



# Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025 (JGAAP)

July 31, 2024

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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 first quarter of the fiscal year ending March 31, 2025 (April 1, 2024, to June 30, 2024)

### (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	
First quarter, year ending March 31, 2025	18,771	(33.3%)	1	(99.9%)	41	(93.8%)	1	(99.7%)
First quarter, year ended March 31, 2024	28,128	14.3%	698	—	673	—	448	—

Note: Comprehensive income was 222 million yen (-76.4%) in first quarter of year ending March 31, 2025; 943 million yen (—%) in first quarter of year ended March 31, 2024.

	Earnings per share (yen)	Diluted earnings per share (yen)
First quarter, year ending March 31, 2025	0.06	—
First quarter, year ended March 31, 2024	25.01	—

### (2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' equity ratio	Net assets per share (yen)
First quarter, year ending March 31, 2025	73,965	40,007	53.6%	2,197.19
Year ended March 31, 2024	81,066	40,864	49.8%	2,241.85

Reference: Shareholders' equity at first quarter, year ending March 31, 2025; 39,632 million yen; in year ended March 31, 2024; 40,401 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, 2024	—	38.00	—	52.00	90.00
Year ending March 31, 2025	—				
Year ending March 31, 2025 (forecast)		45.00	—	46.00	91.00

Note: Revisions to most recent dividend forecast: None

## 3. Forecast of consolidated financial results for the fiscal year ending March 31, 2025 (April 1, 2024, to March 31, 2025)

% 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	103,000	(17.5%)	6,250	(2.9%)	6,250	(3.7%)	4,100	(25.1%)	227.32

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 13: "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: Yes

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)	First quarter, year ending March 31, 2025	20,177,894	Year ended March 31, 2024	20,177,894
2. Number of shares at year end (treasury stock)	First quarter, year ending March 31, 2025	2,140,048	Year ended March 31, 2024	2,156,334
3. Average number of shares over the period	First quarter, year ending March 31, 2025	18,031,900	First quarter, year ended March 31, 2024	17,936,655

Note: The number of treasury shares includes those held in the Directors' Compensation Board Incentive Plan (BIP) trust account (420,447 in first quarter, year ending March 2025; 420,447 in year ended March 2024); and Stock-grant ESOP trust account (316,275 in first quarter, year ending March 2025; 332,632 in year ended March 2024).

\*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

In the first quarter of the consolidated fiscal year ending March 31, 2025, the Japanese economy showed signs of a gradual recovery, supported by improvements in the employment and income conditions. However, against a backdrop of risks weighing on the domestic economy, including persistently high interest rates in Europe and the US and the uncertain outlook for the Chinese economy, there is an ongoing need to closely monitor the impact of rising prices and fluctuations in the financial and capital markets.

The information and communications services industry, where the Group belongs, continued to expand, driven by the acceleration of digital transformation (DX) initiatives by corporations and the development of generative AI technology.

Under these circumstances, the Group established a long-term vision spanning 10 years from the current fiscal year, and we are currently in the middle of a three-year medium-term management plan, "Transformation 2026," toward achieving the long-term vision. In 10 years' time, we envision ourselves to be Growth Navigator, an organization that navigates growth and creates together with stakeholders, including customers. We aim to be a company that continues to be chosen by customers as an organization that leads the way for growth. Having positioned the next three years as the first stage toward realizing this goal, we will concentrate and transfer resources to growth areas and strive to bolster our earnings capability. Further, to enhance corporate value, the most important theme for the Group, we will promote integrated measures spanning all aspects of business, finance, and non-finance, including management mindful of the cost of capital and strengthening of personnel capital.

In the first quarter of the consolidated fiscal year under review, which corresponds to the second year of the medium-term management plan, net sales were ¥18,771 million (down 33.3% year on year), operating income was ¥1 million (down 99.9% year on year), ordinary income was ¥41 million (down 93.8% year on year), and loss attributable to owners of parent was ¥1 million (down 99.7% year on year).

Due to the sale of the Electronic Devices segment in the previous fiscal year, the Group now operates in a single segment—the Information Network Solutions segment. For this reason, orders and net sales declined, despite growth in services for the six growth domains, including securities. Specifically, the decline was due to the absence of some large projects in the equipment business that buoyed results a year ago and the sale of the Electronic Devices segment. On the profit front, SG&A expenses decreased, mainly due to the drop-off of the portion for the Electronic Devices segment, but any positive impact here was offset by lower sales, leading to a year-on-year decline in profit.

In the Information Network Solutions segment, orders, net sales, and operating income all decreased year on year, by 2.6%, 8.2%, and 99.8%, respectively.

The following section discusses earnings by business model in the first quarter.

#### **Results by business model**

Equipment: Orders were ¥7,880 million (down 8.1% year on year), and net sales were ¥5,455 million (down 23.9% year on year). This was due to the absence of contributions from some large projects that buoyed results a year ago, despite progress in the introduction of PCs and software licenses by customers operating in a range of industries, including construction and finances.

Development and construction: Orders were ¥3,785 million (down 0.3% year on year) and net sales were ¥2,590 million (down 3.6% year on year). This was due to a slight decline in network construction projects, despite steady progress in PBX environment construction and system development projects.

Service: Orders were ¥11,976 million (up 0.7% year on year) and net sales were ¥10,725 million (up 1.3% year on year), owing primarily to growth in services in the six growth domain, including securities and cloud services.

\*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 segment in the first quarter of the fiscal year ending March, 2025. After the transfer of all shares in the four group companies operating the Electronic Devices segment on January 9, 2024, we now operate in the single segment of Information Network solutions.

Because the Group operates in a single segment due to this change, we have omitted segment information for the first quarter of the previous and current consolidated fiscal years.

(1) Net sales by segment (millions of yen)

	First quarter, year ended March 2024	First quarter, year ending March 2025		
			Versus first quarter of previous year	
Information Network Solutions	20,445	18,771	(1,673)	91.8%
Equipment	7,172	5,455	(1,717)	76.1%
Development and construction	2,687	2,590	(97)	96.4%
Service	10,584	10,725	140	101.3%

(2) Orders by segment (millions of yen)

	First quarter, year ended March 2024	First quarter, year ending March 2025		
			Versus first quarter of previous year	
Information Network Solutions	24,271	23,642	(628)	97.4%
Equipment	8,576	7,880	(696)	91.9%
Development and construction	3,797	3,785	(12)	99.7%
Service	11,896	11,976	79	100.7%

(3) Order backlog by segment (millions of yen)

	First quarter, year ended March 2024	First quarter, year ending March 2025		
			Versus first quarter of previous year	
Information Network Solutions	29,684	22,766	(6,918)	76.7%
Equipment	18,846	12,993	(5,852)	68.9%
Development and construction	5,780	4,679	(1,101)	80.9%
Service	5,056	5,093	36	100.7%

## (2) Financial position

As of the end of the first quarter under review (June 30, 2024), assets were ¥73,965 million, down ¥7,101 million from the end of the previous fiscal year (March 31, 2024). This mainly reflected a decline of ¥8,490 million in notes and accounts receivable—trade and contract assets, which was only partially offset by increases of ¥774 million in inventories. Liabilities were ¥33,957 million, down ¥6,244 million from the end of the previous fiscal year. The main reasons for the decline were decreases of ¥4,685 million in notes and accounts payable—trade, and ¥1,538 million in income taxes payable. Net assets came to ¥40,007 million, down ¥856 million versus the end of the previous fiscal year, and the equity ratio was 53.6% (versus 49.8% at the end of the previous fiscal year). This was mainly due to a decline in retained earnings due to dividend payments of ¥976 million, offsetting a ¥170 million increase 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, 2025 (released May 13, 2024), 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, 2024	As of June 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	38,696	38,703
Notes and accounts receivable – trade	21,038	12,547
Electronically recorded monetary claims	541	663
Inventories	3,649	4,423
Other	2,005	2,191
Allowance for doubtful accounts	(2)	(3)
Total current assets	65,929	58,526
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	1,580	1,593
Accumulated depreciation	(706)	(727)
Buildings and structures (net)	874	865
Machinery, equipment and vehicles	7	7
Accumulated depreciation	(6)	(6)
Machinery, equipment and vehicles (net)	1	1
Land	215	215
Lease assets	2,343	2,096
Accumulated depreciation	(1,634)	(1,488)
Lease assets (net)	708	607
Construction in progress	17	28
Other	1,235	1,240
Accumulated depreciation	(865)	(894)
Other (net)	369	345
Total property, plant and equipment	2,187	2,064
Intangible assets		
Lease assets	521	456
Other	1,765	1,989
Total intangible assets	2,286	2,445
Investments and other assets		
Investment securities	4,092	4,294
Long-term loans receivable	20	18
Retirement benefit asset	2,221	2,282
Deferred tax assets	3,450	3,452
Other	917	921
Allowance for doubtful accounts	(39)	(39)
Investments and other assets	10,663	10,929
Total noncurrent assets	15,137	15,439
Total assets	81,066	73,965

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	11,637	6,951
Short-term loans payable	4,747	4,747
Current portion of long-term loans payable	7	7
Lease obligations	605	548
Income taxes payable	1,726	188
Provision for bonuses	2,416	1,127
Other	7,321	8,931
Total current liabilities	28,462	22,502
Noncurrent liabilities		
Long-term loans payable	4,104	4,102
Lease obligations	726	607
Net defined benefit liability	5,563	5,329
Long-term accounts payable – other	535	468
Provision for share awards	617	716
Other	192	231
Total noncurrent liabilities	11,739	11,454
Total liabilities	40,202	33,957
<b>Net assets</b>		
Shareholders' equity		
Capital stock	9,812	9,812
Capital surplus	2,756	2,756
Retained earnings	29,705	28,730
Treasury stock	(2,043)	(2,027)
Total shareholders' equity	40,230	39,271
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,944	2,114
Remeasurements of defined benefit plans	(1,773)	(1,754)
Total accumulated other comprehensive income	171	360
Noncontrolling interests	462	375
Total net assets	40,864	40,007
<b>Total liabilities and net assets</b>	<b>81,066</b>	<b>73,965</b>

(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, 2023	Three months ended June 30, 2024
Net sales	28,128	18,771
Cost of sales	22,781	14,657
Gross profit	5,346	4,114
Selling, general, and administrative expenses	4,648	4,113
Operating income	698	1
Non-operating income		
Interest income	1	0
Dividend income	39	45
Other	13	20
Total non-operating income	55	66
Non-operating expenses		
Interest expenses	24	21
Facility move out expenses	34	—
Loss on termination	17	—
Other	3	4
Total non-operating expenses	80	25
Ordinary profit	673	41
Extraordinary income		
Gain on sale of investment securities	—	31
Total extraordinary income	—	31
Extraordinary loss		
Loss on retirement of non-current assets	0	—
Total extraordinary losses	0	—
Profit before income taxes	673	72
Income taxes	172	39
Profit	501	33
Profit attributable to non-controlling interests	52	32
Profit attributable to owners of parent	448	1

(Quarterly consolidated statement of comprehensive income)

First quarter

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	501	33
Other comprehensive income		
Valuation difference on available for sale securities	355	170
Deferred gains or losses on hedges	(35)	—
Foreign currency translation adjustment	77	—
Remeasurements of defined benefit plans	44	19
Other comprehensive income	442	189
Comprehensive income	943	222
Breakdown		
Comprehensive income attributable to owners of parent	890	190
Comprehensive income attributable to noncontrolling interests	52	32

### (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.

(Changes in accounting policy)

(Application of “Accounting Standard for Corporate, Inhabitant and Enterprise Taxes,” etc. )

From the beginning of the first quarter of the consolidated fiscal year under review, we have applied the “Accounting Standard for Corporate, Inhabitant and Enterprise Taxes” (ASBJ Statement No. 27, October 28, 2022; hereafter the “2022 Revised Accounting Standard”).

For revisions related to the classification of corporate taxes (taxes on other comprehensive income), we are complying with the transitional measures prescribed in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso to Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022). This change in accounting policy has no impact on the quarterly consolidated financial statement.

Further, we have also applied the 2020 Revised Accounting Standard from the first quarter of the consolidated fiscal year under review for revisions related to the treatment in the consolidated financial statements of gains or losses from the sale of shares in subsidiaries, etc. resulting from intra-group transactions, where such gains or losses can be deferred for tax purposes. This change in accounting policy has been applied retrospectively to the quarterly and full-year consolidated financial statements for the previous quarter and the previous consolidated fiscal year. This change, however, has no impact on the quarterly and full-year consolidated financial statements for the previous fiscal year.

(Segment and other information)

**Segment information**

I First quarter of previous year (April 1, 2023, to June 30, 2023)

1. Information on net sales and profit or loss by reporting segment

(Millions of yen)

	Reporting segment			Adjustments (Note 1)	Amount recorded in quarterly consolidated financial statements (Note 2)
	Information Network Solutions	Electronic Devices	Total		
Net sales					
Net sales from external customers	20,445	7,683	28,128	—	28,128
Intersegment net sales and transfers	6	32	39	(39)	—
Total	20,452	7,715	28,168	(39)	28,128
Segment profit	472	216	689	9	698

Notes:

1 Adjustments to segment profit (loss) are elimination of intersegment transactions.

2 Segment profit (loss) is adjusted with operating income (loss) in the quarterly consolidated income statements.

II First quarter in current year (April 1, 2024, to June 30, 2024)

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

(Matters relating to changes in reportable segments)

Previously, the Group reported its earnings results in two reportable segments: Information Network Solutions and Electronic Devices. However, after the transfer of all shares in the four group companies operating the Electronic Devices segment on January 9, 2024, we now operate in the single segment of Information Network solutions.

Because the Group operates in a single segment due to this change, we have omitted segment information for the first quarter of the previous and current consolidated fiscal years.

(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) and amortization of goodwill for the said period are as follows.

(Millions of yen)

	First quarter of previous year (April 1, 2023, to June 30, 2023)	First quarter in current year (April 1, 2024, to June 30, 2024)
Depreciation	390	347
Amortization of goodwill	22	—