

Financial Results for the Fiscal Year Ended March 31, 2026 and Forecast for the Fiscal Year Ending March 31, 2027

Tsuzuki Denki Co., Ltd.

Securities Code : 8157 (Tokyo Stock Exchange (Prime Market) / Information & Communication)

May 15, 2026

FY03/26 Results

- ◆ All business models achieved growth, **net sales** reaching **¥103.7 billion, up 5.6% YoY**.
- ◆ **Operating income** surpassed the upward revisions to the forecast announced on January 30, reaching **¥8.1 billion** and **achieving 26.2% YoY growth**, with the **operating margin improving to 7.9%(+1.3pt)**, continuing profitability enhancement.
- ◆ Operating income and ordinary income reached record highs for the fourth consecutive year.

Orders

- ◆ Orders grew **9.7% YoY**, mainly for equipment.
- ◆ Order backlogs remained at a high level, up **32.9% YoY**.

FY03/27 Forecast

- ◆ The new medium-term management plan has commenced, with the Company advancing to the profit growth stage in line with expanded sales.
- ◆ We target two consecutive fiscal years of net sales growth, five consecutive years of record-high operating income and ordinary income.

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026



(Millions of yen)

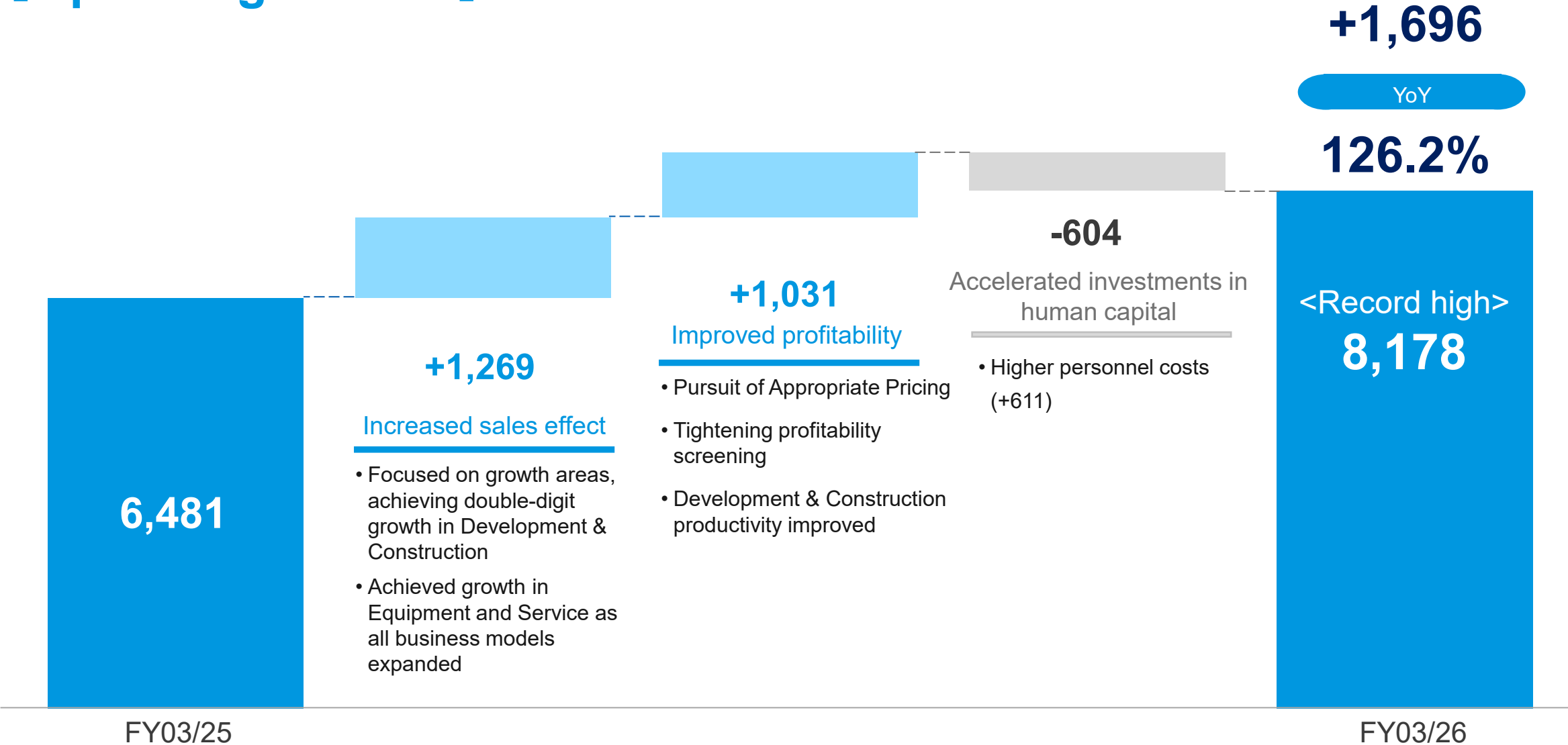
	FY03/25		FY03/26		YoY change	YoY
	amount	Composition ratio	amount	Composition ratio		
Net sales	98,263		103,728		+ 5,464	105.6%
Gross profit	22,665	23.1%	24,965	24.1%	+2,300	110.2%
SG&A expenses	16,183	16.5%	16,787	16.2%	+604	103.7%
Operating profit	6,481	6.6%	8,178	7.9%	+ 1,696	126.2%
Ordinary profit	6,596	6.7%	8,320	8.0%	+1,724	126.1%
Profit attributable to owners of parent	4,764	4.8%	6,472	6.2%	+1,708	135.9%

Factors Affecting Operating Income



(Millions of yen)

【Operating income】



- Increased sales effect**
- Focused on growth areas, achieving double-digit growth in Development & Construction
 - Achieved growth in Equipment and Service as all business models expanded

- Improved profitability**
- Pursuit of Appropriate Pricing
 - Tightening profitability screening
 - Development & Construction productivity improved

- Accelerated investments in human capital**
- Higher personnel costs (+611)

Net Sales by Business Model

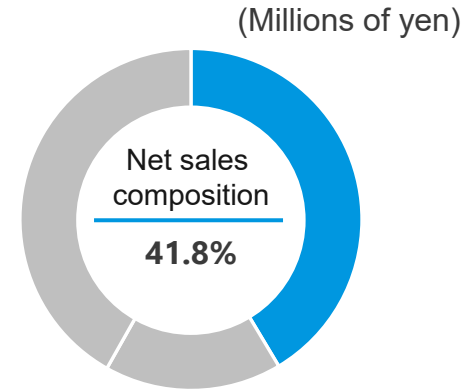
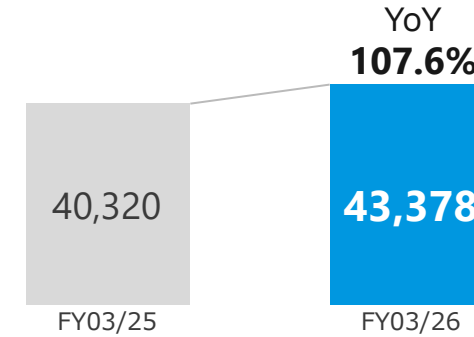
Equipment

- ▶ PCs
- ▶ Servers
- ▶ Storage devices
- ▶ Network devices
- ▶ PBXs, etc.

Overview of FY03/26

Sales grew steadily YoY, driven by orders for server and storage installations from manufacturers and public institutions.

Net sales by business model

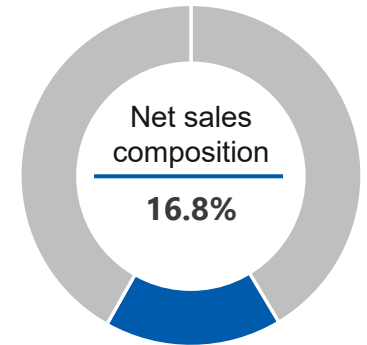
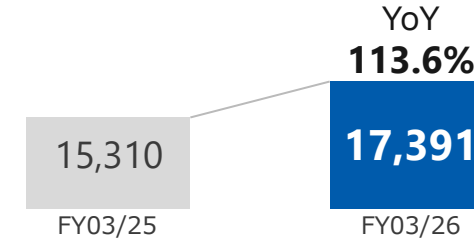


Development & Construction

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

Overview of FY03/26

Sales increased substantially YoY, driven by growth in network construction and system development projects.

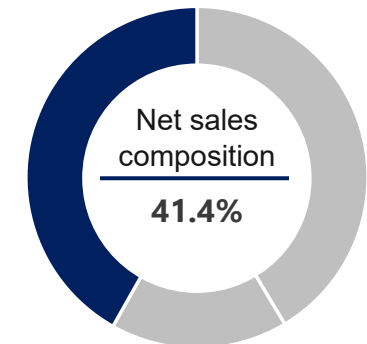
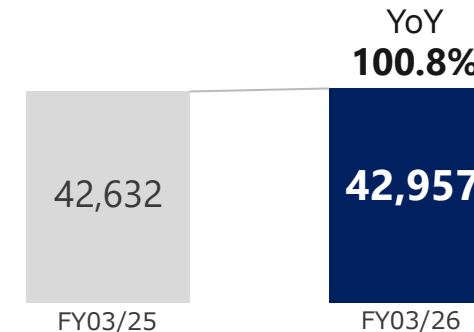


Service

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

Overview of FY03/26

Sales remained strong in line with expansions in cloud solutions and other recurring-revenue businesses.



(Millions of yen)

	FY03/25	FY03/26	YoY change	YoY
Orders	100,615	110,384	+9,768	109.7%
Order backlog	20,246	26,902	+6,655	132.9%

By business model

Equipment: Orders remained favorable due to the acquisition of large equipment installation projects from government agencies and financial institutions.

Orders	40,143	49,891	+9,748	124.3%
Order backlog	10,391	16,904	+6,512	162.7%

Development & Construction: While the order backlog declined as sales were fulfilled, it still remained at a level comparable to other fiscal years; new orders were firm.

Orders	16,277	17,055	+777	104.8%
Order backlog	4,451	4,115	△336	92.4%

Service: Although orders declined due to the conclusion of a large deal in FY03/25, the order backlog remained at a high level.

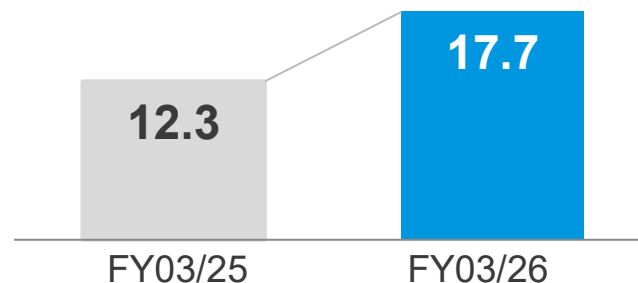
Orders	44,194	43,437	△756	98.3%
Order backlog	5,404	5,883	+479	108.9%

Six Growth Domains

Shifting resources to growth areas has proved successful, facilitating the achievement of full-year targets and delivering significant results that will contribute to the achievement of the new medium-term management plan targets.

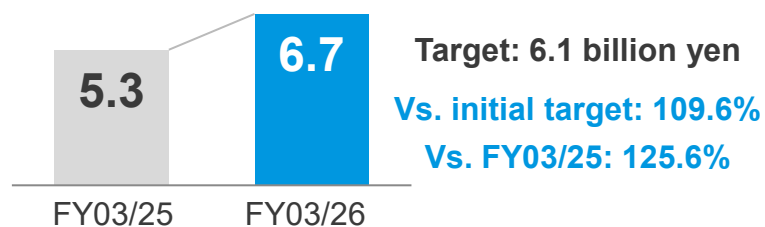
(Billions of yen)

Total net sales in the six growth domains



Target: 16.3 billion yen
Versus initial target: 108.2%
Versus FY03/25: 144.7%

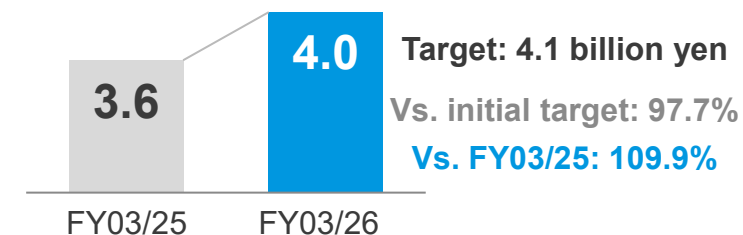
Contact Center Systems



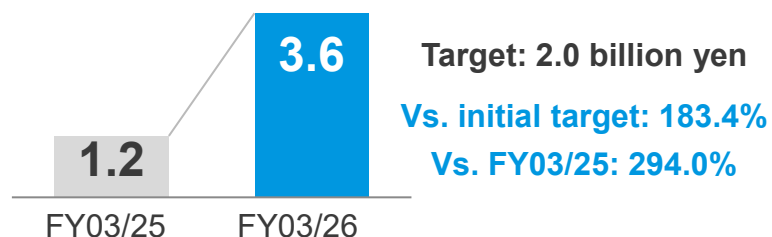
Cloud Communications



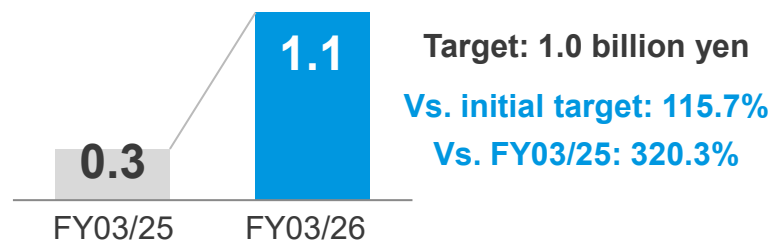
Managed Services



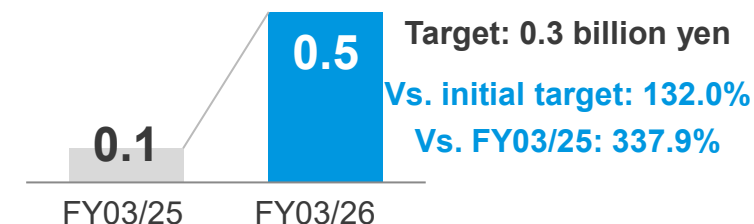
Security*



DX Consulting



Market-specific DX Services



* From FY03/26, the Security domain also includes OT security.

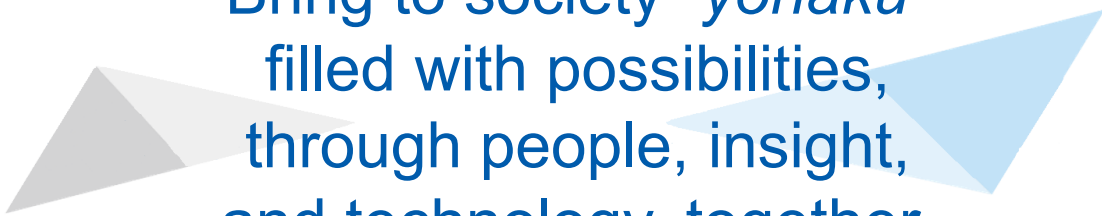
FY03/27 Consolidated Earnings Forecast

Although memory supply constraints are expected, we project net sales to increase for the second consecutive fiscal year, driven by continued strong demand for capital expenditures and growth investments.

While profit attributable to owners of parent is projected to decline in FY03/27 due to a reactionary decrease following gains on sales of investment securities recorded in FY03/26, we aim to achieve record highs in operating income and ordinary income for the fifth consecutive year.

(Millions of yen)

	FY03/26		FY03/27		YoY change	YoY
	amount	Composition ratio	amount	Composition ratio		
Net sales	103,728		107,000		+ 3,272	103.2%
Operating profit	8,178	7.9%	8,700	8.1%	+ 521	106.4%
Ordinary profit	8,320	8.0%	8,700	8.1%	+379	104.6%
Profit attributable to owners of parent	6,472	6.2%	5,750	5.4%	△722	88.8%



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

Medium-Term Management Plan 「Trust & Challenge 2029」

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- Transforming into a professional services company
- Enhancing corporate value through a virtuous cycle of growth and shareholder returns
- Transition to a human resource portfolio that accelerates value creation

III. Numerical Targets, Financial Policies, and ESG

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III. Numerical Targets, Financial Policies, and ESG

Transformation 2026: Review

All financial targets achieved; revenue growth through identified growth markets and resource reallocation, with continued shift toward a high-profit structure

	Targets	FY03/26 results	Variance vs. Target
Net sales	102.2 billion yen	103.7 billion yen	+1.5 billion yen (101.5%)
Operating profit	5.5 billion yen	81 billion yen	+26 billion yen (147.3%)
ROE	10% or above	14.0%	+4.0pt

Drivers of Revenue Growth

- Market expansion driven by strong capital investment demand
- Expansion of six growth areas capturing market momentum
- Increased demand for network infrastructure development
- Increased capture of development and construction projects through expanded engineering resources
- Replacement demand driven by the end of Windows 10 support

Drivers of Operating Income Growth

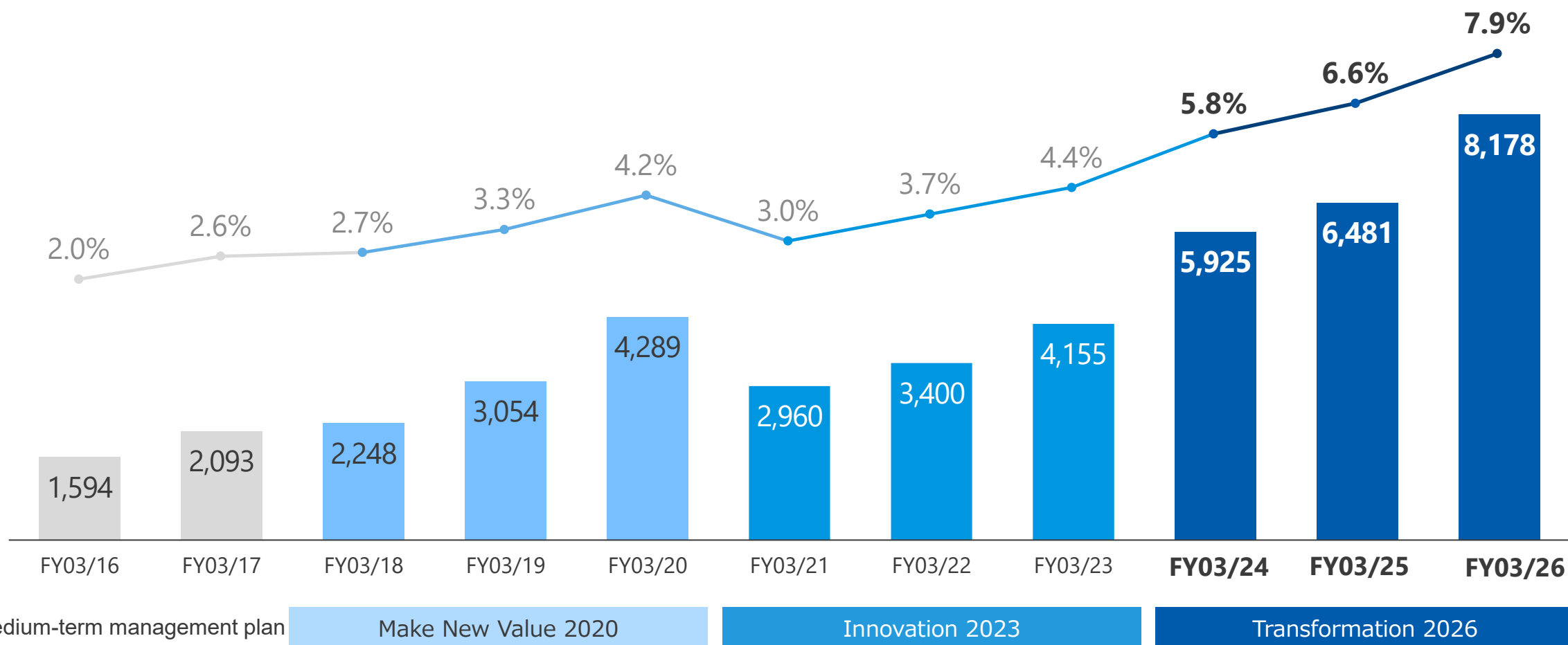
- Pursuit of appropriate pricing
- Strengthening profitability screening
- Enhancing productivity through group reorganization
- Preventing the occurrence of loss-making projects through enhanced project management
- Cost improvement and operational efficiency through AI utilization

Trend in operating profit

Operating profit continues to improve under profitability-focused management, with the operating margin reaching four times the level of a decade ago

【Operating income growth】

(Millions of yen)



Company-wide evaluation



- Executed business structure transformations to become a pure-play ICT company
- Shifted resources to growth areas and transitioned to a high-profitability business structure

Business strategies



Expand growth areas

- In the six growth domains during the three-year plan, net sales grew substantially, by approximately 80%



Increase profitability of existing businesses

- Pricing management and increased productivity through standardization resulted in substantially improved profitability
(GPM of 19.5% in FY03/23 → 24.1% in FY03/26)



Restructure business portfolio and Group companies

- Sold Electronic Devices business
- Enhanced software development capabilities through subsidiary reorganizations, and increased efficiency through functional integrations

Financial strategies



Manage finances while being mindful of the cost of capital

- ROE increased on improved profitability, while PBR consistently remained above 1x.
- Abundant growth scenarios



Create growth funds through balance sheet optimization

- Sold business and made progress in reducing non-business assets
- Room for improvement in capital and debt structure



Optimize capital allocation

- From FY03/24, increased the target payout ratio from 30% to 40%
- Despite increased capacity for strategic investments, none have been executed

Management base reinforcement



Proactively invest in human capital

- Executed investments in accordance with plans
- Achieved target number of DX associates



Further enhance governance

- The Board effectiveness facilitated management improvements
- Reduced cross-shareholdings

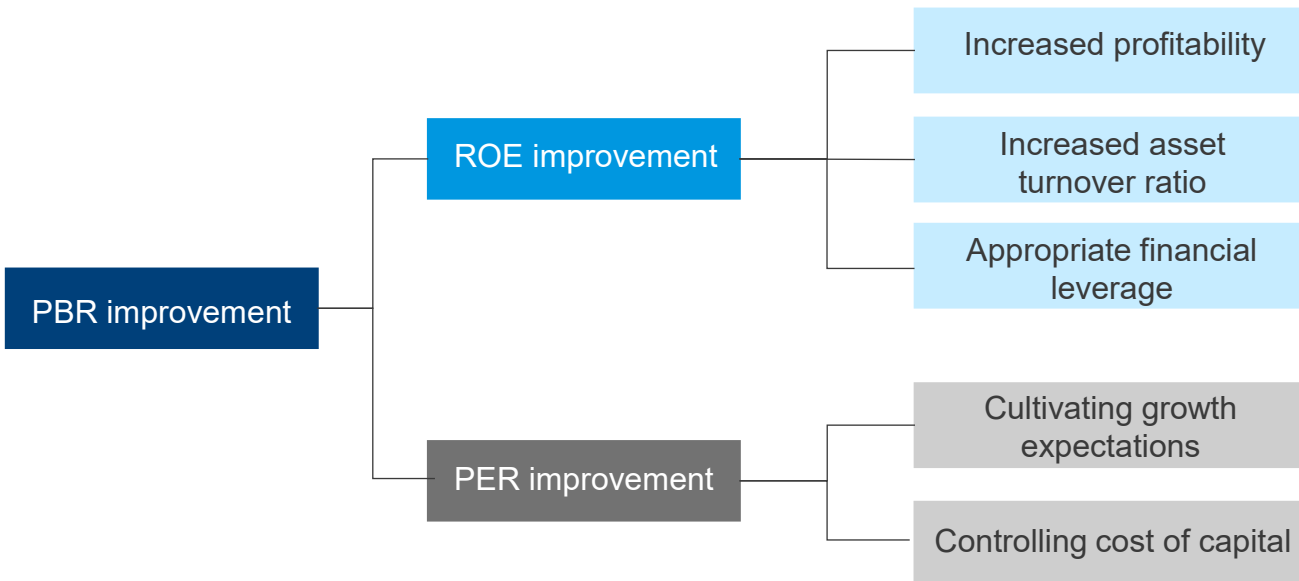
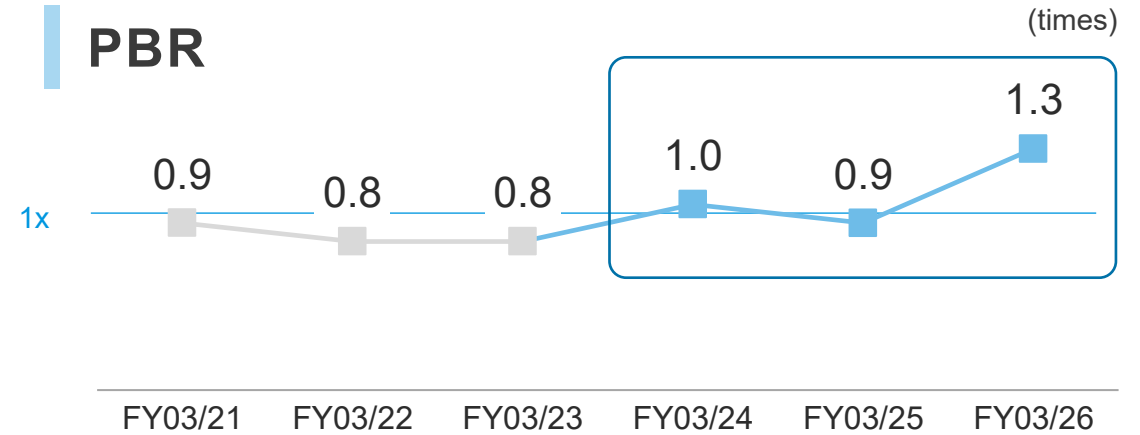
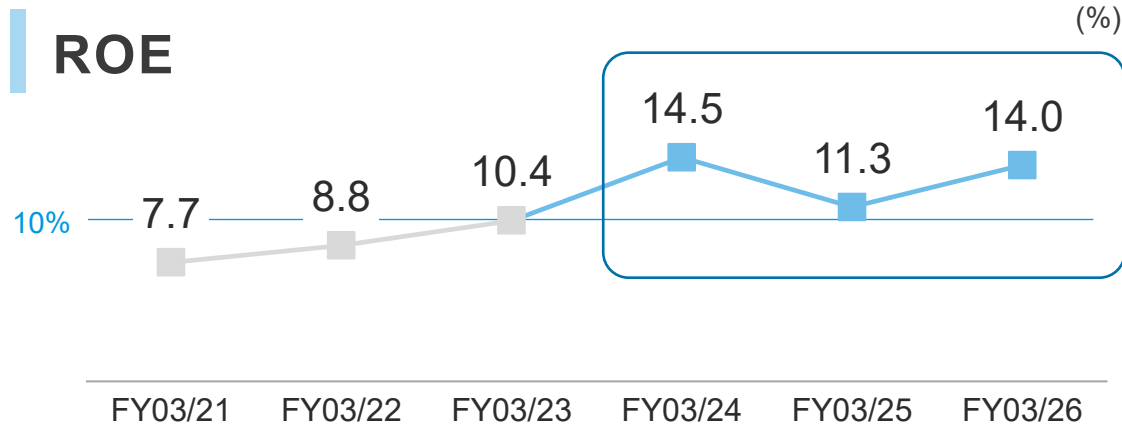


Strengthen sustainability efforts

- Repeated the materiality identification process in FY03/25
- Ensured effectiveness through project activities

Transformation 2026: Management Focused on Capital Costs and Share Price

ROE remained at a high level of 10% or above, while PBR continued to improve in line with enhanced performance, various financing initiatives, and proactive IR activities.



Transformation 2026 initiatives

- Sale of Electronic Devices business
- Shifting resources to growth domains
- Pricing management
- Enhance shareholder returns, payout ratio 30% → 40%
- Sale of idle assets, shareholdings
- Proactive IR activities, elimination of information asymmetry
- Share offerings, improved liquidity
- Alliances, new business

Profitability	Capital turnover ratio
Profitability	Capital turnover ratio
Profitability	
Financial leverage	
Financial leverage	
Growth scenario	Capital costs
Capital costs	
Growth scenario	

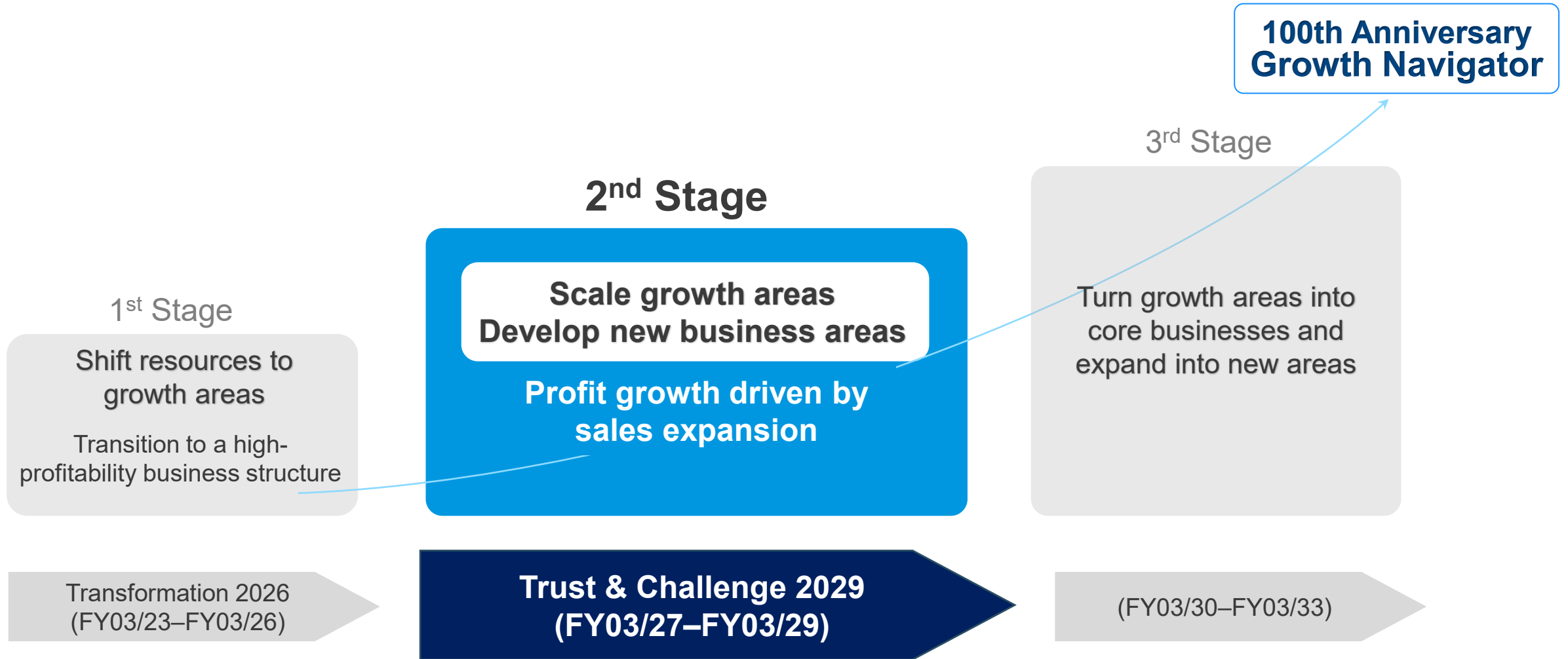
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III. Numerical Targets, Financial Policies, and ESG

Three-year plan targeting profit growth through the expansion of sales in growth areas and the development of new business areas



Transition to the 2nd Stage toward achieving the long-term vision

Performance expansion under “Transformation 2026” was driven by capturing market growth and the accumulation of internal transformation initiatives.

Under “Trust & Challenge 2029,” we will further advance structural transformation and elevate our growth potential to a new level.

1st Stage

「Transformation 2026」

Resource reallocation to growth areas
Expansion of the six growth domains

Expansion of engineering resources
Strengthening development and implementation capabilities

Pursuit of appropriate pricing, rigorous profitability management, and operational efficiency
Transformation into a high-profit business structure

2nd Stage

「Trust & Challenge 2029」

Advancing our growth strategy through the Expansion of high-value-added engineering services

Strengthening talent acquisition and evolving our partner strategy to further expand engineering resources

Transition to AI Native and enhance project throughput through capacity expansion

Further expand the circle of **trust** earned from customers while proactively taking on **challenges** to enhance corporate value

Customer base: 20,000 companies

Customers



Trust



**Careers /
Professionals**



Partners

Professionals who share the same values

Over 2,000 co-creation partner companies

Challenges (new initiatives)

Challenge 1

Transform into a professional services company

Challenge 2

Enhance corporate value through a virtuous cycle of growth and shareholder returns

Challenge 3

Transition to a human resource portfolio that accelerates value creation

Challenge 1

Transform into a professional services company

- Transition to an AI-native value creation model
- Advance from a product-centric to a service-centric revenue model centered on engineering services

Challenge 2

Enhance corporate value through a virtuous cycle of growth and shareholder returns

- Expand business through growth investments
- Capture discontinuous growth through strategic investments
- Enhance shareholder returns

Challenge 3

Transition to a human resource portfolio that accelerates value creation

- Build a human resources and organizational foundation that maximizes results
- Proactively recruit talent focused on mid-career hires

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Perspectives on the Advancement and Societal Integration of AI Technology

The accelerating deployment and social integration of AI technologies are profoundly changing the business environment. For Tsuzuki Denki, which possesses technical expertise as both a system integrator (SI) and network integrator (NI), coupled with deep customer understanding and industry knowledge, this creates an expanding array of new growth opportunities.

Changes in the business environment due to AI

The AI productivity revolution

The adoption of AI has resulted in massive advances in software development productivity.

The SI competitive landscape is changing, driven by a shift toward in-house development and other trends.

Expanding infrastructure demands

The need for network infrastructure development is growing.

Changing value demanded of system development

As AI-driven automation advances, the relative value of simple development and construction tasks is declining.

At the same time, the importance of overall design based on customer understanding and industry expertise is growing.

Impact on Tsuzuki Denki

AI will enhance proposal and development efforts

The use of AI will improve development productivity, enhance the quality and speed of proposals, and expand opportunities to acquire orders.

Increasing infrastructure development needs are growth opportunities

As demand for network infrastructure development grows, our construction capabilities will serve as the initial point of customer contact.

The value of overall designs based on customer understanding × industry knowledge will increase

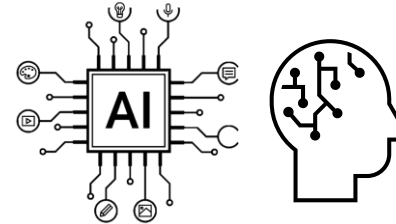
Amid growing demand for comprehensive designs based on customer understanding and industry knowledge, our ability to provide integrated engineering services will serve as the core of value creation.

From “use” to “work with”

AI as a tool

- AI used as a supplementary tool
- Streamlines and automates individual tasks
- Supports document creation and analysis

Partners who think and work independently



AI native

- AI-centric operations, processes, organizational designs
- Redefines the division of labor between AI and humans
- AI-driven service and product designs

Resolutely promote AI-centric **transformations** in **all areas**

Business processes

- Automate routine tasks
- Enhance decision-making
- Redesign and standardize business processes

Business models

- Enhance and individualize value propositions
- Redesign service provision models
- Enhance sales methods and business processes

Organizational culture

- Promote workstyles incorporating collaboration with AI as a colleague
- Redesign human resource requirements, development, and evaluation systems
- Promote a culture that encourages taking on challenges and efforts to improve



Maximizing human value

- Design business processes incorporating AI
- Collaborate with AI agents as colleagues
- Implement AI personal modeling
- Define and develop AI-proficient human resources

Improving the ability to create added value

- Expand the breadth of development capabilities
- Reduce management costs through structural changes (increase the proportion of creative work)

Newly acquired intellectual assets

- Acquire practical knowledge of the AI implementation process
- Develop user case services
- Acquire cutting-edge technologies through partner collaborations

Existing intellectual assets

- Technological expertise
- Deep customer understanding and industry knowledge

Capturing new needs

- Support the transition to AI Native business processes
- Enhance and improve order fulfillment capabilities with capacity expansion

Increasing the added value of existing solutions

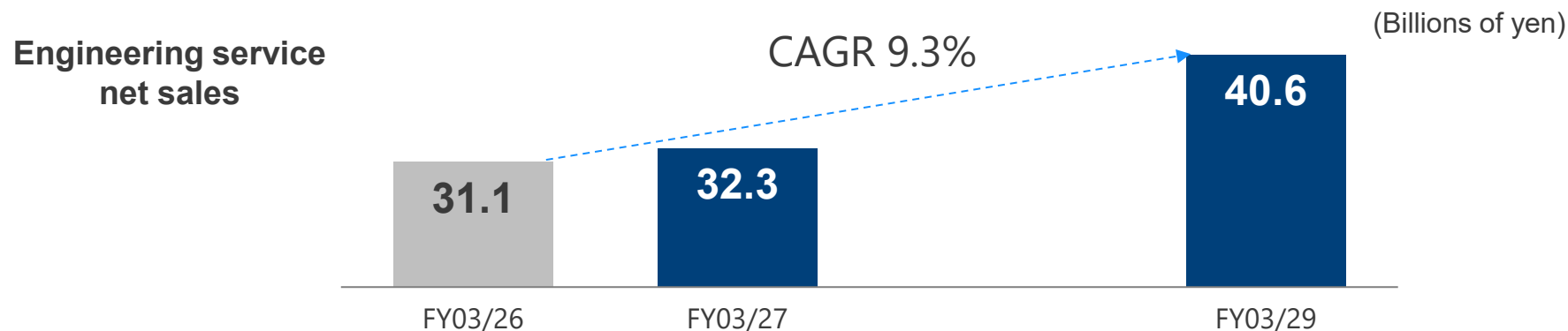
- Incorporate AI into proprietary products
- Expand support for contact center enhancements

Project turnover rate *1
 FY03/26 → FY03/29 target: **+20%**

Administrative Functions Revenue Productivity*2
 FY03/26 → FY03/29 target: **+20%**

*1 Project Turnover Rate = Engineering Services Revenue / Ending Number of Engineers

*2 Administrative Functions Revenue Productivity = Revenue / Ending Number of Administrative Personnel



Engineering services

Services incorporating IT and cloud solutions for implementation and operations

Products

IT products and services providing the functions required for business operations as standalone solutions

Optimally assemble products and technologies to maximize value through engineering

Our strengths

- Advanced system/network integrator technological capabilities
- Proposal and coordination capabilities
- Powerful partner
- Multi-vendor (optimal selection)

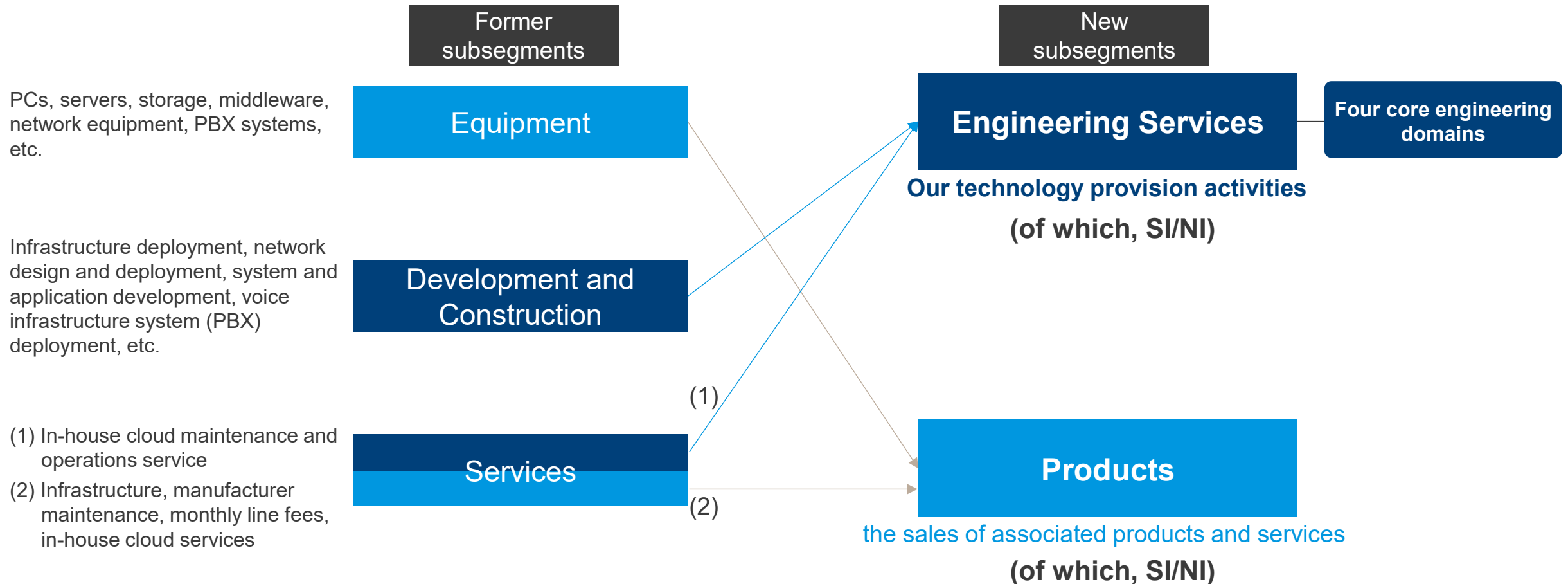
Expanding sources of value

- Mid-career recruiting of highly specialized professionals
- Reskilling
- Expanding and advancing collaborations with partners

Further enhance competitive advantages and evolve our earnings structure to drive market expansion and profit growth

Revamping Subsegments to Achieve Strategies

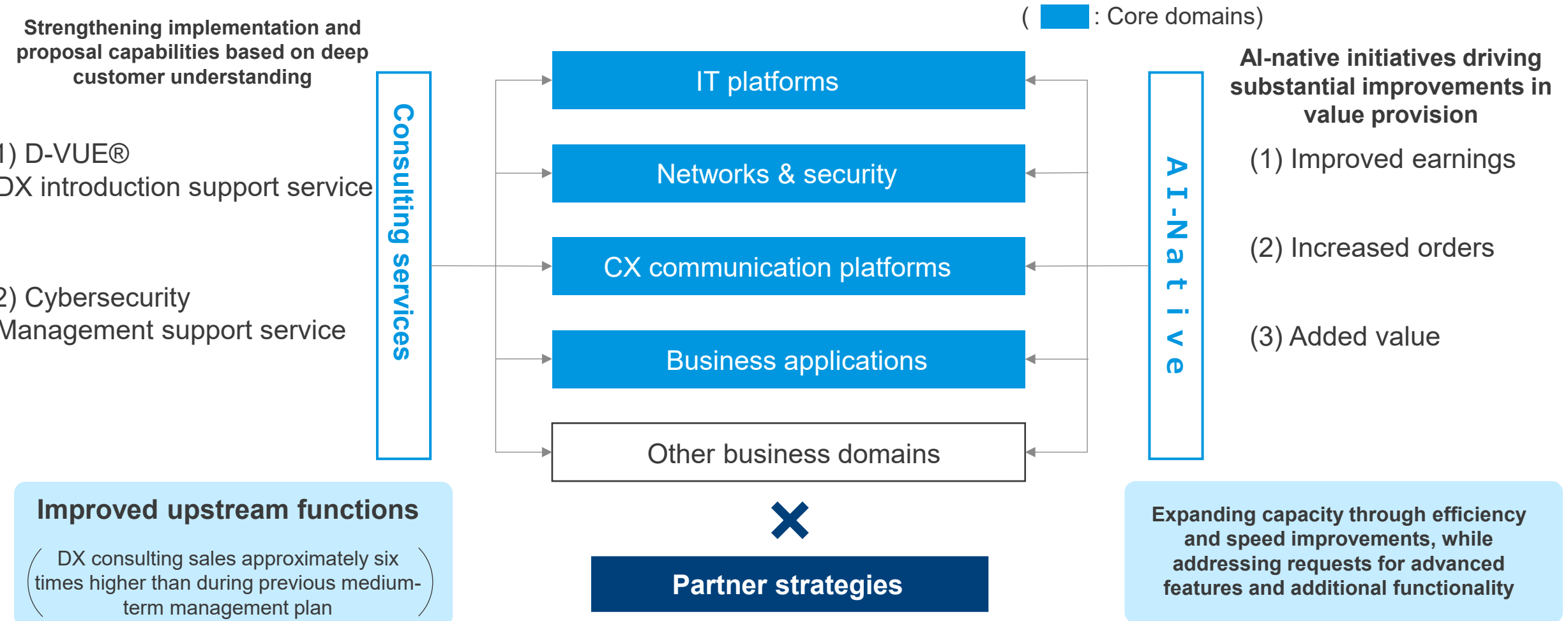
We categorize our technology provision activities into Engineering Services, and the sales of associated products and services into Products. In addition, within each category, we disclose SI/NI sales and the recurring-revenue ratio*, which is an indicator of stable earnings.



*Recurring-revenue ratio is disclosed solely on the basis of actual results.

Four Core Engineering Domains

We have identified four core engineering domains as key growth areas where we have competitive advantages and can expand earnings by enhancing and broadening the value we provide, starting with Engineering Services.



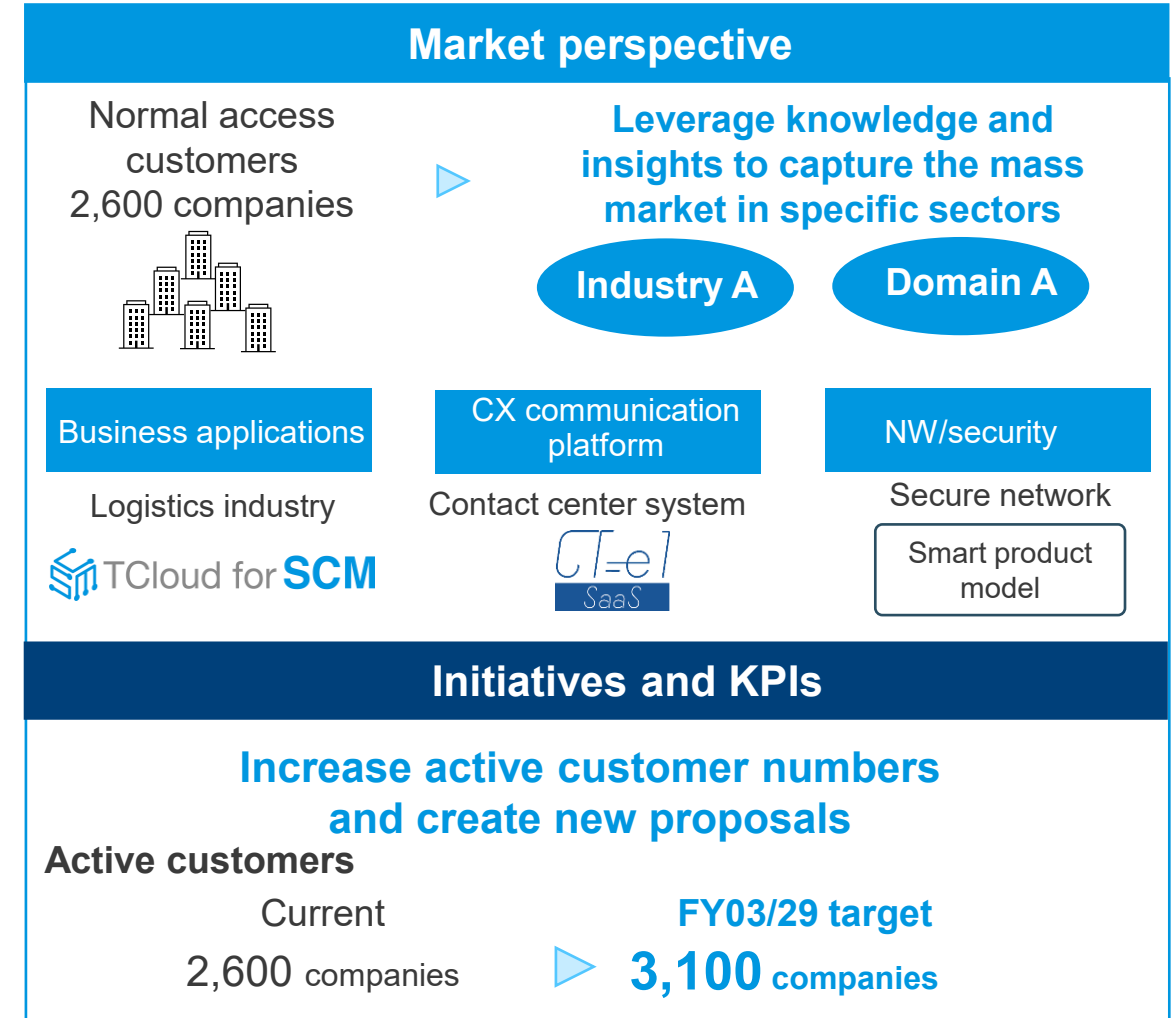
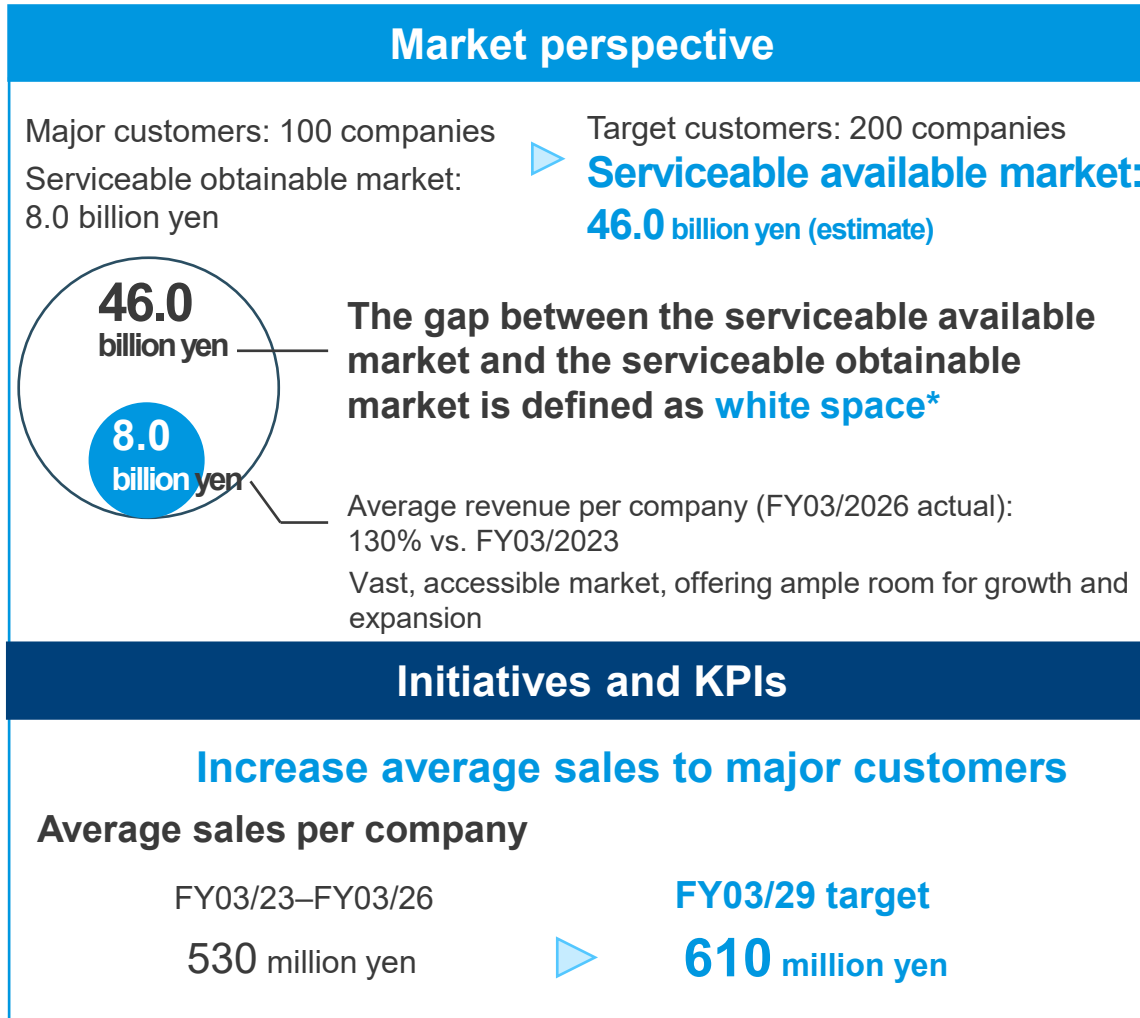
Promoting Market Strategies Centered on Engineering



Expanding white-space opportunities within key accounts



Cultivating the SME market through enhanced offerings



*White space: Cross-sell and up-sell target areas

A growth driver underpinning the development and operation of IT platforms across both on-premises and cloud environments, and serving as the foundation for business applications

By increasing touchpoints in upstream processes, we aim to provide additional engineering services.

Results to date/growth opportunities

(1) White-space opportunity in engineering services

Product sales in this area grew substantially during the previous medium-term management plan (MTMP) period.

Product sales
CAGR (FY03/23–FY03/26)
15.8%

(2) Increased engineering resources

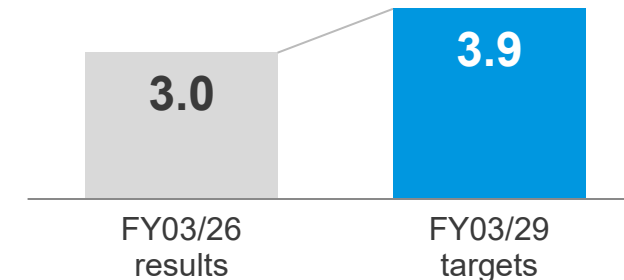
Redefined Group formation under the previous MTMP, and integrated, consolidated, and expanded engineering resources

Engineering resources vs. FY03/23
+50%

Numerical targets (sales)

(Billions of yen)

Target CAGR: +8.6%



Main initiatives

- (1) Increase the engineering attach rate
- (2) Reallocation of engineers to drive expansion of managed services

Security countermeasures centered on network construction and network security

Expand resources in areas with strong competitive advantage, and capture market share through the development of new markets

Results to date/growth opportunities

(1) Achieved growth surpassing market growth rate

Leveraging the competitive advantage of providing end-to-end services—ranging from the fundamentals of telecommunication infrastructure (wiring and facility construction) to ongoing operations—we achieved growth that outpaced the market growth rate during the previous medium-term management plan (MTMP) period

Engineering service net sales
CAGR (FY03/23–FY03/26) 20.3%

(2) Increased engineer numbers

Successfully acquired talent through proactive recruiting during the previous MTMP period

Engineers: +18% from FY03/23

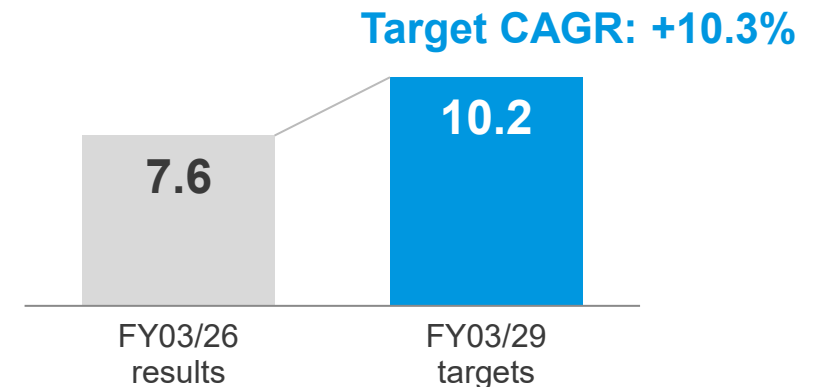
(3) High market growth rate

Given rising security risks, high growth rates are expected to continue

Market CAGR* (FY25–28) 6.5%

Numerical targets (sales)

(Billions of yen)



Main initiatives

(1) Further increase engineer numbers

(2) Cultivate new customers, the core starting point for deepening engagement in white spaces

* Calculated in-house based on relevant segments extracted from Gartner Market Forecast data.

CX Communication Platform

Unified Communications (UC) and Contact Centers (CC)

Drive growth through cross-selling by leveraging our strengths in both Unified Communications and contact center technologies, together with priority platforms

Results to date/growth opportunities

Unified Communications (UC)

(1) Existing PBX customer base

Potential future need for transition to cloud services

Active customers: 1,000 companies

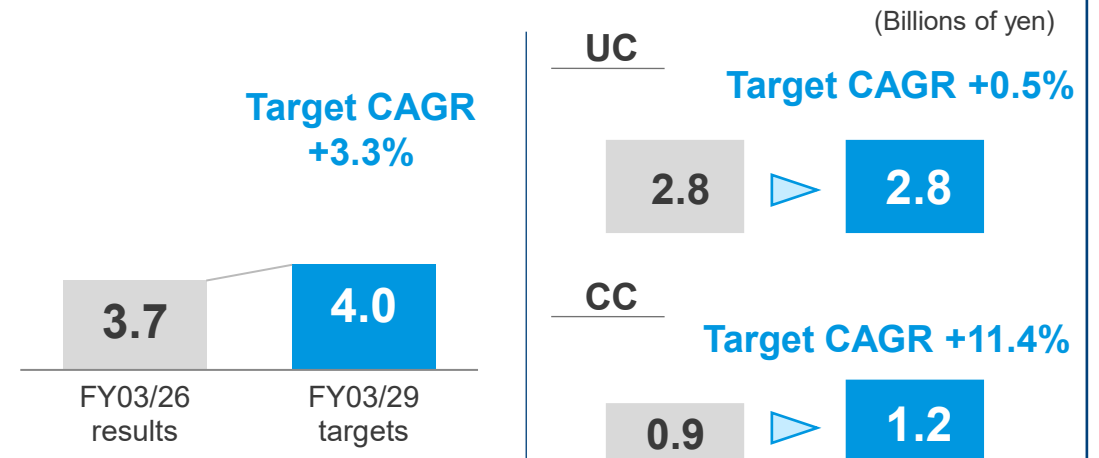
Contact Centers (CC)

(2) Increased added value in line with margin expansion

Average project value grew significantly under the previous medium-term management plan (MTMP)

Average project value under the previous MTMP
(versus FY03/21–FY03/23)
+22%

Numerical targets (sales)



Main initiatives

UC

(1) Create cloud PBX packages and establish a delivery model

CC

(2) Achieve differentiation and expand scale via AI orchestration engineering*

*AI orchestration engineering: A system in which an orchestrator coordinates and manages multiple AI models and agents to autonomously complete complex business processes.

Business Applications

Development and provision of packaged services (T-Cloud series, medical systems, ERP), as well as custom system development and maintenance services

Convert consulting outcomes to new orders, reinforce the packaged services business, and increase per-customer sales for customized systems

Results to date/growth opportunities

(1) Expanded sales from upstream consulting services

During the previous medium-term management plan (MTMP) period, DX Consulting grew substantially, potentially shifting orders to downstream processes

DX Consulting service sales

(Previous MTMP/one of the six growth domains)

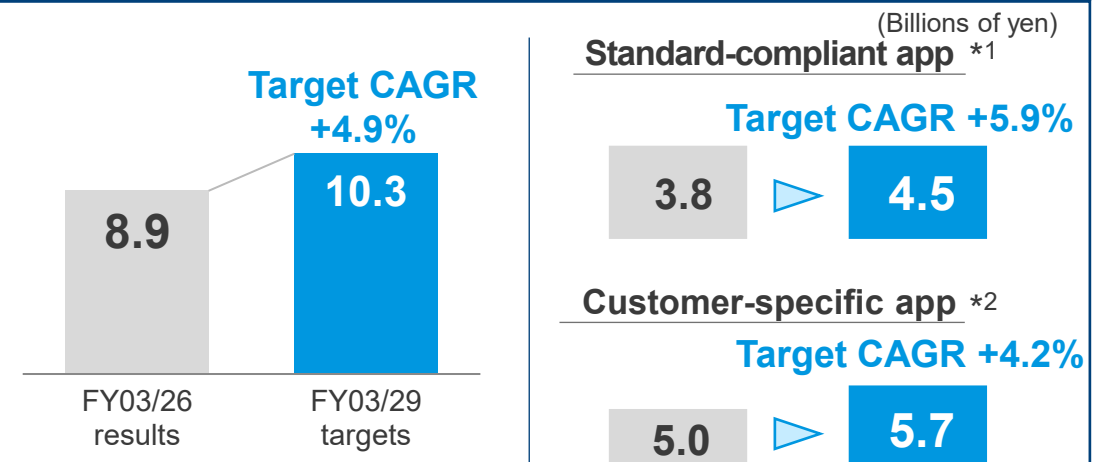
Approx. 6x versus FY03/23

(2) Enhanced ability to support both package and scratch development

Broad scope of applications for our accumulated industry insights, demonstrated by both converting individual projects into orders and developing packaged services that can be deployed horizontally



Numerical targets (sales)



Main initiatives

Standard-compliant app *1

(1) Establish a packaged service development business optimized according to customer scale

Customer-specific app *2

(2) Focus efforts on corporate planning, design, and project management, and optimize roles within the Group

*1. Standard-compliant app: Applications provided as standardized functionalities based on business requirements common across multiple customers.

*2. Customer-specific app: Applications individually designed and developed in accordance with the business processes and requirements of specific customers.

Promoting Partner Strategy within Engineering Enhancement Efforts

An **orchestrator** that implements and embeds optimal technologies tailored to customer needs as part of an **ecosystem strategy** to expand value creation



Establish a joint value model

Strategy overview

Depth of customer understanding =
Market size
Optimal combination of technologies =
Value creation

Detailed measures

Partner engagement aligned with sales
opportunity generation



Identify and visualize untapped opportunities for each customer, creating value and bringing potential opportunities (white spaces) to market through the formation of optimal partner teams

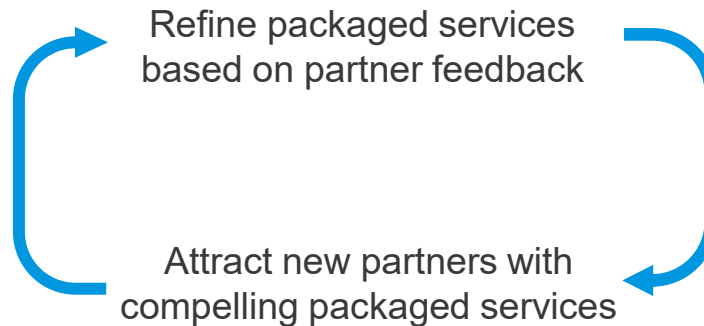


Establish an ecosystem
enhancement cycle

Strategy overview

An upcycling model where appealing
packaged services attract partners
with strong technical expertise

Detailed measures



Co-create with market leaders in the SME
market

Strategy overview

Cultivating new domains created alongside
market leaders

Detailed measures



Market leaders

Trait

Strong proprietary products

Aim

Expand market share



Tsuzuki Denki

Trait

Existing customer base, access to wide
variety of industries

Aim

Expand into new business application
domains

I . Review of Previous Medium-Term Management Plan Transformation 2026

II . Overview of Medium-Term Management Plan Trust & Challenge 2029

- Transforming into a professional services company
- Enhancing corporate value through a virtuous cycle of growth and shareholder returns
- Transition to a human resource portfolio that accelerates value creation

III. Numerical Targets, Financial Policies, and ESG

Enhancing Corporate Value through a Virtuous Cycle of Growth and Shareholder Returns



We will **enhance corporate value** and **expand total shareholder returns (TSR)** by improving earnings power through **growth investments**, driving inorganic growth through **strategic investments**, and strengthening **shareholder returns**.

Growth investments

A scale of **7.0** billion yen

Improve earnings power



Strategic investments

A scale of **40.0** billion yen
(includes funding procurement through borrowings)

Inorganic growth



Shareholder returns

Payout ratio 40% ▶ **60%**

Minimum DOE 3.5% ▶ **6.0%**

Increased dividends



**Corporate value
enhancement**



TSR expansion

Improving Earnings Power through Growth Investments

Execute strategic investment allocation to strengthen engineering services

Growth investment

A scale of 7.0 billion yen

Human capital	Increase staff numbers through enhanced recruiting efforts and improve benefits Invest in human resource development to create a human resource portfolio and reform HR systems
Technologies	Promote product and service developments, R&D
Internal IT / AI	Modernize and unify Group IT and security infrastructure/Enhancement

Investment allocation approach

Expand engineering resources

- Expand recruitment, and attract specialized and skilled human resources
- Provide competitive compensation packages

Enhance internal systems in line with changes in the business environment

- Strengthen deal management functions
- Enhance and Monitoring of Group business management

Strategic Investments for Inorganic Growth

Employ multi-layered investment strategies tailored to specific growth phases and objectives to proactively seize opportunities for discontinuous growth

Strategic investment

A scale of 40.0 billion yen (includes borrowings)

【 Purpose 】

- Expand business domains
- Quickly identify new technologies and techniques, acquire future options
- Enhancing value creation, Complementing internal assets



M&A
Capital and business alliances
Leveraging venture capital

Four criteria for selecting potential candidates



I Strategic fit
(value chain enhancement/supplement)



II Scale expansion
(increased sales and profit)



III Cash cow model
(strengthen recurring-revenue businesses)



IV Adjacent domains/territory expansion

Decision-making criteria

Maintain financial discipline

Equity ratio: 40–50%

Net debt-to-equity ratio: Under 0.4x

Payback period rationale

Making a comprehensive assessment based on synergies and excess returns

M&A capital structure

Aim for ROE improvement through effective utilization of capital and an optimal capital structure



**Improved capital efficiency
(ROE)**

Enhancing Shareholder Returns

As profits grow, shareholder returns continue to rise.

Under the new medium-term management plan, we will revise our dividend policy to further strengthen shareholder returns and increase dividends for the sixth consecutive fiscal year.

Dividend policy

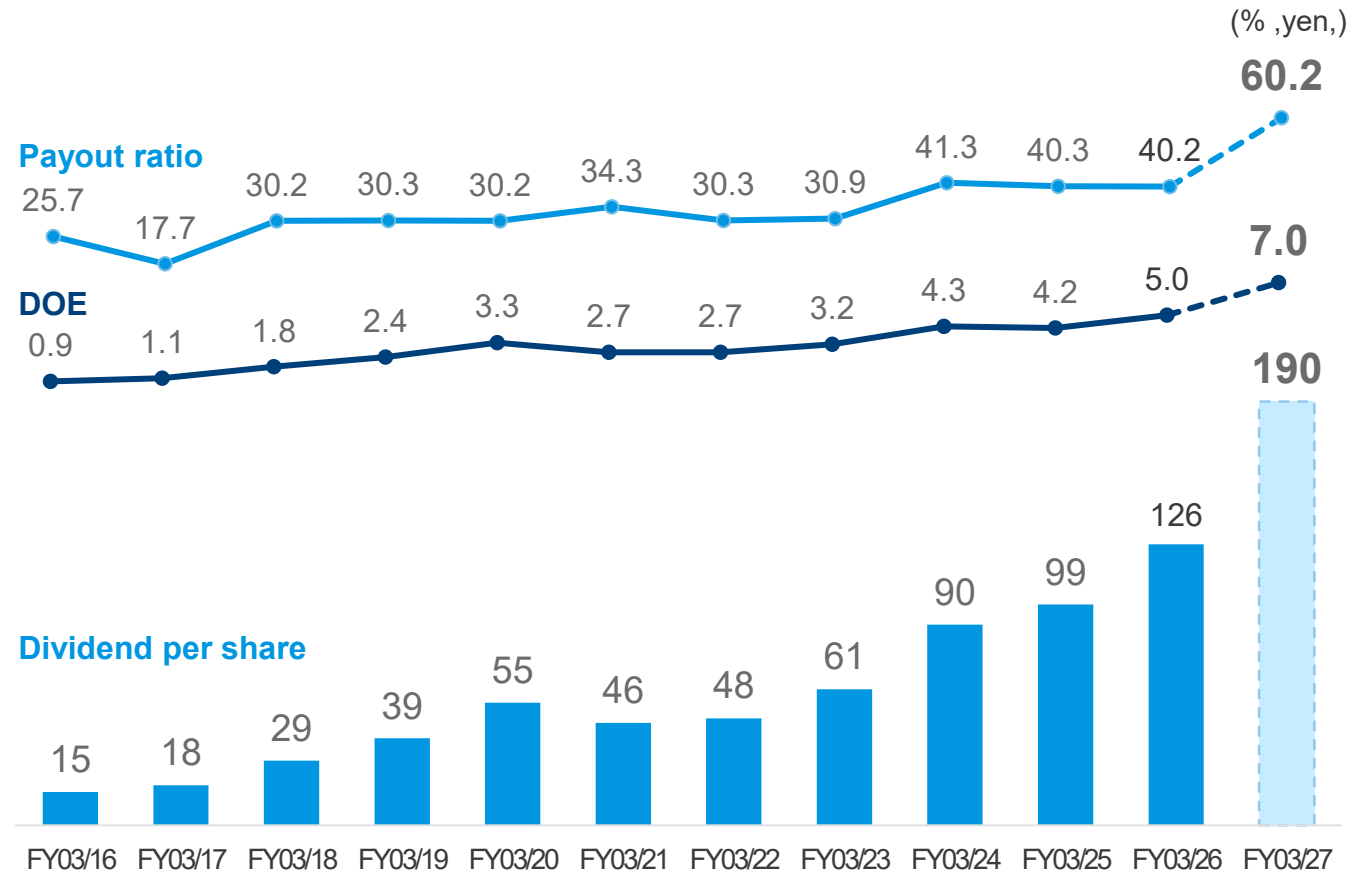
Payout ratio *Based on profit from business activities



DOE (dividend on equity ratio)



Annual dividend per share, Dividend payout ratio, and DOE



I . Review of Previous Medium-Term Management Plan Transformation 2026

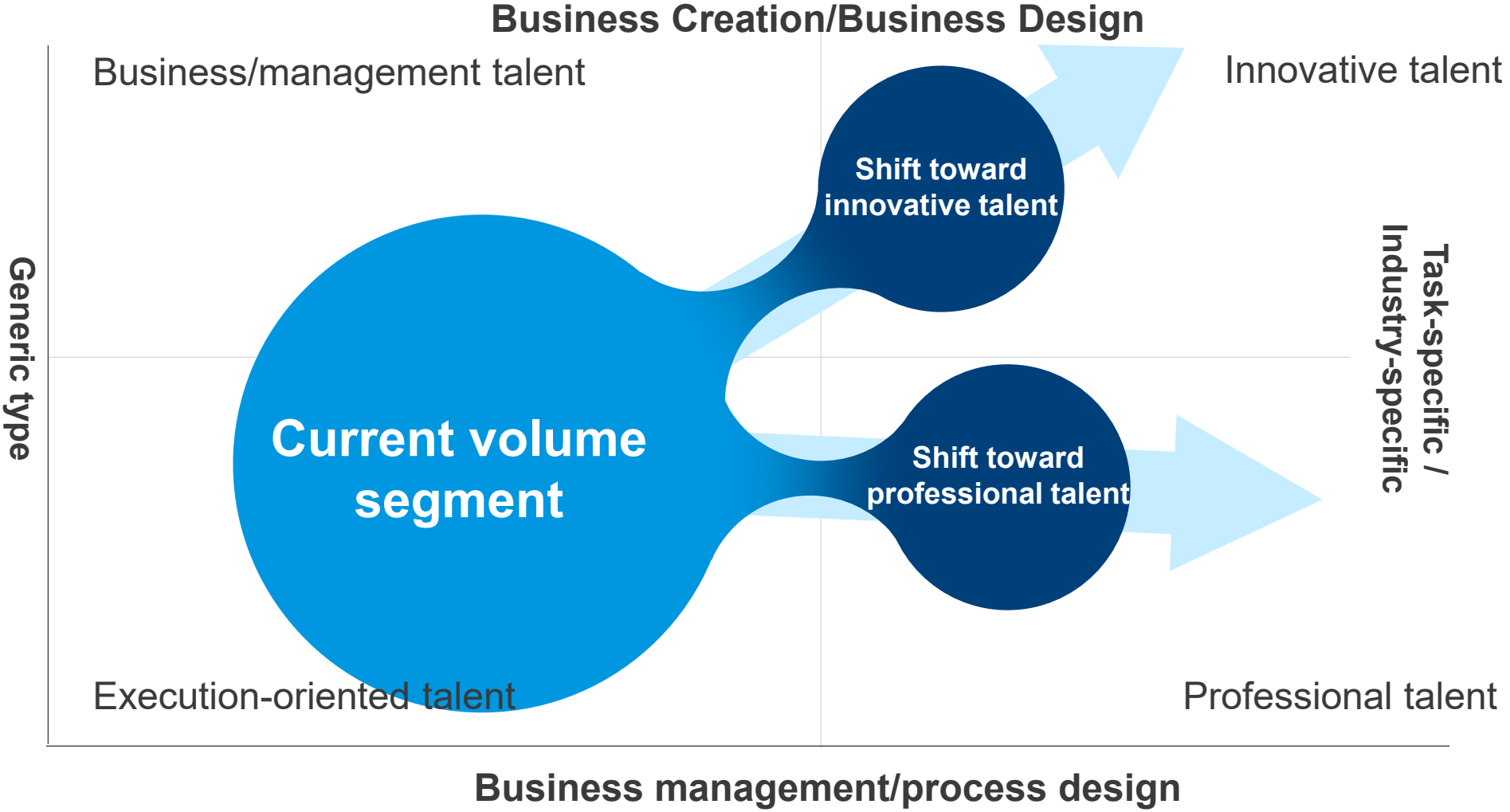
II . Overview of Medium-Term Management Plan Trust & Challenge 2029

- Transforming into a professional services company
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III. Numerical Targets, Financial Policies, and ESG

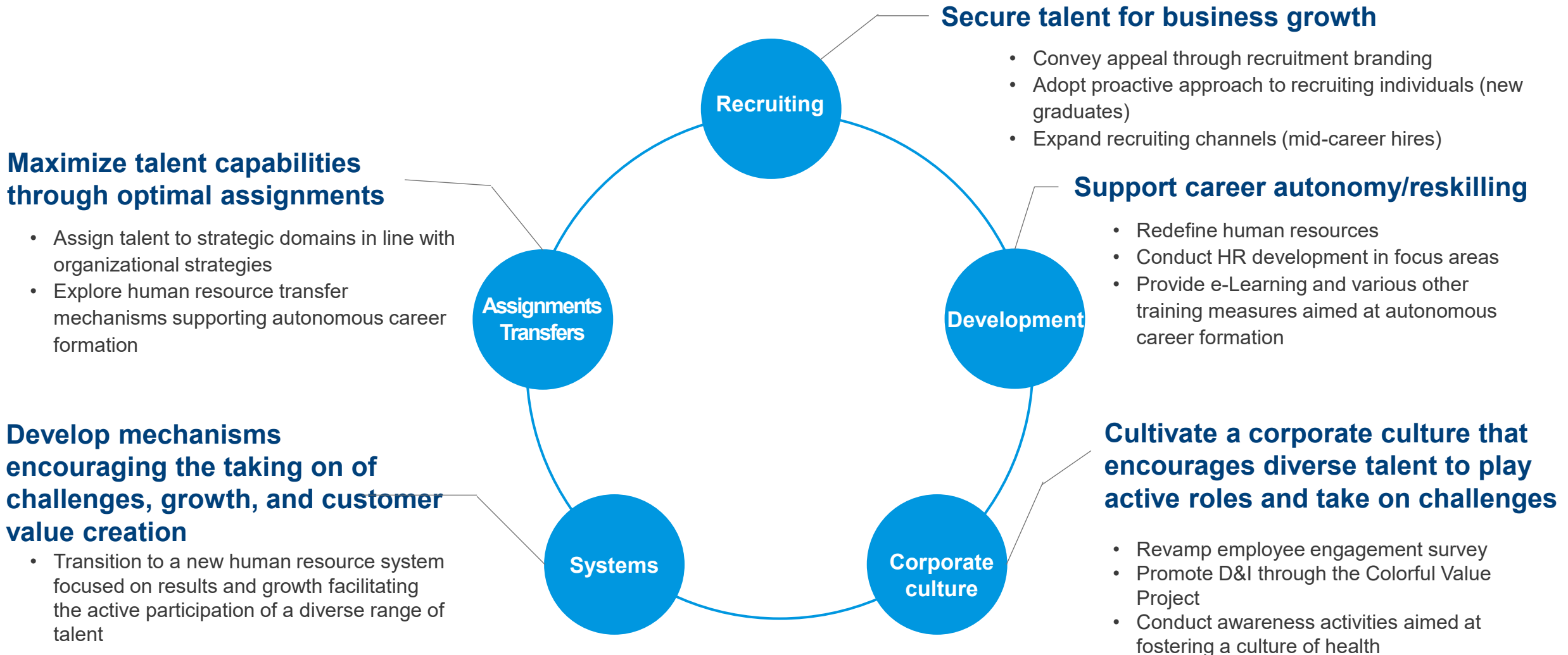
Transitioning to a Human Resource Portfolio that Accelerates Value Creation

Enhancing the skills of young employees and revitalizing veteran staff through reskilling, promoting **human resource portfolio transformation** toward innovative and professional talent who will accelerate value creation



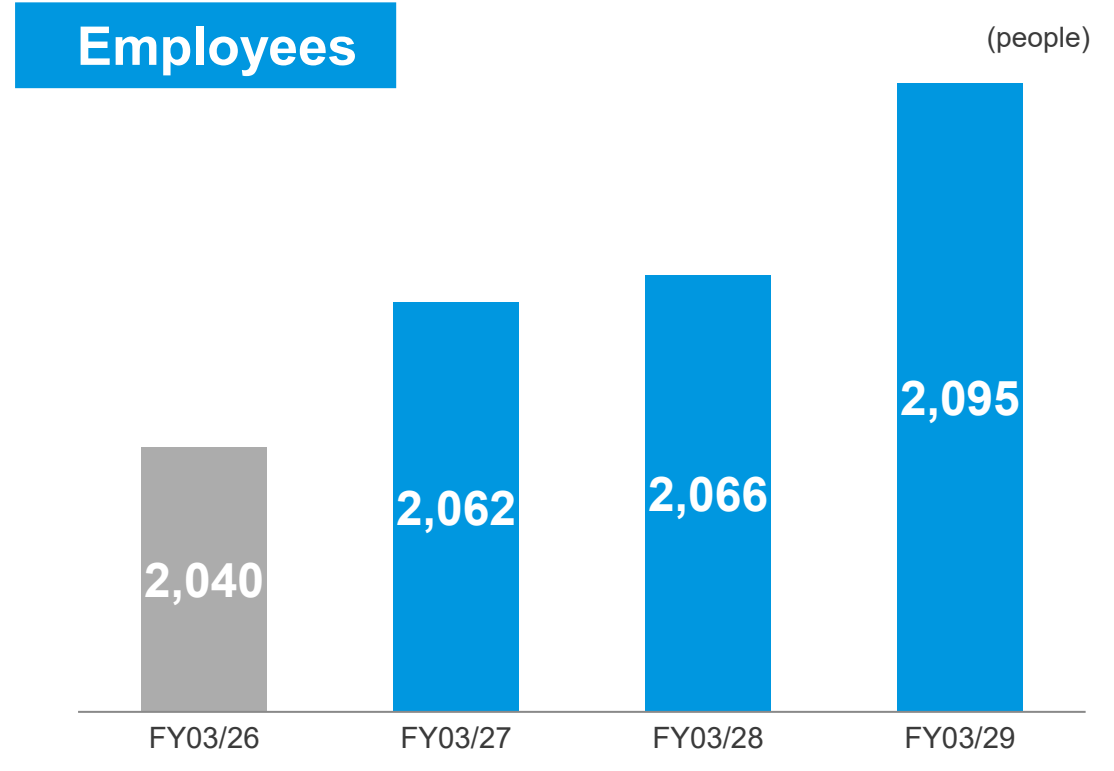
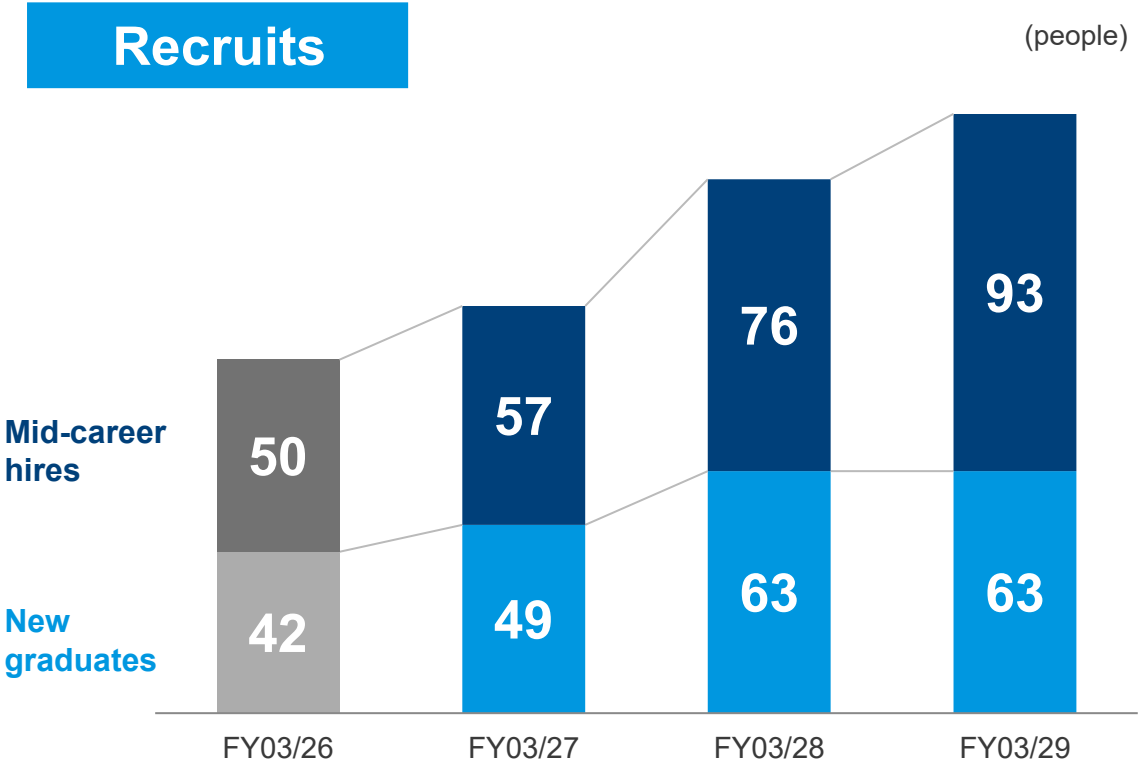
Cultivating a Human Resources and Organizational Foundation that Maximizes Results

Formulating talent and human resource strategies aimed at expanding the engineering business, enhancing both talent and organizational capabilities



Recruitment Plans, Results, and Approach

Our approach is to expand recruitment targeting both new graduates and mid-career hires, emphasizing our high levels of compensation and the growth potential of our businesses, with a primary focus on securing the **mid-career professionals** essential for business expansion.



- Mid-career hires Acquiring cutting-edge technological capabilities
- New graduates Carrying corporate culture forward

Continuing to recruit at a rate exceeding the attrition rate due to retirement and other factors
Achieving a net increase in employee numbers

I . Review of Previous Medium-Term Management Plan Transformation 2026

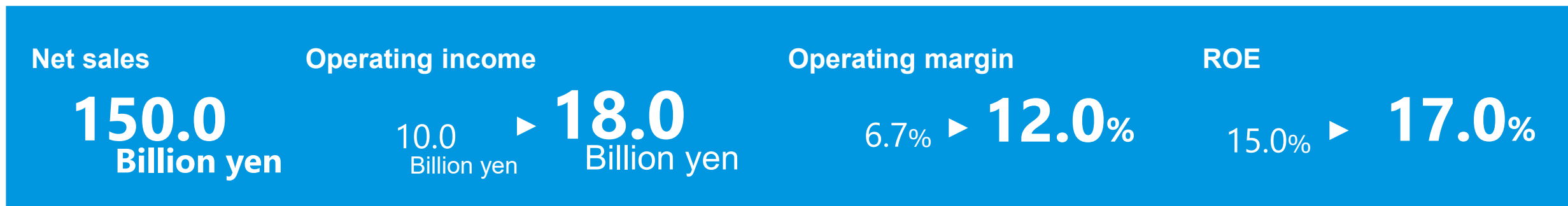
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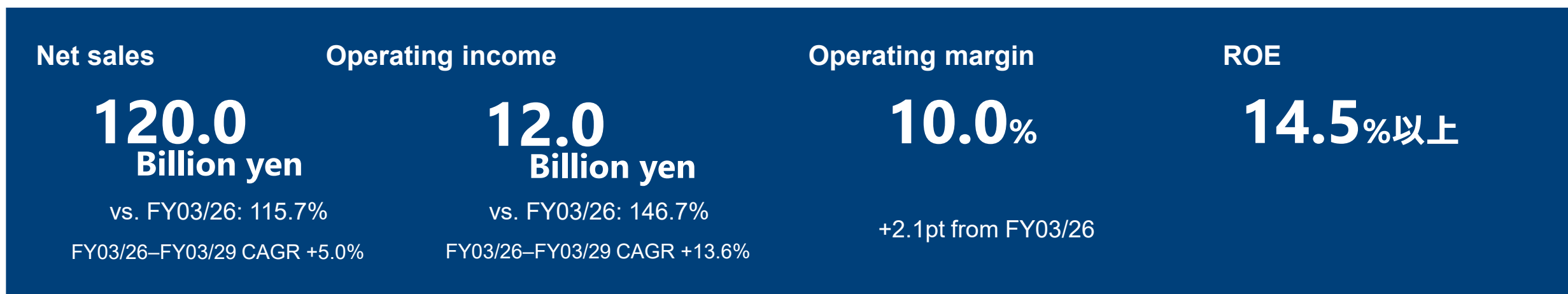
III. Numerical Targets, Financial Policies, and ESG

Ambitious Targets Under the Long-Term Vision and Medium-Term Management Plan Trust & Challenge 2029

Ambitious targets under the long-term vision (FY03/33; revised upward)



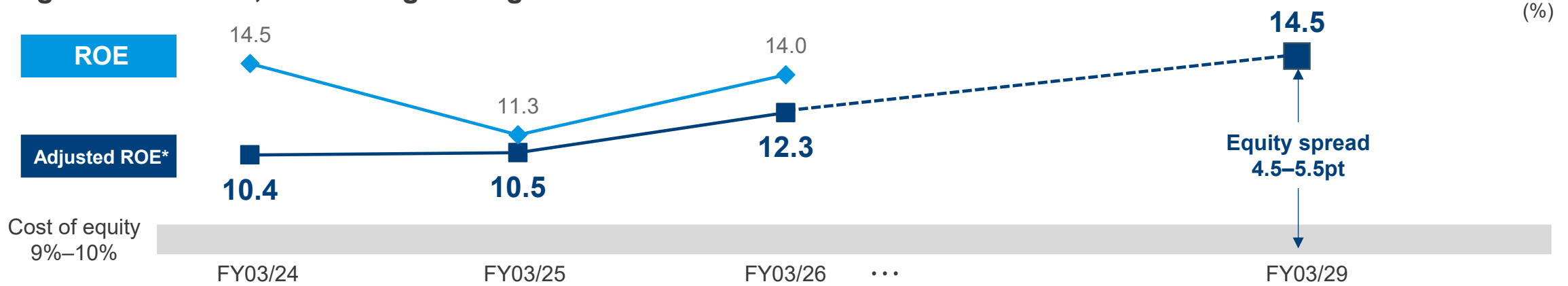
Numerical targets of the medium-term management plan (FY03/29)



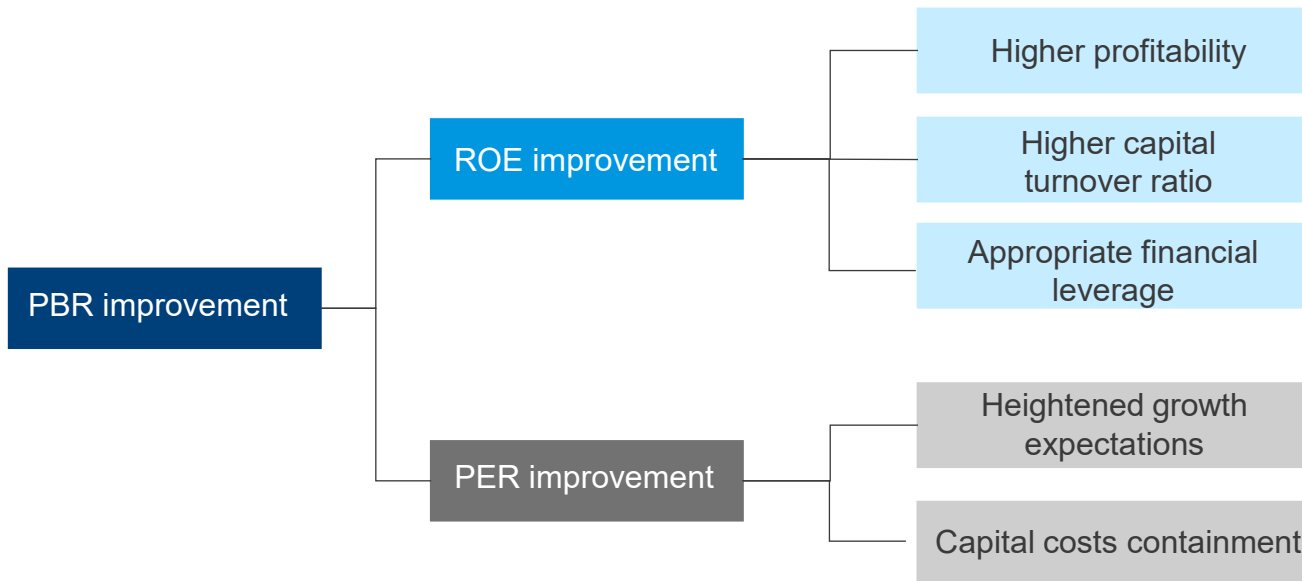
Trust & Challenge 2029: Management Focused on Capital Costs and Share Price



Target PBR improvement by increasing adjusted ROE* through profit growth, leveraging growth opportunities via strategic investments, and strengthening communication with shareholders and investors



*Adjusted ROE: Excludes extraordinary gains, losses, and other one-time items



Trust & Challenge 2029

Transform into a professional services company

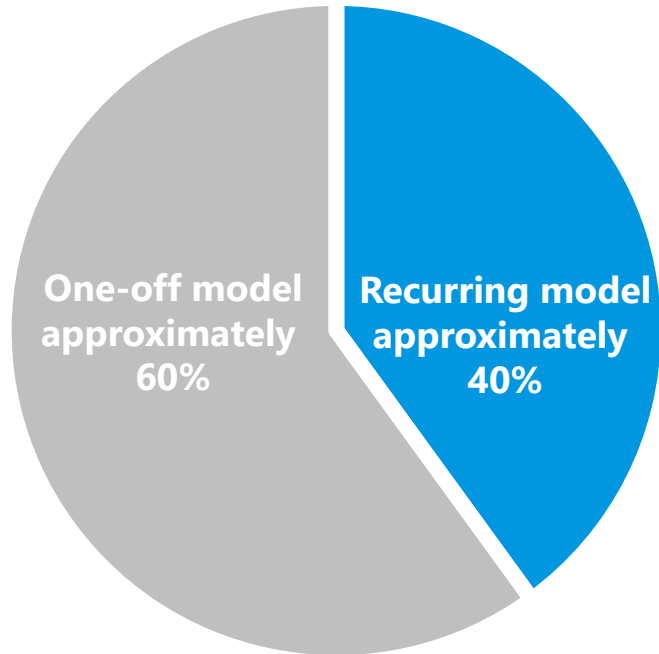
Enhance corporate value through a virtuous cycle of growth and shareholder returns

Transition to a human resource portfolio that accelerates value creation

Expansion of Recurring Revenue Business

Recurring revenue at approximately 40%, with further expansion of a stable profit base

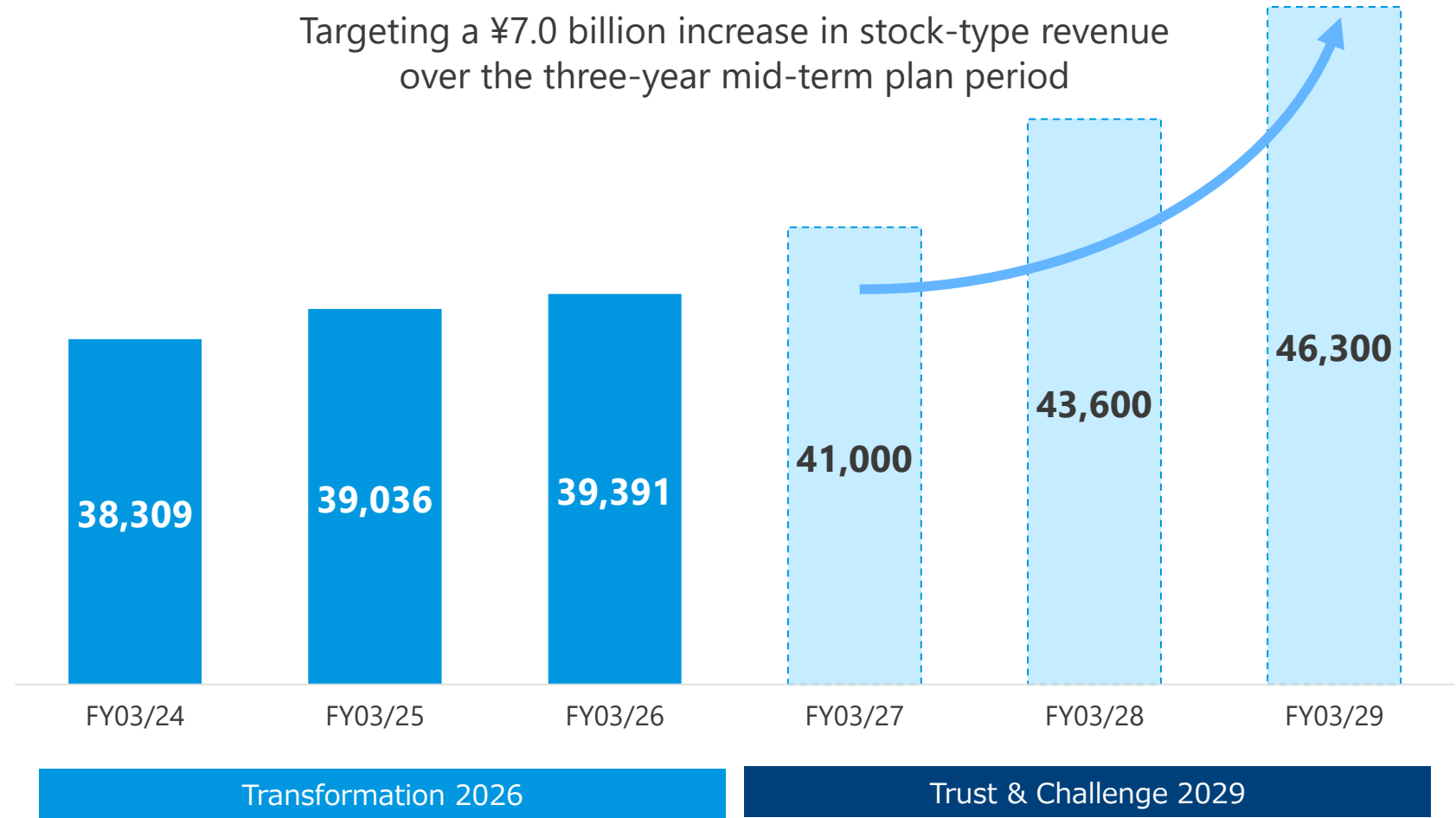
Stock/Flow Revenue Mix
(% of Total Revenue, 3-Year Average)



Stock Revenue — Actuals and Outlook

(Millions of yen)

Targeting a ¥7.0 billion increase in stock-type revenue over the three-year mid-term plan period



Approach to Cash Allocation and Financial Discipline

Financial Discipline

Shareholders' equity ratio	40%–50%
Net D/E ratio	Under 0.4x
Available working capital	Cash and deposits to monthly sales ratio: 2.0 months

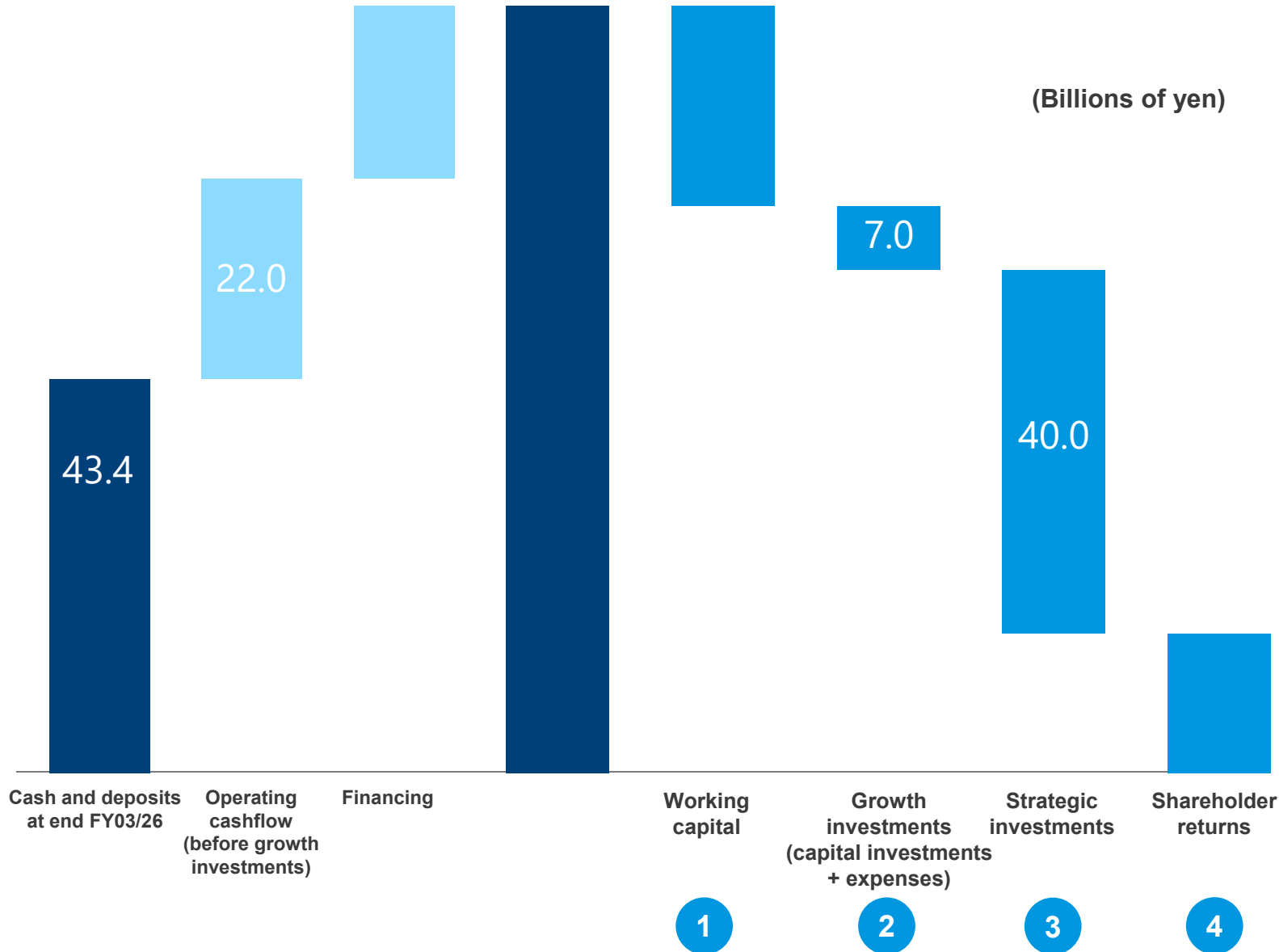
Capital allocation optimization

Cash generation during the previous medium-term management plan (MTMP) period (FY03/24–FY03/26)	Prioritized allocation to strategic investments
Cash generation during the new MTMP period (FY03/27–FY03/29)	Allocate primarily to shareholder returns

Financial structure optimization

- Ensure sufficient flexibility for strategic investments through the utilization of debt
- Improve capital efficiency by balancing the maintenance of financial soundness with efforts to enhance profitability through strategic investments

Capital Allocation



Basic approach to capital allocation

- 1 Ensure a working capital cash-to-monthly sales ratio of 2.0 as requisite cash and deposits
- 2 Plan growth investments in human capital, technologies, and internal DX initiatives
- 3 To achieve the long-term vision, flexibly engage in M&A, venture capital investments, and capital and business alliances, while also considering the proactive utilization of debt financing
- 4 Raise the target dividend payout ratio from 40% to 60%, and the dividend on equity (DOE) from 3.5% to 6.0%, with cash generated during the current medium-term management plan period prioritized for shareholder returns

Environment

Reduce environmental impacts

- Accelerating CO₂ Emission Reduction toward 2050 Carbon Neutrality (−34.0% vs. FY03/23; FY03/26 results)
- Promote activities through the planning and execution of Company-led initiatives, as well as the creation of an environment supporting employee-led efforts

Social

Respond to labor shortages caused by a shrinking workforce

- Conduct collaborative discussions with customers and partners, host co-creation events
- Develop an environment where diverse employees can work comfortably by ensuring D&I, health management, and decent work

Governance

Pursue corporate governance that contributes to corporate value enhancement

- Strengthen Group business management
- Enhance the monitoring function aimed at enhancing corporate value over the medium to long term
- Continue working to heighten the effectiveness of the Board of Directors
- Revise the stock compensation plan with the aim of enhancing corporate value over the medium to long term

<Appendix> Accounting Period Performance Trends

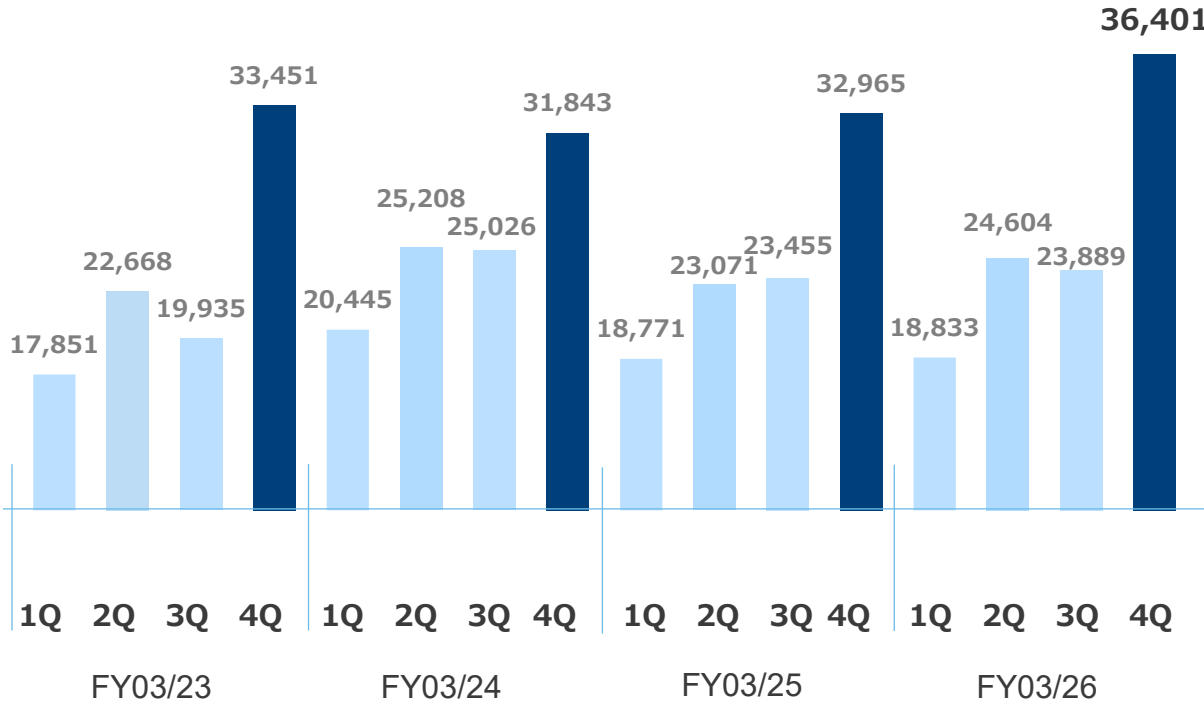


[Note regarding quarterly earnings for the Group]

Because many of the Group's customers have fiscal years ending in March, and a large portion of transactions are recognized as revenue at a single point in time, net sales and operating profit tend to be concentrated in the second and fourth quarters.

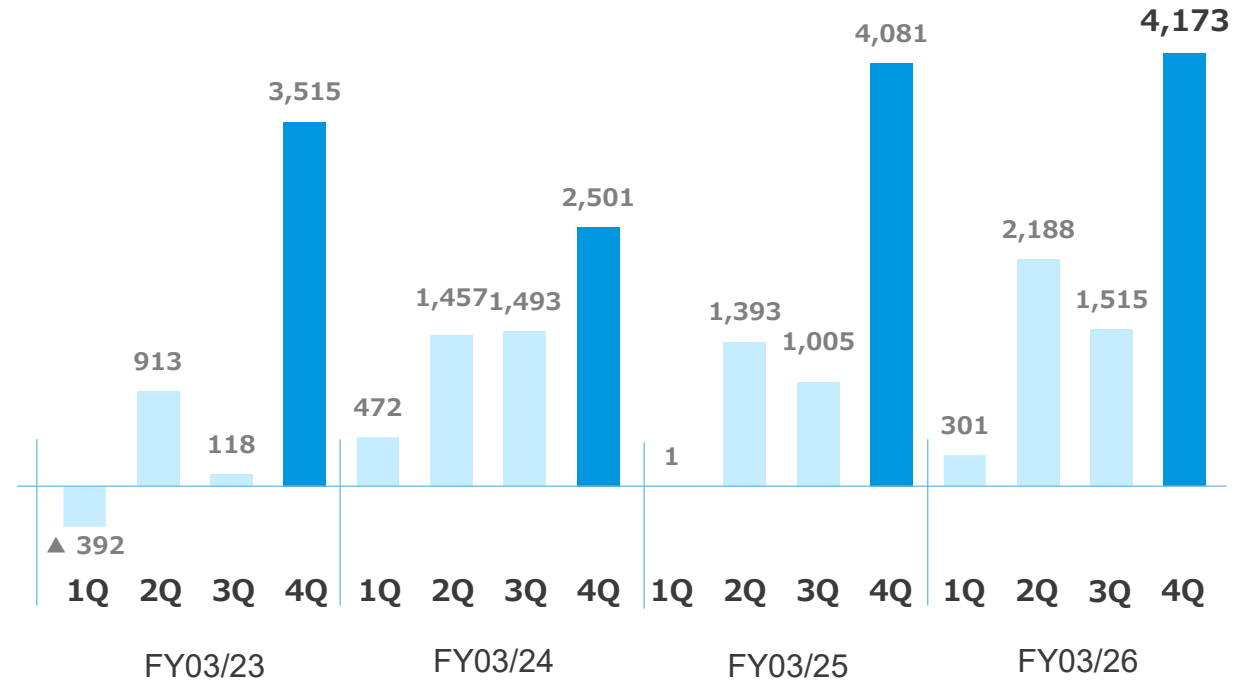
Net sales

(Millions of yen)



Operating profit

(Millions of yen)

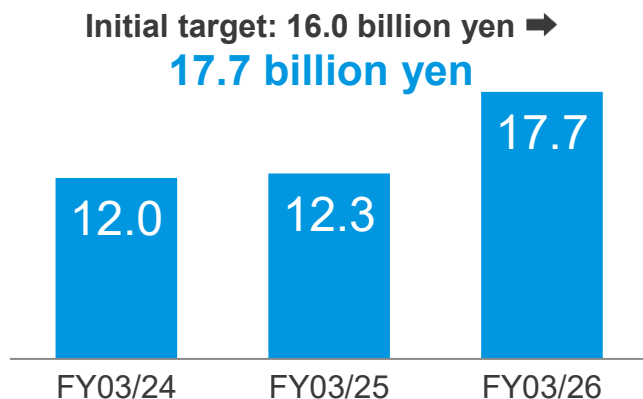


※On January 9, 2024, due to the sale of a subsidiary, we transitioned to a single segment

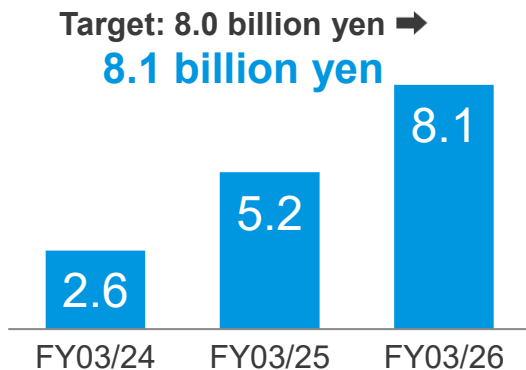
<Appendix> KPIs for Transformation 2026 (1)

Business/investment KPI

Net sales in the six growth domains
(Billions of yen)

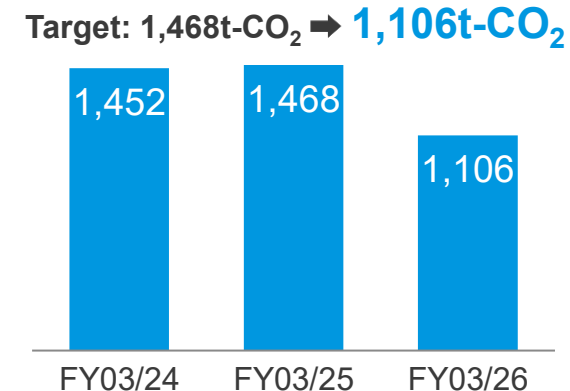


Growth investments (cumulative)
(Billions of yen)



Sustainability KPI

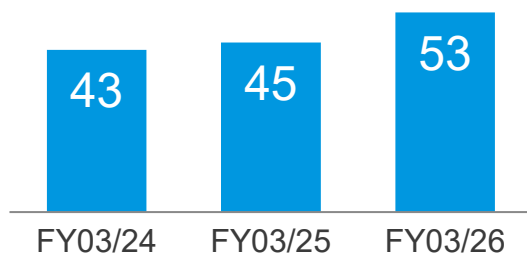
CO₂ emissions
(t-CO₂)



Leadership talent KPI

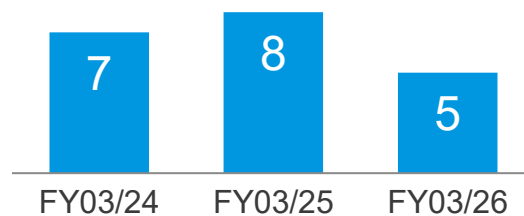
TLF*¹ participants
(people)

Target: 65 people → **53 people**



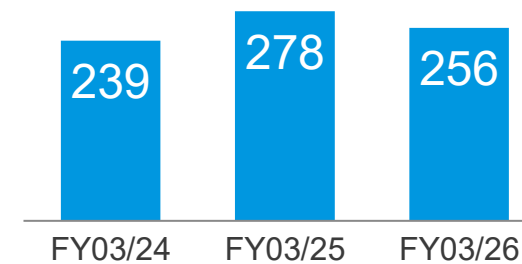
Advanced DX talent*²
(people)

Target: 10 people → **5 people**



DX associates*³
(people)

Target: 240 people → **256 people**



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

*2. Advanced DX talent: Employees that possess external qualifications designated by the Company and achieved the required DX certification test score (excluding managers from FY03/26)

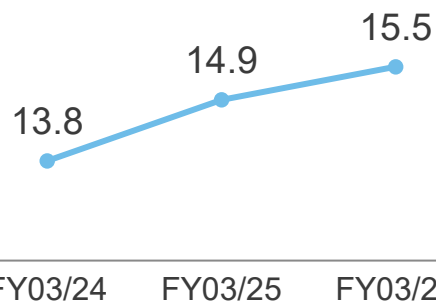
*3. DX associate: Employees that sat for the DX certification test and participated in a skills assessment via written exam

<Appendix> KPIs for Transformation 2026 (2)

Diversity KPI

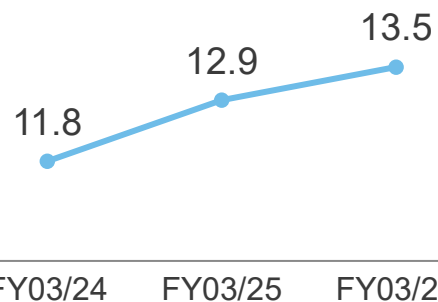
Women employees (%)

Target: 15% → **15.5%**



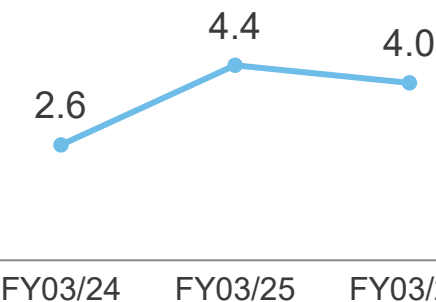
Women in career track positions (%)

Target: 12% → **13.5%**



Women managers (%)

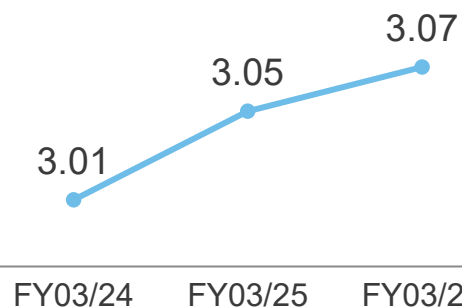
Target: 5% → **4.0%**



Preparation of internal environment KPI

Engagement

Target: 3.20 → **3.07**



<Appendix> Recognizing the Management Environment

Despite soaring memory prices, rising geopolitical risks, and other uncertainties, we are accelerating **growth-oriented investments aimed at sustaining economic growth and addressing social challenges**, and expect the information and communications industry to **continue demonstrating strong growth potential**.

Declining population, labor shortages

- Ongoing structural labor shortages resulting from population decline and an aging society with a low birth rate
- Productivity improvements through the use of IT targeting sustainable growth

Transition to a digital society

- Expansion of the digital domain functioning as social infrastructure

Growing threat of security risks

- Rapidly evolving risks due to technical advances
- Increasingly severe risk impacts due to widespread social adoption of digital technologies

Accelerating advances in information technologies

- Rapid evolution and widespread adoption of generative AI and other cutting-edge technologies

<Appendix> Numerical Targets Breakdown: FY03/27 and Mid-Term Management Plan

(Billions of yen)

		FY03/26	FY03/27	YoY	FY03/29	3-Year CAGR
Engineering Services	SI	19.1	19.7	103.1%	23.8	+7.5%
	NI	11.9	12.6	105.5%	16.8	+12.0%
	Engineering Services TOTAL	31.1	32.3	104.0%	40.6	+9.3%
Products	SI	50.0	51.2	102.4%	52.7	+1.8%
	NI	22.5	23.3	103.7%	26.5	+5.7%
	Products TOTAL	72.5	74.6	102.8%	79.3	+3.0%
Total		103.7	107.0	103.2%	120.0	+5.0%

Engineering Services Breakdown		FY03/26	FY03/27	YoY	FY03/29	3-Year CAGR
IT Platforms		3.0	3.3	108.9%	3.9	+8.6%
Networks & security		7.6	8.3	108.4%	10.2	+10.3%
CX communication platforms		3.7	3.7	100.9%	4.0	+3.3%
of which: Unified Communications		2.8	2.7	98.3%	2.8	+0.5%
of which: Contact Centers		0.9	0.9	108.8%	1.2	+11.4%
Business Applications		8.9	9.2	103.1%	10.3	+4.9%
of which: Standard-compliant app		3.8	4.0	104.5%	4.5	+5.9%
of which: Customer-specific app		5.0	5.1	102.1%	5.7	+4.2%
Four core engineering domains Total		23.4	24.6	105.3%	28.6	+7.0%
Other business domains		7.7	7.7	100.0%	11.9	+15.7%
Engineering Services Total		31.1	32.3	104.0%	40.6	+9.3%

<Appendix> Media Releases

Published	Release details
April 21, 2026	Tsuzuki Denki Adds New Functions to TCloud for SCM Cloud-Based Real-Time Fleet Tracking Management Service
April 16, 2026	Tsuzuki Revamps Yazuya Contact Center Infrastructure
March 27, 2026	Tsuzuki Denki and IBM Japan Conclude AI Partnership
March 25, 2026	Tsuzuki Denki Enhances Features of the Japan Post Insurance “Radio Calisthenics” App
March 17, 2026	Tsuzuki Denki Deploys TCloud for SCM Cloud-Based Real-Time Fleet Tracking Management Service for Lawson Store Deliveries
March 10, 2026	Tsuzuki Denki Certified as a Health Management Excellence Corporation 2026 (White 500) by the Ministry of Economy, Trade and Industry
February 16, 2026	Tsuzuki Denki and Sony Marketing Develop New Fitness Service Platform
February 3, 2026	Tsuzuki Denki Deploys TCloud for SCM Deployed at Bookoff Corporation
January 27, 2026	Tsuzuki Denki and PHONE APPLI Business Collaboration Enhances Value of TCloud for Voice
January 22, 2026	Tsuzuki Denki Forms Partnership with harmo on “Health Support × Fleet Management”
December 24, 2025	Tsuzuki Denki to Offer Japan’s First OBD-Type Digital Tachograph as "TCloud for SCM" Optional Service
December 4, 2025	Tsuzuki Denki Begins Collaboration with GMO ReTech
December 3, 2025	Tsuzuki Denki and IDEMIA Public Security Commence Co-Development of DX Solutions Utilizing Biometric Authentication Technologies

Other media

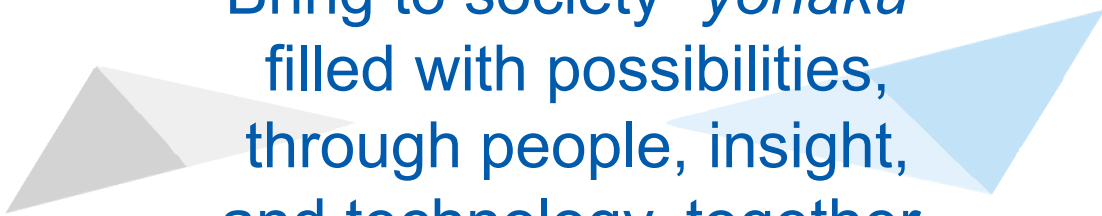
Broadcast	Media outlet	Details
April 9, 2026	Radio NIKKEI	Market Terrace “Companies to Watch! The Market's God of Fortune” (featuring President Katsuyuki Yoshida)

Contact

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Disclaimer

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