



TSUZUKI DENKI CO.,LTD.  
6-19-15 Shinbashi, Minato-ku, Tokyo 105-8665, Japan  
(Tokyo Art Club Building)  
<https://www.tsuzuki.co.jp/english/>

TSUZUKI DENKI CO.,LTD. Integrated Report 2025 LEAP FORWARD



# TSUZUKI REPORT 2025

Integrated Report 2025



TSUZUKI DENKI is entering a period of transformation.

Through our revamped management structure, the execution of our current medium-term management plan, and the deliberation of the next plan, along with the strengthening of our human capital and technological assets, we aim to achieve a major leap to our next stage of growth.

This Integrated Report has been prepared under the theme of “Leap Forward,” embodying our strong determination to open up the future while building on the foundation of our journey thus far. “Leap Forward” expresses a sense of growth as well as our commitment to high-quality evolution and a spirit of challenge. TSUZUKI DENKI will not only adapt to change but also act as a driving force in creating it, embarking on a new phase of value creation.

Themes of TSUZUKI REPORT 2025



To steadily implement the Group’s growth strategy and further enhance corporate value, on June 26, 2025, former President and CEO Kazunori Yoshii assumed the position of Chairman and Representative Director, and Katsuyuki Yoshida was appointed President and CEO. Under the new management structure, TSUZUKI DENKI will build on the technological expertise and trust it has cultivated since its founding, further strengthen its corporate culture of transformation and embracing challenges, and strive for even greater advancement.

Message from  
the Chairman and Representative Director

Accelerating Transformation  
under a New Management  
Structure—Toward a Further  
“Leap Forward”

Chairman and  
Representative Director | Kazunori Yoshii

In June 2024, our President, Mr. Isao Emori, passed away suddenly. Since then, I have carried on his vision as president, advancing transformation across the TSUZUKI Group. Our strong commitment to transformation has borne fruit, with record-high profits achieved for the third consecutive year in FY03/25. I would like to express my sincere gratitude to all our stakeholders, whose continued support has made this possible.

To ensure the Group’s continued progress, I believe that steady execution of our growth strategy—combined with leadership capable of making bold decisions when needed—is essential. With this in mind, I have decided to pass the baton to a new leader.

Our new President, Katsuyuki Yoshida, has an extensive track record in sales, successfully developing new client relationships and expanding business with major customers. Most recently, as General Manager of the Sales Department, Mr. Yoshida has steadily advanced the initiatives set forth in our medium-term management plan and has led efforts to improve profitability. I am confident that he will continue to demonstrate leadership befitting the head of the TSUZUKI Group, and I ask for your continued support as he guides the Group forward.

As for myself, in my new role as Chairman and Representative Director, I will devote my efforts to enhancing the effectiveness of the Board of Directors and strengthening group governance. I sincerely ask for your continued guidance and support.



## Editorial Policy

This Integrated Report is designed to provide a comprehensive overview of how TSUZUKI DENKI is working toward the sustainable enhancement of corporate value, including the use of management resources, initiatives to address materiality topics, and the value creation process.

Under the new management structure launched in FY03/26, we are striving for a “Leap Forward” to our next phase of growth. This report is structured to reflect that determination. In the messages from the management team led by the new President, we present not only the current medium-term management plan, which concludes in FY03/26, but also the direction of the next plan. We have also sought to make our business model easier to understand by presenting it visually.

In preparing this report, we referred to the International Integrated Reporting Framework and the Guidance for Collaborative Value Creation issued by Japan’s Ministry of Economy, Trade and Industry (METI), placing importance on promoting dialogue between companies and diverse stakeholders. Through this report, we aim to provide an opportunity to deepen forward-looking dialogue with investors and other stakeholders.

## Scope of Report

### Reporting Entities

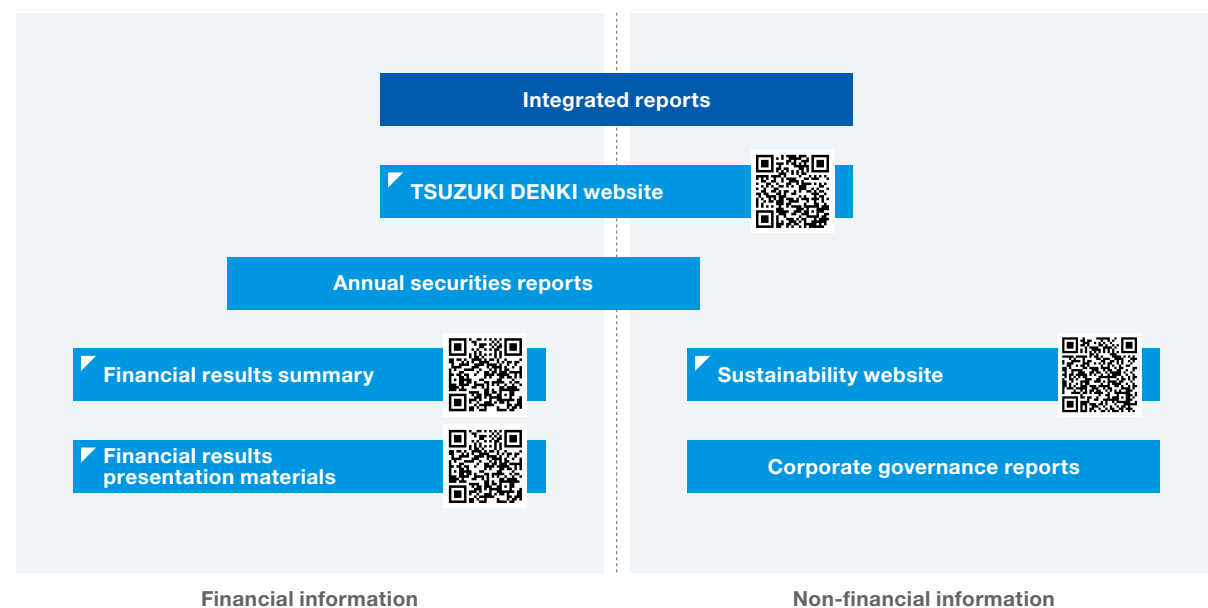
TSUZUKI DENKI Co., Ltd., four consolidated subsidiaries, one non-consolidated subsidiary, and one affiliated company

### Reporting Period

From April 2024 to March 2025

(Some information also includes periods before and after the reporting period.)

## Information disclosure framework



### Point 1

#### Message from the Newly Appointed President Yoshida Conversation with Employees

In his message, President Yoshida, our newly appointed president, seeks to convey his management philosophy and concrete views on the direction TSUZUKI DENKI will pursue going forward. The conversation with employees highlights multiple facets of President Yoshida’s personality and his relationships with employees.



### Point 2

#### Messages from General Managers of Business Units

Building on the achievements and challenges of the current medium-term management plan, this section outlines the strategic direction going forward and describes the new organizational structure established to implement it.



# Contents

p. 2 Message from the Chairman and Representative Director

## p.5 Top Message



## p.11 Conversation



### Core Elements of Value Creation

p. 15 History  
p. 17 Value Creation Model  
p. 19 Business Model  
p. 21 Solution examples  
p. 23 Comments from Customers and Partners  
p. 25 Sustainability  
p. 27 Materiality and Projects

### Value Creation Story

p. 29 Long-Term Vision  
p. 30 Medium-Term Management Plan

## p.32 Messages from General Managers of Business Units



p.35 Business Strategy

p.42 Group Companies

## p.43 Message from the Executive Officer in Charge of Finance & Accounting



p.44 Financial Strategy

## p.46 Message from the Executive Officer in Charge of Human Resources



p. 47 Human Resource Strategy  
p. 49 Diversity & Inclusion  
p. 51 Health Management  
p. 52 Workstyles

### Corporate Governance

p. 53 Directors and Officers  
p. 59 Corporate Governance  
p. 63 Financial and Non-financial Data  
p. 65 Corporate Information  
p. 66 Stock Information

### Caution Regarding Forward-Looking Statements

Statements in this publication regarding earnings forecasts are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and are not intended to be a promise by the Company that forecasts will be achieved. Further, actual results may materially differ due to various factors.





Top Message

# Aiming to Secure a Firm Position as an Indispensable, “Known to Those in the Know” Company

President and CEO | **Katsuyuki Yoshida**

be a president who embodies “Harmony and Leadership”—leading the organization by balancing the trust we have built with our pursuit of new challenges. As President, I aspire to be a leader who remains composed and unshaken with a smile, no matter what happens, providing reassurance to those around me. I believe that creating an environment where people feel secure enables everyone to perform at their best. At the same time, in situations that require a decision, I will make the necessary judgments as a leader and strive to guide the Group forward as its president.

## Policies Bearing Fruit, with Record-High Profit Achieved in FY03/25

In the long-term vision leading up to our 100th anniversary in 2032, we have defined our ideal future state as “Growth Navigator —an organization that navigates growth and creates value together with stakeholders.” We have also set ambitious targets for FY03/33 of 150.0 billion yen in net sales, 10.0 billion yen in operating income, and ROE of 15%. To achieve this long-term vision, we have divided the roadmap into three stages of medium-term management plans, and we are currently advancing Transformation 2026, the first stage, which runs through FY03/26. In the current medium-term management plan, we had set targets for FY03/26 of 130.0 billion yen in net sales, 6.5 billion yen in operating income (these figures include the Electronic Devices business sold in January 2024; the initial targets for the Information Network Solutions business were 102.2 billion yen in net sales and 5.5 billion yen in operating income), and ROE of 10% or higher. However, in FY03/25, which is the second year of the plan, we recorded 98.263 billion yen in net sales, 6.481 billion yen in operating income, and ROE of 11.3%. Operating income reached a record high for the third consecutive fiscal year, and we were able to nearly achieve our final-year target one year ahead of schedule. The decline in profit due to the sale of the Electronic Devices business was offset by increased profit in the Information Network Solutions business. In terms of profitability improvement, our initiatives in pricing management and productivity enhancement have delivered results. At the same time, because we placed priority on improving profit margins and focused on securing high-quality projects, net sales fell short of the target, which is a challenge we must address. Going forward, while continuing to improve profit margins, we will also work to increase the top line.

In terms of strengthening the six growth domains, a core component of our business strategy under the medium-term management plan, overall progress has been steady. Net sales in the six growth domains for FY03/25 increased 3% YoY. In particular, the security domain grew 20% YoY, and within the DX services for specific industries,

## Toward a Company that Builds Trust and Continues to Take On Challenges

My name is Katsuyuki Yoshida, and I was appointed President and CEO on June 26, 2025.

I was born in 1962 in Shinagawa, Tokyo, and joined TSUZUKI DENKI in 1984, beginning my career in sales overseeing relationships with medium-sized companies in the Kanto region. After gaining experience there, I went on to handle customers in the food distribution industry—what our Company refers to as account sales. From 2016, I served as General Manager of the Western Japan Unit, overseeing all areas west of Kyoto. In 2019, I returned to Tokyo and, after serving as General Manager of one of the sales divisions, assumed my current position. What I learned from 40 years of front-line experience is a simple truth: it is precisely in difficult situations that facing challenges sincerely and earnestly enables us to earn the trust of our customers. Our business is built on a continuous relationship with customers—starting from planning and proposing solutions, procuring products, developing and building systems and networks, followed by operation and maintenance, and then repeating the cycle with the next round of planning and proposals. The trust we have built with customers through these long-term relationships is the most important element for TSUZUKI DENKI in delivering value. Trust cannot be gained overnight, and we will continue to accumulate and steadfastly protect it going forward. At the same time, to continue growing as a company, it is also essential that we consistently take on new challenges with bold determination and continue providing new value to our customers. I keep “Trust and Challenge” as my personal motto, and I aim to



logistics DX services expanded 160% YoY, driving significant overall growth.

In the security domain, customer needs are increasing in response to rising risks such as ransomware. In addition, the importance of security for operational technology (OT) networks, which control and operate production and other equipment, is growing, and demand is expanding. At TSUZUKI DENKI, we have formed business alliances with partner companies and begun offering new services in the OT security domain to capture this expanding demand. The strong performance of logistics DX services stems from our securing large-scale projects, driven by factors such as materials-transport management needs in the construction industry and the so-called 2024 problem facing the logistics industry.

Services that help address social issues—such as cybersecurity measures and responses to the logistics-related 2024 problem—are beginning to bear fruit. Solving social issues represents a business opportunity for us, and it also ties directly to our corporate purpose, “bringing to society ‘yohaku’ filled with possibilities, through people, insight, and technology, together,” which expresses the idea of creating space—such as ease, capacity, and flexibility—for society and for people. Going forward, we will continue to pursue a business approach that provides social value through our operations and consciously links that value to economic outcomes in the form of enhanced corporate value.

### AI Utilization as the Key to Solving Social Issues

In the short term, factors such as tariff issues and geopolitical risks are heightening uncertainty in the business environment. However, Japanese companies have the experience of

having weathered the turbulent period of the global financial crisis sparked by the Lehman collapse and have developed a certain degree of resilience. Therefore, although some impact is expected, we do not believe this will lead to a downturn in performance from a medium- to long-term perspective.

Over the medium to long term, we view the decline in the working population as a major social issue. According to future population projections by the Ministry of Health, Labour and Welfare, the working-age population (ages 15 to 64) in 2040—when the so-called junior baby-boom generation will be over 65—is expected to decline by approximately 11 million people compared with the 2025 projection. Even today, due to labor shortages, we sometimes hear that work previously performed by ten people is now being handled by five. However, continuing to handle the same volume of work with a shrinking workforce in this way will reach its limits before long. In the near future, society will shift to one in which AI is fully utilized in place of human labor, and we see business opportunities emerging in that shift. In fact, large enterprises with strong financial resources are already showing a strong appetite for investment, with AI utilization at the center of their focus.

At the same time, labor shortages are even more severe among small and medium-sized companies, particularly in regional areas. According to reports from private research institutions, by 2035 the labor force will be insufficient in every prefecture except Tokyo and Okinawa. We also hear comments from some companies that it is impossible for them to allocate funds and personnel to information and communication technology (ICT), when they lack successors and face the risk of being unable to continue their business. However, small and medium-sized companies, which account for more than 99% of all companies, are what support the Japanese economy. We view solving the issues faced by such companies and enabling them to continue their businesses as our mission.

### Driving Top-Line Growth Through Both Cross-Selling to Existing Customers and New Customer Acquisition Among Small and Medium-Sized Companies

In the business environment described above, we will work to strengthen both cross-selling to existing customers and our efforts to approach the small and medium-sized businesses (SMB) market.

#### —Expanding Cross-Selling to Existing Customers

Large enterprise customers are increasing their ICT investments, including the utilization of AI. However, even if a customer has a budget of 100, it is not the case that TSUZUKI DENKI receives all of it. If our share of business is 40, then the remaining 60 represents growth potential for us. To capture this growth potential, we will strengthen cross-selling. In doing so, it goes without saying that the trust TSUZUKI DENKI has built over time—our strength—will play an important role. At the same time, we must further broaden what we can do and the technologies we can apply. It will also be necessary to take a proactive approach: viewing the customer’s business from a broad perspective, identifying issues, and proposing solutions to address them. Although our performance under the current medium-term management plan has been progressing steadily, I feel that we are still not sufficiently proactive. The results we have achieved are, in essence, passive—centered on the conventional business model in which we receive requests from customers and propose solutions in response. To realize true “Transformation,” we must shift to an active, proactive business model. Since our core asset is our people, we will achieve this transformation by strengthening each individual.

#### —Strengthening Our Approach to the SMB Market

Our approach to small and medium-sized companies will

be led by the newly established Marketing & Business Support Unit, which will formulate and strengthen our marketing strategy. Compared with large enterprise customers, small and medium-sized companies do not have abundant financial or human resources, and therefore we aim to propose solutions that address the issues and needs of such companies. For example, one such proposal is the shared use of systems. When a single company attempts to implement systems on its own, a certain level of funding is required. By grouping companies based on common factors—such as region, industry, or scale—and introducing a system for shared use as SaaS, not only the financial burden can be reduced but also the operation and maintenance of the system can be handled with fewer people. A common issue with system implementation is that even when a system is introduced, its operation and maintenance become dependent on specific individuals, and when those individuals retire or leave the company, maintaining the system becomes difficult. With a shared SaaS system, TSUZUKI DENKI can handle operation and maintenance, and we also believe it can create opportunities for senior-generation employees—for example, by rehiring those who have reached retirement age to work together on system operation. A model case in this area is our system for the fruit and vegetable market. We have done business with customers in the fruit and vegetable market sector for 40 to 50 years, but various issues had prevented progress in system upgrade. While competing companies that offered similar systems gradually withdrew, TSUZUKI DENKI developed an industry-specific packaged system, which is now used by many customers. We also provide a cloud-based sales management system that allows multiple companies to use the same service and can be introduced regardless of company size. We take pride in the fact that this system has helped drive transformation across the entire industry. In the same manner, we will continue providing

#### Purpose

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

Convenience and efficiency enabled by technological advances gift people and society with *yohaku*: room for growth, time and other resources to spare, and peace of mind to relax and enjoy.

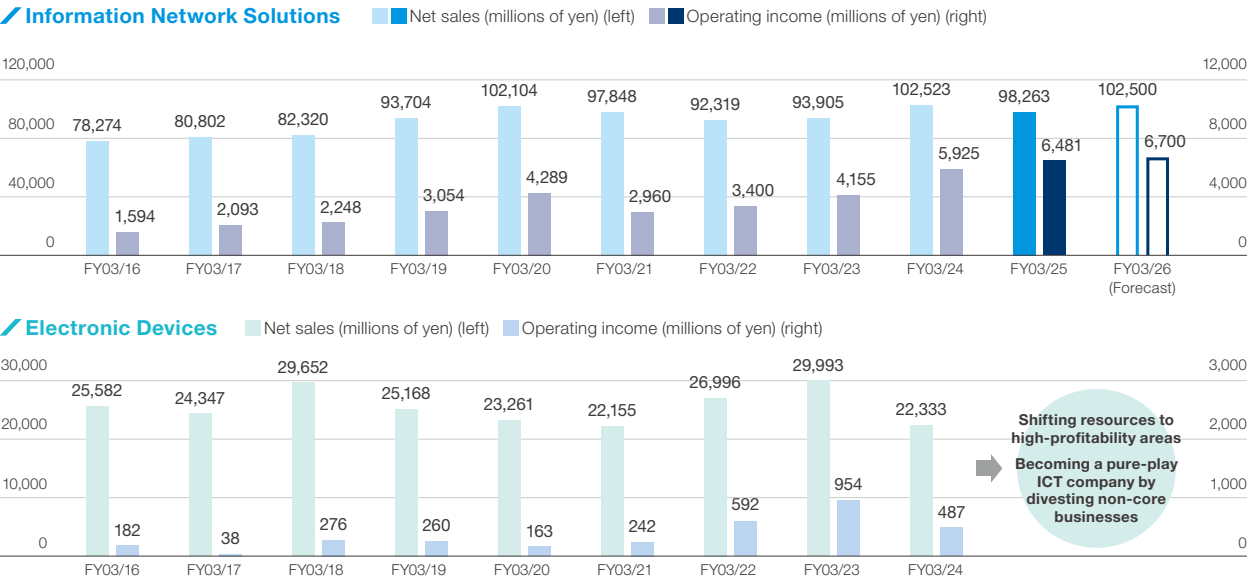
To realize a harmonious world where people connect and collaborate with each other while being accepting of differences and respecting the individuality of each person,

With “*insight*” to discover possibilities by observing the workplace and society, “*technology*” to turn those possibilities into realities, and “*people*” to bridge the two,

We will bring to society and continue nurturing “*yohaku*” to freely design the present we live in and create a bright, lively future together with all our stakeholders and society at large.



#### Business Performance by Segment





solutions that serve as a behind-the-scenes supporter for the business continuity and development of regional, small and medium-sized companies. We are also envisioning business models that connect large enterprises with small and medium-sized companies—such as jointly developing advanced systems through our dealings with large enterprises and then deploying those systems to small and medium-sized companies.

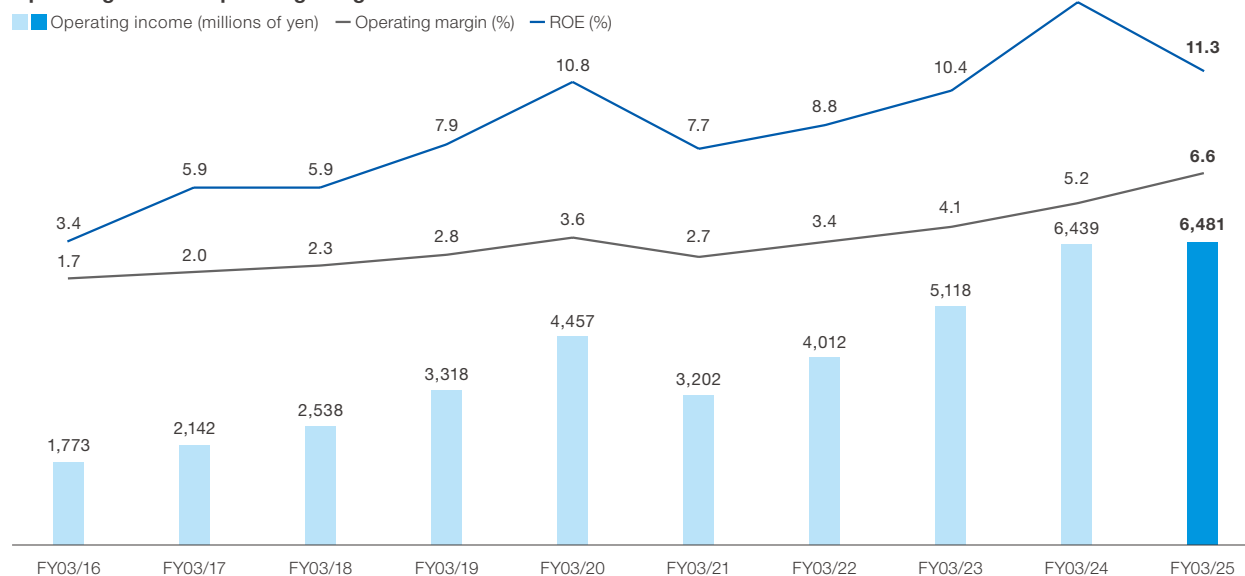
## Investment in Growth—Strengthening Human Capital and Leveraging M&A for Further Advancement

### —Strengthening Human Capital

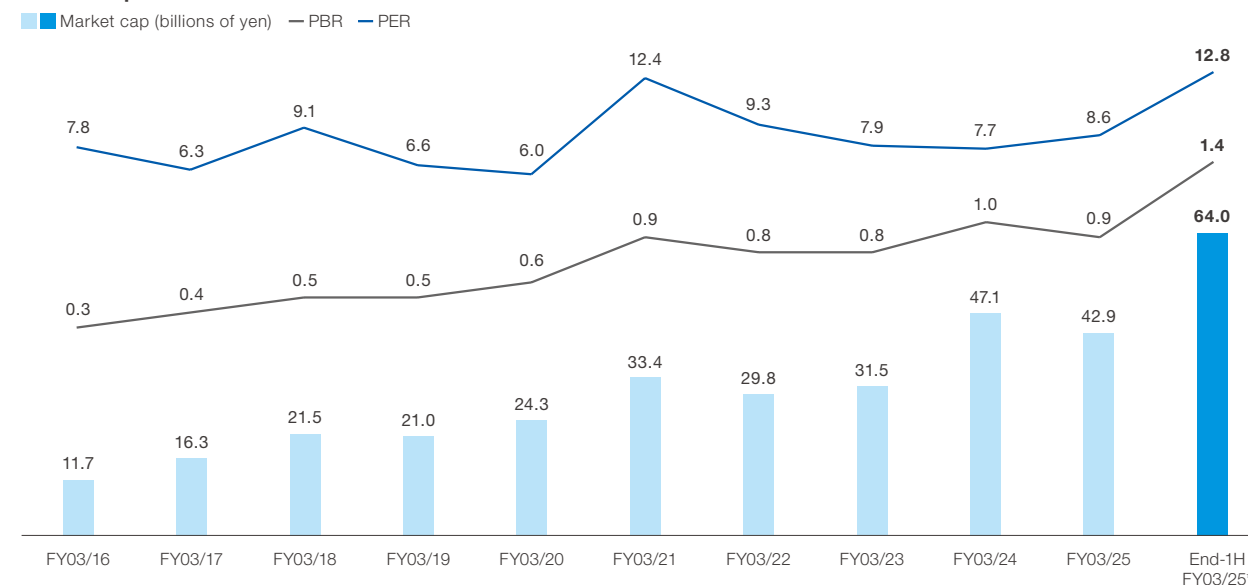
Our growth driver is our people, and developing strong individuals is more important than anything else. I believe that only when strong individuals come together the strength

of the organization can truly be demonstrated. For TSUZUKI DENKI to pursue transformation, we need strong talent who can act proactively, possess a broad and comprehensive perspective, and take on challenges without fear of failure. To cultivate such strong talent, we are actively engaging in our Cross-Border Program. Because what can be learned and experienced within the Company is limited, we want our employees to grow by gaining experience in external environments. In our Cross-Border Program, for example, we send employees to companies such as Microsoft Japan or to consulting firms, and we have them participate in programs in which they work together with employees of other companies to consider the creation of businesses that address social issues. We are also actively promoting personnel exchanges with leading companies, aiming to invigorate the organization by encouraging employees to break out of an inward-focused mindset. Through these kinds of external interactions, we feel with certainty that

### Operating income/Operating margin/ROE



### Market cap/PBR/PER



\* Index values as of end-1H FY03/25: PER calculated using EPS for end-FY03/25; PBR calculated using the average BPS in FY03/24 and FY03/25.

our employees are growing. When employees return from the Cross-Border Program, we see changes—for example, a shift from simply responding to customer requests to proactively seeking out the customer's true issues. They also begin conceptualizing business opportunities even before negotiations start, adopting a more panoramic, management-minded perspective.

Such changes in mindset are already leading to cases where employees proactively generate new business. However, there are still aspects that depend on strong individuals, and the next challenge will be expanding this strength to the organizational level.

### —Leveraging M&A

To carry out transformation quickly and produce results, the use of M&A is also necessary. With improved profitability in recent years and the sale of the Electronic Devices business, our cash on hand has increased, and it is important to allocate these funds in ways that lead to enhanced corporate value. Up to FY03/25, we examined 81 potential M&A opportunities, but none materialized. We are continuing to explore opportunities in both advanced fields such as AI and in expanding our existing business domains. In terms of priority, we place greater emphasis on supplementing weaker areas within our existing domains and acquiring capabilities that can serve as tools for cross-selling to existing customers, rather than on advanced fields. However, our approach is not limited to M&A. For example, in October 2024, we entered into a business partnership with Daiwabo Information System.

## Toward the Next Medium-Term Management Plan: Creating a Clear Growth Story

From the start of the current medium-term management

plan, we have been promoting management that is conscious of enhancing corporate value. With an awareness of dialogue with the capital markets, we disclosed our cost of capital and set an ROE target in the medium-term management plan. However, our price-to-book ratio (PBR) remains around 1x, and we feel that we have not yet met the expectations of the capital markets. Although we have raised our operating margin to above 6%, this is still low compared with system and network integrators—our peers—and we aim to reach 10% at an early stage.

In our dialogue with the capital markets, we have received comments that our business model is difficult to understand and that our growth story is not clearly visible. If we were to express our culture in a single word, it would be earnestness—what we describe in Japanese as majime. I believe that our earnest, understated way of working can at times lead to under-communication, meaning some aspects may not be clearly conveyed to—or fully understood by—external audiences. In the next medium-term management plan, we intend to incorporate the opinions we have received and present a clear growth story, both qualitatively and quantitatively. As President and CEO, I also intend to value the opinions of all stakeholders, and I ask for your candid feedback.

Since our founding, TSUZUKI DENKI has been engaged in a business that supports the infrastructure of society and of companies, covering everything from system and network planning and proposal to maintenance and operation. I consider our Company to be like a screw that connects society together. There are not many people who pay attention to the screw itself, but without screws, machines do not operate. And if a screw breaks, the system stops. I want TSUZUKI DENKI to be a screw that never breaks and continues to connect society. As a “known to those in the know” company that connects people, companies, and society through ICT and supports society behind the scenes, we will help shape a bright future for Japan.



# Conversation

## Opening the Future of TSUZUKI DENKI Together

### What Kind of Person Is the New President, Mr. Yoshida?

**Hirose** Although I have only had few opportunities to work directly with Mr. Yoshida, whenever I received feedback on proposals to customers through my supervisor, his “customer-first” stance always came through. What left an impression on me was when he asked, “Does that really serve the customer’s best interests?”

Also, when Mr. Yoshida was General Manager of the Sales Unit, I was on the same floor, and whenever he walked across the floor from his desk, I always saw him casually interacting with subordinates and junior colleagues, making them laugh. From that, I felt he is someone who remains approachable and friendly regardless of his title.

**Nagashima** Since I am in the Information System Department, I have no opportunity to work together with Mr. Yoshida, but there are times when I contact him regarding things like PC settings. Since he is the president, I was always careful about contacting him directly, but Mr. Yoshida replies right away, and he even sends chat stickers, so I realized that I had been overly cautious on my side. Now I see him as someone who is easygoing and friendly, and I talk to him without hesitation.

**Naka** I first had a proper conversation with Mr. Yoshida when we were in the same group at a company golf competition. I was nervous, but he praised me when I made a good shot. At the time he was vice president, but he took the initiative to lift the mood, and I had a very enjoyable time. I felt that he is someone who interacts with others naturally, regardless of position.

**Arai** I first met Mr. Yoshida during my pre-employment

interview, and my impression of him as a cheerful person has never changed since then. In the interview, he reacted openly to the stories I shared and laughed in a sincere, natural way, which made me want to make the conversation even more enjoyable for him. I felt he was someone with genuine personal charm. After joining the Company, I was assigned to the Sales Unit where Mr. Yoshida worked, and through watching how he communicated with those around him and interacting with him myself, I came to see him as a supportive “older brother” figure.

When talking about sales, the word “customer” always comes up in his conversations, and he often talks about the future with comments such as, “Next, I want to work with this customer in this way,” describing a future in which we are right beside the customer. Hearing him speak that way made me strongly feel that he places a “customer-first” attitude above all else. Those words from Mr. Yoshida made me repeatedly reflect on what I myself should value most.

**Yoshida** That’s right. When interacting with younger generations like all of you, I try to engage from the same point of view, thinking about what I myself was thinking at your age. Within an organization there are titles such as general manager or section manager, but what is important is that everyone looks at and thinks about the customer and the business from the same perspective—while also valuing each person’s own way of seeing things. I believe that is something that has been consistent within me. Although it is not exactly risk management, I also value maintaining a level of closeness where we can casually talk about work, asking things like, “How’s it going now?” or “What’s happening with this project?” So that issues are not reported only after they grow into major problems, I make a point of regularly going out into the field and getting a feel for the situation firsthand.

### What Customer First Means in a TSUZUKI DENKI Way

**Nagashima** I joined the Company mid-career, and after coming to TSUZUKI DENKI I felt that everyone here has an impressive ability to follow through. One of our Values—our corporate values and action guidelines—is also “follow through,” and I feel this is a company that, once it decides on something, has the collective strength to carry it through to the end. Our early departure day system is a prime example of this. Many companies, including my previous one, have systems such as no-overtime days or early departure days, but my impression was that in many cases they end up being only halfway implemented. At TSUZUKI DENKI, however, we put our words into action—we truly leave the office completely by 5:00 p.m. By having everyone thoroughly commit to this, it leads to health management and workstyle reform, and as a result, even contributes to enhancing corporate value. I believe this ability to follow through is one of our strengths as a company.

**Hirose** From a sales perspective, what feels characteristic of TSUZUKI DENKI is that we are a company that places great importance on person-to-person relationships. Of course, business is conducted between companies, but our sales teams think in terms of the customer’s individual representative—for example, worrying that Mr./Ms. \_\_\_\_ would be put in a difficult position if a certain problem occurred. Because we build relationships in this way, even after a customer contact is transferred to another department or moves to a different company, they still reach out to us again. This demonstrates how we have earned their trust.

On the other hand, I have experience being seconded

to a consulting firm, and during that time I realized that, because TSUZUKI DENKI places such great importance on relationships with customers, there is a strong tendency to look for a compromise or the middle ground.

**Naka** Our characteristic stance of “valuing good relationships” can sometimes get in the way of taking a more assertive business approach. For example, when a customer wants proposal A, even if proposal B would actually be more appropriate, we may end up proposing A because we prioritize the customer’s request.

**Hirose** However, today we are in an era where a relationship in which we can speak openly and honestly with customers actually leads to greater trust. As customers themselves are seeking more drastic change, I feel that we need to adopt more of a stance of saying what needs to be said.

**Arai** I agree. When I was in sales, there were times when I hesitated to say what I wanted to say to the customer. But around 2018, I participated in a cross-industry exchange program with external members, and I had the opportunity to work on new business development planning in the same team with people who, in a sense, were like customers. In that environment, we exchanged opinions without reservation and experienced co-creating new value together. Those experiences made me feel that building that kind of relationship will be important going forward, and that we should expand our co-creation efforts with external partners within the Company as well.

**Yoshida** I believe that the “customer-first” approach can change with the times, but for TSUZUKI DENKI, what does not change is that “customer first” means “thinking first and foremost about raising the customer’s corporate value.” Therefore, it does not mean simply doing what we are told; it

#### Hiroto Naka

Manager,  
Sales Sec. I, Sales Dept. I,  
Third Solution Sales Division

Joined the Company in 2012 as a new graduate. As a sales section manager, he is mainly responsible for major manufacturing customers.

#### Katsuyuki Yoshida

President and CEO

#### Mariko Arai

Manager,  
Business Strategy Planning Office

Joined the Company in 2011 as a new graduate. Worked in sales for 12 years and is currently in the Business Strategy Planning Office, where she is responsible for planning and executing new businesses.

#### Naoto Hirose

Manager,  
DX Promotion Office

Joined the Company in 2012 as a new graduate. Currently works in the DX Promotion Office, supporting customers’ DX initiatives and helping launch new services.

#### Satoko Nagashima

Manager, Sec. I,  
Information System Dept.

Joined the Company mid-career in 2018 from a staffing services company. Currently works in the Information System Department, responsible for the introduction and operation of internal ICT infrastructure, cloud products, and zero-trust products.



also includes engaging seriously and having discussions even when our opinions differ from the customer's. I need to make sure that this is clearly conveyed to everyone.

### Our Own Transformation Also Becomes Part of the Value We Provide

**Naka** What do you all think about our workstyle? I personally feel that it's a truly supportive environment. My second child was born in May, and I was able to take one week of childcare leave. After that as well, thanks to telework and the flex-time system, I have been able to balance work and childcare. For dual-income households, it is common to place children in daycare, but by using our system that allows employees to take breaks during working hours, I have been able to send my child to kindergarten.

When I go for pick-up and drop-off, other parents sometimes express surprise, asking, "Is everything okay with work if the father is coming in the middle of the day?" When I tell them that our Company allows this kind of workstyle, they say, "That's a great company."

**Hirose** The speed with which we introduced telework during the COVID-19 pandemic, for example, shows that flexibility and agility are strengths of TSUZUKI DENKI. I believe we are a company that can change when it needs to change, as shown by initiatives such as our use of generative AI—for example, launching TAI-CHAT, a secure generative AI environment using Azure OpenAI Service, just 1.5 months after planning begun.

Our Live Office Tour, where customers can directly experience our own workstyle transformation, has been visited by more than 400 companies since it began in 2021. In addition to the office space itself, we also introduced systems that transform workstyles, such as the removal of the dress code and DX talent development. During the tour, there are also moments when the general affairs managers of our Company and other companies talk with each other—based on their own experiences—about the difficulties of transformation, such as how to deal with internal opposition and passive attitudes. While using office transformation as one of the measures, we have also implemented policy reforms and culture-building initiatives to shape our overall



workstyle, and I feel that this has led to positive evaluations from customers.

**Yoshida** It is meaningless to just prepare the physical space—it has to be matched by substance. For example, even with the introduction of free-address seating, by being among the first to implement it ourselves, we were able to understand what kinds of problems actually occurred and how to overcome them, and this now allows us to talk to customers about it as a real-world case. I believe this connects directly to our stance of facing customers' issues with sincerity, thinking together with them, and guiding them toward solutions.

**Arai** I would also like us to communicate more proactively about TSUZUKI DENKI to people outside our customers. We have been participating in the planning of a university lecture program. Even students who did not know about our Company beforehand become interested after the lecture, saying things like, "If there are any of the unrefined realities or challenges you often see in ICT companies, I'd like to hear about them." First, I want more people to learn about our Company from various angles, and eventually, I hope we can foster a culture in which we might even team up with student entrepreneurs to launch joint ventures.

### A Key Challenge: Advancing Women's Participation, Voluntary Initiatives Supporting Connections Among Female Employees

**Nagashima** In my previous job, the workplace had many women, so I sometimes feel a sense of discomfort with the current situation here—that unless women make a conscious effort to gather, they cannot naturally connect with one another.

**Arai** I agree. As a voluntary activity, I plan and operate a program called Sister Salon, where female employees can connect with each other. There, we share concerns and sometimes form mentor-like relationships, and I feel it has become a very meaningful initiative. Within the Company, as we promote diversity and inclusion, I feel that bottom-up activities are increasing year by year, so I hope the Company will provide even more support for them.

**Nagashima** Rather than women having to gather intentionally, I think the ideal is to create an environment where, through work-related communication, natural communication beyond work can also emerge.

**Yoshida** The active participation of women is a major challenge for us as a company. It has been 15 years since we began hiring women for career-track positions, but the number is still small, and in some projects there is only one female team member involved. In FY03/25, the percentage of women among our full-time employees rose from 13.8% in the previous fiscal year to 14.9%, but the reality is that we still receive few applications from women, so I would very much welcome ideas from all of you on how to address this.

**Naka** For new graduate hiring, I think it is also important to offer positions that are not in sales or engineering—roles that often involve facing customers—but in areas such as

planning or sales support. By increasing the number of departments where different types of people can be active, we can attract more diverse talent, and I believe it will also broaden the range of strengths the Company can draw on.

### Envisioning Our Own Future at TSUZUKI DENKI

**Nagashima** Ultimately, I would like to become someone who can give something back to the organization and to society. In the Information System Department, where I am now, I hope to contribute to the Company by honing my management skills as a manager and by building infrastructure that earns the trust of our customers. Because we are entrusted with customers' information, I feel it is my mission to support a foundation that makes customers think, "With TSUZUKI DENKI, I can feel secure."

**Hirose** In the DX Promotion Office, we are currently taking on the challenge of creating a framework for consulting through co-creation efforts such as a food-education app. In the future, we aim to turn this into intellectual property and eventually make it an industry standard. At the same time, we are spreading the knowledge gained from cross-boundary learning within the Company, offering courses on logical thinking and research methods to the sales departments, and continuing activities to develop so-called "DX evangelists."

**Arai** My current mission is to build the systems and mechanisms—incubation efforts—that identify and support entrepreneurial talent emerging from within the Company, with the aim of creating new businesses for TSUZUKI DENKI. I want to create an environment in which employees who return from programs such as cross-boundary learning or study abroad can move on to their next new challenge. I would also like to clearly define once again what "TSUZUKI DENKI's DNA" truly is. I hope that all employees will share this understanding as we work together to carry the baton toward our 100th anniversary, and onward into the next 100 years.

**Naka** While valuing the trust-based relationships I have with my current customers, I am also focusing on developing new areas with a view to the future and on building relationships with a wide range of customers, regardless of transaction size, so that we can respond flexibly to changes in the business environment. As a sales section manager, while placing top priority on achieving the financial targets right in front of me, I am also working on establishing the business foundations needed for sustainable growth. Looking ahead, I aim to be in a position where I can get involved in formulating the Company's growth strategy, and I hope that we can become a company with 150 billion yen in sales, and eventually 300 billion yen.

### What We Expect from President Yoshida

**Hirose** For the new medium-term management plan that will begin in FY03/27, I hope that Mr. Yoshida will show us the vision that lies beyond "Transformation." All employees are looking forward to seeing what kind of future image President



Yoshida will draw and what kind of message he will send. Please present a future vision that makes all of us feel excited.

**Arai** I am also looking forward to seeing what kind of dream Mr. Yoshida is envisioning. To be honest, I truly want to work with him to help realize that dream. I also hope to see him take the lead from the top when needed. And I would like him to build an organization where we can fully take on new challenges.

**Nagashima** I do not have many opportunities to speak directly with the president, but I would be glad if he could communicate more specifically the vision and strategies that TSUZUKI DENKI is aiming for, and I would also appreciate it if he could continue creating opportunities for dialogue with various generations going forward. As Ms. Arai mentioned, while it is important for us to take on new challenges, it would also be helpful if he could clarify not only what we should do but also what we should not do—what we truly need to focus on.

**Naka** I am not satisfied with our current share price. I want us to aim much higher. I believe this company has the strength to achieve that. I would like Mr. Yoshida to pursue bold new challenges toward our 100th anniversary in 2032, making full use of everything he has built up so far. Because that kind of stance from Mr. Yoshida at the top is what ignites the spirit of each and every employee, I want him to take the lead and show us that attitude of taking on challenges.

**Yoshida** I am truly grateful that all of our employees are taking initiative and applying their ingenuity in their respective roles. From differences in opinion, discussions emerge, and we move things forward on the premise that there is not only one correct answer. On that basis, I believe what is important is how we strike a balance between new and existing, and between challenge and stability. As was mentioned regarding "TSUZUKI DENKI's DNA," while preserving the core elements that must be protected, we will aim to be a company that can flexibly change what needs to be changed in line with the times.

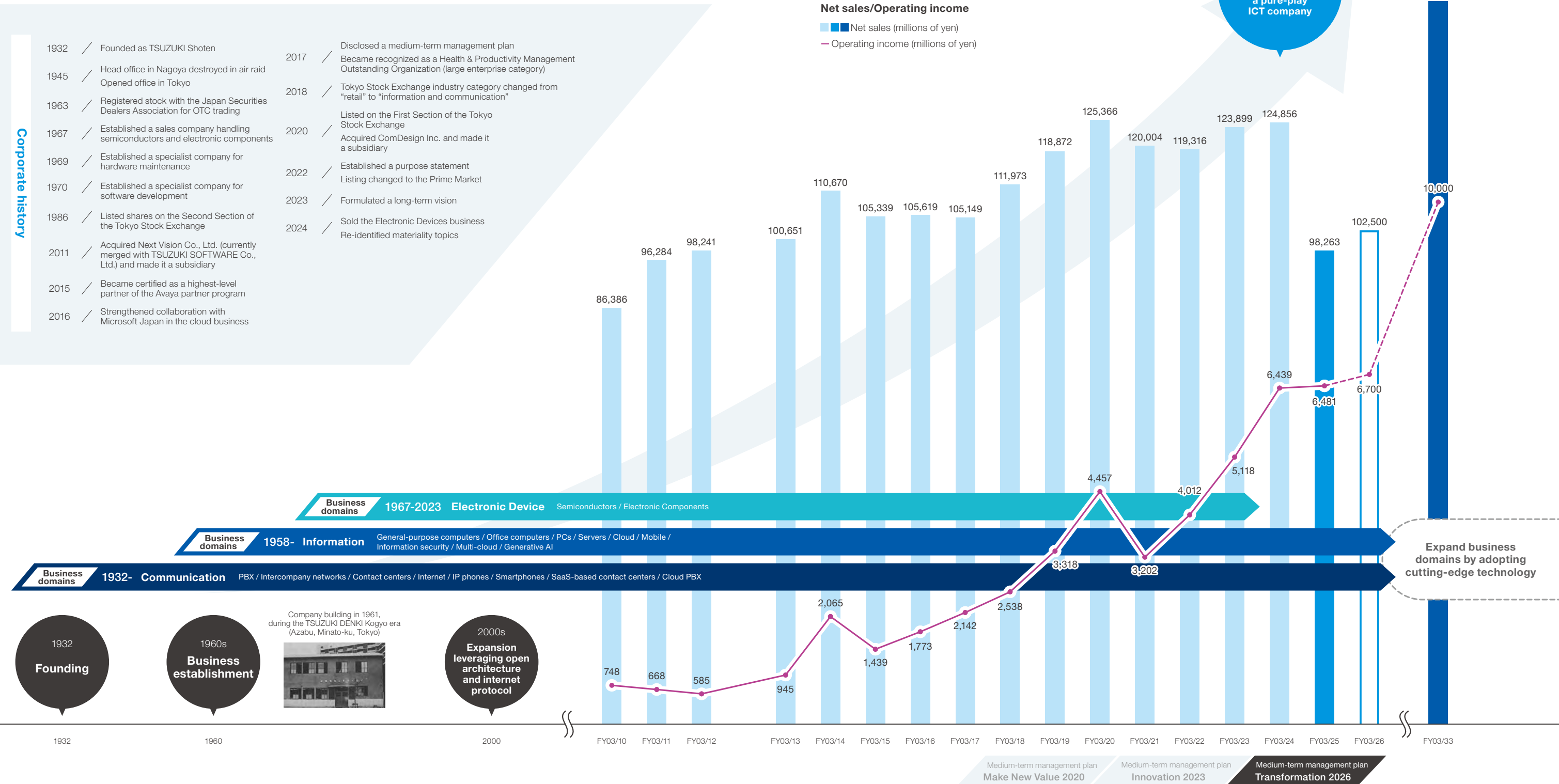
I believe what is required of me as president is sound judgment, decisiveness, and speed. I will continue taking steps to pursue these challenges, believing that all of you will support me. Our 100th anniversary in 2032 is one milestone along the way. Looking beyond the 100th year, let us build the foundation for becoming a long-lived company that is flexible and resilient to change.



# History

Since its founding in 1932, TSUZUKI DENKI has spent more than 90 years contributing to society by solving customers' issues through information and communication technology (ICT). Throughout our long history, we have continued to grow by responding to customer needs, social demands, and advances in technology—expanding our business domains into communications, information, and electronic devices.

In 2024, we sold our Electronic Devices business, completing our transformation into a pure-play ICT company. Today, we are concentrating our resources on the Information Network Solutions business as we work toward achieving the targets of our medium-term management plan and realizing our long-term vision.





# Value Creation Model

Purpose

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

## Input

FY03/25

### Human Capital

<b>2,061</b> people	<b>3.05</b> points	<b>Approx. 300</b> million yen
Employees (consolidated)	Work engagement index (6.0 points possible)	Investments in human capital

### Social and Relationship Capital

<b>Approx. 20,000</b> companies	<b>Approx. 2,000</b> companies
Customers	Business partners

### Intellectual Capital

<b>Approx. 200</b>	<b>Approx. 500</b> million yen	<b>278</b> employees
Proprietary service brands	R&D investments (including capitalized assets)	DX Associates*

\*Internal certification (requirements: DX certification test and skills assessment via written exam)

### Financial Capital

<b>44,629</b> million yen	<b>55.2%</b>
Net assets	Shareholders' equity ratio

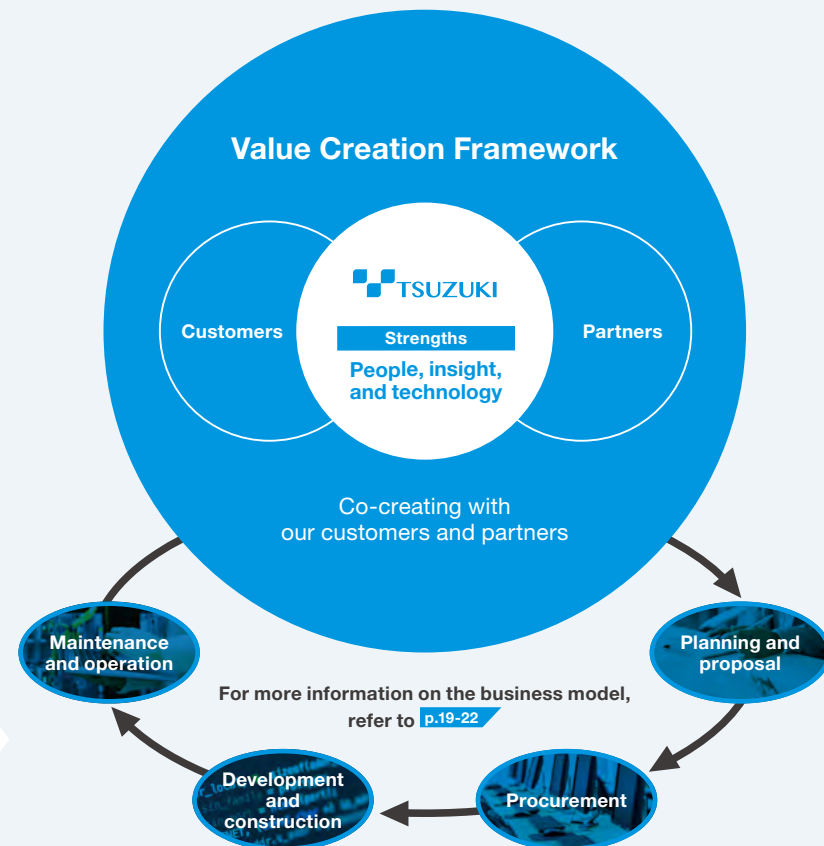
### Manufactured Capital

**68** locations  
Bases

### Natural Capital

**1,395** t-CO<sub>2</sub>  
Greenhouse gas emissions

## Business Model



### Materiality



## Output

ICT services that resolve social issues

### Long-term vision and medium-term management plan targets

	Financial		
	FY03/25 results	FY03/26 plan Final year of the medium-term management plan	Long-term vision FY03/33
Net sales	98.2 billion yen	102.5 billion yen	150.0 billion yen
Operating income	6.4 billion yen	6.7 billion yen	10.0 billion yen
ROE	11.3%	10% or more	15% or more

### Non-financial

	FY03/25 results	Medium-term management plan FY03/26
Work engagement (6.0 points possible)	3.05	3.2
CO <sub>2</sub> emissions	1,395 t-CO <sub>2</sub>	1,346 t-CO <sub>2</sub>
Sales from services contributing to social issue resolution in focus areas	12.3 billion yen	16.3 billion yen

## Outcome

Ideal future

### Ideal society

#### A society with “yohaku” filled with possibilities

A society where people can freely take on challenges and grow  
A society where people can connect with each other  
A society where diverse values are created

### Ideal self

Long-term Vision

## Growth Navigator

An organization that navigates growth and grows together with stakeholders

### The planet and our future

We will enhance sustainability through activities that protect people and the planet.

Reduction of environmental impact / Sustainable society / Society that respects human rights

### Society at large

We will fulfill our social responsibilities with the aim of realizing a prosperous society.

Measures to resolve social issues / Safe, secure, and convenient living / New experiences

### Customers

We will resolve issues and take on the challenge of creating new value together.

High-quality, timely, and optimal services / Business continuity, improvement, and transformation methodologies / Latest ICT services reflecting the times

### Employees, families, and jobseekers

We will provide opportunities for self-actualization and continuously grow together.

Space and opportunity for diverse human resources to thrive / Proactively selectable workstyles / Maintenance and improvement of physical and mental health

### Shareholders and investors

We will pursue social and economic value through repeated dialogues.

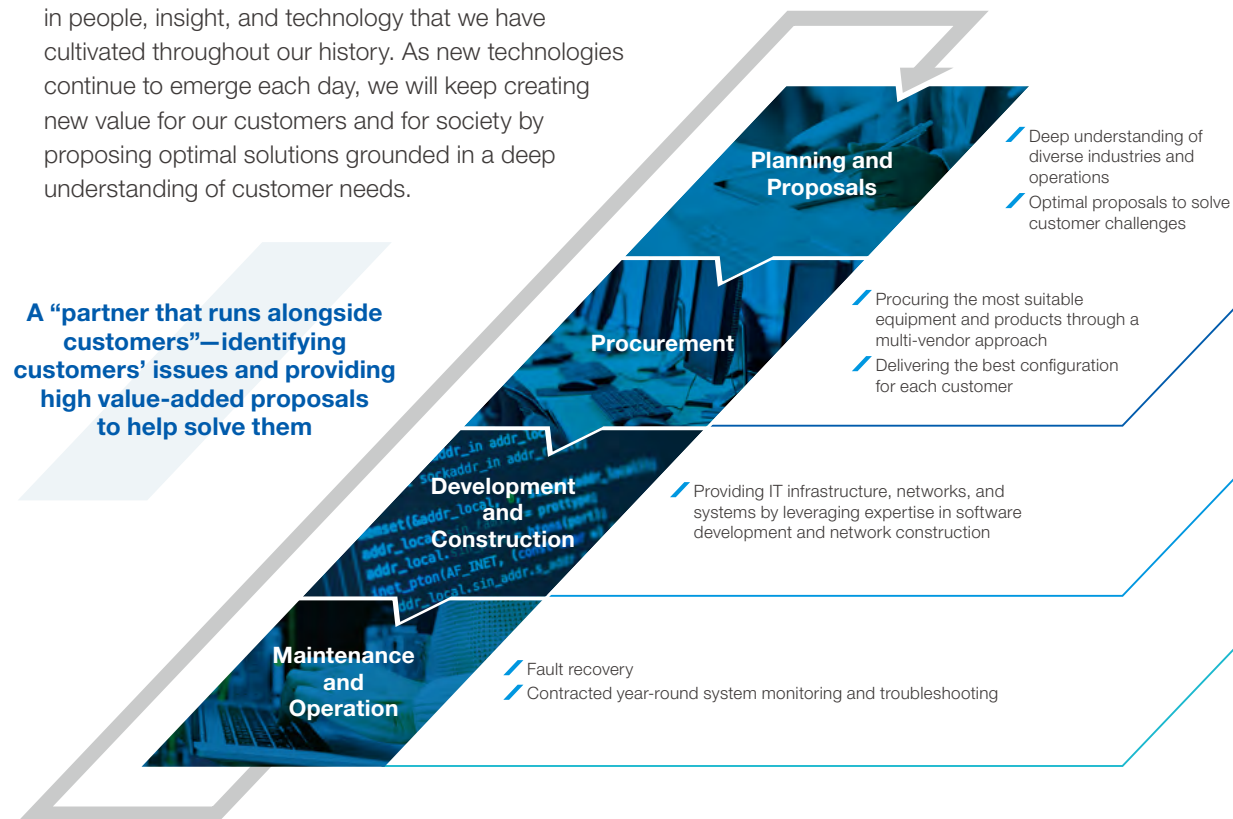
Shareholder returns through sustainable growth and enhanced corporate value / Expanding constructive dialogue and flexible management / Ensuring appropriate information disclosure and management transparency



# Business Model

We have built a robust business model together with our customers and partners, leveraging the strengths in people, insight, and technology that we have cultivated throughout our history. As new technologies continue to emerge each day, we will keep creating new value for our customers and for society by proposing optimal solutions grounded in a deep understanding of customer needs.

A “partner that runs alongside customers”—identifying customers’ issues and providing high value-added proposals to help solve them



## Sales Composition (FY03/25)

### Equipment

PCs / Servers / Storage / Middleware / Network devices / PBX, etc.

41 %

### Development and construction

Infrastructure construction (information and network systems) / Network design and construction / System and application development / Voice platform system (PBX) design, construction, etc.

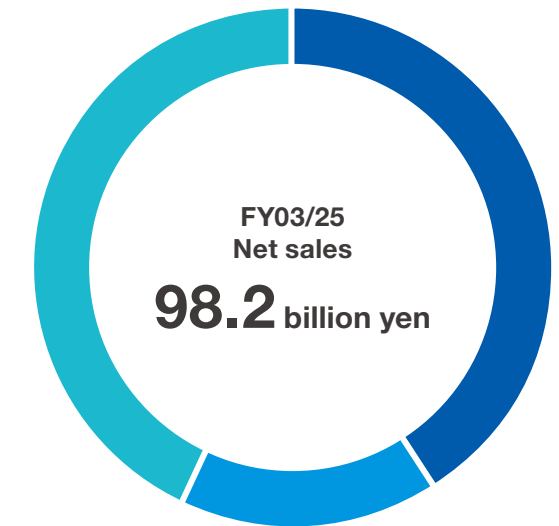
16 %

### Services

Various cloud services (CT-e1/SaaS, TCloud series, etc.) / Cloud infrastructure (Microsoft Azure, etc.) / Device maintenance / Monthly line fees / Maintenance and operation services, etc.

43 %

FY03/25  
Net sales  
**98.2 billion yen**



## Strengths of TSUZUKI



### People

- Professional talent with advanced expertise, a culture that embraces challenge, and a workplace that values teamwork
- With a customer-first mindset and strong on-site capabilities, we strive to be “a company that knows its customers better than they know themselves”



### Insight

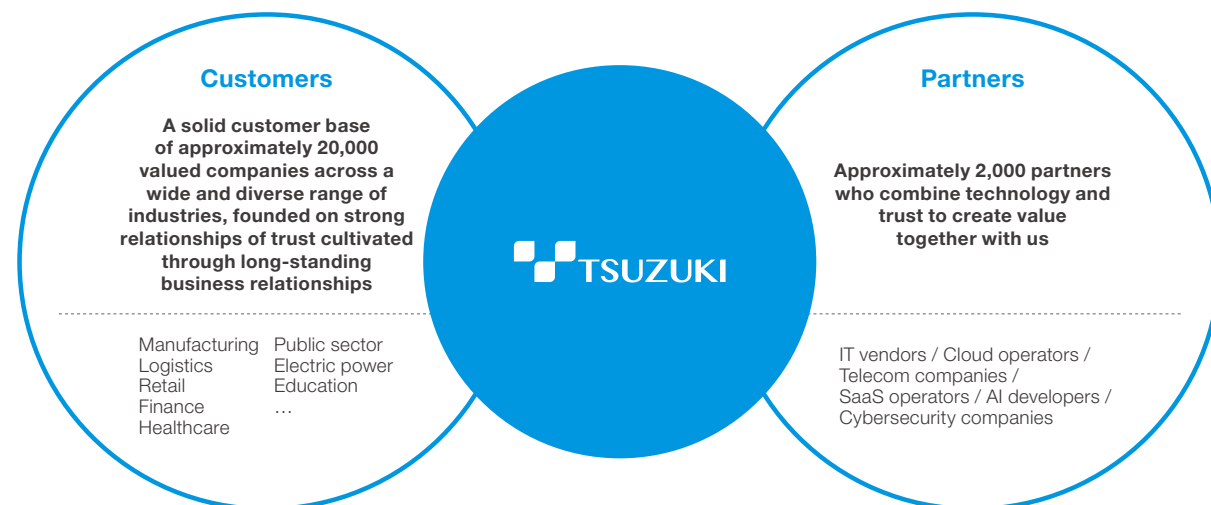
- Ninety years of experience and the knowledge and expertise gained from working with 20,000 customers across a wide range of businesses and industries
- Coordination skills developed through these efforts
- The ability to identify the next generation of ICT cultivated through the pursuit of evolving technologies



### Technology

- Our core business is rooted in the voice platform technologies we have engaged in since our founding, and we have deepened our technical capabilities in the highly specialized field of telephony and expanded into new business areas in response to customer needs
- We have deep expertise in information and communication technologies, AI, and other cutting-edge technologies
- Our ability to maintain the trust of our customers is based on these solid technological capabilities

## Co-creating with Customers and Partners

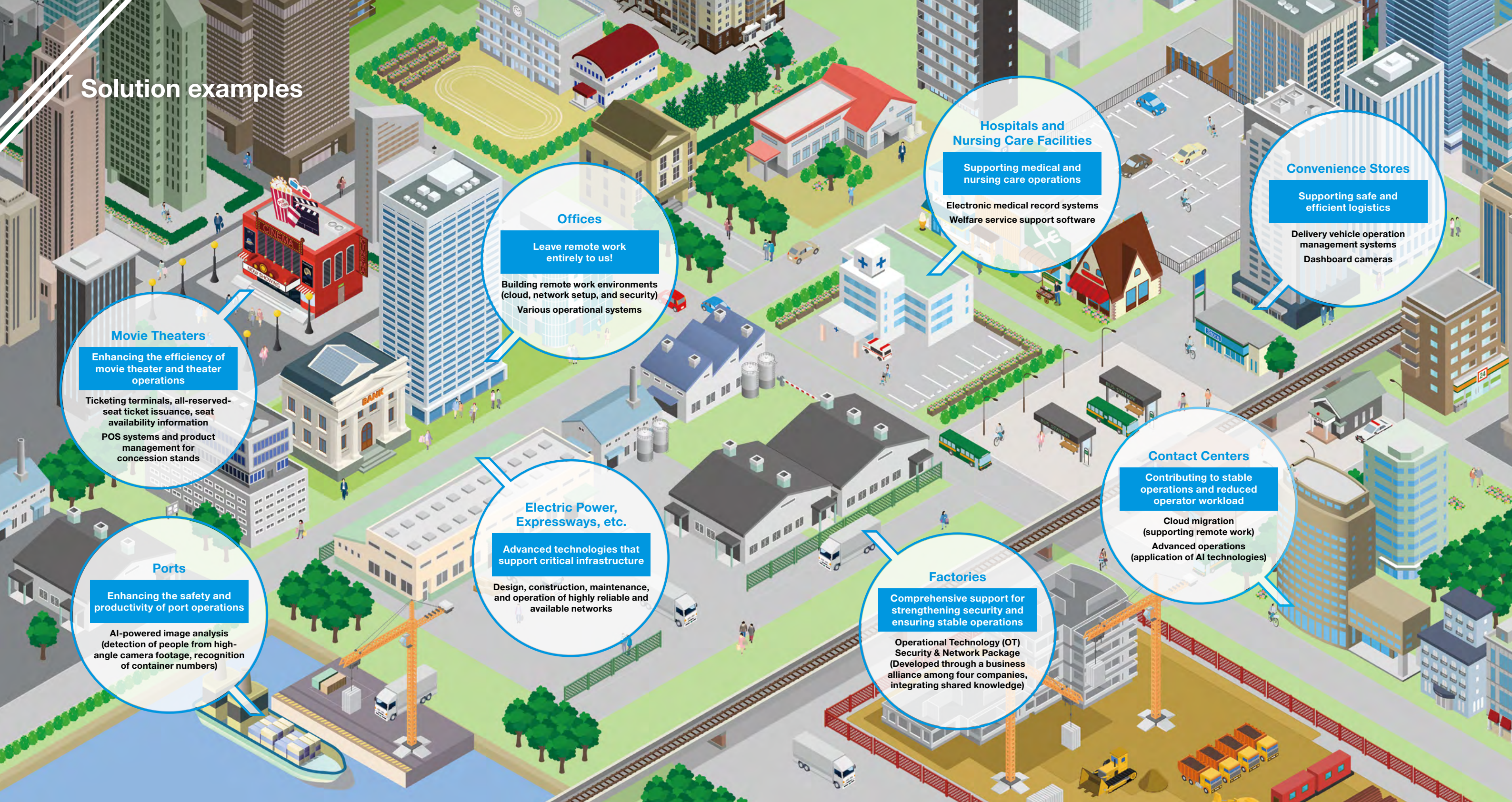


The long-standing relationships of trust we have built with our customers, together with the collaborative frameworks we have developed with our business partners, form the very foundation of our social and relationship capital, which is the greatest source of our value creation.

As the business environment and technologies continue to evolve, our customers’ challenges and expectations are becoming increasingly sophisticated. Together with our customers and partners, we will continue to accelerate our growth.



# Solution examples



## Movie Theaters

Enhancing the efficiency of movie theater and theater operations

Ticketing terminals, all-reserved-seat ticket issuance, seat availability information  
POS systems and product management for concession stands

## Ports

Enhancing the safety and productivity of port operations

AI-powered image analysis (detection of people from high-angle camera footage, recognition of container numbers)

## Offices

Leave remote work entirely to us!

Building remote work environments (cloud, network setup, and security)  
Various operational systems

## Electric Power, Expressways, etc.

Advanced technologies that support critical infrastructure  
Design, construction, maintenance, and operation of highly reliable and available networks

## Hospitals and Nursing Care Facilities

Supporting medical and nursing care operations

Electronic medical record systems  
Welfare service support software

## Convenience Stores

Supporting safe and efficient logistics

Delivery vehicle operation management systems  
Dashboard cameras

## Contact Centers

Contributing to stable operations and reduced operator workload

Cloud migration (supporting remote work)  
Advanced operations (application of AI technologies)

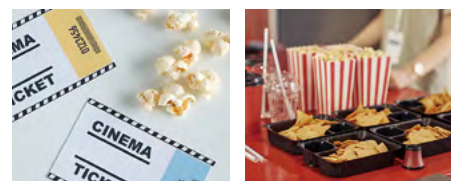
## Factories

Comprehensive support for strengthening security and ensuring stable operations

Operational Technology (OT)  
Security & Network Package (Developed through a business alliance among four companies, integrating shared knowledge)

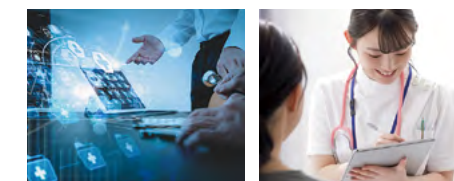
### Highlight 1 KitFit Cinema – A specialized solution for managing movie theater and theater operations

Movie theaters and theaters handle a wide range of industry-specific operations, including a wide range of ticket reservation and issuing methods, product sales at concession stands, and management of screening and performance schedules. Developed in-house, our industry-specific solution KitFit Cinema offers a comprehensive solution that supports operations of all sizes—from single-screen theaters to large multiplexes.



### Highlight 2 Healthcare Workstyle Reform Support Service Package – Enhancing work efficiency in medical settings

Many hospitals in Japan today face an urgent need to advance workstyle reforms for healthcare professionals. For customers seeking to efficiently apply the latest technologies in their medical operations, we provide end-to-end support through a packaged service that combines solutions and operations.





# Comments from Customers and Partners

## Comment from customer



### Hiroyuki Kowase

Executive Officer and CIO  
(responsible for information  
and communications)

TSUZUKI DENKI is not merely a vendor to us, but a co-creation partner who works with us to overcome challenges. We always place our trust in their approach of addressing on-site issues from our perspective, responding with both speed and flexibility. In particular, in the areas of network and security, their ability to support all of our sites nationwide and the depth with which they engage in on-site support are strengths that other companies do not possess.

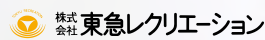
During our network overhaul, they handled everything consistently—from on-site surveys across approximately 100 locations nationwide to design, construction, and operation. Especially at our regional sites, the TSUZUKI DENKI staff have an excellent understanding of conditions on the ground, and they have supported the continuity of our operations through the early identification of issues and their rapid escalation. In the introduction of our wireless LAN as well, their design reflected feedback from the field, contributing to a highly satisfactory outcome.

In terms of operations, although a higher volume of service desk activity would normally lead to increased revenue for TSUZUKI DENKI, they worked with us to consider improvement measures aimed at reducing the number of inquiries themselves. Their proposals—based on analysis of inquiry trends and extending as far as reviewing our internal information-sharing and business workflows—were truly actions taken from the customer's standpoint. Their stance of prioritizing the resolution of customer issues over their own profit conveys to us a sense of sincerity and commitment as a company.

At Ebara, we aim to further evolve as a Global Excellent Company and will continue to pursue transformation and challenges. Although industry technologies continue to evolve day by day, we expect TSUZUKI DENKI to support our ongoing challenges more than ever by staying close to the front lines and providing proposals that combine advanced technology with the strength of their people. As a partner that helps shape the future together with us, we hope to continue moving forward together toward further evolution.

## Ebara Corporation

## Comment from customer



### Tomoo Kimura

President and  
Representative Director

TSUZUKI DENKI has supported us since the opening of 109 Cinemas Shonan in 2011. In operating a movie theater, nothing is more important than the stability of our core systems. TSUZUKI DENKI's systems span a wide range of functions—including ticketing, concessions, and the cinema shop—and are indispensable to on-site operations.

Because they respond sincerely and with great care, we can entrust our operations to them with confidence. They address even our detailed requests, and we are grateful for their daily adjustments and improvement proposals made from the standpoint of the on-site staff. They truly support us as a partner who stands by our side. It is precisely because we have built a long-standing relationship of trust that we feel comfortable taking on new initiatives. Within our Theater Division, through daily communication,

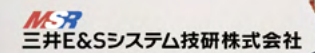
TSUZUKI DENKI proposed the introduction of technologies to automate routine tasks. By utilizing these technologies, we have not only shortened work time but also reduced human error. This has improved not only the volume of work but also the quality of work, resulting in greater efficiency. Their proposals, grounded in an on-site perspective, are highly feasible, and in our regular meetings, their sincere attitude toward addressing issues conveys a clear sense of integrity and professionalism.

Furthermore, when they make improvement proposals, they do not simply talk about technology—they also take into account ideas for operational refinements and ways to reduce the burden on on-site staff. I feel that this is very much characteristic of the company.

In FY2024, when I became president, we established a new management vision: "Let's create thrilling experiences and inspiring moments together!" We want not only our customers, but also ourselves as creators of content, our partner companies, and everyone in the local community—all our stakeholders—to feel that same sense of excitement and anticipation. Our core business, the Theater Business, is now at a major turning point amid various environmental changes. In order to realize our vision, we hope to continue working together on forward-looking initiatives and take on the challenge of enhancing the value of movie theaters. By combining TSUZUKI DENKI's technological capabilities with its proposal capabilities, we believe that movie theaters can evolve from being merely places of entertainment into places that connect people. We look forward to your continued cooperation in making this evolution a reality.

## Tokyu Recreation Co., Ltd.

## Comment from customer



### Hideki Maruhashi

Director and Executive Officer,  
Manager, Toyota Division,  
ICT Business

## Mitsui E&S Systems Research Inc.

Our relationship with TSUZUKI DENKI began about 60 years ago, when they introduced a frequency-division multiplexing device to support inter-site communications for Mitsui E&S (formerly Mitsui Engineering & Shipbuilding), our parent company at the time. Since then, they have provided us with extensive support in the IT infrastructure field, including PBX, network construction, and server implementation. Over the years, their meticulous responsiveness, backed by a wealth of experience cultivated across both sales and technical domains, has enabled us to build a strong, long-standing partnership based on trust.

In recent years, they have become a significant source of value for us through their extensive capability to respond to our needs—not only in IT infrastructure, but also through proactive proposals in system development and the DX field.

As one of our business domains, we have been involved for 30 years in system integration projects and IT infrastructure-related projects for major manufacturing customers in the Chubu region. However, in recent years, as expectations toward IT have grown, the volume of work has expanded rapidly. In particular, securing talent in the IT infrastructure field had become a challenge, and strengthening our capabilities to fully meet customer expectations had become an urgent issue. In this situation, when we consulted TSUZUKI DENKI, they responded sincerely and provided proposals to make talent acquisition in the IT infrastructure field more efficient, along with a wide range of solutions and services. As a result, our ability to respond has improved significantly, allowing us to help resolve our customers' issues. In addition, we have been advancing co-creation efforts that incorporate TSUZUKI DENKI's AI and image analysis technologies—such as workstyle trend analysis that we provide, and labor-saving initiatives in port-related solutions using image analysis.

AI utilization is indispensable in addressing labor shortages associated with population decline. Our policy is also to actively introduce AI into the solutions and services we provide. We have high expectations that TSUZUKI DENKI will continue to advance co-creation businesses with us through proposals based on their strong technological capabilities and foresight, thereby enabling us to deliver even greater value to our customers.

## Message from partner



### Hiroyuki Matsumoto

Representative Director  
and President

## Daiwabo Information System Co., Ltd.

Since our founding in 1982, we have operated as a "visible, community-based IT distributor," maintaining sales offices nationwide and conducting business with a strong commitment to local communities. TSUZUKI DENKI and our company have long maintained a partnership in which we work together to deliver proposals tailored to each customer's needs. I believe that the fact that both companies share a corporate culture of always putting the customer first forms the foundation of this strong partnership.

What has impressed me in our dealings with TSUZUKI DENKI is their insight and ability to execute when making proposals to customers. As a seller, it is easy to focus on the services one wants to promote, but TSUZUKI DENKI sees through to the essence of where the customer's real concerns lie and presents the most appropriate services as the solution. I feel that this approach is precisely the embodiment of a customer-centered stance.

Moreover, even when unexpected issues arise after services have been delivered to customers, TSUZUKI DENKI's representatives persistently address even difficult challenges, without confining themselves to the boundaries of their own responsibilities. By taking this kind of approach and building strong relationships of trust with many customers, I believe they have established their position as an "indispensable ICT company."

The business partnership concluded between our two companies in October 2024 aims to combine TSUZUKI DENKI's ability to engage deeply with customers with our scalability as a distributor, in order to create new value in advanced areas such as cloud utilization and the introduction of generative AI. Through this business partnership, we expect to build a new model of collaboration. Going forward, by further deepening the ties between our two companies and growing together, we aim to contribute to the development of our industry and of local communities as well.



# Sustainability

## Basic Approach

Since our founding in 1932, we have developed businesses driven by ever-advancing ICT services, and through a history of engaging directly with our customers' challenges, we have contributed to the development of an information-driven society that supports Japan's economic growth, while also achieving growth in our own businesses.

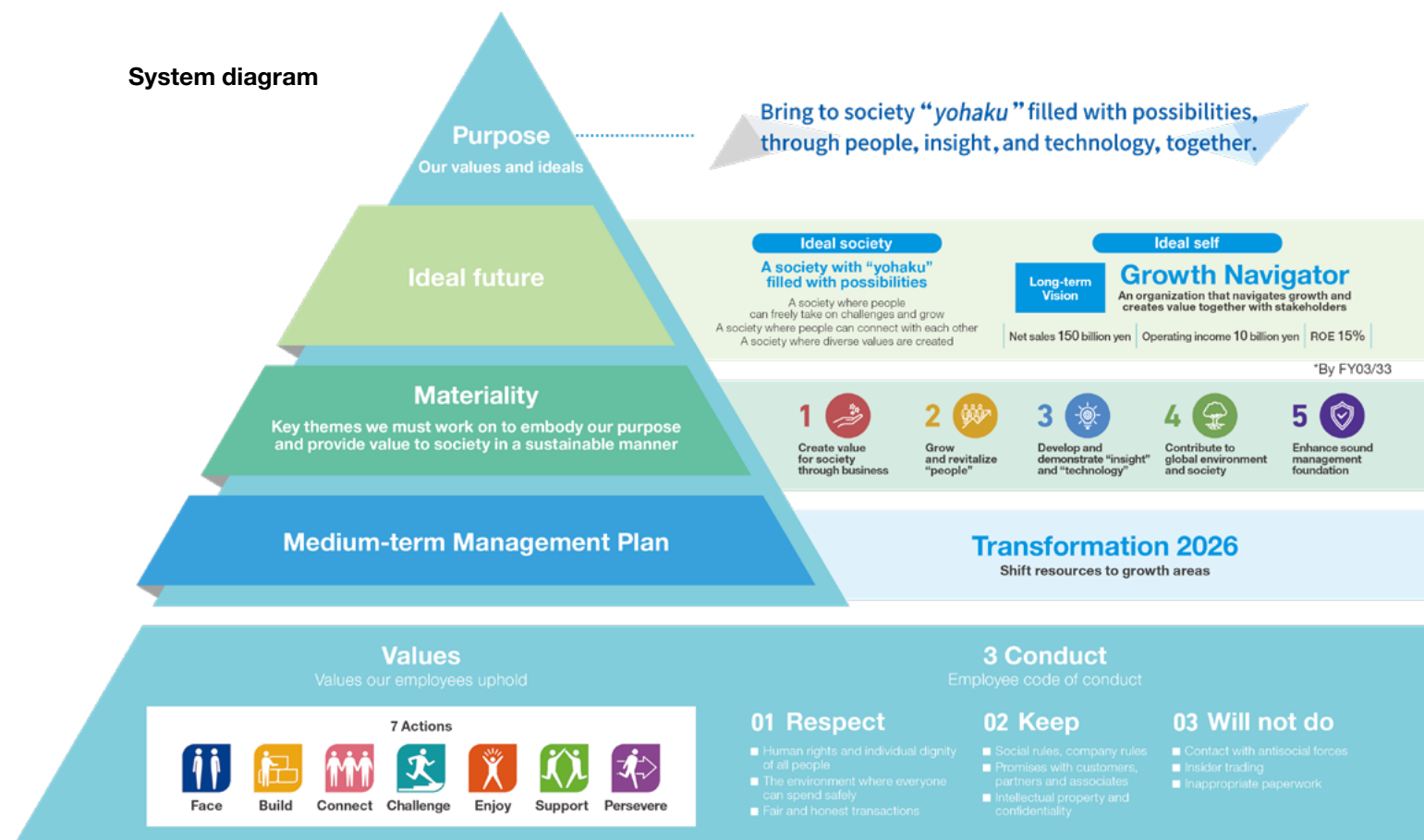
Recognizing that embodying the purpose we established in 2022 leads to the alignment of social sustainability with our own sustainability, we have set forth the Basic Sustainability Policy and are promoting sustainability initiatives accordingly.

### Basic Sustainability Policy

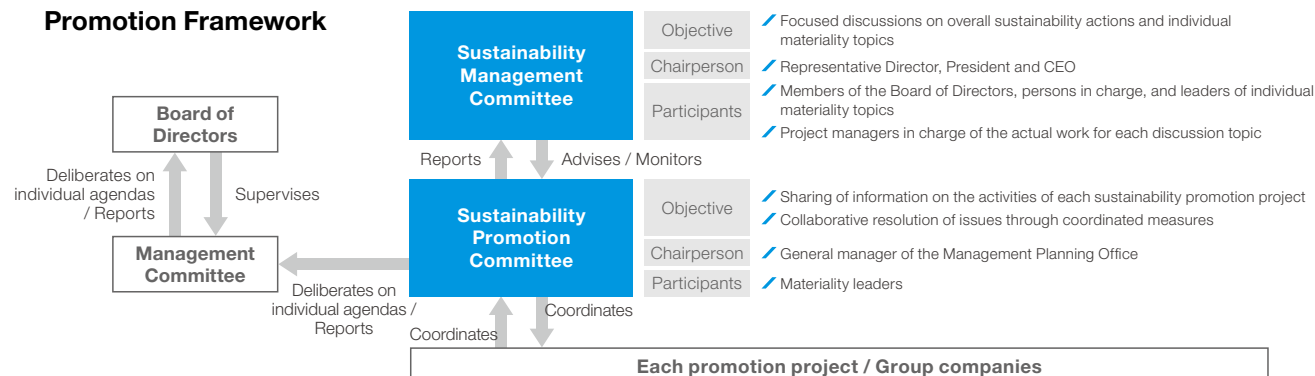
By embodying our purpose statement, we will contribute to realizing a sustainable society.

- 1 We will build an environment that fosters people, insight, and technology, and will steadfastly work to provide value to society.
- 2 By resolving social issues, we will create "yohaku" filled with possibilities.
- 3 Through responsible corporate actions, we will contribute to society together with our stakeholders.

## System diagram



## Promotion Framework



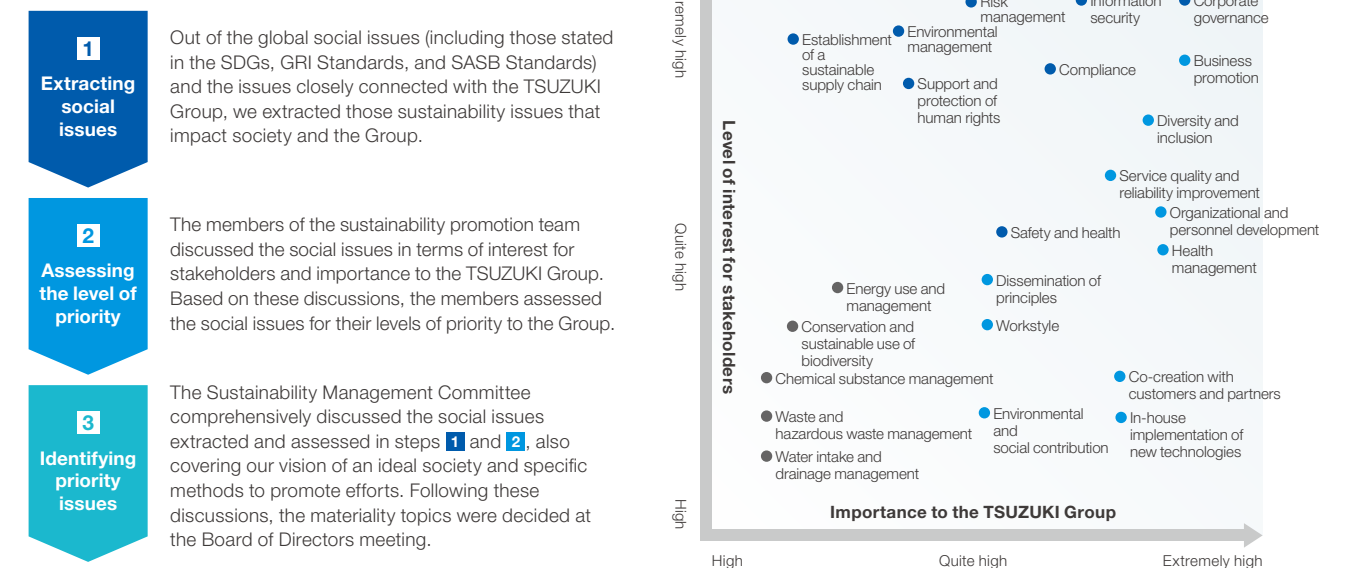
## TSUZUKI Group's Materiality

We identified our materiality topics in April 2021 with the aim of resolving social issues and enhancing the Group's corporate value. In April 2024, in response to environmental changes—including the growing focus on sustainability transformation (SX) and the formulation of the TSUZUKI Group's purpose statement—and to strengthen the effectiveness of our sustainability promotion, we identified and assessed risks and opportunities through the process shown below, and re-identified our materiality topics.

We will focus on initiatives related to materiality that contribute to both the creation of business opportunities and the development of a foundation supporting our businesses, aiming to realize a sustainable society. In addition, to ensure effective sustainability promotion, we have set KPIs and monitoring items for each materiality topic, and we regularly report progress to the Sustainability Management Committee to advance our activities.



## Method of Identifying Materiality Topics



## Status of Committee Meetings (FY03/25)

Name of Committee	Timing	Meeting Details
<b>Board of Directors</b>	<b>July 2023</b>	Deliberation of KPIs for each materiality topic
<b>Management Committee</b>	<b>June 2024</b>	Progress reports on overall sustainability activities
	<b>December 2024</b>	Progress reports on overall sustainability activities
<b>Sustainability Management Committee</b>	<b>July 2024</b>	Discussion of activity progress and KPIs
	<b>January 2025</b>	Discussion of activity progress and the direction of Group-wide promotion
<b>Sustainability Promotion Committee</b>	<b>April 2024</b>	Sharing of annual activity plan aligned with new materiality topics
	<b>July 2024</b>	Verification of validity and consistency of proposed KPIs for each materiality topic
	<b>October 2024</b>	Examination of proposed Group-wide policy measures
	<b>December 2024</b>	Sharing of promotion frameworks at each group company / Review of activities based on external indicators

# Materiality and Projects

	Materiality Topic	Concept	Project	Action	KPIs / Monitoring Items	Achievement Timeframe	Targets	FY03/25 Results			
Creation of business opportunities	<div>1</div> <div>Create value for society through business</div>	We address head-on the social issues surrounding our customers and resolve them through our businesses. Business invigoration itself is an important theme for the sustainability of both society and the Company. By urging each employee to be strongly aware of this point and to act accordingly, we will enhance the value we provide.	Business promotion	Organizing and disseminating various information to accelerate promotion of sustainability through business; planning and implementation to foster employee awareness	Sales from services contributing to social issue resolution in focus areas (incl. group companies)	Through end-March 2026	16.3 billion yen	12.3 billion yen			
					Growth rate of cloud services versus total services provided (compared with FY03/23)		+30%	+18%			
					Employees who feel they are achieving both economic value and social value in their work (incl. group companies)		60%	38.6%			
					Dissemination of principles		Planning, implementation, and continuation of measures that encourage employees to treat the Company's management philosophy as their own issue and change their behaviors accordingly	Feel empathy with the Company's management philosophy and corporate activities	Through end-March 2026	85%	72.7%
								Sense the connection between own actions and the Company's management philosophy		70%	54.1%
								Sense the connection between colleagues' actions and the Company's management philosophy		60%	47.6%
	<div>2</div> <div>Grow and revitalize “people”</div>	Enhancing the performance of people—the source of all our values—can improve the Group's value and ultimately the value we provide to society. We will develop diverse value creators, who work toward the essential growth of customers, create value, and contribute to the growth of society and their company. We will also develop an environment where these value creators can take on active roles.	Organizational and personnel development	Promoting measures to energize the organization and its people, combining organization-driven approaches such as hiring, placement, and systems, with individuals-oriented approaches centered on a human resource development program	Work engagement (incl. group companies)	Through end-March 2026	3.20	3.05			
					TLF (management talent development program) participants (incl. group companies)		65 people	45 people			
					Development of DX talent Advanced DX talent		15 people	8 people			
					Certified DX associates		500 people	560 people			
			Diversity and inclusion	Streamlining systems and fostering culture to become a company where diverse value creators can thrive	Ratio of female full-time employees	Through end-March 2026	15%	14.9%			
					Ratio of female career-track employees		12%	12.9%			
					Ratio of female managers		5%	4.4%			
					Of the male employees who utilize childcare leave, those who take leave for one month or more		50% or more	7.1%			
					Male employees utilizing childcare leave		Through end-March 2027	50% or more	85%		
					Female employees utilizing childcare leave			90% or more	114%		
			Health management	Promoting activities to maintain and improve the physical and mental health of employees, their families, and other stakeholders	Employees getting medical checkups	Yearly	100%	100%			
			Safety and health	Promoting voluntary health and safety activities aimed at preventing accidents and occupational injuries in the workplace	Employees taking stress check tests	Yearly	90% or more	95.3%			
			Workstyle	Enhancing and promoting work environment and workstyles with the aim of improving productivity and satisfaction levels through the realization of decent work	Degree of approval for workstyles and workplace	Through end-March 2026	85% or more	90.4%			
					Degree of work environment appeal		85% or more	86.0%			
	<div>3</div> <div>Develop and demonstrate “insight” and “technology”</div>	We have a long history of tackling challenges in diverse industries and sectors together with our customers and creating value in such a manner. Along the way, we have developed insight such as know-how and perceptiveness, along with technology that is useful to society at each point in time. We will develop an environment that can further enhance these elements sustainably and apply the fruit of such efforts to the exploration of new social values and the improvement of our service quality.	In-house implementation of new technologies	Promoting and supporting the use of new technology through practical in-house application with the aim of providing value to customers and improving the efficiency and performance of the Company	Service planning and development support	Yearly	5 projects	5 projects			
					In-house training activities		3 projects	3 projects			
			Co-creation with customers and partners	Utilizing TSUZUKI Group's insight and technology to create new value and resolve social issues through collaboration with customers and partners	Joint creation projects	Yearly	4 projects	5 projects			
					Service creation		1 project	1 project			
			Service quality and reliability improvement	Providing a project quality improvement cycle that integrates mechanism (quality framework) with activities (project monitoring activities)	Implementation rate of project monitoring activities	Yearly	100%	100%			
					Cyberattack drills to protect the safety and security of customers' systems		1 project	1 project			
Foundation supporting our businesses	<div>4</div> <div>Contribute to global environment and society</div>	We will engage in business operations with minimized environmental impact, particularly for climate change, which is a major challenge for the sustainability of society at large. Additionally, together with each employee and various stakeholders, we will promote activities that contribute to the environment and society while deepening our environmental awareness and the understanding of social issues.	Environmental management	Managing the environmental impact of our business activities; conducting activities to reduce environmental impact, particularly for climate change	Reduction of CO <sub>2</sub> emissions (Scope 1+2) (including group companies)	Through end-March 2026	1,346t-CO <sub>2</sub>	1,395t-CO <sub>2</sub>			
			Environmental and social contribution	Promoting environmental and social contribution activities through the planning and implementation of company-led activities and the development of an environment that supports employee-led activities	Origination and implementation of projects central to our environmental and social contribution activities	Through end-March 2026	10 projects	7 projects			
					Employees who are highly conscious of making contributions to the environment and society		80%	67.5%			
					Employees participating in environmental and social contribution events (whether within or outside the Company)		70%	47.1%			
	<div>5</div> <div>Enhance sound management foundation</div>	We aim to raise our corporate value by consistently enhancing sound management foundation through efficient and transparent business management that is based on our philosophy. We will also maintain a reliable business environment by controlling the risks surrounding the Company and improving compliance awareness.	Corporate governance	Strengthening governance underpinning the achievement of our strategies; conducting timely and appropriate information disclosure; enhancing dialogue with investors	Dissemination of current activity status	—	—	Implemented			
					Conducting Board of Directors effectiveness evaluation		—	Implemented			
			Compliance	Through compliance training, awareness surveys, and other activities, instilling compliance awareness and creating an environment where compliance is easy to put into practice	Dissemination of current activity status	—	—	Implemented			
					Holding of training sessions		—	Implemented			
			Risk management	Establishing and maintaining systems such as email risk procedures within the Group, an internal whistleblowing system, and an external point of contact, designed for the early detection of risk events	Dissemination of current activity status	—	—	Implemented			
			Information security	Formulating and periodically reviewing internal rules for the purpose of appropriately managing information resources and personal information; conducting employee training	Implementation of regular information security training, including the proper handling of personal information	—	—	Implemented			
					Periodic review of information security standards		—	—	One revision of the standard during the period		
			Support and protection of human rights	Establishing our human rights policy, and implementing initiatives to raise employee awareness of respect for human rights and to introduce and establish processes for the reduction of human rights risks	Formulation and disclosure of human rights policy	Through end-March 2025	Formulation and disclosure	Achieved			
					Number of employee training (e-learning) sessions held / attendance rate	Yearly	Held once	Once			
						Through end-March 2026	100%	100%			
					Establishment of a sustainable supply chain	Establishing procurement guidelines; enforcing strict compliance to the guidelines across the entire supply chain; actively promoting the handling of sustainable products	Revision of the procurement guidelines	—	—	Implemented	
							Explanation of the guidelines to major suppliers and implementation of a survey	—	—	Implemented	
Requests for improvements based on the survey results	—	—					Implemented				



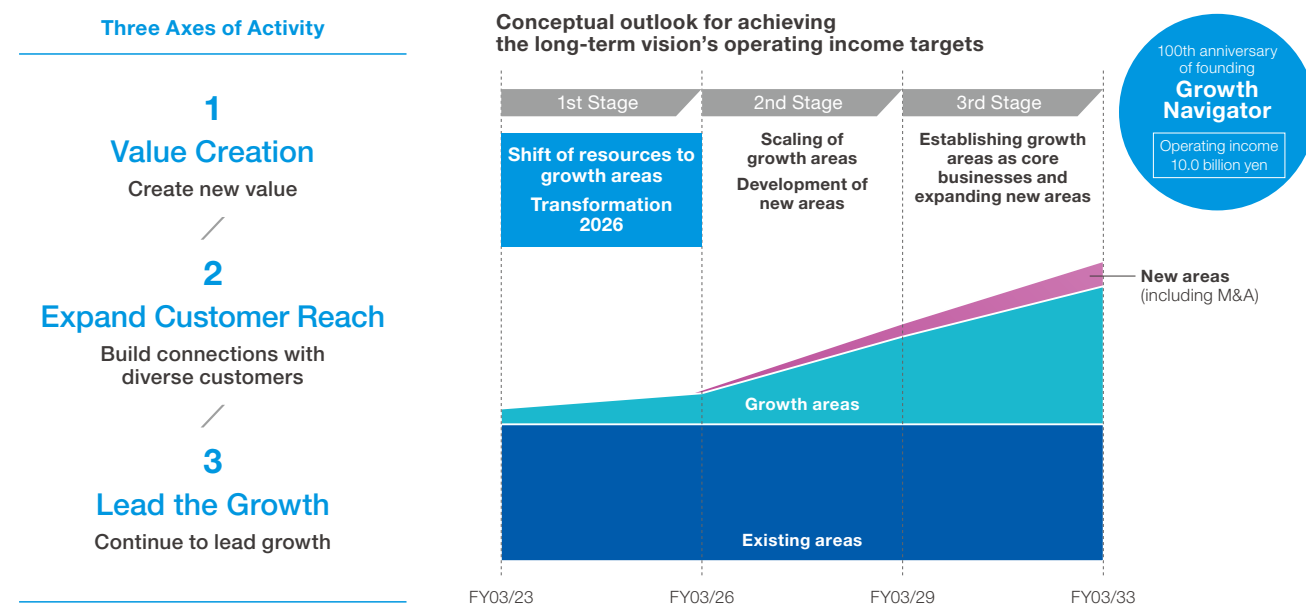
## Long-term Vision

# Growth Navigator

An organization that navigates growth and creates value together with stakeholders

The past nearly 90 years of our history, has been marked by our commitment to remaining close to our customers. However, in an era when new technologies arise on a daily basis and the role of technology is becoming increasingly sophisticated, we must transform into a company that guides customers to their destinations without hesitation.

With this in mind, we established our vision (where we want to be), the targeted positioning, three axes of activity, and specific targets in the form of a long-term vision leading up to FY03/33, our 100th anniversary year. We will make every effort to achieve further progress and realize a prosperous world, embracing this vision as our guidepost.



### Approach to Business Growth — Creating a Business Portfolio Emphasizing Growth and Profitability

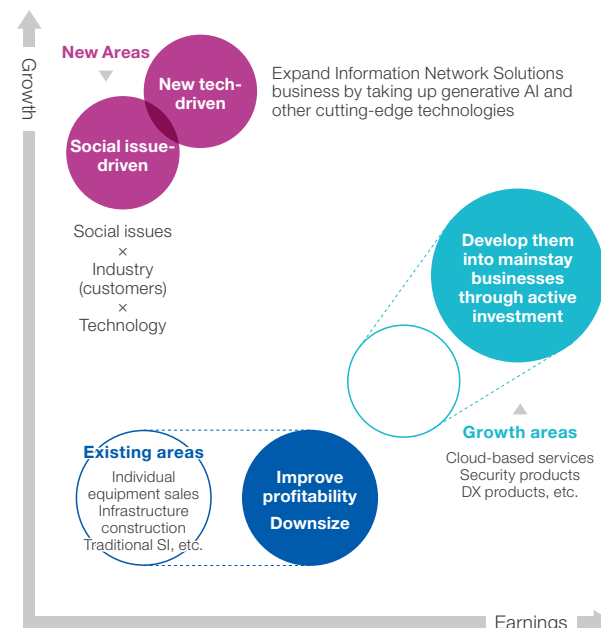
We will reorganize those business domains we plan to develop as future pillars into the two categories of growth areas and new areas, and steadily transform our portfolio into one that primarily focuses on them.

#### Growth Areas

These are areas where needs are already apparent, but many customers have yet to start implementation. In light of social trends as well, a substantial increase in the uptake of areas such as cloud-based services, security products, and DX products is anticipated. That being said, accelerated technological innovations may bring about a change in our scope moving forward; we intend to respond to this through portfolio management.

#### New Areas

- These refer to ICT solutions that directly approach social issues. Combining the ICT we provide with customers' industry know-how, we will develop and nurture "social issues-based ICT services" as a business that resolves social issues facing customer industries themselves.
- We will rigorously identify and absorb cutting-edge technologies that will take root in society and become mainstream in the future.



## Medium-term Management Plan — Transformation 2026

The TSUZUKI DENKI Group has been working to implement the three-year medium-term management plan, Transformation 2026 (spanning from FY03/24 to FY03/26), with the aim of strengthening our earnings capability by shifting resources from existing areas to growth areas and thereby changing our earnings drivers.

We have also advanced initiatives to realize management with a focus on capital costs and stock price, in order to meet stakeholder expectations and achieve sustainable growth and medium- to long-term enhancement of corporate value. Through this medium-term management plan, our Group's business portfolio has undergone a significant transformation. With an eye toward an even greater leap forward in the future, we have transformed—both in name and in substance—into a pure-play ICT company, leading to a substantial improvement in profitability.

### Management Policy

- 1 Business strategies**
  - Expand growth areas
  - Improve profitability in existing businesses
  - Restructure business portfolio and group companies
- 2 Financial strategies**
  - Manage finances while being mindful of the cost of capital
  - Secure funds for growth through balance sheet optimizing
  - Optimize capital allocation
- 3 Management base reinforcement**
  - Proactively invest in human capital (organizational and human resource development)
  - Further enhance governance
  - Strengthen sustainability efforts

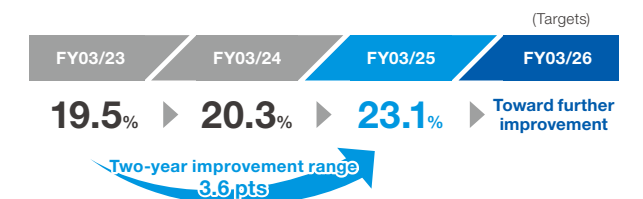
### Progress of Transformation 2026

#### Results in Business Strategy

##### Result 1 Execution of business portfolio restructuring and group company reorganization

- 1 Transition to a pure-play ICT company by selling the Electronic Devices business and focusing management resources on core businesses**
  - Implementation of the medium-term management plan, Transformation 2026—Shifting Resources to Growth Areas
  - Significant improvement in profitability and capital efficiency, creating capacity for investment and shareholder returns
- 2 Merger of TSUZUKI INFO-TECHNO EAST JAPAN and TSUZUKI INFO-TECHNO WEST JAPAN to form TSUZUKI XROSS SUPPORT**
- 3 Absorption-type merger of Next Vision into TSUZUKI SOFTWARE**

##### Result 3 Initiatives to enhance profitability proved effective, leading to a significant improvement in gross profit margin



#### Operating income is expected to exceed its initial target even after the sale of the Electronic Devices business

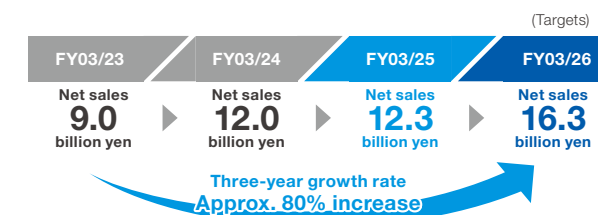
(Millions of yen)

FY03/23	FY03/24	FY03/25	FY03/26 target	Initial Target
5,118	6,439	6,481	6,700	6,500

The 6.5 billion yen operating income target in the medium-term management plan was set while factoring in profit generated from the Electronic Devices business.

Although we sold the Electronic Devices business during the period of the medium-term management plan, we did not revise the numerical targets and continued working toward achieving them. For FY03/26, the final year of the medium-term management plan, we expect our operating margin to reach 6.5%, significantly exceeding the initial target of 5%, and our operating income to reach 6.7 billion yen, surpassing the original target.

##### Result 2 Significant growth achieved by defining six growth areas and shifting resources



## Generation of Growth Capital and Capital Allocation

### 1 Shifting resources toward growth investments and strengthening cash generation

During the period of the medium-term management plan, as part of our efforts to shift resources to growth areas, we moved forward with the sale of the Electronic Devices business and the disposal of non-core assets. In the Information Network Solutions business as well, we worked to expand our share in high-profitability growth areas and to improve profitability in existing areas through pricing management and productivity enhancement.

In addition, the sale of the Electronic Devices business contributed to a reduction in working capital and improvement in the cash conversion cycle (CCC), leading to stronger cash generation.

Cash generated through the sale of the Electronic Devices business and the disposal of non-core assets totaled roughly 17.0 billion yen, significantly increasing our capacity to allocate capital to future growth investments and shareholder returns.

### 2 Execution of capital policies with a focus on enhancing shareholder value

In February 2025, we conducted a secondary offering of our

shares to improve the market liquidity of our stock, and we also canceled treasury shares in order to improve capital efficiency and eliminate dilution risk associated with concerns that treasury shares could enter the market in the future.

### 3 Working to optimize capital allocation

We maintain a policy of securing cash and deposits equivalent to roughly two months of monthly sales—17.0 billion yen—to ensure financial soundness.

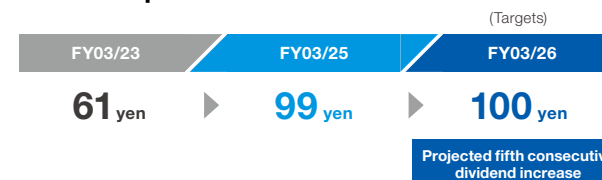
At the same time, as we implement active growth investments aimed at achieving our target of 10.0 billion yen in operating income in FY03/33, the year of our 100th anniversary, we have also adopted a policy of providing shareholder returns with a payout ratio of 40% or more (based on business activity profits excluding extraordinary gains and losses) and a minimum dividend on equity (DOE) of 3.5%. Under this policy, we have implemented dividend increases for four consecutive fiscal years.

Within our growth investments, we have continued to evaluate multiple M&A opportunities, strengthening our ability to identify promising targets. We will continue pursuing investments that contribute to enhancing corporate value.

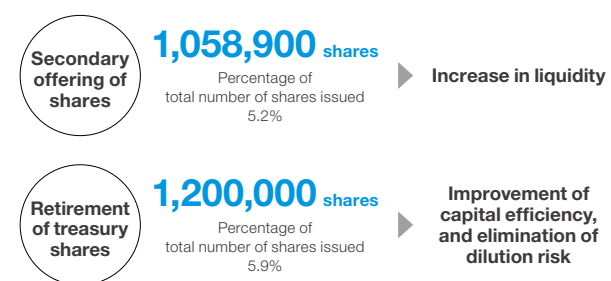
#### Cash Conversion Cycle



#### Dividend per Share



#### Capital policy



More information on financial strategy p.44-45

## Messages from General Managers of Business Units

### Further Enhancing Profitability Through the Use of AI and the Promotion of Packaged Services

#### Yuji Nishimura

Senior Managing Executive Officer, General Manager of Service & Support Unit

#### Added Value Through Expertise Backed by In-house Practices

The Service & Support Unit, which I oversee, consists of roughly 400 system engineers and network engineers who handle system and network development, construction, maintenance, and operation. As engineers, we constantly keep quality, cost, and delivery (QCD) in mind, and our repeated efforts in this area have contributed to better profit margins.

Within the medium-term management plan, we are concentrating on productivity improvement and strengthening the packaged services business. To enhance productivity, we are advancing the development of our unique operational standardization guidelines, which we call "TSUZUKI Style." TSUZUKI Style outlines the workflows and specific tasks required for each type of project, such as system development and IT infrastructure construction. By using these guidelines, employees can carry out their work in a unified and efficient manner, enabling us to maintain QCD. We also provide TSUZUKI Style to our partner companies as well, enabling further improvements in productivity.

We are also advancing our use of AI. By applying AI across various operations, we were able to reduce working hours by roughly 14,000 hours in FY03/25, resulting in a significant increase in productivity. A defining characteristic and strength of our Company has long been that we first introduce new technologies or systems internally, gain experience-backed validation, and then provide them to our customers. With AI as well, we are moving forward with in-house implementation, launching a Generative AI Working Group, preparing a foundation for knowledge aggregation and utilization, and training AI engineers. For customers, we are promoting the integration of AI into our services. As one example, we plan to release an AI-powered sales management solution for the real estate industry in FY03/27.

#### Overcoming Human Resources Challenges Through In-house Talent Development and a Partner Strategy

As our customers continue to expand their investments in ICT, the greatest challenge for us in continuing to capture growth opportunities is the development and securing of talent. Alongside developing our own employees, we are strengthening strategic collaboration with external partners. We are first working to visualize the skills of partner companies and reinforce collaboration with partners that can complement our capabilities. Starting in FY03/27, we will launch a Technical Partner Program, and by sharing business plans and other

information with partners, we aim to build partner relationships that go a step further than today and expand our business.

#### TSUZUKI DENKI's Unique Packaged Services Business Strategy

Our efforts to strengthen the packaged services business, which we launched in FY03/25 with the aim of improving profitability, are progressing smoothly. This business entails the provision of packaged services tailored to customer needs and specific industries. While packaged services business are generally based on a recurring model, our approach is characterized by packaging implementation support, development and construction, and maintenance and operation, which can then be customized to meet individual customer requirements.

Our Security Service Pack, released in January 2025, provides security measures in a packaged format, covering everything from implementation to operation. Our specialized engineers customize the product to deliver the optimal proposal for each customer. Because it enables security measures that are both fast and cost-effective, the product has earned high praise from our customers. In April 2025, we also entered into business partnerships with three partner companies and released the OT Security & Network Pack in the OT security field, where strong market growth is expected, thereby broadening our service lineup.

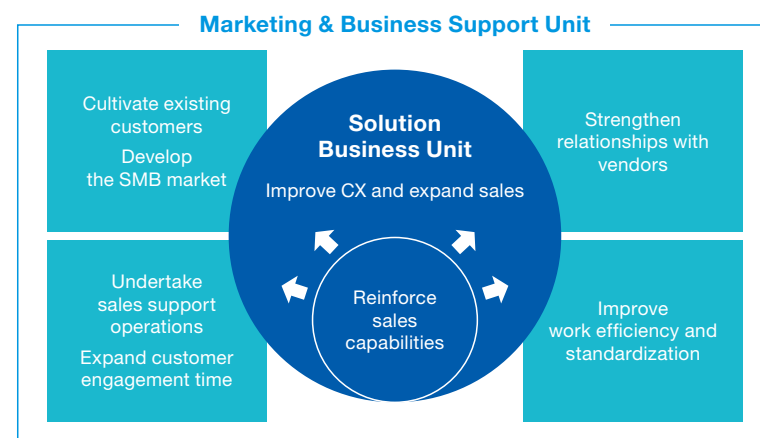
To drive the development and sales expansion of packaged services business, technical expertise must be complemented by the ability to engage with customers and propose optimal solutions. Going beyond the traditional roles of sales personnel and engineers, we are focusing on developing talent who possess both technical skills and proposal capabilities, with the aim of achieving a further leap forward.



### Strengthening Sales Functions Through the Establishment of the New Marketing & Business Support Unit

To drive market expansion and improve profitability, we have established the new Marketing & Business Support Unit, starting this fiscal year to further strengthen our sales functions.

Within the Marketing & Business Support Unit, we will broaden the scope of sales activities by taking proactive steps to create business and strengthen support for the Solution Business Unit and the Service & Support Unit, while also working to expand customer-facing resources through the streamlining of operational tasks.





## Messages from General Managers of Business Units

Driving Top-line Growth  
by Pursuing Customer Satisfaction**Masayuki Yoda**

Managing Executive Officer, General Manager of Solution Business Unit

**Expanding Cross-selling to Existing Customers**

The Solution Business Unit (SB Unit) is a sales organization that stands on the front lines of all customer-facing processes—from proposals to development, construction, maintenance, and operation—with the aim of enhancing customer satisfaction. Our mission is to map out scenarios for solving customer challenges, form the optimal project team, and realize the envisioned outcome.

In FY03/25, in addition to thoroughly implementing profitability enhancement measures such as pricing management, we were able to steadily capture replacement demand associated with the end of support for Windows 10, resulting in record-high profits. At the same time, it was also a year in which the trend of customers seeking higher value-added services, particularly in areas such as DX, became apparent, and we keenly realized that customers are increasingly difficult to satisfy with services that are merely extensions of what we have provided in the past.

Under the medium-term management plan, which runs through FY03/26, we have set a policy of shifting resources toward growth areas and are working to strengthen the six growth areas. In the past, the areas that customers entrusted to TSUZUKI DENKI tended to be fixed. However, as we have continued our efforts to expand into new domains under the medium-term management plan, we are increasingly hearing customer comments such as, “I didn’t know TSUZUKI DENKI could handle this kind of area as well,” and we feel confident that our initiatives are gaining traction. In FY03/25, we received multiple orders for DX consulting services, which represent the upstream phase of projects, and we are beginning to establish a new process in which we also secure orders in the midstream and downstream phases such as system construction, maintenance, and operations.

Furthermore, we are actively promoting collaboration with business partners to enhance service competitiveness and complement functionality. In FY03/25, this included the business alliance with Daiwabo Information System, as well as the conclusion of three agreements involving business alliances, collaborations, and sales partnerships.

To achieve a further leap forward, we will focus on cross-selling to existing customers. By leveraging the trust built through long-standing relationships with our customers and the broad range of services provided by our Group, we aim to broaden the areas customers entrust to us and grow our sales. Finally, M&A will be essential to achieving rapid growth, and we will therefore continue to explore opportunities in both advanced

fields such as AI and the expansion of our existing business areas.

**Cultivating New Markets  
as Another Growth Driver**

We will ensure responsiveness to market changes and the sustainability of medium- to long-term growth by pursuing a dual approach: steady growth through deepening relationships with existing customers, and the creation of growth opportunities through the development of new markets. Specifically, in addition to fostering engagement with existing customers through cross-selling, we will strengthen our packaged services business targeting the small and medium-sized business (SMB) market as another key growth driver. We will approach this market in collaboration with the newly established Marketing & Business Support Unit (MB Unit) and the Service & Support Unit (SS Unit). By combining the industry- and business-specific knowledge held by the SB Unit and SS Unit with the marketing and promotion functions of the MB Unit, we will seek to create competitive services. As we promote our packaged services business, specialized personnel will be essential. Therefore, we will strive to develop and establish presales professionals with deep knowledge of industries, business types, and products.

**Developing Intrapreneurs to Drive Future  
Top-line Growth**

To expand our future top line, it is essential to create value that is not merely an extension of existing businesses. We have begun addressing this structural challenge by systematically developing intrapreneurs (internal entrepreneurs). We are continuously working on training programs that leverage external expertise, examining internal venture support systems, and—above all—fostering a corporate culture that does not shy away from failure and rewards challenge. We are already beginning to see the early signs of concrete results in co-creation projects with customers and collaborative ventures with local communities.

Our true strengths lie in the trust-based relationships we have built with customers over many years and the accumulation of technical expertise. By leveraging this foundation, our intrapreneurs aim to discover and create new customer value, advancing our evolution into a solution-creating company.

Lifting the Business Through  
an Assertive Support Strategy**Kazuhiro Suzuki**

Managing Executive Officer, General Manager of Marketing &amp; Business Support Unit

**Driving New Business Opportunities Through  
Sales Specialization and Standardization**

Established in April 2025, the Marketing & Business Support Unit consists of roughly 110 members and serves as a support organization for both the Solution Business Unit and the Service & Support Unit. We will revisit the traditional model in which the sales departments handled all aspects of the sales process—from market analysis and lead generation to proposals, orders, and sales—by promoting specialization and standardization. This will help the sales departments pursue and win more business opportunities.

The Marketing & Business Support Unit is composed of two departments: the Business Promotion Division, which is responsible for business creation through strategic marketing, and the Business Connect Division, which supports both the sales and technical departments. The Business Promotion Division aims to strengthen marketing functions to facilitate market analysis, generate business opportunities, and establish a new sales style. The Business Connect Division supports all sales-related operations so that the sales departments can increase the amount of time spent in direct contact with customers.

**The Key to Sales Expansion  
Lies in Re-engaging Existing Customers and  
New Development of the SMB Market**

The first focus of this unit is the reactivation of customers whose engagement with our Company has diminished. Through marketing, we take on the role of generating high-quality demand—from the continuous provision of information—that enables the sales departments to secure orders with confidence. We are building a structure in which this unit strengthens the certainty of order acquisition before handing over to the sales departments. We are already feeling positive traction in the creation of opportunities for DX services targeting specific markets, such as TCloud for SCM and TCloud for Smart Produce. By leveraging our deep understanding of industry characteristics and market needs to conduct marketing and initial proposals, we believe we can raise the likelihood of securing business opportunities and improve customer satisfaction.

To support customer success and build long-term trust-based relationships, we have launched a Customer Success Team. Focusing primarily on SaaS services, the team provides continuous support throughout the introduction, adoption, and expansion phases.



We are developing the small and medium-sized business (SMB) market, acquiring new leads through seminars and alliances with partners. After nurturing the leads acquired by the unit, we will establish a process in which qualified leads are passed to the SMB market teams of the sales departments, aiming to convert them into orders and drive sales growth.

As a company that selects and delivers the most suitable products and services to our customers, the ability to assess the value of products and maintain strong relationships with suppliers is critical. Accordingly, we will implement measures to select suppliers and enhance relationships based on our business strategy. In addition, we will build a system that enables rapid sharing of performance data between the sales and technical departments, thereby improving operational efficiency across both functions.

**Driving Business Performance Through  
Opportunity Creation and Sales Support**

The ultimate goal of this unit is to contribute to the achievement of our Group’s targets. To that end, we must constantly think about how we can support the business departments and take proactive steps. We believe it is our mission to create a large number of business opportunities and provide maximum support to the business departments through the efforts of both the Business Promotion Division and the Business Connect Division.

We are confident that by fully establishing a division-of-labor model and thoroughly standardizing operations, we can maximize the efficiency and effectiveness of the business departments and secure business opportunities that we had previously missed, thereby driving earnings growth.

# Business Strategy

## Basic Policy of the Medium-term Management Plan

Amid environmental changes surrounding the ICT industry, such as growing cloud adoption, the acceleration of DX, and the evolution of AI, system and network integrators are reassessing their conventional business models and exploring new directions. To survive the increasingly fierce competition and achieve further growth, TSUZUKI DENKI is working to strengthen its six growth areas. It is also devoting efforts to improving profitability in the existing areas so as to secure the human and financial resources necessary in the six growth areas.

### Basic Policy 1 Strengthen Six Growth Areas

- Promote collaboration with other companies by leveraging core technologies
- Strengthen technical, marketing, and product development capabilities by developing human resources
- Expand service lineup

### Basic Policy 2 Improve Profitability in Existing Areas

- Strengthen product portfolio management under TSF concept
- Ensure thorough pricing management
- Reorganize business formation

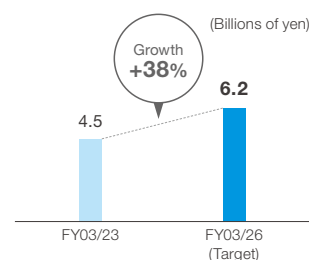
### Basic Policy 1 Strengthen Six Growth Areas

TSUZUKI DENKI has designated six business domains with high profitability and expected market growth as its six growth areas, and is developing them into mainstay businesses through active investment. Sales in the six growth areas are progressing ahead of the initial projections, and we have revised upward the net sales target for FY03/26, the final year of the medium-term management plan, from 16.0 billion yen to 16.3 billion yen.

#### 1 Contact Centers

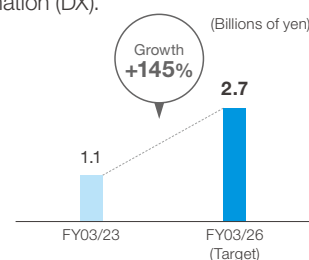
p.39-40

We propose and implement contact center solutions centered on highly scalable in-house group products such as Ct-e1/SaaS, as well as AVAYA and Genesys Cloud products. By collaborating with leading AI solution vendors, we support the realization of optimal contact center operations.



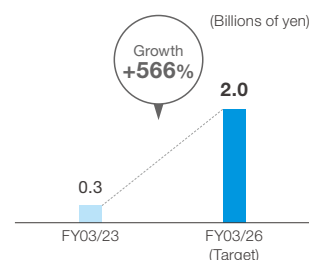
#### 2 Cloud Communications

This service moves telephone switchboard functions (PBX) to the cloud, helping reduce costs associated with equipment maintenance and management, office relocation, and changes to extension numbers resulting from layout modifications. By visualizing and utilizing voice data, we provide new value to customers and contribute to the promotion of digital transformation (DX).



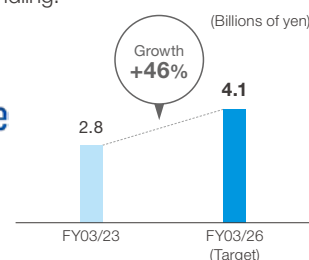
#### 3 Security

We propose solutions covering all aspects of security, including security strategy, organizational reinforcement, technical operations, and incident response. We can propose both conventional and zero trust models, and through multi-vendor support, provide the optimal combination from a broad range of options.



#### 4 Managed Services

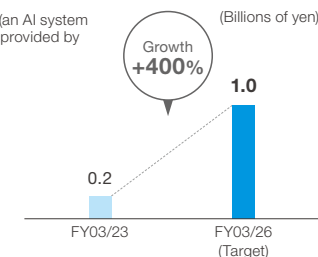
We provide diagnostics aimed at standardizing IT operations, support for creating FAQs in combination with AI-based response systems, outsourcing of telephone reception tasks and server monitoring operations, support for creating PC management ledgers and operational rules, as well as proxy services for coordination, initial setup, inventory management, and inquiry handling.



#### 5 DX Consulting

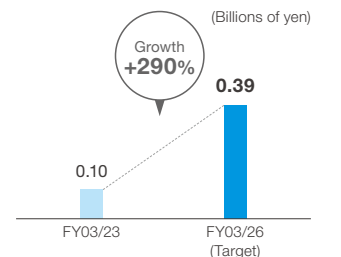
Through D-VUE<sup>®</sup>, we introduce three types of services—prediction, image analysis, and text mining—covering a wide range of industries. We also offer advisory services that leverage generative AI to realize operational efficiency and other improvements, as well as reskilling services that support the development of DX talent.

\*D-VUE: DATA Visualization Explainable (an AI system development and data analysis service provided by the Company).



#### 6 Market-specific DX Services

We provide the logistics visualization solution TCloud for SCM for SCM to support DX in supply chains, and the cloud solution TCloud for Smart Produce for fruit and vegetable wholesale markets. We identify target markets, develop software that can become the industry standard, and sell it as packaged services.



### Basic Policy 2 Improve Profitability in Existing Areas

During the period of the current medium-term management plan, profitability in our existing areas has improved significantly as each initiative has steadily produced results. We recognize that there is still ample room for further improvement in profitability through these initiatives, and we will continue to advance them.

- Strengthening product portfolio management under TSF concept
- Reinforcing packaged services business
- Capturing PC demand associated with the end of Windows 10 support

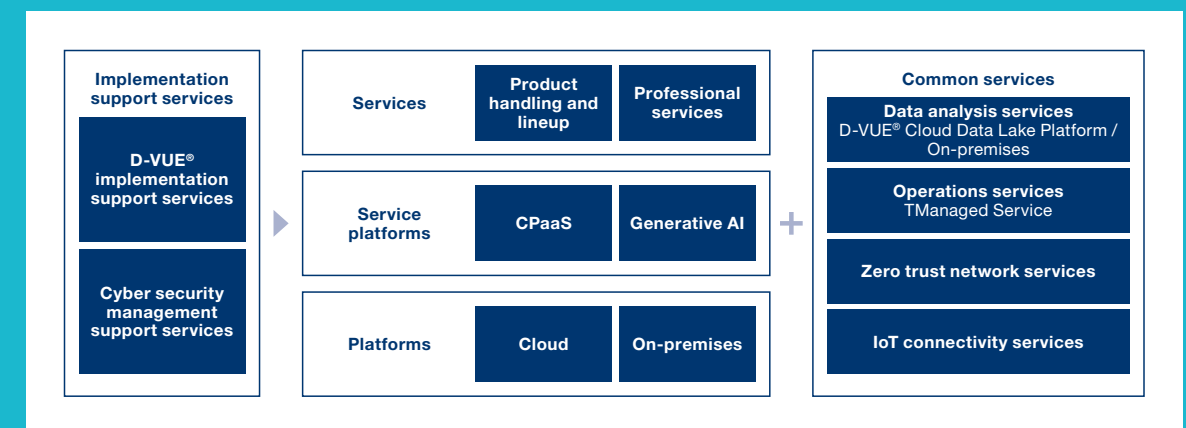
Drawing out customer needs and expanding sales ↑

- Thorough pricing management
- Reorganizing business formations
- Promoting adoption of the technical standard guidelines, TSUZUKI Style
- Utilizing generative AI

Improving productivity, cost ratios, and profitability ↑

### Column Total Solution Service Framework

Total Solution Service Framework (TSF) is a framework that encompasses all services provided by the Company, and the development of new services and enhancement of functions are also carried out in line with this framework. Because it allows us to convey at a glance the services we can provide and their diversity, it also serves as a useful sales tool for drawing out customer needs.





## Business Strategy

## Shaping the Future: Examples of Our Services

## Cloud-based SCM / Logistics Solution TCloud for SCM

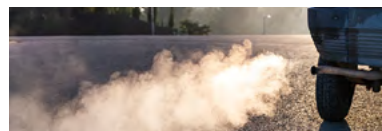
We have released TCloud for SCM, a solution service that addresses a wide range of issues in the logistics field with the aim of improving productivity through visualization of the entire supply chain. The logistics industry faces numerous challenges, including a worsening labor shortage, changes in labor regulations, and the need to respond to accelerated digitalization. TCloud for SCM provides a real-time mobility management service using smartphones to help resolve the various issues faced by customers in the logistics field.

## Challenges and Changes in the Logistics Field



## Issues related to human resources

Labor shortages and aging workforce  
Stricter working-hour and labor management requirements  
Increasing operational complexity due to smaller-lot deliveries



## Environmental / SDGs initiatives

Measurement and reduction of CO<sub>2</sub> emissions  
Improvement of loading efficiency  
Fluctuations in fuel prices



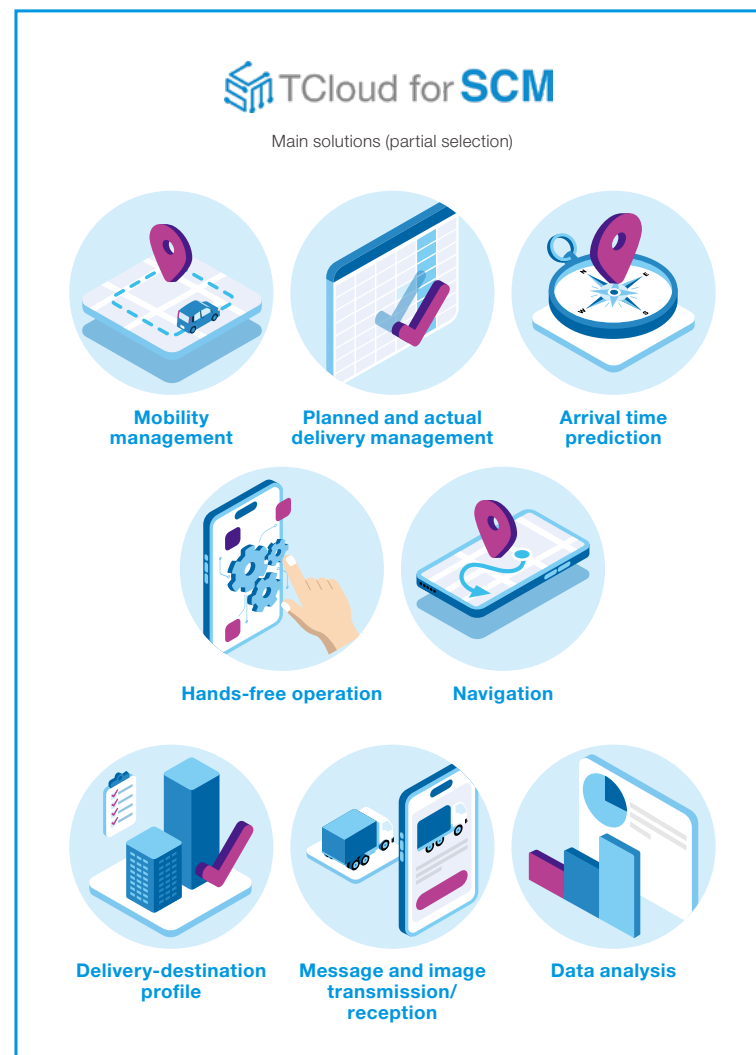
## Safety, security, and stability

Prevention of drunk driving and distracted driving  
Understanding disaster conditions and issuing response instructions  
Prevention of delivery-related issues and immediate response



## Systemization / digitalization

Promotion of DX  
Improvement in operational efficiency  
New technologies and new solutions



## TSUZUKI Support Desk

As optional features, we are sequentially upgrading functions with high market needs such as temperature management, loading/unloading and inspection, and the AI-equipped safe driving management platform, thereby delivering high value-added services.

In addition, to address concerns such as labor shortages, increasing operational burdens, and difficulties in fully utilizing system functions, we offer the Operations Management Outsourcing Service, through which we

provide comprehensive support for operations management tasks. Specialist staff perform these tasks on behalf of customers, and we also provide a one-stop service that supports the implementation of TCloud for SCM.

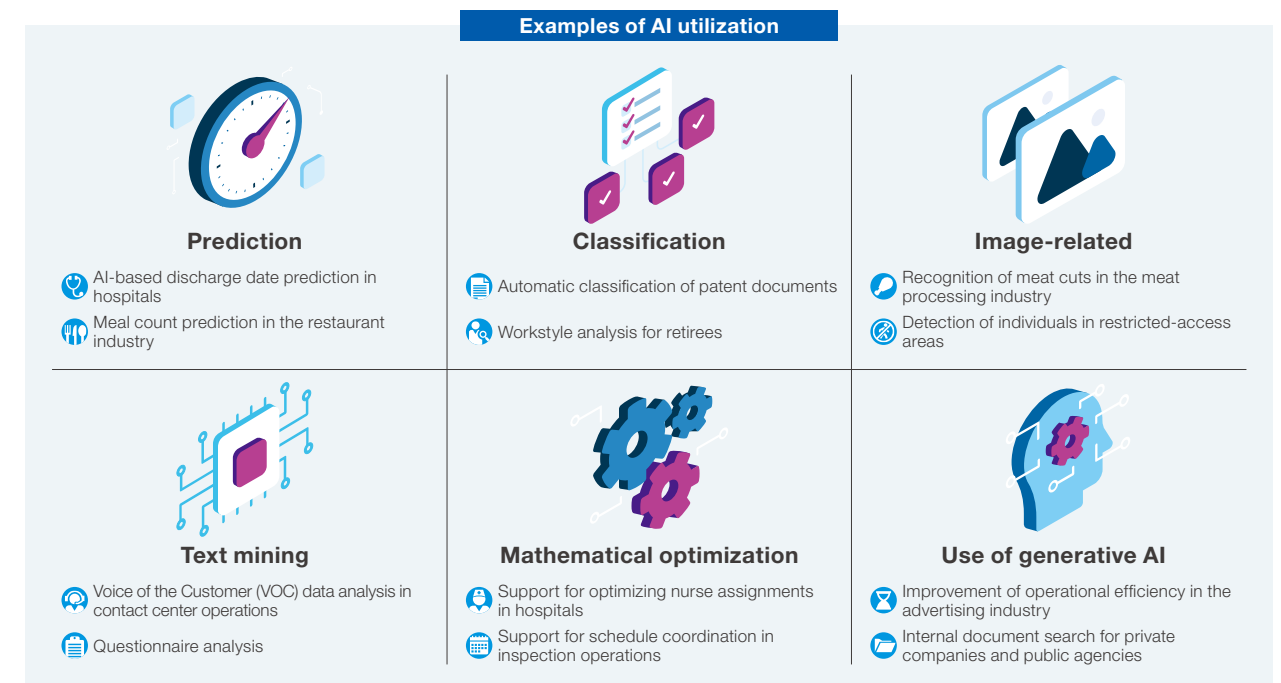
In the event of an emergency, the TSUZUKI Support Desk serves as the customer contact point and is able to provide response coverage up to 24 hours a day, 365 days a year. In this way, we maintain a robust support structure to address customer concerns.

## Initiatives Involving the Use of AI

## Identifying and Incorporating the Latest Technologies

To leverage advanced technologies in our business, TSUZUKI DENKI established the Singularity Group in 2016 and began research activities. Among these technologies, we have focused particularly on AI due to its high potential, and while developing the organization, we have worked on generating business ideas, applying AI in operations, and strengthening data analysis. In recent years, generative AI has advanced rapidly, bringing about dramatic changes to society and to how companies operate. We view this change as an opportunity and will further expand related initiatives.

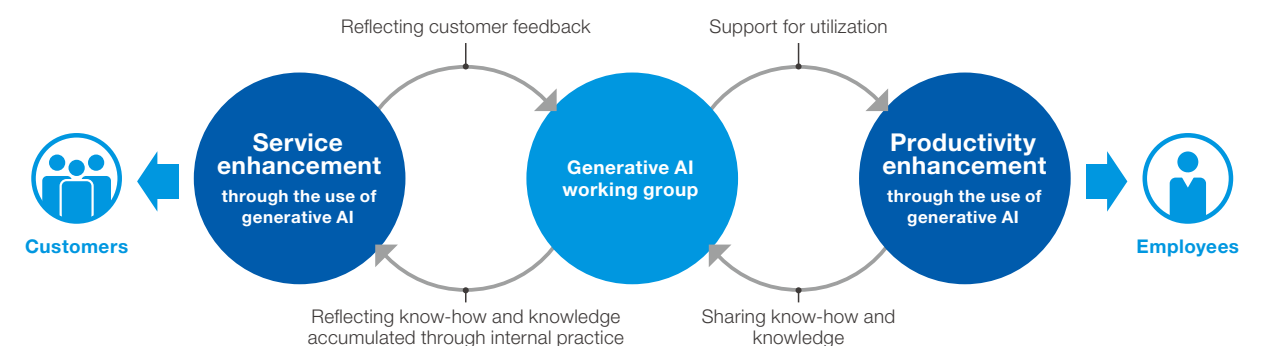
April 2016	Established the Singularity Group and began research into the latest technologies (currently strengthening AI and data analysis under the Analytics Center)
December 2021	Formulated guidelines for AI and data utilization businesses
June 2023	Prepared an internal environment for using ChatGPT and began internal testing Provided support services for using Azure OpenAI Service
November 2023	Provided a PoC application for internal document search
December 2023 – April 2024	Held the e-learning program, Generative AI Study Session, for all employees
March 2024	Developed and launched an internal ChatGPT menu tailored to specific business-use scenarios
May 2024	Established a dedicated Generative AI Working Group



## Value Creation Through the Use of Generative AI

To further accelerate the use of generative AI, TSUZUKI DENKI established the Generative AI Working Group in 2024. Initiatives to utilize generative AI are being advanced

company-wide, and we are translating these efforts into concrete outcomes, including implementing generative AI in our services, overhauling our internal development style, and improving operational productivity.



## Business Strategy

## Value Provided to Society / Resolving Social Issues

## Social Issues Addressed

## Responding to Cybersecurity Threats Through Zero Trust

## Overview of Social Issues

In recent years, the rapid spread of ICT has accelerated the adoption of cloud services within companies and driven a shift toward flexible workstyles such as telework. At the same time, security risks have increased, including the expansion of internal damage caused by ransomware and information leaks resulting from internal misconduct. As a result, the conventional assumption that internal networks are secure is no longer valid, and a new security model based on the premise of “never trust” has become necessary. Furthermore, with the advancement of digital transformation (DX) and workstyle reform, corporate networks require an environment that enables employees to work safely regardless of where they connect from.

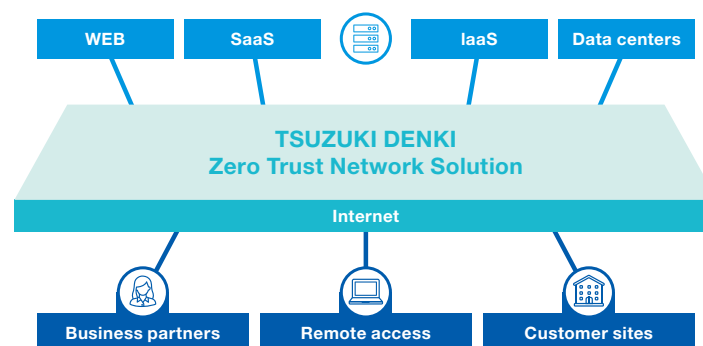
TSUZUKI DENKI provides the Zero Trust Network Service, which supports the transition from traditional perimeter-based on-premises environments to infrastructure networks that are resilient to change and flexible, aligned with customers’ DX initiatives.

## Internal Implementation of Zero Trust Model

Prior to the rollout of the Zero Trust Network Service, TSUZUKI DENKI migrated its internal network environment in 2022 to an infrastructure based on zero trust security to enable product evaluation and engineer training. By preparing our environment through a combination of multiple products and services and using these in actual operations, we accumulated practical know-how and were able to evaluate the products from a neutral standpoint, thereby strengthening our ability to select the optimal products for customers.

## IDaaS PoC Support Service

Identity as a Service (IDaaS) is an extremely important function in building a zero trust network. It evaluates all traffic attempting to access resources in



a uniform manner, regardless of whether it is inside or outside a firewall or VPN, and performs legitimacy checks for access, logging and auditing, and dynamic access control. Before implementing our products and services at customers, we conduct the IDaaS Proof of Concept (PoC) Support Service as a verification process, in which we actually use the products to confirm their feasibility and benefits within our own internal environment.

## Our Strength as a Multi-Vendor: Delivering the Optimal Solution for Each Customer

Through many years of supporting our customers, we have gained a deep understanding of their network environments. Because factors such as existing environments, business characteristics, and the budgets that can be allocated to security differ from customer to customer, the optimal environment also varies for each.

Without relying on any specific manufacturer or distribution channel, TSUZUKI DENKI, as a multi-vendor, can propose to each customer the most suitable combination from among a wide range of products. For the implementation of multiple products, we possess a practical environment and technical capabilities that enable us to conduct high-level verification of technical items such as connectivity and operational checks. Because we stand close to our customers and have a deep understanding of their needs, we are able not only to provide products, but also to implement the optimal configuration and migration steps tailored to the issues and environments of each company when introducing zero trust security.

of the inquiry and proposes searches and responses in natural language, which supports new operators, reduces training costs, and contributes to an improvement in response quality. New technologies and solutions are expected to continue emerging. Through co-creation with partner companies, we will contribute to the realization of optimal contact center operations.



## Social Issues Addressed

## Toward Stable Operation and Added Value Creation in Contact Centers

## Overview of Social Issues

In the contact center industry, chronic labor shortages have become a serious issue due to hiring difficulties and high turnover rates. Furthermore, as technology evolves, communication channels have diversified, and operations are becoming more complex year by year.

Contact centers are the front line of customer interaction for companies and are a critically important department that directly influences customer experience value and satisfaction. However, when employee retention declines, service quality also suffers, potentially leading to lower customer satisfaction and a loss of competitiveness for the company.

At TSUZUKI DENKI, we are working to resolve labor shortage challenges in contact centers and contribute to further enhancements in customer experience (CX) by leveraging the voice technology capabilities we have cultivated since our founding and by actively adopting the latest technologies.

## Cloud-based CTI Service, CT-e1/SaaS

ComDesign Inc., a member of the TSUZUKI DENKI Group, provides the cloud-based CTI service CT-e1/SaaS. CT-e1/SaaS does not require expensive on-premises equipment and comes standard with extensive call and management functions. Work can be performed using smartphones or home telephones, providing support for remote work environments. It also features high scalability when integrating with other companies’ cloud services. The pricing structure is straightforward, with low-cost monthly license fees, and the service has been adopted by a wide range of companies across industries and business types, earning high recognition and trust.

## Leveraging High Scalability to Provide the Latest Solutions Through Mash-ups

One of the major features of CT-e1/SaaS is its high scalability in terms of integration with third-party cloud services. We provide the latest solutions by enabling system integration—so-called mash-ups—with a wide variety of solutions developed by professionals in each field. The use of AI in contact center operations is evolving at a remarkable pace. Voice bots are technologies in which AI-equipped automated voice response systems handle customer interactions, enabling efficiency gains by offloading tasks that do not require human operators. Technologies such as speech recognition and automatic document summarization help reduce contact center operators’ after-call work time and lower management costs. With AI FAQ, AI determines the nature

## Column

## Co-creation with Shikano, Tottori Through Addressing the Issue of Vacant Houses

TSUZUKI DENKI participates in koto-Collabo, a cross-boundary learning program for working professionals provided by the JMA Management Center, in order to equip next-generation leaders with essential skills. In this program, participants from different companies work together with local specialists to address regional issues.

In 2024, we took on the challenge of developing new initiatives for the utilization of vacant houses in collaboration with the NPO Inshu Shikano Machizukuri Council, a local innovator active in Shikano, Tottori, Tottori Prefecture.

Behind the difficulty in resolving the vacant house issue are factors that hinder effective utilization, such as the absence of property managers and the presence of remaining household belongings. To overcome these challenges, TSUZUKI DENKI worked on developing new prevention-oriented solutions.

Recognizing the growing demand for consultations regarding the management and utilization of vacant houses, we developed the Akiya Mirai AI Navi, a service that allows anyone to easily seek advice 24 hours a day, 365 days a year.

Akiya Mirai AI Navi is an AI chat consultation service specializing in vacant house issues, particularly in mountainous regions. By efficiently handling the growing

number of inquiries about vacant houses as a regional issue and providing opportunities for people to take the first step toward action, the app helps curb the increase in vacant houses and strongly supports the activities of municipalities and local organizations.

In addition, to deepen understanding of vacant house issues in educational settings, we conducted a class on the topic for students of Shikano Gakuen. The class adopted a workshop format incorporating design thinking, with students working to identify essential issues from the user’s perspective and explore creative solutions.

Through this program, students from Shikano Gakuen also visited our Tokyo office, where they were able to experience firsthand the appeal of the IT industry and of TSUZUKI DENKI.



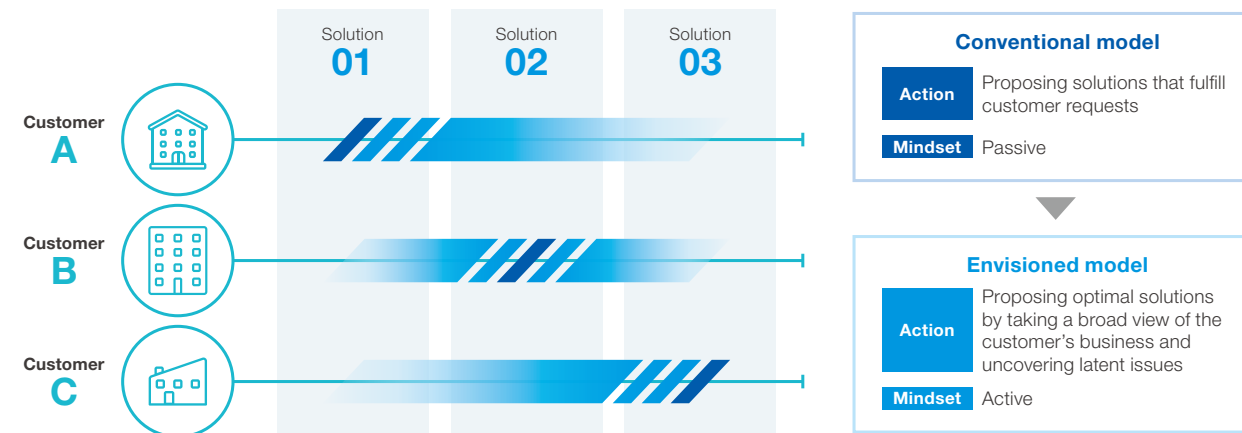


## Business Strategy

## Toward a Further Leap Forward

## Leveraging Our Customer Base Through Cross-Selling to Expand Sales

Over many years of working with our customers, we have stood close to them and guided them to optimal solutions for their challenges, thereby building deep relationships of trust. Going forward, to deliver even greater value to our customers, we will take a broad view of their businesses with a more proactive stance, uncover latent issues, and propose optimal solutions.



## Further Evolution of Our Packaged Services Business

TSUZUKI DENKI is working to bundle services tailored to customer needs and specific industries, and to develop them into packaged services for customers.

At present, these services are available in two types: one that consolidates solutions for specific industries such as logistics and call centers, and another that consolidates cross-industry functions such as security and AI data analysis. These services, which can be deployed repeatedly, can be customized according to customer needs and are being delivered to many customers.

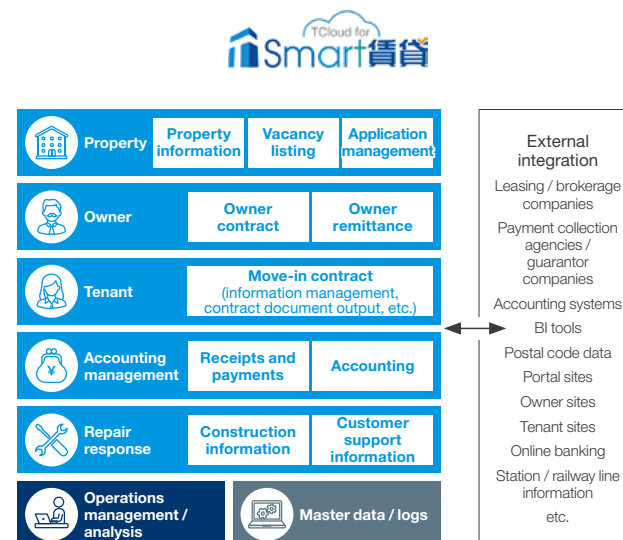
We are also actively collaborating with partners. For

TCloud for SCM, a service for the logistics industry, we have begun integration with the navigation functions of ZENRIN Logistics Service, adding features such as route guidance that accounts for vehicle size and the use of the up-to-date map information. Furthermore, in June 2026, we plan to release a new solution pack, TCloud for Smart Leasing, designed for the rental real estate industry.

Going forward, we will continue to focus on developing solutions that stay close to customer needs and, through the further evolution of our packaged services business, work to expand our market share in specific industries.



## Truck navigation option



## Group Companies



## Akira Koshidaka

Representative Director and President  
Tsuzuki Techno Service Co., Ltd.

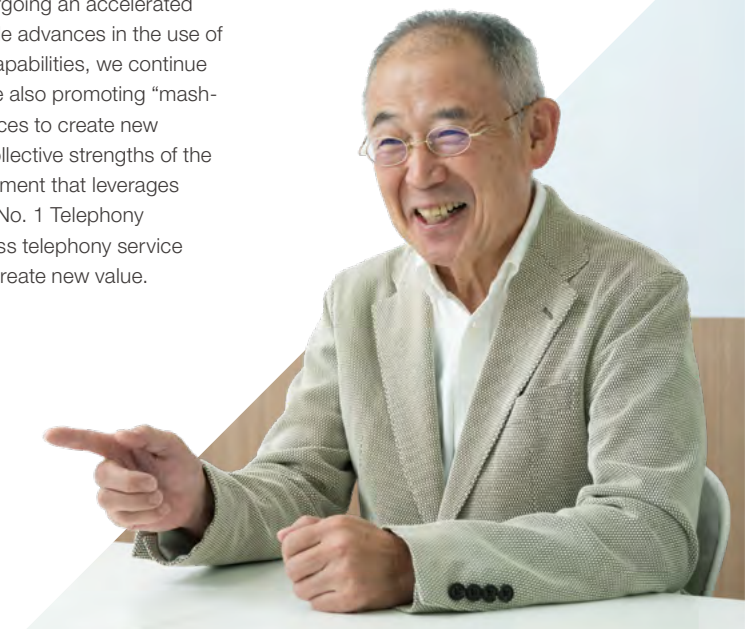
Tsuzuki Techno Service provides integrated services covering everything from defining requirements for ICT infrastructure to design and implementation, operations, and maintenance. Since our founding, we have built relationships with customers by making hardware maintenance for computers and network equipment our core business. However, with hardware performance advancing and virtualization accelerating—and with hardware sales and maintenance business further decelerating—we are entering a period of transformation in which we are shifting our core focus to the ICT infrastructure business and the operations business. In the ICT infrastructure business, our strategy is to add “security” to our existing IT and network infrastructure domains. In the operations business, our strategy is to promote the digital transformation (DX) of our operation centers and to expand into the business-oriented BPO domain. Through reskilling, resource shifting, and personnel exchanges across the Group, we are accelerating both business transformation and employee mindset reform. Building on the long-standing relationships we have cultivated with customers, we aim to evolve into a specialized company spanning the entire platform domain, sharpening our expertise to meet diverse customer needs and continuing to provide high-value-added solutions and services.

ComDesign provides the telephone platform that supports contact centers—an essential customer touchpoint for companies—in the form of the cloud-based CTI service, CT-e1/SaaS. With its high degree of configurability, low cost, and flexible customization, the service is widely recognized as one of Japan's representative cloud CTI solutions. The market is undergoing an accelerated shift from on-premises to cloud environments, alongside advances in the use of generative AI. Drawing on our in-house development capabilities, we continue to strengthen availability and large-scale capacity, while also promoting “mash-ups”—combinations of different technologies and services to create new value—with AI services. Furthermore, backed by the collective strengths of the TSUZUKI Group, we are accelerating business development that leverages group synergies. More recently, under the concept of “No. 1 Telephony Platform for Mash-ups,” we aim to become a world-class telephony service provider and will work together with our customers to create new value.



## Kenji Terao

Representative Director and President  
ComDesign Inc.



# Message from the Executive Officer in Charge of Finance & Accounting

## Further Enhancing Corporate Value Through Growth Investments that Leverage Capital

Executive Officer,  
in Charge of Legal Affairs Department,  
Finance and Accounting Department,  
and Procurement Department

**Masahiko  
Ishimaru**



**Results and Current Status of the Financial Strategy** | Since the launch of our medium-term management plan Transformation 2026, we have pursued cash generation, and as a result—through the sale of the Electronic Devices business and the disposal of non-operating assets—we have secured approximately 17.0 billion yen and built up liquidity in a deliberate, planned manner. Meanwhile, our shareholders' equity ratio for FY03/25 rose to 55.2%, up from 49.8% in the previous year, exceeding the level initially set as our financial discipline, and we believe improvement is necessary from the perspective of capital efficiency.

As we approach the final year of the medium-term management plan, what I am particularly focused on is the importance of growth investment. Although the equity spread is trending upward, we cannot yet say that we have sufficiently secured a level that exceeds our cost of capital, and recognize that we are still only halfway toward our goal. With our PER at 8.6x as of the end of March 2025—lower than that of other system and network integrators—we recognize that improvements in capital efficiency and profitability have not yet been fully reflected in our market valuation. This is precisely why we believe it is important to utilize capital strategically through growth investments and aim for the sustainable enhancement of corporate value.

In strategically promoting growth investments and M&A, the role of finance is to build the foundations that support execution. By evaluating the cash-generation capability and investment returns of investment projects, and by improving the accuracy of management accounting through a thorough analysis of cost structures, we aim to enhance the quality of our decision-making. In the budget committee, which meets twice a month, we assess investment projects using a hurdle rate of 7%. Through two years of these initiatives, the concept of cost of capital has increasingly taken root within the Company, and we have observed an improvement in the quality of decision-making. I believe it is the responsibility of finance not only to provide funding, but also to drive improvement by measuring investment outcomes and to embed and deepen management grounded in cost of capital throughout the Company.

**Pursuing Growth Opportunities Through M&A** | While M&A can serve as a driver of corporate value enhancement, it also carries

significant challenges in areas such as deal selection and post-merger integration (PMI) design. Although we reviewed 81 deals over the past two years, none were executed due to factors such as pricing conditions and differences in corporate culture. Rather than pursuing M&A for its own sake, we will continue to focus on executing M&A as a form of growth investment and proceed with careful consideration.

Given the current external environment, there may be cases where investment amounts exceed expectations. While assessing risks, we intend to support management's pursuit of new challenges by maintaining a balance between financial stability and growth.

### Balancing Shareholder Returns and Capital Efficiency Improvement

| Our dividend policy is to maintain stable dividends with a target payout ratio of 40% (based on earnings per share excluding special gains and losses) and a DOE floor of 3.5%. We have continued to achieve record-high profits, and dividends have also been trending above initial forecasts. In addition, we plan to increase dividends for the fifth consecutive fiscal year, placing emphasis on maintaining stable shareholder returns. On the other hand, although we have set a DOE floor of 3.5%, the gap with the 40% payout ratio has widened in tandem with earnings growth, and we believe that an evolution toward a more attractive return policy is being called for. Enhancing shareholder returns is an important initiative on par with growth investment. While keeping in mind the concept of progressive dividends, we will continue to consider measures such as raising the DOE, further optimizing our dividend policy, and flexibly utilizing options including share buybacks.

### The Future the Finance Team Envisions Beyond Capital Utilization

We are retaining the ample cash obtained through the sale of the Electronic Devices business without restricting its use, so that it can be deployed quickly when needed. Investors are seeking more concrete communication regarding our approach to capital utilization and our investment policy. In the next medium-term management plan, we believe it will be necessary to scale up our growth areas and make bold investments in human capital and technology. By making bold, strategic use of capital, we will elevate the Company to a higher stage.

Investment area	FY03/25 results	Specific details	Total investment amount (FY03/24–FY03/26)
<b>Technology</b>		<ul style="list-style-type: none"> <li>Development and functional enhancement of DX services for specific markets</li> <li>Research on AI, including ChatGPT</li> <li>Development of OT security &amp; network packs</li> <li>Testing of low-code development and other tools</li> </ul>	
<b>Human resources</b>	Investment amount (Two-year total) <b>5.2</b> billion yen	<ul style="list-style-type: none"> <li>DX talent development and implementation of reskilling programs</li> <li>Improvement of employee compensation (base salary increases, higher starting salaries, etc.)</li> </ul>	<b>8.0 billion yen</b>
<b>Internal DX</b>	<b>2.6</b> billion yen	<ul style="list-style-type: none"> <li>ERP system upgrade</li> <li>Security enhancement</li> <li>Operational efficiency improvement</li> </ul>	
<b>Business restructuring</b>		<ul style="list-style-type: none"> <li>Reallocation of human resources within the Group</li> <li>Business restructuring expenses</li> </ul>	
<b>Strategic investment</b>	Number of potential deals reviewed <b>48</b> deals (Two-year total) <b>81</b> deals	<ul style="list-style-type: none"> <li>Narrowed targets in both advanced areas such as AI and in expansion of existing domains, and reviewed numerous specific deals</li> <li>Continuing to explore possibilities based on the review results</li> </ul>	<b>10 billion yen, with potential for additional investment</b>

# Financial Strategy

## Overall Framework of the Financial Strategy

With a KPI target of securing ROE of 10% or higher, we are managing our finances with the aim of maximizing corporate value through the following three priority measures:

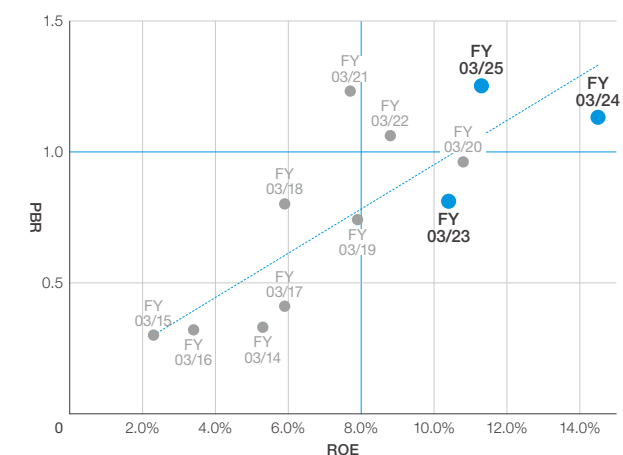
- 1 Financial management mindful of cost of capital: We maintain strict investment discipline to support ROE improvement.**
- 2 Balance sheet optimization: We enhance capital efficiency through the creation of growth capital and capital management based on financial discipline.**
- 3 Capital allocation: We allocate capital strategically and in a balanced manner between growth investments and shareholder returns.**

## Financial Management Mindful of Cost of Capital

Our ROE has exceeded 10% for three consecutive fiscal years, driven by strong business performance, and the likelihood of achieving this level in FY03/26 is also increasing. At the same time, our P/B ratio has also consistently remained above 1x. Meanwhile, we have also made steady progress in optimizing the balance sheet through initiatives such as business divestitures, subsidiary reorganizations, the unwinding of cross-shareholdings, and the disposal of non-operating assets. On the other hand, while we have set hurdle rates and financial discipline benchmarks in pursuit of our ROE target and are operating accordingly, our systems for properly verifying investment effectiveness and for executing capital management with agility are not yet sufficiently developed. We recognize that establishing these frameworks remains a challenge going forward. To achieve our long-term vision and further improve ROE, we will work to elevate our capabilities so that our business strategy and financial strategy can be executed in an organic and agile manner.

### PBR and ROE

Note: The PBR is calculated using the highest share price during each fiscal year

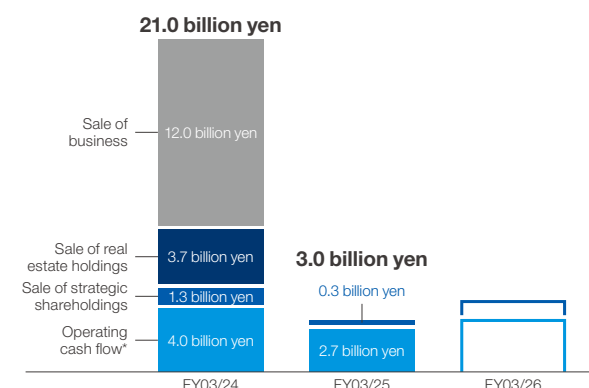


## Balance Sheet Optimization

### Creation of Growth Capital

In addition to securing stable operating cash flow, the sale of the Electronic Devices business and non-operating assets (real estate and strategic shareholdings) resulted in the creation of 24.0 billion yen in growth capital over the two-year period. In FY03/26 as well, we are continuing to sell strategic shareholdings and expect to generate additional capital.

### Cash generation

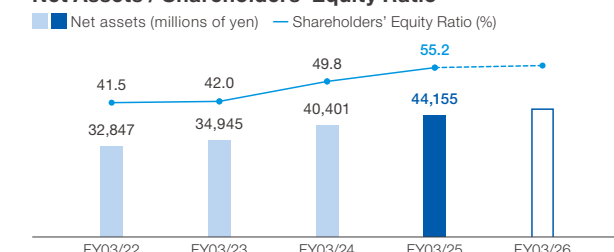


\*Operating cash flow is presented after deducting lease liability repayments (classified under financing cash flow).

### Capital Management

From the perspectives of both financial soundness and capital efficiency, we have set a target shareholders' equity ratio range of 40–50%. However, our shareholders' equity ratio for FY03/25 was 55.2%, exceeding the upper end of that range. This is attributable not only to the need for conservative management in anticipation of potential M&A transactions, but also to the difficulty of taking flexible actions such as share buybacks while in the process of responding to the TOPIX review. Going forward, while also examining capital buffers with consideration for the potential impact of M&A, we intend to establish a framework that enables agile capital management.

### Net Assets / Shareholders' Equity Ratio





## Financial Strategy

## Capital Allocation

## Strategic Investment

Focusing on strategic growth investments in areas such as technology, human resources, internal DX, and business restructuring, we invested a total of 5.2 billion yen over the two-year period. Our primary goal is to allocate—on a priority basis—capital to projects that are expected to contribute to medium- to long-term profit growth and improved ROE. However, in product development and R&D, our system for verifying the path to monetization or expected returns is still underdeveloped, and we recognize that there are still a number of challenges in terms of ensuring investment efficiency. Going forward, through measures such as the enhancement of the investment evaluation process in the budget committee and the review of evaluation standards and management approaches, we will work to achieve both sustainable profit growth and ROE improvement. Although we have not executed any M&A deals at this time, we will continue to examine opportunities that can enhance corporate value, including scaling our service businesses and acquiring competitive IT solutions.

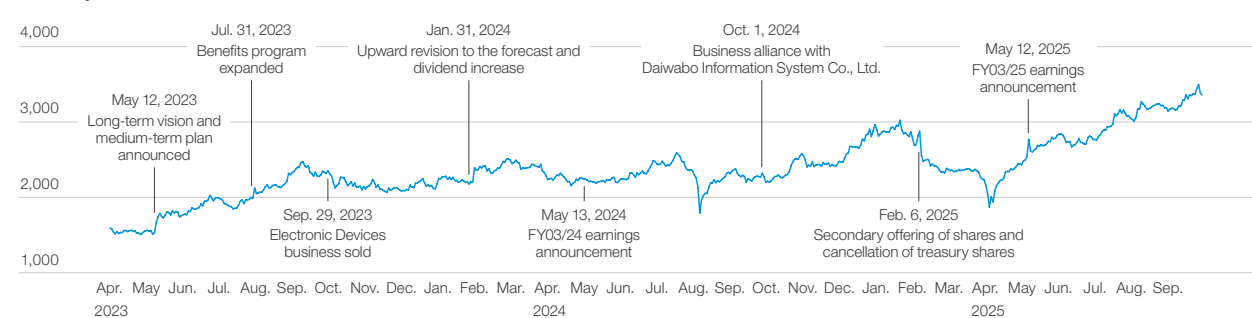
## Shareholder Returns

With record-high profits posted for three consecutive fiscal years, dividends have also been trending above initial forecasts.

## Response to Changes in TOPIX Constituents

Aiming to be selected as a constituent of the next TOPIX, we have been conducting various reviews since last year. As part of these efforts, with the goal of increasing our free-float ratio, we conducted a secondary offering in February 2025 of shares held by financial institutions and canceled a portion of

## Share price (yen)

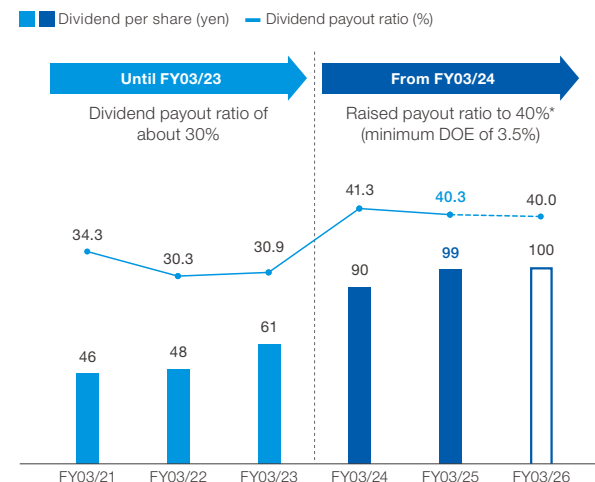


## Going Forward

FY03/26 marks the final year of the current medium-term management plan and the conclusion of the first stage of our long-term vision. By addressing the challenges outlined thus far—such as verifying the progress of investments, improving the profitability and repeatability

Starting from FY03/24, we revised our dividend policy to a target payout ratio of 40% with a DOE floor of 3.5%, but as noted earlier, challenges remain from the perspective of capital management. In the next medium-term management plan, we plan to continue reviewing the numerical criteria for shareholder returns so that the policy becomes more effective and more attractive.

## Dividend per share / Dividend payout ratio



\*Based on business activity profits excluding extraordinary gains and losses

our treasury shares. As a result, in the free-float ratio review in October 2025, we achieved the numbers we had targeted. We will continue to proactively address the remaining issues so that our shares are held by a broader range of investors, while further enhancing our corporate value.

of growth investments, and further strengthening our shareholder return policy—we will maximize the outcomes of the first stage and ensure the establishment of a stronger foundation for growth and the realization of sustained growth.

# Message from the Executive Officer in Charge of Human Resources

## Maximizing Human Capital and Becoming an Organization that Continues to Take on Challenges

Executive Officer,  
In charge of General Affairs Department and  
Human Resources Department

**Hirotake Abe**

### Steady Progress in Talent Development Aligned with the Medium-term Management Plan

At TSUZUKI DENKI, we have defined the pillar of our human resources strategy as “focusing on energizing both the organization and individuals.” We are developing talent with advanced expertise who take initiative and possess the ability to create new business on their own, aiming to realize our long-term vision, Growth Navigator, and targets set forth in our medium-term management plan, Transformation 2026.

In the medium-term management plan, which runs through FY03/26, we have set KPIs for the number of DX personnel and leaders, the ratio of female employees, and work engagement. In FY03/25, the number of employees who passed the DX certification test reached 560 against a target of 500, and the number certified under our DX Associate in-house qualification reached 278 against a target of 240—achieving the final-year targets ahead of schedule and improving employees' DX literacy. On the other hand, the number of employees certified as advanced DX talent, an in-house qualification, was eight against a target of 15, indicating a need to strengthen development in this area. For the leadership training program TLF, the cumulative target was 65 participants, while the actual number reached 45; however, in FY03/25, only two employees participated. Since the program has already been implemented for eligible employees within the Company, the challenge now is expanding it to group companies. We are promoting development from a group-wide perspective, including reviewing the eligibility criteria. The ratio of women in management positions increased from 2.6% in FY03/24 to 4.4%, bringing us closer to the final-year target of 5%. However, we recognize that the target itself is low, and we will therefore continue to focus on recruitment and improving the working environment. Regarding work engagement, TSUZUKI DENKI exceeded the target score of 3.2, while the Group as a whole is still in the process of raising its score at 3.05. Accordingly, we will strengthen group-wide initiatives by sharing know-how from the Company.

In addition to developing highly specialized professional talent, we aim to cultivate personnel who take initiative and create new business on their own, and we have incorporated cross-boundary learning—where employees work together with employees from other companies to address social issues—into our training programs. Since FY03/24, 65 employees have participated in this program. By taking on the challenge of creating business while being exposed to new perspectives, participants have enhanced their innovation skills and mindset. We expect these employees to create new businesses.

### Supporting Growth Through a Comfortable Work Environment and Diversity

TSUZUKI DENKI has long placed the highest priority on human capital and has consistently valued its people. To maintain and improve the physical and mental health of employees and their families, we have continued our efforts in health and productivity management



and have been certified as a Health & Productivity Management Outstanding Organization for eight consecutive years. We also enable employees to choose workstyles that enhance performance and were early adopters of remote work and flextime systems. With respect to diversity and inclusion, under the initiative called the Colorful Value Project, employees take the lead in advancing five priority areas—including gender, generation, and cross-boundary collaboration—achieving outcomes such as the introduction of programs supporting childcare and nursing care.

### Developing Proactive Talent Through System Reform

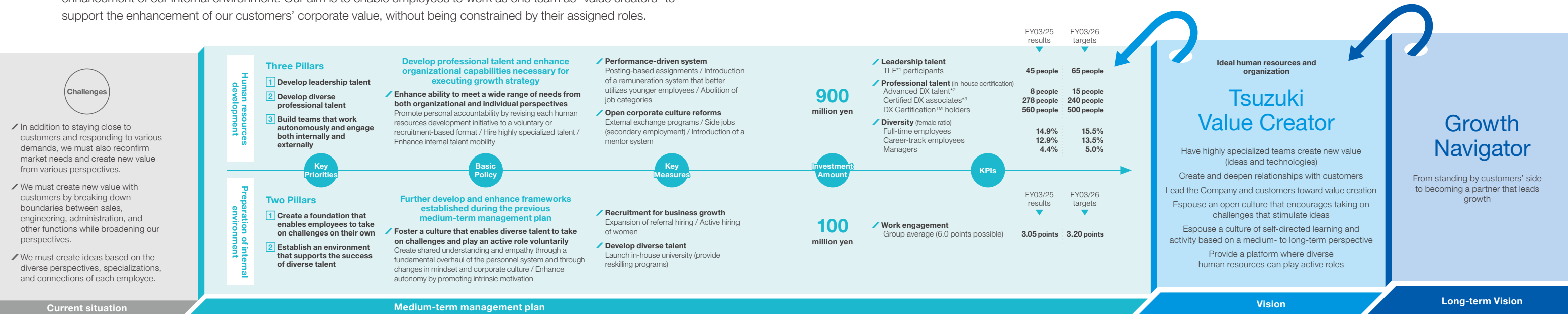
For TSUZUKI DENKI to become a Growth Navigator, it is essential that all our employees possess both knowledge and practical experience related to ICT. As a new initiative toward this goal, beginning in FY03/24, all new graduates are first assigned to technical departments, where they gain practical experience before transferring to sales and other roles based on their aptitude. In addition, to strengthen talent acquisition, starting with graduates joining the Company in and after April 2025, we have introduced an early-career readiness allowance, raising compensation to a level on par with major system and network integrators.

We are also advancing revisions to our personnel system. In the new personnel system, we aim to create an environment in which each employee takes initiative toward their goals and can actively embrace challenges, and to establish a system that rewards those who perform well. In October 2025, we established the Personnel System Reform Office, which reports directly to the President and will lead fundamental reforms, including personnel evaluation and retirement allowance systems.

The role of the executive in charge of human resources is, naturally, to maximize human capital. Through recruitment and development, improvements to the working environment in both tangible and intangible aspects, and reforms to the personnel system, we will continue to support the growth of all employees and the challenges they pursue.

# Human Resources Strategy

To become a Growth Navigator, we must transform our organization and human resources. Our human resources strategy focuses on activities from two perspectives, organizational development (to strengthen the Group) and human resource development (to strengthen the individual). Under the medium-term management plan, we are advancing organizational and personnel transformation through approaches on two fronts: human-resource development and the enhancement of our internal environment. Our aim is to enable employees to work as one team as “value creators” to support the enhancement of our customers’ corporate value, without being constrained by their assigned roles.



\*1 TSUZUKI Leaders Forum (TLF): Training program for developing next-generation management talent

\*2 Advanced DX talent: Internal qualification (certification criteria: possession of external qualifications designated by the Company and achieving the required score on the DX certification test)

\*3 DX associate: Internal qualification (certification criteria: taking the DX certification test and undergoing a skills assessment through a written test)

## Human Resource Development

In our medium-term management plan, Transformation 2026, we aim for business growth through improved profitability. To achieve this, we will make our existing businesses more profitable and provide consulting services that draw on our strengths in development, system implementation, and service businesses. In human resource development, we are strengthening initiatives toward achieving these objectives, using leadership talent, professional talent, and diversity as our KPIs.

### Leadership Talent

Within our Group, leadership talent refers to individuals who, in addition to improving business performance, can play a strong, influential role in driving cultural transformation. To develop such human resources, we have been implementing a training program (TLF) to cultivate next-generation management talent since 2019. Starting from FY03/25, we expanded the eligible participants to include Group companies employees, bringing the cumulative number of participants to 45. To reach the target of 65 participants in FY03/26, we will continue to strengthen management talent development across the Group. In addition, in FY03/25, we conducted training for young employees covering leadership and management strategy. Participants demonstrated an extremely high eagerness to learn, contributing to highly effective learning outcomes. Furthermore, to help employees take lead in their career development from an early stage, we conducted training for employees in their first to third year after joining the Company, enabling them to envision their future selves and to evaluate their personal growth. This training has also helped strengthen a shared mindset for mutual growth among employees of the same age group.

### Professional Talent

To realize our long-term vision, we aim not only to provide value to individual customers but also to identify needs common across

industries and sectors and convert them into services, thereby delivering value to a broader customer base. In the DX domain—which is essential for this initiative—our executives have taken the lead by taking the DX certification test, leading to a company-wide improvement in DX literacy. In FY03/25, the number of employees who passed the test reached 560, exceeding the FY03/26 target of 500 ahead of schedule. Similarly, the number of certified holders of the internal qualification, DX associate, reached 278 in FY03/25, surpassing the FY03/26 target of 240 ahead of schedule. Going forward, we will continue to develop professional talent by not only expanding employees’ knowledge but also embedding practical application into daily work—for example, by preparing an environment that enables all employees to use generative AI in their work.

### Diversity (Increasing the Female Ratio)

Since we began recruiting women for career-track positions in 2010, the ratio of female managers remains low. Based on the view that the opinions and ideas of a diverse range of people are necessary to create new value, we have designated gender as a priority area within the promotion of diversity and inclusion, and we are enhancing our systems and workplace environment accordingly. As a result, the KPIs set for the female ratio have progressed beyond expectations, and we have revised our FY03/26 targets. [p.49](#)

## Preparation of Internal Environment

For all our employees to create and deepen relationships with our customers as value creators, it is important to establish an environment where diverse human resources can proactively take on challenges, play active roles, and generate ideas, and to create an organization and culture that encourage them to do so. In the medium-term management plan, we have set work engagement for all Group employees as a KPI, and we are promoting the development of an environment that facilitates people-driven transformation from the perspective of improving autonomy and supporting growth.

### Viewpoints of improving autonomy and supporting growth

- A workplace providing high psychological safety and quality relationships (human connection)
- Opportunities for individuals and teams to learn, take on challenges, and engage in dialogue (growth opportunities)
- Support for a sense of meaning in life and work (fulfillment)
- A corporate culture that accepts diversity and recognizes it as a source of value (recognition)
- Diverse choices and discretion in location, attire, hours, and time off (freedom)
- Support for the physical and mental health of employees and their families (health)

### Building a Foundation for Employees to Take Initiative

To develop talent capable of proactively creating business, we have incorporated cross-boundary learning into our training programs, allowing our employees to work together with employees from other companies to resolve regional social issues. Participants visit local sites and take on the challenge of creating business while encountering new perspectives through interactions with others, thereby gaining experience essential for new business creation.

### Work Engagement

To create an environment in which diverse employees can feel fulfilled and work with a high level of engagement, we are focusing on promoting diversity and inclusion, health management, and workstyle reform. As a result, the Group’s overall work engagement score improved

from 2.96 in FY03/23 to 3.05 in FY03/25. However, we recognize that further initiatives are essential to achieve the FY03/26 target of 3.2. In particular, improving the indicators at Group companies is an important challenge, and we will hold workshops to clarify the issues faced by each company and promote the sharing of initiatives and best practices across the Group.

### Reform of the Personnel System

We have begun examining a new personnel system to enable employees to be more autonomous and engaged, and to take on challenges with a clear awareness of their roles and in pursuit of their individual goals. We aim to transition from the previous system, which evaluated the abilities an individual possesses, to a system that evaluates the actions and abilities an individual demonstrates.



# Diversity & Inclusion

## Objectives and Key Initiatives

The purpose of promoting diversity and inclusion at our Company is “to create and develop an environment that produces diverse value creators while cultivating a corporate culture in which these value creators can continue to take on challenges and thrive.”

Starting in FY03/24, we defined the concept for our diversity and inclusion promotion initiatives as “Colorful Value” (abbreviated in Japanese as *Karabari*), and have been undertaking activities under this theme.

To achieve our purpose, it is essential for each employee to accept and deepen their understanding of diversity in values, human existence, and workstyles. We also recognize two key challenges in advancing our initiatives: deepening employees’ understanding and increasing the female ratio. To address these issues, we are implementing the three initiatives outlined below.

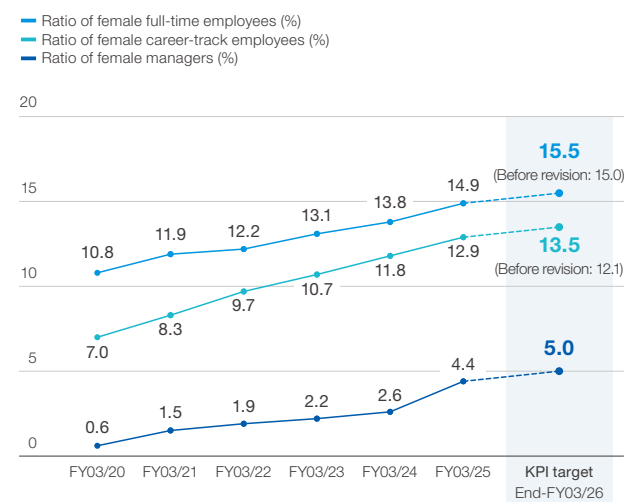
- 1 Cultivation of a corporate culture in which diverse talent can continue to take on challenges and thrive**
- 2 Development of an environment in which employees feel comfortable taking childcare leave and returning to work after the leave**
- 3 Improvement in the ratio of female new graduate hires**

The Colorful Value Project, which promotes diversity and inclusion, is a forum for expressing views on diversity in which employees can participate voluntarily. Rather than being led by the Company, this project draws on employees’ own ideas to help build an environment that supports the challenges and success of diverse talent.

### KPIs

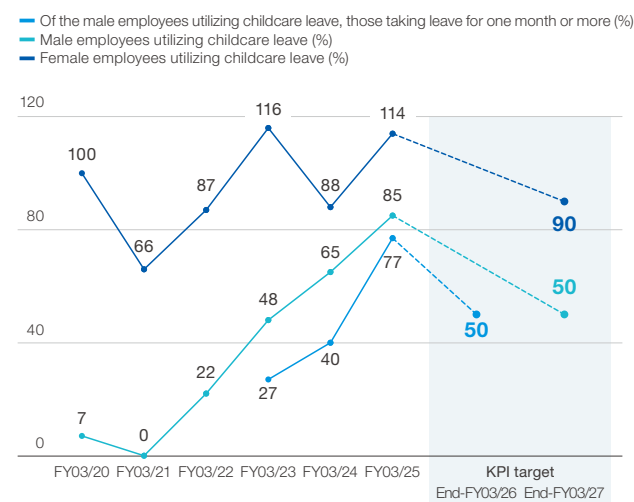
We aim to become an organization where decision-making and human resource development are based on diverse values and to cultivate a culture where employees, regardless of their gender, feel comfortable taking childcare leave. To this end, we first set quantitative goals associated with female ratios and childcare. We included in our indicators the term of childcare leave for male employees as well, with a view to creating an environment where everyone can participate in childcare and also return to work with ease of mind. While employees can take short-term leave, we recommend they take childcare leave for at least one month. In such a way, we encourage the creation of an environment where employees can balance work and personal life even during major life events like childcare. For accelerated promotion of childcare leave, we set the bar for this KPI higher than the target disclosed in our General Business Owner Action Plan.

### Female ratios: FY03/20–FY03/25 results and KPI targets



- ✓ The ratio of female full-time employees and the ratio of female career-track employees improved due to an increase in the hiring of women as well as a higher number of male employees reaching retirement age.
- ✓ Based on this progress, we have revised our FY03/26 targets upward.

### Utilization of childcare leave: FY03/20–FY03/25 results and KPI targets



- ✓ The ratio of male employees utilizing childcare leave improved significantly due to our efforts to encourage its use and the enhancement of related support programs.
- ✓ Because we achieved our KPI target ahead of schedule, we are considering revising it.

Note: The KPI “Of the male employees utilizing childcare leave, those taking leave for one month or more (%)” is set at 50% or more; data for “Of the male employees utilizing childcare leave, those taking leave for one month or more (%)” has been collected from FY03/23 onward

## External Evaluation

The Company received a two-star Eruboshi certification in 2023 and a Kurumin certification in 2024.



## Colorful Value Project – Challenges and Examples of Actions in the Five Priority Areas

Areas	Challenges	Example of Actions
Gender	✓ Nurture a corporate culture of respecting diverse values, where the individuality and strengths of individual employees, regardless of their gender, are reflected in our business management and daily operations	✓ <b>Sister Salon</b> Created a network in which female employees can exchange opinions freely and build connections across departments and generations ✓ <b>Anonymous roundtable discussion</b> Held a roundtable discussion in which participants use avatars and voice changers to remain anonymous and share candid views on workstyles
Generation	✓ Develop an environment where employees of different generations are given opportunities to take on challenges, gain experience, and work with a sense of fulfillment ✓ Provide support so that employees’ diverse experiences serve as assets that can be applied internally	✓ <b>Internal newsletter introducing young employees</b> Featured young employees active in various departments to present role models ✓ <b>Caregiving Cafe</b> Held a roundtable discussion where employees can talk with one another about balancing caregiving and work
Career	✓ Create an environment and corporate culture where innovations can be generated with relative ease through the fusion of diverse experiences	✓ <b>Networking event for mid-career hires</b> Hosted a networking event where mid-career hires can share their concerns and issues ✓ <b>Consultation room for mid-career hires</b> Created a dedicated online chat group to facilitate casual information exchange among mid-career hires
Cross-border	✓ Develop an environment where everyone can cross “borders” ✓ To achieve this, explore measures for cultivating corporate culture, and developing mechanisms, systems, and training programs, etc.	✓ <b>Briefing session on cross-border activities</b> Organized and hosted a session to communicate what cross-border entails by explaining our overall efforts under the cross-border programs and sharing stories of the participants. With the aim of creating an environment where everyone can cross borders, we hosted the event as a way to urge more employees to take on challenges.
Para	✓ Consider ways to create an environment where everyone, regardless of disability, can play an active role in a diverse range of job positions ✓ Consider ways to create an environment that is easy for everyone to work in ✓ Improve literacy so that diverse members can thrive in the workplace	✓ <b>Neurodiversity study session for all employees</b> Held a study session open to all employees on the diversity of human brain functions, which applies to all people

## Specific Initiatives

### Fostering a culture of active mutual support – monetary support for work coverage

To create an environment in which employees actively support one another and to promote the use of maternity and childcare leave, we introduced the workplace support bonus for childcare leave and other purposes in May 2024. This program provides financial support to employees who cover the duties of those taking maternity or childcare leave.

As payments to eligible employees progressed, we determined that the Company should also express appreciation to employees who support those taking caregiving leave or those absent due to illness. Accordingly, in April 2025, we introduced two new programs: the workplace support grant for caregiving leave and other purposes and the workplace support grant for absences due to illness and other reasons.

### Workplace support bonus for childcare leave and other purposes – payment amounts

Leave period	4 weeks to less than 2 months	2 months to less than 12 months	12 months or more
Payment amount	100,000 yen	200,000 yen	400,000 yen

### Workplace support grant for caregiving leave and other purposes – payment amounts

Leave period	4 weeks to less than 2 months	2 months or more
Payment amount	100,000 yen	200,000 yen

### Workplace support grant for absences due to illness and other reasons – payment amounts

Leave period	1 month to less than 2 months	2 months to less than 12 months	12 months or more
Payment amount	100,000 yen	200,000 yen	400,000 yen

### Support for balancing work and caregiving – Caregiving Cafe

To help employees balance caregiving and work while feeling secure and able to work with vitality, we held a Caregiving Cafe roundtable discussion, where employees who are engaged in caregiving gathered to discuss their concerns and questions.

In addition to exchanges among participants, project members also shared examples of how employees balance caregiving with work by using systems such as flextime and telework.



### Integration of mid-career hires – networking event for mid-career hires

To help mid-career hires become familiar with the Company at an early stage and fully demonstrate their capabilities, we held a networking event for mid-career employees.

This event not only helped participants expand their own communities, but also allowed the Company to identify organizational issues by hearing concerns unique to mid-career hires.



# Health Management

## Objective and Significance

TSUZUKI Group's health management initiatives are carried out under the following slogans, with the aim of supporting health—the foundation of human capital—through approaches that address habits, physical and mental well-being, and both conscious and unconscious awareness.

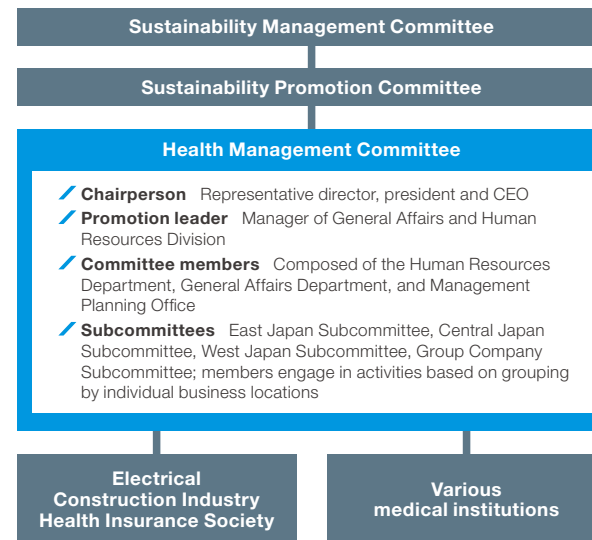
### Slogans

- ✓ To continue taking on the challenge of creating new value, we strive to support the physical and mental health of employees and their families.
- ✓ Through diverse workstyles, we aim to enhance employees' sense of fulfillment and engagement (work engagement).
- ✓ We will review various systems and develop a working environment that improves productivity and enhances creativity.

## Promotion Structure

Since 2017, we have been promoting health management under the leadership of our president and CEO. In 2019, we formed the Health Management Committee, establishing a framework for planning and managing activities at each business location in East Japan, Central Japan, West Japan, and the offices of group companies. Health Management Committee meetings are held three times a year. These meetings function as a venue for formulating annual plans with the help of the industrial physician and public health nurse, sharing information, and conducting discussions.

Additionally, to promote collaborative healthcare, we regularly exchange opinions with the Electrical Construction Industry Health Insurance Society. To optimize the impact of our measures, we also focus on disseminating information, raising awareness, and verifying effectiveness. Furthermore, we are strengthening our ties with medical institutions, including Shinkokai Medical Corporation, whose chairman is one of our outside directors.



## External Evaluations



Ministry of Economy, Trade and Industry  
Certified for eight consecutive years



Japan Sports Agency  
Certified for six consecutive years



Tokyo Metropolitan Government  
Certified for six consecutive years

## Employee Survey

Since 2017, when we began our health management initiatives, we have conducted a survey of all employees to evaluate the effectiveness of our measures and to understand employees' health conditions. In 2021, the survey scope was expanded to include all Group employees. Beginning in 2023, as part of our efforts to strengthen sustainability initiatives, the survey has been conducted under the name "Sustainability Promotion Survey," which also examines the effectiveness of related activities. The survey results are used to monitor the progress of sustainability initiatives and identify issues, and results for each organizational unit are provided to departments to support their improvement efforts.

- ✓ **Scope** All Group employees
- ✓ **Response rate** 100%
- ✓ **Indicators captured** Presenteeism, absenteeism, work engagement, creative productivity, employee satisfaction, psychological safety, etc.

## Specific Initiatives

To maintain and promote our employees' mental and physical well-being, we run a PDCA cycle based on the analysis of data from the annual medical checkup, stress check test, and employee survey. Based on the results of the analysis, we extract those investments deemed effective and formulate a health management strategy map. In line with this map, we promote initiatives aimed at improving lifestyle habits (sleep, diet, alcohol consumption, exercise, smoking), stress levels, and communication.

# Workstyles

## Objective and Significance

To realize decent work (work that is fulfilling and humane), we are promptly implementing various initiatives to promote autonomy, creativity, and productivity of our employees.

We aim to improve employee satisfaction and performance by creating a freer, higher-quality environment in which employees can work with a sense of happiness, being healthy both mentally and physically.

## TSUZUKI DENKI's Workstyle Concept

The SODA! workstyle concept is the result of a series of workshops and discussions among younger employees. We came up with the slogan "SODA!" (Japanese for "I got it!"), which corresponds with the Seven Actions representing the Company's values. Embracing the SODA! concept, we aim to create a place where ideas effervesce like bubbles.



## Specific Initiatives

### 1 Planning new workstyles

### 2 Updating the working environment through office relocation, renewals, etc.

### 3 Supporting workstyles at group companies

## Renovated the Fukuoka Office

Following Tokyo, Nagoya, and Osaka, we renovated the Fukuoka Office in November 2024. The new office adopts a fully free-address layout and includes areas with permanent monitors, dedicated web-conference booths, sofa booths, and other options that allow employees to choose their workspace freely according to the nature of their tasks. As a result, we achieved approximately a 63% reduction in cabinets and about a 33% reduction in floor space, realizing greater flexibility in workstyles and improved space efficiency at the same time.



## Promoted workstyle transformation under the workstyle concept, SODA!

As a company whose origins lie in communications, beginning with telephone switchboards, we have introduced a system in our Tokyo and Osaka offices that enables us to convey the appeal of our Company as we take on the challenge of transforming customer touchpoints. Unlike conventional web conferencing, this system enables natural communication that feels like speaking face-to-face even from a distance, allowing users to more deeply experience our workstyles and transformation initiatives. In addition to business use, the system is also utilized for exchange events between employees located in the two offices, helping to invigorate communication.



## Hosted Family Day and the Summer Festival, where employees, their families, friends, and former employees can interact

To enhance employee work engagement, we hosted Family Day and the Summer Festival at the Tokyo Office in August 2024, inviting employees' families, friends, and former employees. Many guests visited on the day of the event and enjoyed the activities and office tours. Participants gave highly positive feedback, with a satisfaction rating of 97%. We will continue to implement initiatives that enhance work engagement going forward.



## Challenges Moving Forward

### Optimization of offices nationwide

We are examining initiatives to optimize our offices nationwide. In 2025, we plan to renovate part of the Tokyo Office and proceed with the second phase of renovations at the Nagoya Office. By optimizing both our headcount and workspace, we will continue to renovate our offices to make them more comfortable for employees to work in and more convenient for use during business travel.



# Directors and Officers

As of June 26, 2025

In appointing and selecting members of the senior management, we give full consideration to each candidate's character, insight, and other attributes without discrimination based on gender or nationality. In such a way, we nominate and appoint suitable individuals who can fulfill their duties and responsibilities.



Kenji Kusaka Kiyotake Yokohari  
Kunio Matsui Kazuhisa Oyama  
Tomoko Tsukahara Naoshi Ogasawara Kazunori Yoshii

Toshihiro Murashima Hideki Wachi  
Hidetoshi Takinaka Noriyuki Moriyama  
Katsuyuki Yoshida Hiroko Omura Noboru Yoda



## Directors

\*Number of shares held as of September 30, 2025



### Kazunori Yoshii

| Years in position: 20 | Shares held: 49,724 |

Chairman and Representative Director

Nomination and  
Compensation  
Committee Member

Corporate management	ICT industry knowledge	Innovation and transformation	Finance and accounting
Legal affairs risk management	Human resources management	ESG and academic knowledge	



### Katsuyuki Yoshida

| Years in position: - | Shares held: 7,842 |

President and CEO

Corporate management	ICT industry knowledge	Innovation and transformation	Finance and accounting
Legal affairs risk management	Human resources management	ESG and academic knowledge	



### Kunio Matsui

| Years in position: 6 | Shares held: 2,992 |

Professor, Department of Artificial Intelligence, College of Information Science and Engineering Kanazawa Institute of Technology

Independent Outside

Nomination and  
Compensation  
Committee Member

Corporate management	ICT industry knowledge	Innovation and transformation	Finance and accounting
Legal affairs risk management	Human resources management	ESG and academic knowledge	



### Noriyuki Moriyama

| Years in position: 5 | Shares held: 3,100 |

Chairman, Shinkokai Medical Corporation / Director, Midtown Clinic Medical Corporation / Director, Hi-Medic Inc.

Independent Outside

Corporate management	ICT industry knowledge	Innovation and transformation	Finance and accounting
Legal affairs risk management	Human resources management	ESG and academic knowledge	



### Noboru Yoda

| Years in position: - | Shares held: 830 |

Managing Executive Officer / Manager of President's Office

Corporate management	ICT industry knowledge	Innovation and transformation	Finance and accounting
Legal affairs risk management	Human resources management	ESG and academic knowledge	



### Hidetoshi Takinaka

| Years in position: 5 | Shares held: 0 |

President and CEO, ASO Information System Co., Ltd. / Representative Director and Executive Vice President, ASO Corporation

Outside

Corporate management	ICT industry knowledge	Innovation and transformation	Finance and accounting
Legal affairs risk management	Human resources management	ESG and academic knowledge	



### Hideki Wachi

| Years in position: 3 | Shares held: 0 |

Former Representative Director and President, Avaya Japan Ltd. / Former Representative Director and President, Telstra Japan K.K. / Former Representative Director and President, Genesys Japan K.K.

Independent Outside

Nomination and  
Compensation  
Committee Member

Corporate management	ICT industry knowledge	Innovation and transformation	Finance and accounting
Legal affairs risk management	Human resources management	ESG and academic knowledge	



### Naoshi Ogasawara

| Years in position: 3 | Shares held: 0 |

Representative, President and CEO, Avantia General Partnership / Certified Public Accountant / Auditor, National Institution for Academic Degrees and Quality Enhancement of Higher Education / External Director, Topre Corporation / Outside Audit &amp; Supervisory Board Member, Nikkiso Co., Ltd.

Independent Outside

Nomination and  
Compensation  
Committee Member

Corporate management	ICT industry knowledge	Innovation and transformation	Finance and accounting
Legal affairs risk management	Human resources management	ESG and academic knowledge	



### Tomoko Tsukahara

| Years in position: 3 | Shares held: 0 |

Managing Executive Officer, Fujitsu Limited

Outside

Corporate management	ICT industry knowledge	Innovation and transformation	Finance and accounting
Legal affairs risk management	Human resources management	ESG and academic knowledge	



### Toshihiro Murashima

| Years in position: 8 | Shares held: 7,232 |

Partner, Murashima Hozumi Law Office / Attorney

Outside

Nomination and  
Compensation  
Committee Member

Corporate management	ICT industry knowledge	Innovation and transformation	Finance and accounting
Legal affairs risk management	Human resources management	ESG and academic knowledge	



### Hiroko Omura

| Years in position: - | Shares held: 0 |

Representative Director, trine Inc.

Independent Outside

Corporate management	ICT industry knowledge	Innovation and transformation	Finance and accounting
Legal affairs risk management	Human resources management	ESG and academic knowledge	



Auditors

\*Number of shares held as of September 30, 2025



Kazuhisa Oyama

| Years in position: - | Shares held: 32,197 |  
Standing Corporate Auditor

Corporate management	ICT industry knowledge	Innovation and transformation	Finance and accounting
Legal affairs risk management	Human resources management	ESG and academic knowledge	



Kiyotake Yokohari

Independent Outside

| Years in position: 6 | Shares held: 0 |  
Senior Partner, Trident Lawyer Corporation / Attorney / Certified Public Accountant / Partner, VOVAN & ASSOCIES (Bangkok Law Office)

Corporate management	ICT industry knowledge	Innovation and transformation	Finance and accounting
Legal affairs risk management	Human resources management	ESG and academic knowledge	



Kenji Kusaka

Independent Outside

| Years in position: 3 | Shares held: 0 |  
Certified Public Accountant

Corporate management	ICT industry knowledge	Innovation and transformation	Finance and accounting
Legal affairs risk management	Human resources management	ESG and academic knowledge	



Message from the Newly Appointed Outside Director

Hiroko Omura,  
Outside Director

Representative Director, trine Inc. Previously served in key positions at Yamaha Corporation, including Executive Officer and General Manager of the Brand Strategy Division. Possesses extensive experience and achievements as an executive officer and representative director at operating companies, with particularly deep expertise in brand strategy.

As an executive officer at a musical instrument manufacturer, I was involved in brand strategy and new business development, working on both creating value that meets the needs of the times and taking on challenges with a view to the future. Drawing on the perspective I cultivated in enhancing corporate value over the medium to long term, I aim to enhance discussions while assessing the soundness and sustainability of management. Furthermore, I place importance on developing next-generation leaders and promoting diversity. As a member of the Board of Directors, I will contribute to the Company's medium- to long-term growth by helping ensure that TSUZUKI DENKI fully leverages its strengths in networking and ICT technologies. Amid accelerating DX evolution and social transformation, I strongly expect that TSUZUKI DENKI will further strengthen the trust it receives from society and achieve long-term advancement.

Skill Matrix of Directors and Audit & Supervisory Board Members

	Corporate management	ICT industry knowledge	Innovation and transformation	Finance and accounting	Legal affairs risk management	Human resources management	ESG and academic knowledge
Kazunori Yoshii	●		●	●			
Katsuyuki Yoshida	●	●	●				
Noboru Yoda	●			●	●		
Hidetoshi Takinaka	●	●				●	
Tomoko Tsukahara		●			●		
Toshihiro Murashima		●	●		●		●
Kunio Matsui		●	●			●	●
Noriyuki Moriyama			●				●
Hideki Wachi	●	●	●		●		
Naoshi Ogasawara				●		●	●
Hiroko Omura			●				●
Kazuhisa Oyama	●			●		●	
Kiyotake Yokohari				●	●		
Kenji Kusaka				●	●		

View on Skills

Corporate management	Given the rapid pace of technological innovation in the ICT field—and the significant transformation these technologies are bringing to business styles and lifestyles across all sectors—TSUZUKI DENKI requires directors who have sufficient corporate management experience to accurately understand changes in the business environment and make appropriate decisions, in order for the Company to achieve sustainable growth and become a Growth Navigator.
ICT industry knowledge	For many years, the Company has contributed to society as a technology trading firm and has built a solid business foundation. To lead the development of new services and other initiatives as a Growth Navigator going forward, it is essential to have directors and corporate auditors with deep expertise that contributes to the rapidly changing ICT industry.
Innovation and transformation	The Company aims to be a Growth Navigator in the ICT field, and both management strategy and oversight require knowledge of advanced ICT technologies as well as insight that can drive innovation. It is therefore essential to have directors with extensive knowledge and experience related to ICT technologies or innovation.
Finance and accounting	To achieve sustainable growth in the rapidly changing ICT industry, it is necessary to maintain a sound financial and accounting foundation that provides stakeholders with confidence, and to make investments that support growth, such as in human resource development, the creation of new services, and the acquisition of new technologies. Accordingly, it is essential to have directors and auditors who can provide oversight and support appropriate decision-making in the areas of finance and accounting.
Legal affairs risk management	An appropriate governance framework, a risk management system, and the establishment of compliance are essential foundations for a company's continued existence, and the Board of Directors' oversight function from these perspectives is indispensable. For this reason, it is necessary to have directors and auditors who possess extensive expertise in one or more of these areas.
Human resources management	The Company does not operate a business model based on the use of fixed assets; rather, our corporate value is enhanced by contributing to social issues through the knowledge and capabilities of our people. Therefore, it is essential to have directors with extensive expertise in human resource management, including creating an environment in which employees can work with vitality and promoting diversity in our workforce.
ESG and academic knowledge	Management that places importance on ESG is essential for a company's long-term development, and oversight by experts and academics with specialized knowledge in these areas is indispensable. Accordingly, it is necessary to have directors who possess expertise related to ESG.

# Corporate Governance

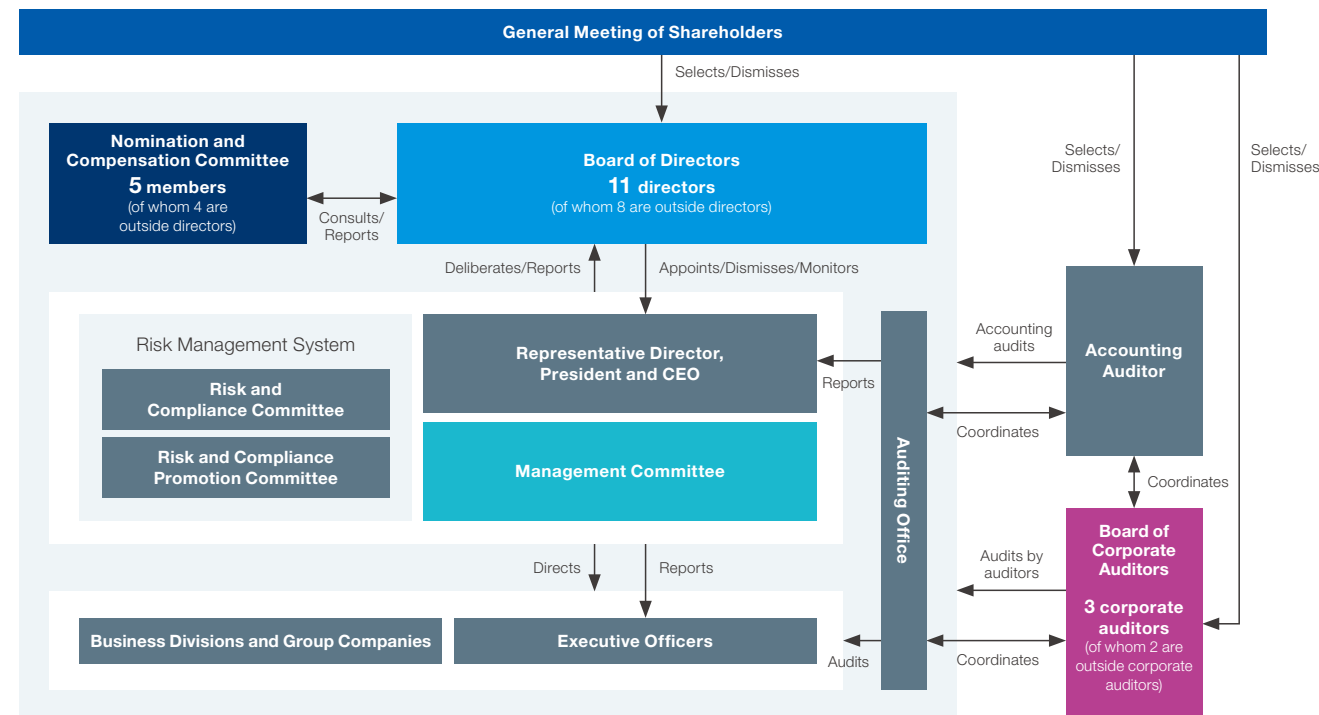
## Basic Approach

As TSUZUKI DENKI's management philosophy is based on our purpose of "bringing to society 'yohaku' filled with possibilities, through people, insight, and technology, together," we aim to fulfill our social responsibility as a company and continuously enhance corporate value through efficient and transparent corporate management.

We are a company with a Board of Corporate Auditors. Our Board of Directors consists of at least one-third

independent outside directors and a majority of outside directors, including independent outside directors. In addition, we have established a Management Committee composed of representative directors, executive officers with designated positions, and a standing corporate auditor, and we are working to accelerate management decision-making alongside the expanded delegation of authority to executive officers.

## Corporate Governance Structure As of June 26, 2025



## Main Meeting Bodies

### Board of Directors Meetings in FY03/25 16 times

<b>Composition</b>	11 directors (of whom 8 are outside directors)
<b>Activities</b>	<ul style="list-style-type: none"> <li>Resolved matters stipulated by laws, regulations, and the Articles of Incorporation, as well as other important management issues</li> <li>Reported on business performance progress and the state of Company assets</li> </ul>

### Nomination and Compensation Committee Meetings in FY03/25 7 times

<b>Composition</b>	5 Nomination and Compensation Committee members (of whom 4 are outside directors)
<b>Activities</b>	Discussed and considered matters relating to the selection of director candidates and director compensation policies and systems, etc.

### Outside Directors Meeting Meetings in FY03/25 3 times

<b>Composition</b>	10 outside directors, Representative Director and Chairman
<b>Activities</b>	<ul style="list-style-type: none"> <li>Discussion and opinion exchange among outside directors</li> <li>Themes: M&amp;A strategy, sustainability activities</li> </ul>

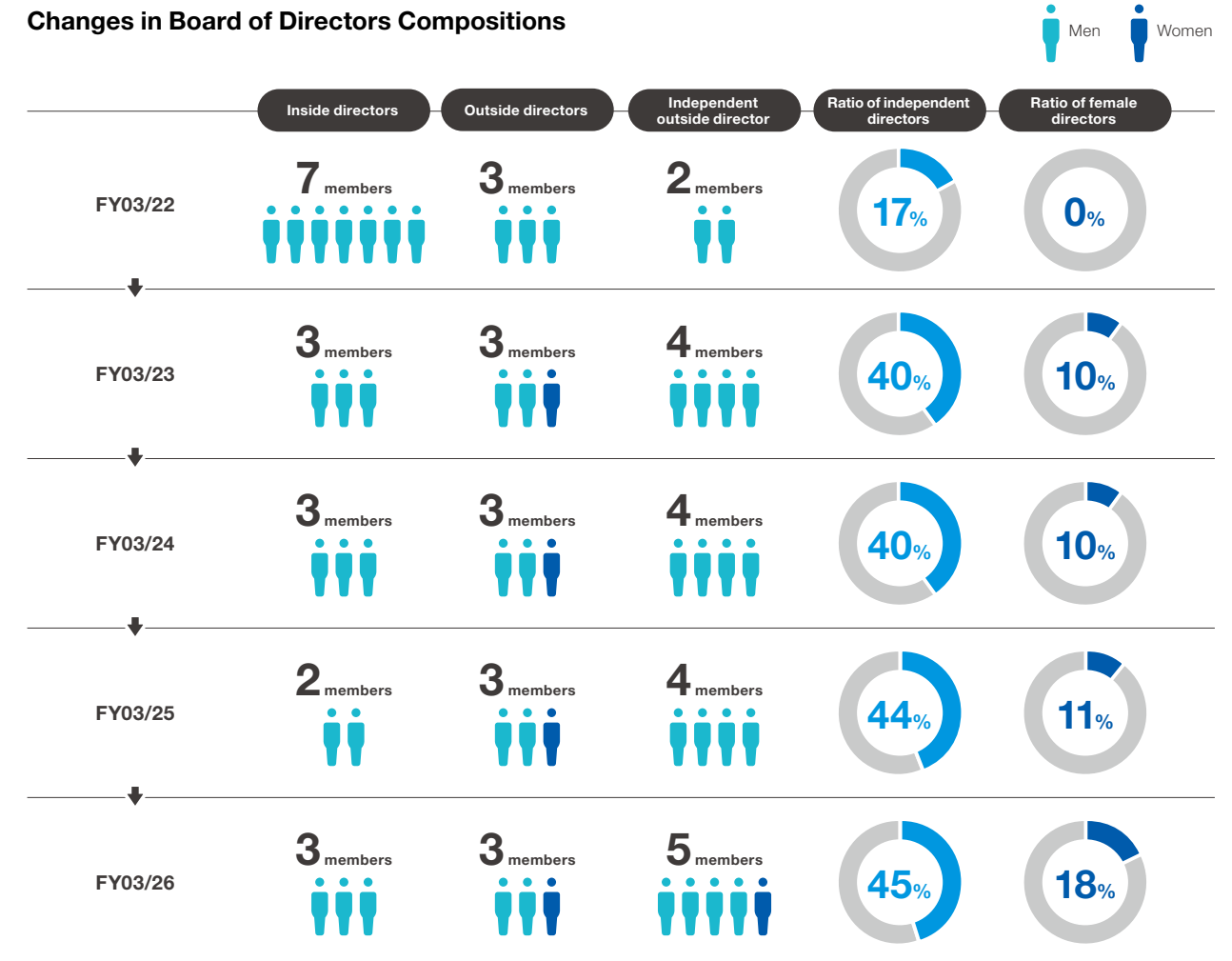
### Board of Corporate Auditors Meetings in FY03/25 15 times

<b>Composition</b>	3 corporate auditors (of whom 2 are outside corporate auditors)
<b>Activities</b>	<ul style="list-style-type: none"> <li>Determined audit policies and examined state of business and Company assets</li> </ul>

### Management Committee Meetings in FY03/25 21 times

<b>Composition</b>	2 representative directors, 6 executive officers with designated positions, and 1 standing corporate auditor
<b>Activities</b>	<ul style="list-style-type: none"> <li>Deliberation and resolution on policies, strategies, and other important matters related to Group-wide management and business execution, in accordance with the basic policies determined by the Board of Directors</li> <li>Advised the Board of Directors as necessary</li> </ul>

## Changes in Board of Directors Compositions



## Efforts to Strengthen Corporate Governance

FY03/16	Reorganized the Compensation Committee into the Nomination and Compensation Committee
FY03/18	Introduced a performance-linked stock compensation plan
FY03/21	Commenced evaluations of the effectiveness of the Board of Directors
FY03/22	Substantially revised our basic policy on corporate governance in accordance with Corporate Governance Code revisions
FY03/23	<ul style="list-style-type: none"> <li>Changed Board composition so that independent outside directors comprise at least one-third of the Board</li> <li>Changed the chairperson of the Nomination and Compensation Committee to an independent outside director</li> </ul>
FY03/24	Partially revised stock compensation plan (changing to a system more clearly linking director compensation to the value of Company shares)
FY03/26	Appointed one additional female director

## Board of Directors Activities FY03/25

<b>Main items discussed</b>	<ul style="list-style-type: none"> <li>Group company reorganization</li> <li>Directors and executive officer appointments at the Company and its affiliates</li> <li>KPIs for materiality</li> </ul>
<b>Main items reported</b>	<ul style="list-style-type: none"> <li>Evaluation of the effectiveness of the Board of Directors</li> <li>Progress of the medium-term management plan</li> <li>Business activity reports</li> <li>IR activity reports</li> <li>Summary reports of internal audit results</li> <li>Rationale for holding cross-shareholdings</li> <li>Initiatives in project management</li> </ul>

## Nomination and Compensation Committee Activities FY03/25

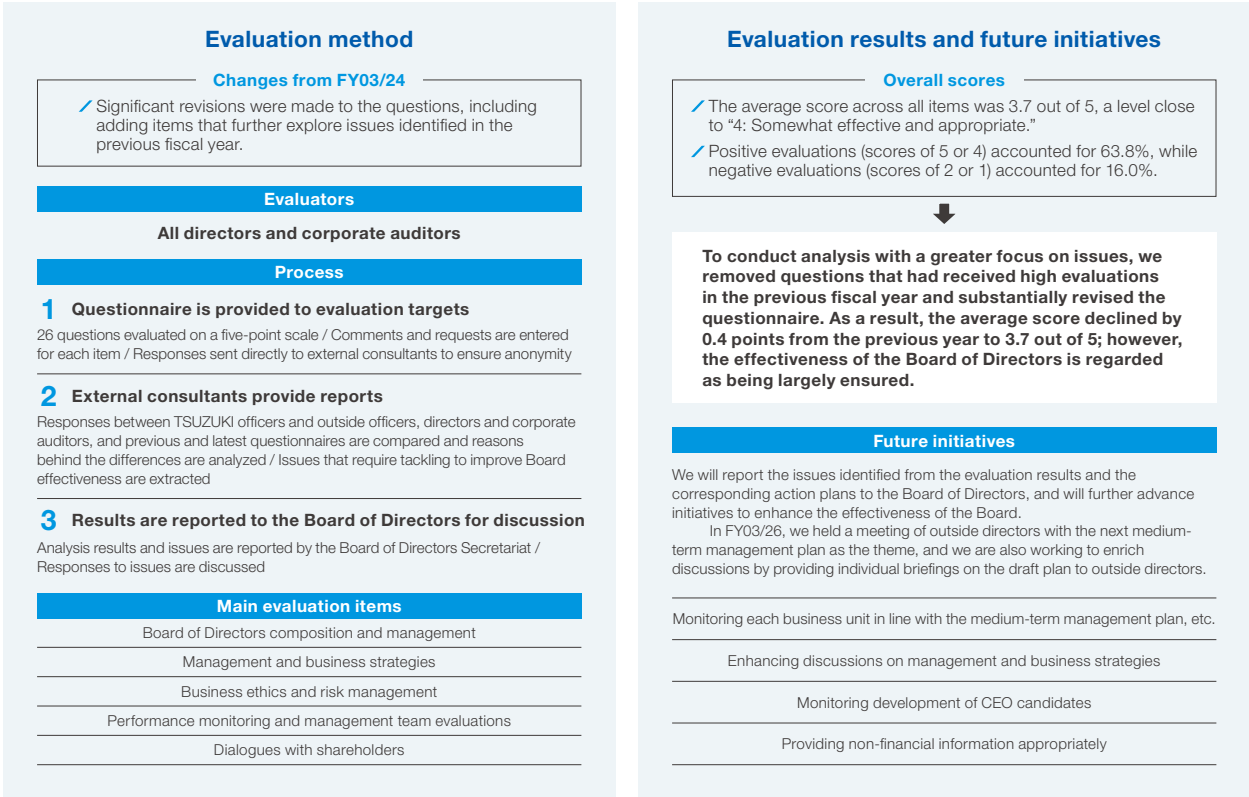
<b>Members</b>	<p><b>Chairman</b> Naoshi Ogasawara Independent outside director</p> <p><b>Member</b> Kunio Matsui Independent outside director Toshihiro Murashima Outside director Kazunori Yoshii President and CEO (currently Representative Director and Chairman)</p> <p>On June 26, 2025, independent outside director Hideki Wachi was added as a committee member.</p>
<b>Main agenda items</b>	<ul style="list-style-type: none"> <li>Directors and executive officer appointments at the Company and its affiliates</li> <li>Director and executive officer compensation</li> </ul>



## Board of Directors Effectiveness Evaluations

Since 2020, the Company has conducted annual analysis and evaluation of the effectiveness of the Board of Directors and has worked to ensure its effectiveness and enhance its functions by addressing the issues identified. The results of the effectiveness evaluation of the Board of Directors for FY03/25 are as follows.

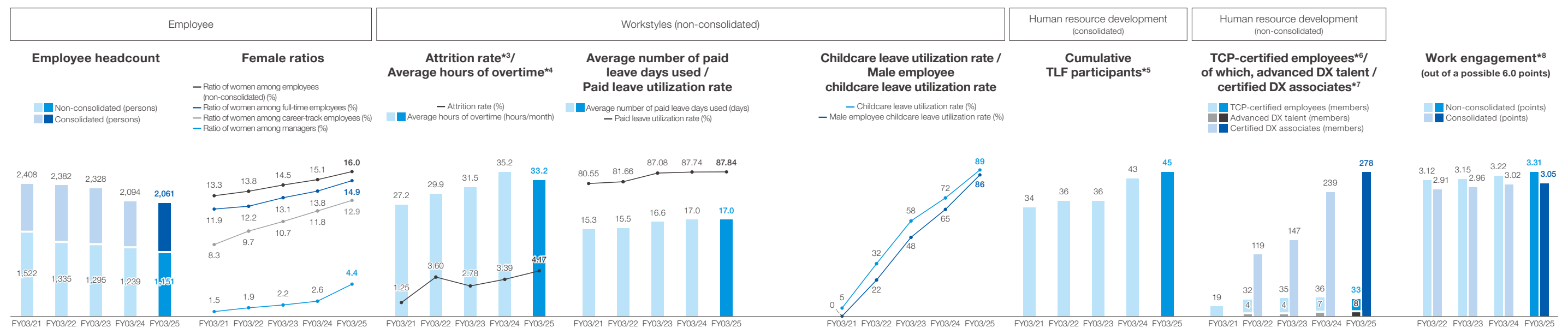
### Board of Directors Effectiveness Evaluation in FY03/25



# Financial and Non-financial Data

	FY03/15	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	FY03/24	FY03/25
<b>Financial Data</b> (millions of yen)											
<b>Profit and Loss</b>											
Net sales	105,339	105,619	105,149	111,973	118,872	125,366	120,004	119,316	123,899	124,856	98,263
Gross profit	17,168	17,483	18,442	19,459	21,496	23,075	21,465	22,511	24,178	25,308	22,665
SG&A expenses	15,729	15,709	16,299	16,920	18,177	18,618	18,263	18,498	19,060	18,868	16,183
Operating income	1,439	1,773	2,142	2,538	3,318	4,457	3,202	4,012	5,118	6,439	6,481
EBITDA*1	2,589	3,125	3,435	3,838	5,237	6,704	5,656	6,634	7,333	8,060	7,830
Profit (loss) attributable to owners of parent	466	717	1,321	1,515	2,212	3,155	2,346	2,798	3,521	5,477	4,764
<b>Cash Flows</b>											
Cash flows from operating activities	1,833	1,903	4,148	1,768	852	8,025	749	5,560	4,263	4,954	3,407
Cash flows from investing activities	468	-586	-554	-2,470	140	-8	-1,271	-4	39	15,466	-792
Free cash flows	2,301	1,317	3,594	-701	992	8,016	-521	5,555	4,302	20,420	2,615
Cash flows from financing activities	-787	-896	-1,056	-880	-1,551	-4,950	-2,029	-2,413	-2,612	-2,613	-2,595
Cash and cash equivalents	14,661	15,034	17,562	15,968	15,409	18,456	15,927	19,130	20,845	38,684	38,703
<b>Financial Position</b>											
Total assets	69,649	68,785	71,068	76,169	78,944	77,448	76,200	79,226	83,207	81,066	80,063
Loan balance	15,138	15,120	13,833	11,935	12,151	8,992	9,500	9,581	9,106	8,858	8,710
Shareholders' equity	18,868	19,506	21,949	25,326	27,070	29,629	31,072	33,155	36,022	40,230	43,309
<b>Per Share Information</b>											
Profit (loss) attributable to owners of parent (EPS) (JPY)	38.40	58.40	101.65	96.10	128.89	182.10	134.06	158.47	197.48	304.75	263.32
Cash dividends (JPY)	10	15	18	29	39	55	46	48	61	90	99
Payout ratio	26.0%	25.7%	17.7%	30.2%	30.3%	30.2%	34.3%	30.3%	30.9%	41.3%*2	40.3%*2
<b>Other Financial Data</b>											
Gross profit margin	16.3%	16.6%	17.5%	17.4%	18.1%	18.4%	17.9%	18.9%	19.5%	20.3%	23.1%
Operating margin	1.4%	1.7%	2.0%	2.3%	2.8%	3.6%	2.7%	3.4%	4.1%	5.2%	6.6%
ROE	2.3%	3.4%	5.9%	5.9%	7.9%	10.8%	7.7%	8.8%	10.4%	14.5%	11.3%
Shareholders' equity ratio	30.5%	30.7%	33.9%	36.2%	36.4%	38.4%	40.6%	41.5%	42.0%	49.8%	55.2%
Capital investment	735	330	565	1,410	1,307	722	1,064	2,023	383	563	641
Depreciation and amortization	1,056	1,276	1,293	1,299	1,919	2,247	2,408	2,531	2,124	1,576	1,349

## Non-financial Data



\*1. EBITDA is calculated as operating income + depreciation + amortization of goodwill  
 \*2. Based on business activity profits excluding extraordinary gains and losses

\*3. Number of employees who retired during the period (excluding those who reached retirement age) ÷ Number of employees at the end of the period  
 \*4. Prescribed working hours: 7.0

\*5. Cumulative number of employees enrolled in the TSUZUKI Leaders Forum (next generation management talent development training), including employees appointed as executive officers and retirees

\*6. Number of employees certified under the TSUZUKI Certification Program (in-house ICT engineer certification system)

\*7. Number of employees who have obtained internal certifications that assess and determine whether employees have the basic mindset, knowledge, and experience to promote DX

\*8. Questions based on the Utrecht Work Engagement Scale (17-item version)



# Corporate Information

As of March 31, 2025

Corporate Name	TSUZUKI DENKI CO.,LTD. Enterprise identification number: 9010401054908	Capital	9,812,930,540 yen
Head Office	6-19-15 Shinbashi, Minato-ku, Tokyo 105-8665, JAPAN Tokyo Art Club Building	Stock Listing	Tokyo Stock Exchange Prime Market (Securities Code: 8157)
Contact	TEL: +81 3-6833-7777 (switchboard) FAX: +81 3-6833-7802	Net sales <small>(As of March 2025)</small>	Consolidated 98,263 million yen Non-consolidated 84,697 million yen
Representative	Katsuyuki Yoshida, Representative Director, President and CEO	Employees <small>(As of March 2025)</small>	Consolidated 2,061 people Non-consolidated 1,151 people
Founded	May 1, 1932, as TSUZUKI Shoten	Business Summary	Design, development, construction, and maintenance of network and information systems
Established	March 26, 1941 as TSUZUKI Telephone Business, Co., Ltd.	Main Banks	MUFG Bank, Ltd. / Mizuho Bank, Ltd. / Sumitomo Mitsui Banking Corporation

## Group Companies

### Consolidated Subsidiaries

#### TSUZUKI TECHNO SERVICE Co., Ltd.

Provides end-to-end services ranging from requirements definition to design and implementation, and through to operation and maintenance of ICT infrastructure. Its support center, which assists with operations, is available 24 hours a day, 365 days a year and responds to a wide range of customer needs.

#### TSUZUKI SOFTWARE Co., Ltd.

In the business systems field, the subsidiary handles all aspects from the design to the development of application software ranging from web-based to legacy systems. It also has extensive development experience in communications and control software, as well as smartphone-related software, and offers development, sales, and support for Travel WINS, a packaged system specialized for the travel and tourism industries.

#### TSUZUKI XROSS SUPPORT Co., Ltd.

A company that contributes to society by providing services related to infrastructure equipment businesses, including information and communication equipment as well as environmental equipment. Leveraging its nationwide network of offices, the subsidiary provides services and effective support tailored to the characteristics and needs of each region, working to help realize comfortable working styles throughout Japan.

#### ComDesign Inc.

Provides the cloud-based CTI service, CT-e1/SaaS. Based on its technological capabilities that enable in-house development, the subsidiary offers a highly flexible CTI system that, despite being a cloud service, can also utilize the public network. It is widely supported by call centers of all sizes and industries. In recent years, as a hub for call center operations, it has facilitated mashups with AI solutions and other technologies, supporting the construction of efficient contact centers that deliver a better experience for end users.

### Non-consolidated Subsidiary

#### Arch Co., Ltd.

Under the motto "putting customers first," Arch provides end-to-end services from software design to development, implementation, and customer support. Leveraging its extensive development experience spanning industries from distribution and logistics to service sectors, it also operates a support center available 24 hours a day, 365 days a year.

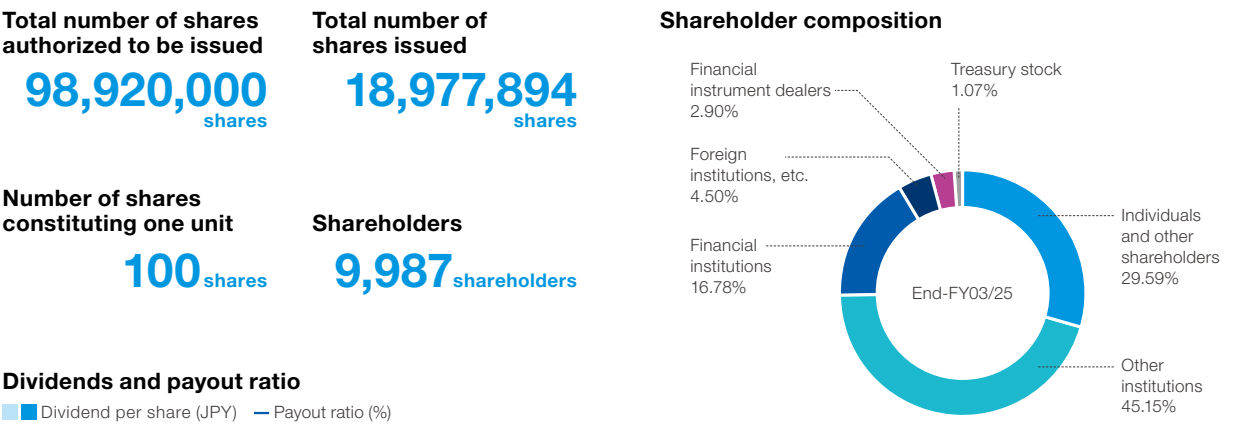
### Affiliated Company

#### Touto Systems Co., Ltd.

As a long-term business partner to customers across a wide range of industries and sectors—including distribution, manufacturing, public services, and healthcare— Touto Systems develops software tailored to their specific needs. Leveraging its development track record and its high-quality, highly reliable system integration technology, it provides solutions that address customer needs and management challenges.

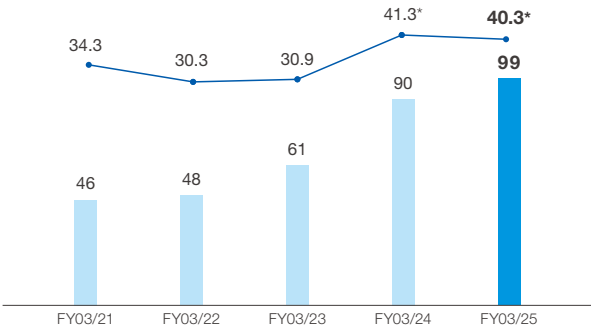
# Stock Information

As of March 31, 2025



### Dividends and payout ratio

■ Dividend per share (JPY) — Payout ratio (%)



\*Based on business activity profits excluding extraordinary gains and losses

### Total shareholders return

	3-year	5-year	10-year
TSUZUKI DENKI	169.8%	237.0%	574.4%
TOPIX	147.2%	213.4%	217.4%

### Major shareholders (10 largest shareholders)

Rank	Name	Number of shares (1,000 shares)	Shareholding ratio (%)
1	ASO CORPORATION	4,500	23.97
2	Fujitsu Limited	2,402	12.80
3	The Master Trust Bank of Japan, Ltd. (trust account)	1,651	8.79
4	FUSO DENTSU CO., LTD.	766	4.08
5	TSUZUKI DENKI employee stock ownership	611	3.26
6	Custody Bank of Japan, Ltd. (trust account)	372	1.98
7	HT Holdings K.K.	200	1.07
8	Marusan Securities Co., Ltd.	177	0.94
9	BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	163	0.87
10	MATSUI CONSTRUCTION CO., LTD.	131	0.70

Note: The 203,000 treasury shares held by the Company, the 356,000 shares held in the TSUZUKI DENKI Board Incentive Plan, and the 291,000 shares held in the TSUZUKI DENKI Stock-grant ESOP trust account are excluded from the above major shareholders list.  
The shareholding ratio is calculated based on the total number of shares issued minus the number of treasury shares. Treasury shares do not include shares held by the TSUZUKI DENKI Board Incentive Plan, and the TSUZUKI DENKI Stock-grant ESOP trust account.

### Stock price and trading volume

Period: April 1, 2015 – September 30, 2025

