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**Consolidated Financial Results  
for the Nine Months Ended December 31, 2024(Under Japanese GAAP)**



January 31, 2025

Company name: Tsuzuki Denki Co., Ltd. Listing Stock Exchange: Tokyo  
 Stock code: 8157 URL: <https://www.tsuzuki.co.jp/>  
 Representative (title): Kazunori Yoshii, Representative Director, President and CEO  
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Scheduled date for dividend payment: —  
 Preparation of supplemental explanatory materials: Yes  
 Results briefing to be held: None

**1. Consolidated Financial Results for the Nine Months Ended December 31, 2024  
(from April 1, 2024 to December 31, 2024)**

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Nine Months Ended December 31, 2024	65,298	(29.8%)	2,400	(39.1 %)	2,520	(36.9 %)	1,736	(58.5 %)
Nine Months Ended December 31, 2023	93,013	12.7 %	3,938	179.8 %	3,992	143.1 %	4,187	330.1 %

Note: Comprehensive income was 2,265 million yen (-55.5%) in Nine Months Ended December 31, 2024; 5,086 million yen (277.3%) in Nine Months Ended December 31, 2023.

	Earnings per share (yen)	Diluted earnings per share (yen)
Nine Months Ended December 31, 2024	96.05	—
Nine Months Ended December 31, 2023	233.19	—

## (2) Consolidated financial position

	Total assets (millions of yen)	Net assets (millions of yen)	Shareholders' equity ratio	Net assets per share (yen)
As of December 31, 2024	76,026	41,318	53.8 %	2,256.48
As of March 31, 2024	81,066	40,864	49.8 %	2,241.85

Reference: Shareholders' equity as of December 31, 2024: 40,886 million yen, as of 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	—	45.00			
Year ending March 31, 2025 (forecast)			—	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 (from 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%)	226.67

Note: Revisions to most recent earnings forecast: None

\*Notes

(1) Changes in significant subsidiaries (which affected scope of consolidation) during the period: 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)	As of December 31, 2024	20,177,894	As of March 31, 2024	20,177,894
2. Number of shares at year end (treasury stock)	As of December 31, 2024	2,058,209	As of March 31, 2024	2,156,334
3. Average number of shares over the period	Nine Months Ended December 31, 2024	18,083,786	Nine Months Ended December 31, 2023	17,957,690

Note: Directors' Compensation Board Incentive Plan (BIP) trust account (356,831 in Nine Months Ended December 31, 2024; 420,447 in year ended March 2024); and Stock-grant ESOP trust account (297,847 in Nine Months Ended December 31, 2024; 332,632 in year ended March 2024).

\*Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm : None

\*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.

(How to obtain supplementary explanatory materials for financial results.)

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

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## 1. Qualitative information on Nine-months results

### (1) Earnings

In the first nine months of the fiscal year ending March 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.

During the nine-month period under review, based on this strategy, we entered into a business alliance agreement with Daiwabo Information System Co., Ltd. and enhanced the functions of our cloud PBX service and cloud CTI service.

In the first nine months of the fiscal year under review, which corresponds to the second year of the current medium-term management plan, net sales were 65,298 million yen (down 29.8% year-on-year), operating income was 2,400 million yen (down 39.1% year-on-year), ordinary income was 2,520 million yen (down 36.9% year-on-year), and profit attributable to owners of parent was 1,736 million yen (down 58.5% year-on-year).

Following the sale of the Electronic Devices business in the previous fiscal year, the Group now operates in a single segment—the Information Network Solutions business. Despite growth in services within the six growth domains, including security and contact center systems, orders and net sales declined year-on-year, partly due to the sale of the Electronic Devices business. Additionally, lower orders and net sales in the equipment business, resulting from the absence of large, one-off projects that had boosted performance in the same period of the previous fiscal year, led to the decline. Despite a decline in SG&A expenses for the Electronic Devices business following its sale, profit decreased year-on-year due to lower sales and unprofitable system development projects. Profit attributable to owners of parent was down sharply year-on-year, as the Company had recorded an extraordinary gain of 1,854 million yen in the same period of the previous fiscal year on the sale of noncurrent assets held by the Company and consolidated subsidiaries to enhance the effective utilization of management resources and asset efficiency.

In the Information Network Solutions segment, orders increased 4.9% year-on-year, while net sales and operating income decreased by 7.6% and 29.9%, respectively.

Results by business model for under review were as follows.

Results by business model

Equipment:

Orders totaled 28,351 million yen (up 8.0% year-on-year), and net sales were 23,917 million yen (down 17.8% year-on-year). While an increasing number of customers in the finance and construction industries, as well as public institutions, adopted the Company's mobile work systems, sales declined due to the absence of large, one-off projects that had boosted results in the same period of the previous fiscal year.

Development and construction:

Orders amounted to 11,871 million yen (up 14.7% year-on-year), and net sales were 10,100 million yen (down 3.0% year-on-year). While system development projects declined year-on-year, network construction orders remained solid for the manufacturing and real estate industries.

Service:

Orders were 31,642 million yen (down 0.9% year-on-year), and net sales were 31,280 million yen (+0.4% year-on-year). Equipment maintenance fee income declined year-on-year due to lower sales in the equipment business, but performance held firm in the six growth domains, a key focus of the medium-term management plan, particularly in security and contact center systems.

\*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 nine months of the fiscal year. Net sales and orders for the Electronic Devices segment for the nine months of the fiscal year ended March 31, 2024, have been omitted, as the Company has transitioned to a single-segment business structure and now operates solely in the Information Network Solutions segment.

(1) Net sales (millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024		
			Versus Nine months of previous year	
Information Network Solutions	70,679	65,298	(5,381)	92.4%
Equipment	29,107	23,917	(5,189)	82.2%
Development and construction	10,415	10,100	(315)	97.0%
Service	31,156	31,280	123	100.4%

(2) Orders (millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024		
			Versus Nine months of previous year	
Information Network Solutions	68,534	71,866	3,331	104.9%
Equipment	26,255	28,351	2,096	108.0%
Development and construction	10,348	11,871	1,523	114.7%
Service	31,931	31,642	(288)	99.1%

(3) Order backlog (millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024		
			Versus Nine months of previous year	
Information Network Solutions	23,713	24,463	750	103.2%
Equipment	14,590	15,002	412	102.8%
Development and construction	4,603	5,256	652	114.2%
Service	4,519	4,204	(315)	93.0%

## (2) Financial position

As of December 31, 2024, total assets stood at 76,026 million yen, down 5,040 million yen from March 31, 2024. This mainly reflected a decline of 5,447 million yen in and accounts receivable - trade and contract assets.

Liabilities were 34,707 million yen, down 5,494 million yen from March 31, 2024. This was primarily due to declines of 1,692 million yen in income taxes payable, 1,146 million yen in provision for bonuses, 817 million yen in notes and accounts payable – trade, 588 million yen in retirement benefit liability, and 357 million yen in lease obligations.

Net assets totaled 41,318 million yen, up 454 million yen from March 31, 2024, and the equity ratio was 53.8% (versus 49.8% as of March 31, 2024). This primarily reflected an increase in retained earnings due to the recording of 1,736 million yen in profit attributable to owners of parent and an increase of 391 million yen in valuation difference on available-for-sale securities. These factors offset the decline in retained earnings due to dividend payments of 1,821 million yen.

## (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 for the nine months 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 December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	38,696	35,147
Notes and accounts receivable – trade and contract assets	21,038	15,591
Electronically recorded monetary claims	541	650
Inventories	3,649	6,778
Other	2,005	2,227
Allowance for doubtful accounts	(2)	(4)
<b>Total current assets</b>	<b>65,929</b>	<b>60,389</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	1,580	1,604
Accumulated depreciation	(706)	(765)
Buildings and structures (net)	874	838
Machinery, equipment and vehicles	7	7
Accumulated depreciation	(6)	(6)
Machinery, equipment and vehicles (net)	1	1
Land	215	215
Lease assets	2,343	1,822
Accumulated depreciation	(1,634)	(1,273)
Lease assets (net)	708	548
Construction in progress	17	28
Other	1,235	1,377
Accumulated depreciation	(865)	(976)
Other (net)	369	401
<b>Total property, plant and equipment</b>	<b>2,187</b>	<b>2,034</b>
Intangible assets		
Lease assets	521	351
Other	1,765	2,114
<b>Total intangible assets</b>	<b>2,286</b>	<b>2,465</b>
Investments and other assets		
Investment securities	4,092	4,621
Long-term loans receivable	20	16
Retirement benefit asset	2,221	2,395
Deferred tax assets	3,450	3,382
Other	917	759
Allowance for doubtful accounts	(39)	(38)
<b>Investments and other assets</b>	<b>10,663</b>	<b>11,136</b>
<b>Total noncurrent assets</b>	<b>15,137</b>	<b>15,636</b>
<b>Total assets</b>	<b>81,066</b>	<b>76,026</b>

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	11,637	10,819
Short-term loans payable	4,747	4,607
Current portion of long-term loans payable	7	4,106
Lease obligations	605	489
Income taxes payable	1,726	34
Provision for bonuses	2,416	1,269
Provision for loss on orders received	–	162
Other	7,321	6,420
<b>Total current liabilities</b>	<b>28,462</b>	<b>27,910</b>
Noncurrent liabilities		
Long-term loans payable	4,104	–
Lease obligations	726	485
Net defined benefit liability	5,563	4,974
Long-term accounts payable – other	535	477
Provision for share awards	617	602
Other	192	258
<b>Total noncurrent liabilities</b>	<b>11,739</b>	<b>6,797</b>
<b>Total liabilities</b>	<b>40,202</b>	<b>34,707</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	9,812	9,812
Capital surplus	2,756	2,756
Retained earnings	29,705	29,621
Treasury stock	(2,043)	(1,914)
<b>Total shareholders' equity</b>	<b>40,230</b>	<b>40,276</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,944	2,335
Remeasurements of defined benefit plans	(1,773)	(1,725)
<b>Total accumulated other comprehensive income</b>	<b>171</b>	<b>610</b>
Noncontrolling interests	462	432
<b>Total net assets</b>	<b>40,864</b>	<b>41,318</b>
<b>Total liabilities and net assets</b>	<b>81,066</b>	<b>76,026</b>

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

Consolidated income statement for the third quarter

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	93,013	65,298
Cost of sales	74,703	50,696
Gross profit	18,309	14,601
Selling, general, and administrative expenses	14,371	12,201
Operating income	3,938	2,400
Non-operating income		
Interest income	11	3
Dividend income	90	104
Foreign exchange gains	40	—
Insurance income	3	72
Dividends income of insurance	0	—
Other	41	73
Total non-operating income	187	254
Non-operating expenses		
Interest expenses	69	66
Facility move out expenses	34	—
Corporate funeral costs	—	17
Loss on cancellation of rental contracts	—	41
Other	30	10
Total non-operating expenses	133	134
Ordinary income	3,992	2,520
Extraordinary income		
Gain on sale of non-current assets	1,854	—
Gain on sales of investment securities	6	31
Total extraordinary income	1,860	31
Extraordinary loss		
Loss on retirement of noncurrent assets	16	6
Loss on valuation of investment securities	33	—
Loss on valuation of golf club membership	1	—
Total extraordinary losses	51	6
Income before income taxes and others	5,801	2,544
Income taxes	1,477	718
Net income	4,324	1,826
Profit attributable to noncontrolling interests	136	89
Profit attributable to owners of parent	4,187	1,736

Third quarter consolidated statement of comprehensive income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net income	4,324	1,826
Other comprehensive income		
Valuation difference on available for sale securities	573	391
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment	52	—
Remeasurements of defined benefit plans	134	47
Other comprehensive income	761	439
Comprehensive income	5,086	2,265
Breakdown		
Comprehensive income attributable to owners of parent	4,949	2,176
Comprehensive income attributable to noncontrolling interests	136	89

### (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 third quarter consolidated accounting period, and multiplying income before income taxes by the estimated effective tax rate.

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

(Changes in accounting policies)

(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 Third quarter consolidated accounting period of previous year (from April 1, 2023, to December 31, 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	70,679	22,333	93,013	—	93,013
Intersegment net sales and transfers	24	93	118	(118)	—
Total	70,704	22,427	93,131	(118)	93,013
Segment profit	3,423	487	3,910	27	3,938

Notes:

1 Adjustments to segment profit are elimination of intersegment transactions.

2 Segment profit is adjusted with operating income in the Third quarter consolidated statement of income.

II Third quarter consolidated accounting period in current year (from April 1, 2024, to December 31, 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 nine months of the current consolidated fiscal years.

(Notes to consolidated statement of cash flows)

The Company has not prepared a consolidated statement of cash flows for the third 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)

	Third quarter of previous year (April 1, 2023, to December 31, 2023)	Third quarter in current year (April 1, 2024, to December 31, 2024)
Depreciation	1,181	1,034
Amortization of goodwill	45	—