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Consolidated Financial Results for the Three Months Ended June 30, 2025 (Under Japanese GAAP)

July 31, 2025

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Scheduled date for dividend payment: —
 Preparation of supplemental explanatory materials: Yes
 Results briefing to be held: No

1. Consolidated financial results for the three months ended June 30, 2025 (April 1, 2025, to June 30, 2025)

(1) Consolidated operating results

Millions of yen (rounded down), % figures are year-on-year change

	Net sales		Operating income		Ordinary income		Quarterly profit attributable to owners of parent	
Three months ended June 30, 2025	18,833	0.3%	301	—	359	762.4%	272	—
Three months ended June 30, 2024	18,771	(33.3%)	1	(99.9%)	41	(93.8%)	1	(99.7%)

Note: Comprehensive income was 444 million yen (99.5%) in three months ended June 30, 2025;
 222 million yen (-76.4%) in three months ended June 30, 2024.

	Earnings per share (yen)	Diluted earnings per share (yen)
Three months ended June 30, 2025	15.03	—
Three months ended June 30, 2024	0.06	—

(2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' equity ratio	Net assets per share (yen)
As of June 30, 2025	75,549	43,977	57.7%	2,402.60
As of March 31, 2025	80,063	44,629	55.2%	2,436.05

Reference: Shareholders' equity as of June 30, 2025: 43,569 million yen; as of March 31, 2025 :44,155 million yen.

2. Dividends

	Dividends per share for the fiscal year (yen)				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
Year ended March 31, 2025	—	45.00	—	54.00	99.00
Year ending March 31, 2026	—				
Year ending March 31, 2026 (forecast)		50.00	—	50.00	100.00

Note: Revisions to most recent dividend forecast: None

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2026 (April 1, 2025, to March 31, 2026)

% figures are year-on-year change

	Net sales (millions of yen)		Operating income (millions of yen)		Ordinary income (millions of yen)		Profit attributable to owners of parent (millions of yen)		Earnings per share (yen)
Full year	102,500	4.3%	6,700	3.4%	6,750	2.3%	4,500	(5.6%)	248.16

Note: Revisions to most recent earnings forecast: None

*Notes

(1) Changes in significant subsidiaries (which affected scope of consolidation) during the quarter: None

Newly added ____ companies (names)

No longer consolidated ____ companies (names)

(2) Special accounting methods used in preparation of quarterly consolidated financial statements: Yes

Note: For details, please refer to Attachment page 12: "2. Consolidated financial statements and notes (3)

Notes to quarterly consolidated financial statements (Application of special accounting methods in the preparation of quarterly consolidated financial statements)."

(3) Changes in accounting policies, changes in accounting estimates, and restatements

1. Changes in accounting policies due to changes in accounting standards: None

2. Changes in accounting policies not due to changes in accounting standards: None

3. Changes in accounting estimates: None

4. Restatements: None

(4) Number of shares outstanding (common stock)

1. Number of shares outstanding at year end (including treasury stock)	As of June 30, 2025	18,977,894	As of March 31, 2025	18,977,894
2. Number of shares at year end (treasury stock)	As of June 30, 2025	843,432	As of March 31, 2025	851,891
3. Average number of shares over the period	Three months ended June 30, 2025	18,131,512	Three months ended June 30, 2024	18,031,900

Note: The number of treasury shares includes those held in the Directors' Compensation Board Incentive Plan (BIP) trust account (356,831 in three months ended June 30, 2025; 356,831 in year ended March 2025); and Stock-grant ESOP trust account (282,861 in three months ended June 30, 2025; 291,427 in year ended March 2025).

*The financial information in this quarterly report is not subject to review by certified public accountants or auditing firms.

*Appropriate use of earnings forecast and other special notes.

(Note on forward-looking statements)

The earnings forecasts and other forward-looking statements contained in this document are based on information currently available to the Company, and certain assumptions it considers reasonable, but are not intended to be a promise that the Company will achieve. Actual results may vary materially from forecasts due to a variety of factors.

(Availability of supplementary material on financial results)

The supplementary document on quarterly earnings is disclosed on the same day as the quarterly financial results, and it is made available on the Company's website.

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1. Qualitative information on quarterly results

(1) Earnings

During the first quarter of the fiscal year ending March 2026, the Japanese economy continued its gradual recovery, supported by improvements in the employment and income conditions. However, the outlook remained uncertain due to concerns about the impact of US trade policy on the domestic economy.

In the information and communications services industry to which the Group belongs, the market continued to expand, underpinned by sustained high levels of capital investment. This investment appetite was underpinned by the acceleration of digital transformation (DX), advances in generative AI technology, and the need to address social challenges including productivity improvements to offset labor shortages and heightened security risks.

In this environment, the company group has set a long-term vision through FY2032: Growth Navigator—a group that guides and co-creates growth. To realize this vision and remain a company consistently chosen by customers as a partner that leads their growth, we are implementing our three-year medium-term management plan, “Transformation 2026.” The plan centers on enhancing earnings capabilities by shifting resources to growth areas, while also pursuing integrated initiatives such as capital cost-conscious management and strengthening human capital, with the aim of further increasing corporate value.

During the first quarter of the fiscal year under review, efforts to shift resources to growth areas and actively pursue pricing management proved effective, resulting in continued profitability improvements in the equipment business and steady sales growth in both the development and construction business and the service business. As a result, net sales increased 0.3% year on year to 18,833 million yen. Operating profit rose to 301 million yen (compared with 1 million yen in the same quarter of the previous fiscal year), and ordinary profit surged 762.4% year on year to 359 million yen. Profit attributable to owners of parent rose significantly to 272 million yen (compared with 1 million yen in the same period of the previous fiscal year), reflecting higher revenue and a substantial increase in profit.

Segment information has been omitted, as the Group operates under a single-segment business structure.

Results by business model for the first quarter of the current fiscal year were as follows.

Results by business model

Equipment: In addition to securing business deals for server installations in the manufacturing industry, we successfully capitalized on temporary PC replacement demand ahead of the end of support for Windows 10, with deliveries scheduled for September. As a result, although net sales declined to 4,923 million yen (down 9.7% year on year), orders received increased significantly to 11,886 million yen (up 50.8% year on year).

Development and construction: Orders received rose significantly to 4,652 million yen (up 22.9% year on year) and net sales to 3,009 million yen (up 16.2% year on year), driven by growth in both system development and network construction projects for a broad range of customers, including local governments and the financial sector.

Service: Orders received totaled 11,267 million yen (down 5.9% year on year). This was due to a change in the timing of orders and represents a temporary decline for the first quarter, with no impact expected for the full year. The order backlog grew 13.3% year on year. Service business in the six growth areas targeted under the medium-term management plan—including security and contact centers—continued to perform steadily, with net sales totaling 10,900 million yen (up 1.6% year on year).

*Note regarding quarterly earnings for the Group

Many of the Group's customers have business years from April through March the following year. Further, fulfilment obligations for many transactions are judged to be satisfied at a certain point, so the Group's sales and profit tend to be concentrated in September and March, the halfway and endpoints of the fiscal year.

The following tables show sales and orders by business model in the three months of the fiscal year.

(1) Net sales (millions of yen)

		Three months ended June 30, 2024	Three months ended June 30, 2025		
				Versus Three months of previous year	
	Equipment	5,455	4,923	(531)	90.3%
	Development and construction	2,590	3,009	418	116.2%
	Service	10,725	10,900	174	101.6%
Total		18,771	18,883	62	100.3%

(2) Orders (millions of yen)

		Three months ended June 30, 2024	Three months ended June 30, 2025		
				Versus Three months of previous year	
	Equipment	7,880	11,886	4,005	150.8%
	Development and construction	3,785	4,652	866	122.9%
	Service	11,976	11,267	(708)	94.1%
Total		23,642	27,806	4,164	117.6%

(3) Order backlog (millions of yen)

		Three months ended June 30, 2024	Three months ended June 30, 2025		
				Versus Three months of previous year	
	Equipment	12,993	17,354	4,360	133.6%
	Development and construction	4,679	6,094	1,415	130.3%
	Service	5,093	5,771	677	113.3%
Total		22,766	29,219	6,453	128.3%

(2) Financial position

At the end of the first quarter of the current fiscal year, total assets stood at 75,549 million yen, a decrease of 4,513 million yen compared with the end of the previous fiscal year. The main factor behind this decrease was a 9,354 million yen decline in notes and accounts receivable and contract assets. This was partially offset by a 2,581 million yen increase in cash and deposits and a 1,821 million yen increase in inventories. Total liabilities amounted to 31,572 million yen, down 3,861 million yen from the end of the previous fiscal year. The main factor behind this decrease was a 4,766 million yen reduction in notes and accounts payable. Net assets totaled 43,977 million yen, a decrease of 652 million yen from the end of the previous fiscal year. The equity ratio was 57.7%, up from 55.2% at the end of the previous fiscal year. The main factor contributing to the decline in net assets was a 1,013 million yen decrease in retained earnings due to dividend payments. This primarily reflected an increase in retained earnings due to the recording of 272 million yen in profit attributable to owners of parent and an increase of 128 million yen in valuation difference on available-for-sale securities.

(3) Consolidated earnings forecasts and other information concerning the outlook

The Company maintained its consolidated earnings forecast for the fiscal year ending March 31, 2026 (released May 12, 2025), as earnings in the first quarter under review were in line with the initial plan. However, in case matters arise that require public disclosure due to changes in the operating environment, etc., the Company will promptly make an announcement.

2. Consolidated financial statements and notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	38,713	41,295
Notes and accounts receivable - trade and contract assets	21,481	12,127
Electronically recorded monetary claims	459	511
Inventories	2,601	4,422
Other	1,810	2,014
Allowance for doubtful accounts	(3)	(5)
Total current assets	65,063	60,366
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	1,606	1,606
Accumulated depreciation	(767)	(789)
Buildings and structures (net)	838	817
Machinery, equipment and vehicles	7	7
Accumulated depreciation	(6)	(6)
Machinery, equipment and vehicles (net)	1	1
Land	215	215
Lease assets	1,787	1,254
Accumulated depreciation	(1,310)	(840)
Lease assets (net)	477	414
Construction in progress	22	42
Other	1,324	1,381
Accumulated depreciation	(905)	(973)
Other (net)	419	407
Total property, plant and equipment	1,974	1,898
Intangible assets		
Lease assets	291	235
Other	2,249	2,363
Total intangible assets	2,541	2,599
Investments and other assets		
Investment securities	4,538	4,730
Long-term loans receivable	15	16
Retirement benefit asset	2,556	2,610
Deferred tax assets	2,667	2,644
Other	744	723
Allowance for doubtful accounts	△38	△38
Investments and other assets	10,483	10,686
Total noncurrent assets	14,999	15,183
Total assets	80,063	75,549

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,560	6,794
Short-term loans payable	4,607	4,607
Current portion of long-term loans payable	4,103	4,101
Lease obligations	467	409
Income taxes payable	648	202
Provision for bonuses	2,105	1,046
Provision for loss on orders received	157	105
Other	5,559	8,294
Total current liabilities	29,209	25,562
Noncurrent liabilities		
Lease obligations	370	307
Retirement benefit liability	4,498	4,367
Long-term accounts payable – other	504	350
Provision for share awards	595	695
Other	254	288
Total noncurrent liabilities	6,224	6,009
Total liabilities	35,433	31,572
Net assets		
Shareholders' equity		
Capital stock	9,812	9,812
Capital surplus	2,581	2,581
Retained earnings	31,901	31,160
Treasury stock	(985)	(977)
Total shareholders' equity	43,309	42,576
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,289	2,417
Remeasurements of defined benefit plans	(1,443)	(1,424)
Total accumulated other comprehensive income	846	992
Noncontrolling interests	473	407
Total net assets	44,629	43,977
Total liabilities and net assets	80,063	75,549

(2) Quarterly consolidated statements of income and comprehensive income
(Quarterly consolidated statement of income)

Consolidated income statement for the first quarter

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Net sales	18,771	18,833
Cost of sales	14,657	14,479
Gross profit	4,114	4,354
Selling, general, and administrative expenses	4,113	4,053
Operating profit	1	301
Non-operating income		
Interest income	0	0
Dividend income	45	64
Other	20	21
Total non-operating income	66	85
Non-operating expenses		
Interest expenses	21	23
Other	4	2
Total non-operating expenses	25	26
Ordinary profit	41	359
Extraordinary income		
Gain on sale of investment securities	31	19
Total extraordinary income	31	19
Extraordinary loss		
Loss on retirement of non-current assets	—	0
Total extraordinary losses	—	0
Profit before income taxes	72	379
Income taxes	39	81
Profit	33	297
Profit attributable to non-controlling interests	32	25
Profit attributable to owners of parent	1	272

(Quarterly consolidated statement of comprehensive income)

First quarter

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit	33	297
Other comprehensive income		
Valuation difference on available for sale securities	170	128
Remeasurements of defined benefit plans	19	18
Other comprehensive income	189	146
Comprehensive income	222	444
Breakdown		
Comprehensive income attributable to owners of parent	190	419
Comprehensive income attributable to noncontrolling interests	32	25

(3) Notes to quarterly consolidated financial statements

(Notes on premise of going concern)

Not applicable.

(Notes on significant changes in the amount of shareholders equity.)

Not applicable.

(Application of special accounting methods in the preparation of quarterly consolidated financial statements)

(Calculation of tax expense)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to income before income taxes for the fiscal year, including the first quarter, and multiplying quarterly income before income taxes by the estimated effective tax rate.

Note: Income taxes – deferred are included in income taxes.

(Segment and other information)

Segment information

Segment information has been omitted because the Group operates in a single segment.

(Notes to consolidated statement of cash flows)

The Company has not prepared a consolidated statement of cash flows for the first quarter of the consolidated fiscal year under review. Depreciation (including amortization expenses related to intangible fixed assets) for the said period are as follows.

	(Millions of yen)	
	Three months ended June 30, 2024	Three months ended June 30, 2025
Depreciation	347	283