cloud services, ERP, production management systems, and network security through collaboration with suppliers and partners, primarily Daiwabo Information System Co., Ltd. Launch a new organization to strengthen marketing functions and secure business negotiations 								
2. Expanding healthcare (medical DX) business	<ul style="list-style-type: none"> Review group formation to strengthen the electronic medical record and hospital infrastructure construction businesses 								
3. Creating new services by utilizing our technological capabilities	<ul style="list-style-type: none"> Create services that leverage IoT, CPaaS*, and other technologies to improve customers' operational efficiency and enhance CX <p>Case study: Trial introduction of a mobile self-order service using pick-up stands and IoT technology at TOHO Cinemas Ltd.</p> <p>* CPaaS: Communication Platform as a Service (A service that provides communication functions—such as calls, emails, and chats—via API)</p>								
4. Expanding cloud infrastructure business	<ul style="list-style-type: none"> Strengthen collaboration with Daiwabo Information System Co., Ltd. to ensure the capture of increasing business opportunities 								
5. Deepening the six growth areas	<table> <tr> <td>• Contact center systems</td><td>Collaborate with a consulting firm to expand into higher-value upstream business areas in addition to the voice domain</td></tr> <tr> <td>• Cloud communications</td><td>Strengthen collaboration and channel sales with NTT Communications Corporation</td></tr> <tr> <td>• Security</td><td>Focus on expanding sales of the OT Security & Network Package</td></tr> <tr> <td>• DX services for logistics operations</td><td> <ul style="list-style-type: none"> Strengthen approach to existing customers based on a proven track record of acquiring large-scale business opportunities Promote collaboration with partner services to build a logistics service ecosystem and expand market share </td></tr> </table>	• Contact center systems	Collaborate with a consulting firm to expand into higher-value upstream business areas in addition to the voice domain	• Cloud communications	Strengthen collaboration and channel sales with NTT Communications Corporation	• Security	Focus on expanding sales of the OT Security & Network Package	• DX services for logistics operations	<ul style="list-style-type: none"> Strengthen approach to existing customers based on a proven track record of acquiring large-scale business opportunities Promote collaboration with partner services to build a logistics service ecosystem and expand market share
• Contact center systems	Collaborate with a consulting firm to expand into higher-value upstream business areas in addition to the voice domain								
• Cloud communications	Strengthen collaboration and channel sales with NTT Communications Corporation								
• Security	Focus on expanding sales of the OT Security & Network Package								
• DX services for logistics operations	<ul style="list-style-type: none"> Strengthen approach to existing customers based on a proven track record of acquiring large-scale business opportunities Promote collaboration with partner services to build a logistics service ecosystem and expand market share 								

Financial Status (Current Cash Position)

Obtained cash from the sale of the Electronic Devices business and financing activities
Funds will be allocated flexibly and agilely, with a focus on investment in growth while also considering further enhancement of shareholder returns



Potential uses of cash

Growth investment

- Invest in technology, human resources, internal digital transformation, and business restructuring
- Flexibly utilize M&A and capital alliances to enhance corporate value

Shareholder returns

Consider dividend increases and share buybacks

Implemented in FY03/24 and FY03/25

- ▶ Growth investment JPY5.2bn
- ▶ Dividend JPY3.2bn

*Operating cash flow is stated net of repayments of lease obligations (financing CF)

Growth Investments

In FY03/25, we focused investment on internal digital transformation to improve operational efficiency
Although the number of strategic investment opportunities considered—including M&A—exceeded that of the previous fiscal year, none resulted in executed deals

Category	FY03/25 results	Details	Total amount (FY03/24~FY03/26)
Technology	JPY2.6bn (2 years cumulative) JPY5.2bn	<ul style="list-style-type: none">Enhanced market-specific DX service functionsResearched ChatGPT and other AI toolsOT Security & Network PackageTested low-code development tools	JPY8.0bn
Personnel		<ul style="list-style-type: none">Implemented DX personnel development and reskilling programsImproved employee working conditions (Bear - Increase in Starting Salary, etc.)	
Internal DX		<ul style="list-style-type: none">Updated ERP systemEnhanced securityBusiness efficiency improvement	
Business restructuring		<ul style="list-style-type: none">Reallocated human resources within the GroupBusiness restructuring costs	
Strategic investments	Deals examined: 48 deals (2 years cumulative) 81 deals	<ul style="list-style-type: none">Targets were narrowed in both cutting-edge areas such as AI and the expansion of existing domains, with numerous specific projects examinedContinued to explore possibilities based on the results of the examination	JPY10.0bn + α

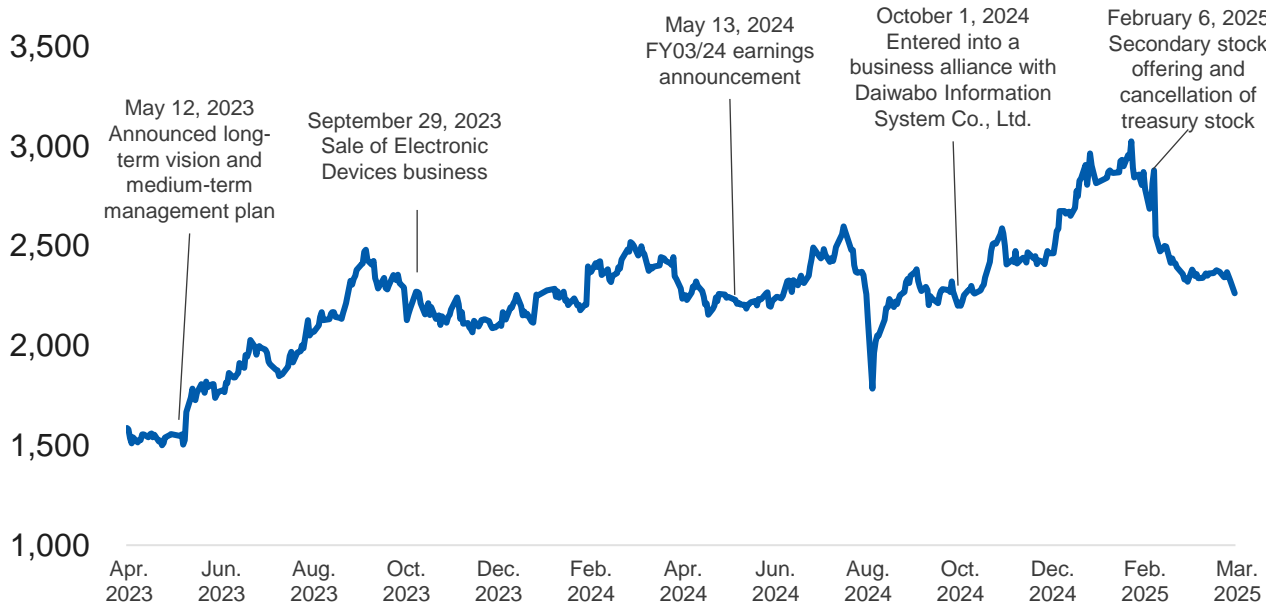
Progress of Collaboration

Accelerated collaboration in both existing and growth areas

Themes		Partner and details	
Existing	Strengthening business foundations		
	<ul style="list-style-type: none"> Strengthening channels, customer base, and product capabilities Improving operational efficiency 	Daiwabo Information System Co., Ltd.	Entered into business alliance agreements
Six growth areas	1 Contact Center System	Salesforce Japan Co.,Ltd.	Started collaboration with Service Cloud Voice
		Microsoft Japan Co.,Ltd	Launched service using OpenAI's speech recognition model Whisper
	2 Cloud Communication	Nextgen, Inc.	Signed sales agreement for CPaaS platform
	3 Managed Services	Sciseed Inc.	Launched sAI Search and sAI Chat
	4 Security	GLOBAL SECURITY EXPERTS Inc. CROSS HEAD Co., Ltd. Net One Partners Co., Ltd.	Launched OT Security & Network Pack
	5 DX Consulting	Penetrate of Limits Co.,Ltd.	Started handling “amie,” a generative AI internal document search service
	6 Market-specific DX Services	Ascend Co.,Ltd Sealnet Co,Ltd LYNA LOGICS, Inc.	Signed agency agreement to expand sales collaboration Began collaboration to realize logistics DX

Recognition of Challenges from the Perspective of Management Focused on Cost of Capital and Stock Prices

P/B ratio has remained above 1 since the medium-term management plan announcement, but P/B ratio, ROE, and P/E ratio remain low compared to peers in the SI/NI industry



- Since the medium-term management plan announcement in May 2023, the P/B ratio has remained above 1
- Conducted a secondary offering to expand the investor base and improve liquidity

	Tsuzuki	System/network integrator average	IT trading company average
Cost of capital (CAPM/%)	8.2	7.2	8.1
ROE (%)	11.3	16.4	12.2
PER (x)	9.1	18.8	12.0
PBR (x)	1.0	3.6	1.5
Operating margin (%)	6.6	11.5	4.7

*Above figures are as of March 31, 2025
*Cost of capital is calculated under the same conditions (CAPM)
*System/network integrator average consists of 8 companies and IT trading company average consists of 6 companies, with the figures representing simple averages

- Lower than major SI/NI peers in each metric

Raise growth expectations by accumulating growth (actual results) with improved profit margins and return on capital while driving transformation as an ICT company (growth scenario)

Specific Initiatives for Management Focused on Cost of Capital and Stock Price

Since FY03/24, we have implemented various initiatives aimed at improving ROE and the P/E ratio
In FY03/26, we will focus on further advancing these efforts while formulating a clear growth strategy and a new medium-term management plan to execute it

Major initiatives (FY03/24 and FY03/25)		Achievements and progress
ROE improvement	Achieving growth with improved profitability <ul style="list-style-type: none"> Strengthening the six growth areas Improving profitability in existing areas Executing strategic investments 	<ul style="list-style-type: none"> Operating income ratio FY03/23 4.1%➡FY03/25 6.6% EPS FY03/23 JPY197.48➡FY03/25 JPY263.32
	Reviewing business portfolio <ul style="list-style-type: none"> Sale of the Electronic Devices business 	<ul style="list-style-type: none"> Asset efficiency (ROA) FY03/23 6.6%➡FY03/25 8.2%
	Restructuring of Group companies <ul style="list-style-type: none"> Subsidiary merger 	<ul style="list-style-type: none"> Number of consolidated subsidiaries in the Information Network business FY03/23 6 companies➡FY03/25 four companies
	Financial management mindful of the cost of capital <ul style="list-style-type: none"> Improving investment and cost control by the budget committee 	<ul style="list-style-type: none"> Set the hurdle rate for investment decisions at 7%, with WACC of approximately 6% in mind Reviewed the investment screening process
	Balance sheet optimization <ul style="list-style-type: none"> Establishing a capital and debt structure target and manage accordingly Reduction of cross-shareholdings Reduction of non-business assets 	<ul style="list-style-type: none"> Generated JPY5.4bn in growth capital through the sale of real estate and cross-shareholdings
P/E ratio improvement	Enhancement of shareholder returns <ul style="list-style-type: none"> Changing the dividend policy 	<ul style="list-style-type: none"> Increased dividends for four consecutive fiscal years, with a fifth consecutive year expected
	Improving the free float ratio and stock liquidity <ul style="list-style-type: none"> Secondary offering of shares held by banks Cancellation of treasury stock 	<ul style="list-style-type: none"> Actively restructured shareholder composition and improved share liquidity
	Enhancement of information disclosure <ul style="list-style-type: none"> Update of Integrated Report Disclosure of supplementary financial results 	<ul style="list-style-type: none"> Increased the number of dialogues with institutional investors Began examining the next medium-term management plan for disclosure in 2026

Progress of Financial and Capital Policies

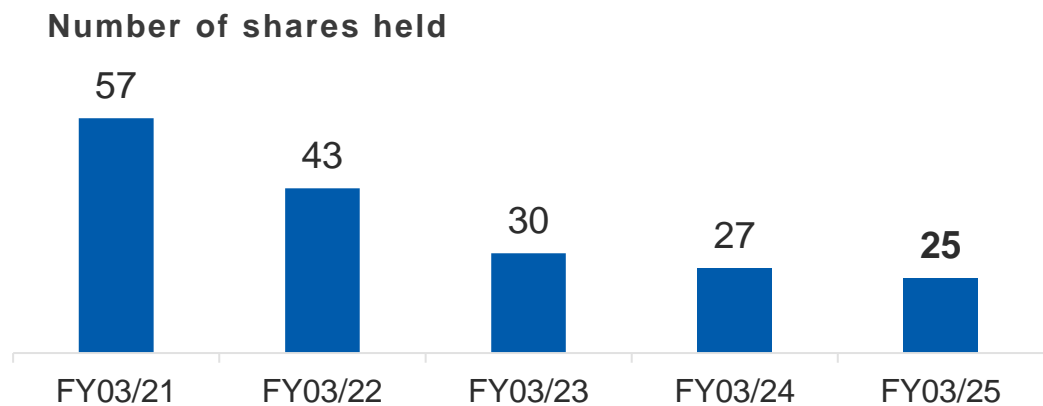
In addition to business strategies, we are implementing financial and capital initiatives to become a more attractive investment opportunity

Reduction of cross-shareholdings

Policy

- Acquire and hold shares only when the purpose is clear and there is a compelling reason to do so
- Shares not meeting the above criteria are evaluated by the Board of Directors from both quantitative and qualitative perspectives, and those deemed inappropriate are reduced

➡In FY03/25, two holdings were reduced, including partial sales



Secondary offering of shares and cancellation of treasury stock

Purpose and significance

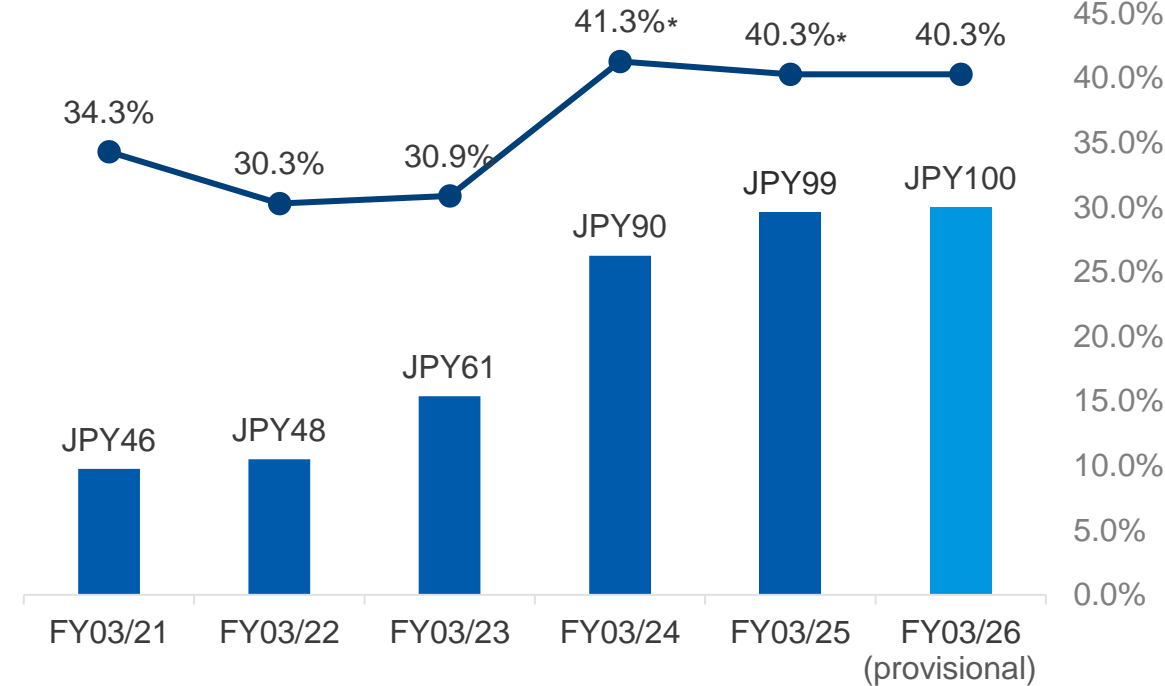
- Actively restructuring the shareholder composition
 - Expanding and diversifying the investor base for long-term support
 - Further improvement of liquidity
- **Overview of the secondary offering**
 - Number of shares offered: 1,058,900 shares
(5.2% of the total number of shares issued)
 - Delivery date: February 25, 2025
 - **Outline of cancellation of treasury stock**
 - Number of shares cancelled: 1,200,000 shares
(5.9% of the total number of shares issued)
 - Cancellation date: February 28, 2025

Shareholder Return

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.)

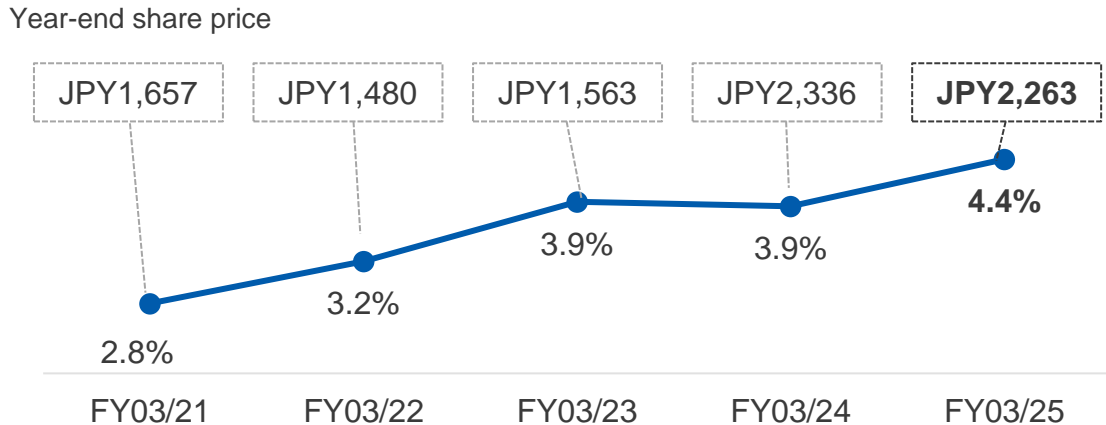
Interim dividend: 50 yen; Year-end dividend: 50 yen
(provisional)

Dividend per share& dividend payout ratio



*Based on profit from business activities. Dividend payout ratio is 29.5% in FY03/24 and 37.6% in FY03/25 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 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).

Dialogue with Shareholders in FY03/25






Increased dialogue on the topic of the cost of capital. Continue proactive engagement and internal feedback

Category	Overview
Main correspondents	President, Managing Executive Officer of Management Planning (IR), and IR Manager
Overview of shareholders	<ul style="list-style-type: none"> ● Investment style: Domestic active investors, overseas active investors ● Respondents: Fund managers, analysts
Key themes and shareholder interests	<ul style="list-style-type: none"> ● Key themes <ul style="list-style-type: none"> • Business model (discussion designed to promote understanding of business) and growth drivers • EOS and other market trends, full-year forecast, and medium-term outlook • Cost of capital and key management indicators ● Interests <ul style="list-style-type: none"> • Background, outlook, and use of proceeds from the sale of the Electronic Devices business • Market evaluation (cost of capital and valuation), execution progress of measures • Capital policy, M&A and other growth investments, and talent acquisition, shareholder returns, and corporate recognition
Feedback	<ul style="list-style-type: none"> ● Frequency: Report on overall IR activities to the Board of Directors three times a year, and on other topics as appropriate ● Content: Trends in market capitalization, trading volume, and shareholder composition; opinions received during one-on-one meetings with investors and measures taken in response; capital market trends and specific activities, etc.
Incorporated items	<ul style="list-style-type: none"> ● Improving stock liquidity

Sustainability Efforts

Re-identified five materiality topics in FY03/25 that contribute to creation of business opportunities and the establishment of a foundation supporting our businesses
 To effectively promote sustainability, Tsuzuki Denki established and managed progress of KPIs and activity indicators for each materiality



Materiality	Main KPI	FY03/26
 Create value for society through business	<ul style="list-style-type: none"> ■ Sales from services contributing to social issue resolution in focus areas ■ Employees who feel they are achieving both economic value and social value in their work 	16.3 billion yen 60%
 Grow and revitalize "people"	<ul style="list-style-type: none"> ■ Work engagement 	3.20pt(Out of a possible 6.0 points)
 Develop and demonstrate "insight" and "technology"	<ul style="list-style-type: none"> ■ Development of DX talent ■ Service planning and development support that utilize new technologies ■ Joint creation projects with customers and partners 	Advanced DX talent 15 people Certified DX associates 500 people 5 projects/year 4 projects/year
 Contribute to global environment and society	<ul style="list-style-type: none"> ■ Reduction of CO2 emissions (Scope 1+2) ■ Origination and implementation of projects central to our environmental and social contribution activities 	1,346t-CO ₂ 10 projects
 Enhance sound management foundation	<ul style="list-style-type: none"> ■ Conducting and participation rate employee training on respect for human rights 	Participation 100%



**01 Summary of Financial Results for the
Fiscal Year Ended March 31, 2025**

02 Progress of Transformation 2026

**03 Earnings Forecast for the Fiscal
Year Ending March 31, 2026**

FY03/26 Consolidated Earnings Forecast

Even in an uncertain environment, we expect to achieve higher revenue, increased operating income, and record-high profits through steady implementation of the medium-term management plan and by capturing strong customer demand for ICT investment

<Review of the initial targets of the medium-term management plan (announced on May 12, 2023)>

- Initial targets for the Information Network business were revised upward (① in the table)

The consolidated forecast was revised downward due to uncertainty, although the Company aims to cover the loss of the Electronic Device business by promoting M&A and collaboration (② in the table)

- Operating income was revised upward as the effects of the medium-term management plan measures such as pricing management are expected to continue (③ in the table)

(Millions of yen)

		FY03/25 results	FY03/26		Versus initial target		Change (YoY)	
			Initial target (announced May 12, 2023)	Revised target (announced May 12, 2025)	Change (amount)	Change (%)	Change (amount)	Change (%)
Net sales		98,263	130,000	102,500	△27,500	△21.2%	+4,237	+4.3%
	Information Network Solutions	98,263	102,200	102,500	+300	+0.3%	+4,237	+4.3%
	Electronic Device	—	27,800	—	△27,800	—	—	—
Operating income (Operating margin)		6,481	6,500	6,700	+200	+3.1%	+219	+3.4%
		(6.6%)	(5.0%)	(6.5%)	(+1.5Pt)	—	(△0.1Pt)	—
	Information Network Solutions	6,481	5,500	6,700	+1,200	+21.8%	+219	+3.4%
		(6.6%)	(5.4%)	(6.5%)	(+1.1Pt)	—	(△0.1Pt)	—
	Electronic Device	—	1,000	—	△1,000	—	—	—
		—	(3.6%)	—	(△3.6Pt)	—	—	—
Profit attributable to owners of parent		4,764	—	4,500	—	—	△264	△5.6%

In Conclusion

We will **pursue growth by transforming our business model**

We will **strive to improve return on capital** through **strategic capital control**

We will continue to **invest in our people**, the source of our growth, and **enhance our human capital**

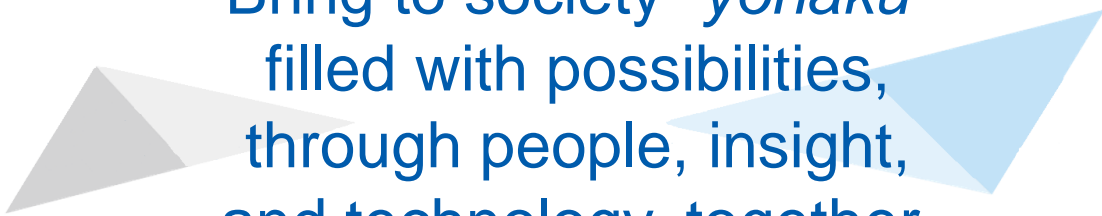
We will strive to **further enhance our corporate value** through **dialogue with our stakeholders**

Contact

Contact	Tsuzuki Denki Co., Ltd. Management Planning Office
Address	6-19-15 Shinbashi, Minato-ku, Tokyo 105-8665, Japan (Tokyo Art Club Building)
	Phone: 050-3684-7780
	ir-tantou@tsuzuki.co.jp
	https://www.tsuzuki.co.jp/

Disclaimer

The forward-looking statements, including earnings forecasts, contained in this document are based on information available to the Company at the time of this document’s release and are subject to a number of uncertainties. Please note that actual results may differ significantly due to various factors. Although every effort has been made to ensure the accuracy of the information contained in this document, please note that the accuracy and certainty of its content is not guaranteed. The names of companies, products, and services mentioned in this document are registered trademarks or trademarks of their respective owners.

The text is centered and flanked by two abstract geometric shapes. On the left is a grey triangle pointing right, and on the right is a light blue triangle pointing left. They overlap slightly in the center.

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