

Tsuzuki Denki Co., Ltd.

Q&A Session at the New Medium-Term Management Plan and the Financial Results Briefing for the Fiscal Year Ended March 31, 2026, held on May 18, 2026 (Summary)

- Q1: Does the earnings forecast for the current fiscal year reflect any negative impact from the pullback following the surge in Windows 10 replacement demand or from the memory shortage?
- A1: While we expect some impact from the pullback following strong Windows 10 replacement demand, we continue to see steady demand this fiscal year for regular PC replacement projects as well as non-PC-related projects, such as storage installations. In addition, customers' overall IT investment demand remains solid, so we do not expect any material impact on our business performance. The memory shortage could extend lead times for PCs and servers, creating a risk that sales may not be recorded in the originally planned period. However, because the memory shortage is also driving up equipment prices, we do not expect it to have a significant impact on overall sales.
- Q2: The improvement in profitability outlined in the new medium-term management plan appears to be more modest than in the previous plan. Could you explain the rationale behind this?
- A2: Under the previous medium-term management plan, we achieved profit growth by improving profitability through stricter profitability management and productivity enhancement initiatives. While we will continue to focus on profitability management and productivity improvements under the new medium-term management plan, we believe it will be difficult to continue increasing profits through those measures alone. Accordingly, under the new medium-term management plan, we aim to shift to an engineering services-centered earnings model. Compared with product sales, engineering services will better enable us to generate differentiated, high value-added offerings by drawing on our strengths in systems integration (SI) and network integration (NI) technologies, as well as our ability to provide customers with the optimal combination of solutions. Under the new medium-term management plan, we intend to strengthen our engineering services business and transform our business structure into one capable of generating consistently high profits. We believe there remains significant room for market expansion, given our strengths in both SI and NI, as well as our solid customer base. To expand our market presence and transform our business structure, we will need to invest in recruitment and human capital. As a result, profit growth—particularly in the first year—is expected to be moderate. We intend to make these investments first and then drive profit growth alongside future sales growth.