Tsuzuki Denki Co., Ltd.
Q&A Session at Financial Results Briefing for the First Half of the Fiscal Year Ending March 31, 2026 held on November 18, 2025 (Summary)

Q1: Profit is progressing toward the full-year forecast at a faster pace than in typical years. Could you explain why the full-year forecast remains unchanged?

A1: The reason we have kept our profit forecast unchanged is that our order backlog includes some projects involving equipment with low gross profit margins, and we expect the gross profit margin to decline as a result. That said, there are conservative assumptions included in the forecast as well. At present, several large negotiations are underway. If these orders are secured, we will have greater visibility on the full-year numbers. We will also continue to examine the timing of sales recognition for deals, as well as costs and SG&A expenses, to increase the accuracy of our projections. We aim to conclude the current medium-term management plan on a strong note and build momentum as we begin the next medium-term management plan, so we appreciate your continued expectations.

Q2: The gross profit margin has improved significantly over the three years of the current medium-term management plan. Will this improvement continue going forward?

A2: In the new medium-term management plan, we will advance the sales growth measures explained earlier, and we will continue initiatives to improve the gross profit margin, such as pricing management. For development activities, we will raise the gross profit margin by utilizing generative AI and by expanding the scope of development process standardization beyond internal operations to include our partners. Furthermore, we will also improve the gross profit margin by increasing the share of highly profitable businesses, such as service offerings.