Tsuzuki Denki Co., Ltd.
Q&A Session at Financial Results Briefing for the Fiscal Year Ended March 31, 2025, held on May 26, 2025 (Summary)

Q1: Your outlook suggests an increase in sales but a decline in profitability. Is this due to the inclusion of any special transactions with low gross margins?

Yoshii: There is EOS special demand this fiscal year. However, the factors driving the sales increase include the six growth areas, the healthcare business, and business for small and medium-sized enterprises. These are all areas where the Group can leverage the know-how it has cultivated to date, and with IT investment growing in fields such as operational efficiency, security enhancement, digital transformation, and AI utilization, we believe we can achieve our sales targets. We expect the operating profit margin to decline on higher SG&A expenses, as we continue investing in IT, R&D, and human capital to improve operational efficiency. Recognizing the critical importance of investment for future growth, we will continue to make the necessary investments.

Q2: I have a question for Vice President Yoshida. Is there anything you would like to change or focus on after becoming president?

Yoshida: My top priority is to improve business performance, but I also want to raise the company's profile. Since we do not serve individual customers, we have not focused much on raising name recognition until now. However, I believe that raising our profile would benefit us in acquiring new customers, recruiting talent, and conducting IR activities targeting individual investors. I also believe that as our name recognition increases, employees will feel proud to work for our Group.
It is still not widely known that we have sold our device business and transformed into a company focused solely on the information network sector. As we look toward our post-centennial future, I believe it is also important to strengthen our appeal to the younger generation.
I will look to create and execute a plan to boost our profile.

Q3: The sales plan for the six growth areas this fiscal year represents a significant acceleration from previous performance. Could you clarify whether this is a stretch goal, or a realistic one with strong achievability based on promising results from your collaboration with Daiwabo Information System?

Yoshida: While growth rates differ across the six areas, we are particularly focused on driving significant expansion in two fields that contribute to solving social issues—logistics-sector DX services and security. We have been conducting detailed discussions with Daiwabo Information System and feel we are making tangible progress toward expanding sales.

Q4: What are the most common reasons M&A deals have fallen through?

Yoshii: We have been actively evaluating M&A opportunities based on referrals from financial institutions and our own research. Our targets included cutting-edge startups, but we had concerns about whether they could grow in line with our expectations. Currently, we are seeking companies with a certain level of business maturity, those aligned with our strategic direction, and those we consider essential to acquire at this stage.