

Financial Results for the Fiscal Year Ended March 31, 2025

May 12, 2025

Tsuzuki Denki Co., Ltd.



FY03/25 Earnings Announcement Highlights

FY03/25 Results

- ◆ Operating income reached a record high for the third consecutive year. Achieved most of our medium-term management plan targets one year ahead of schedule.
Despite the sales downturn resulting from the sale of the Electronic Devices business, the Information Network Solutions segment alone secured profit growth.
- ◆ Pricing management and productivity improvement initiatives under the medium-term management plan proved effective, resulting in improved profitability.

FY03/26 Forecast

- ◆ Operating profit target raised from the level originally set when formulating the medium-term management plan.
- ◆ Capture strong customer demand for ICT investment and plan to increase sales and profits.

Shareholder Returns

- ◆ The dividend per share for FY03/25 increased year on year by JPY9 to JPY99, and for FY03/26, JPY100 is planned. Aim to increase dividends for the fifth consecutive year.



01 Summary of Financial Results for the Fiscal Year Ended March 31, 2025

02 Earnings Forecast for the Fiscal Year Ending March 31, 2026

Consolidated Results

- Net sales declined from the previous fiscal year due to a reactionary drop following large-scale special demand. Forecasts were not achieved due to the promotion of selection and concentration on high-quality business negotiations with the aim of improving profitability.
- Operating income reached a record high for the third consecutive year due to successful pricing management, productivity improvements, and a decrease in SG&A expenses. Almost achieved the target of 6.5 billion yen for the final year of the medium-term management plan (FY3 / 26) one year ahead of schedule

(Millions of yen)

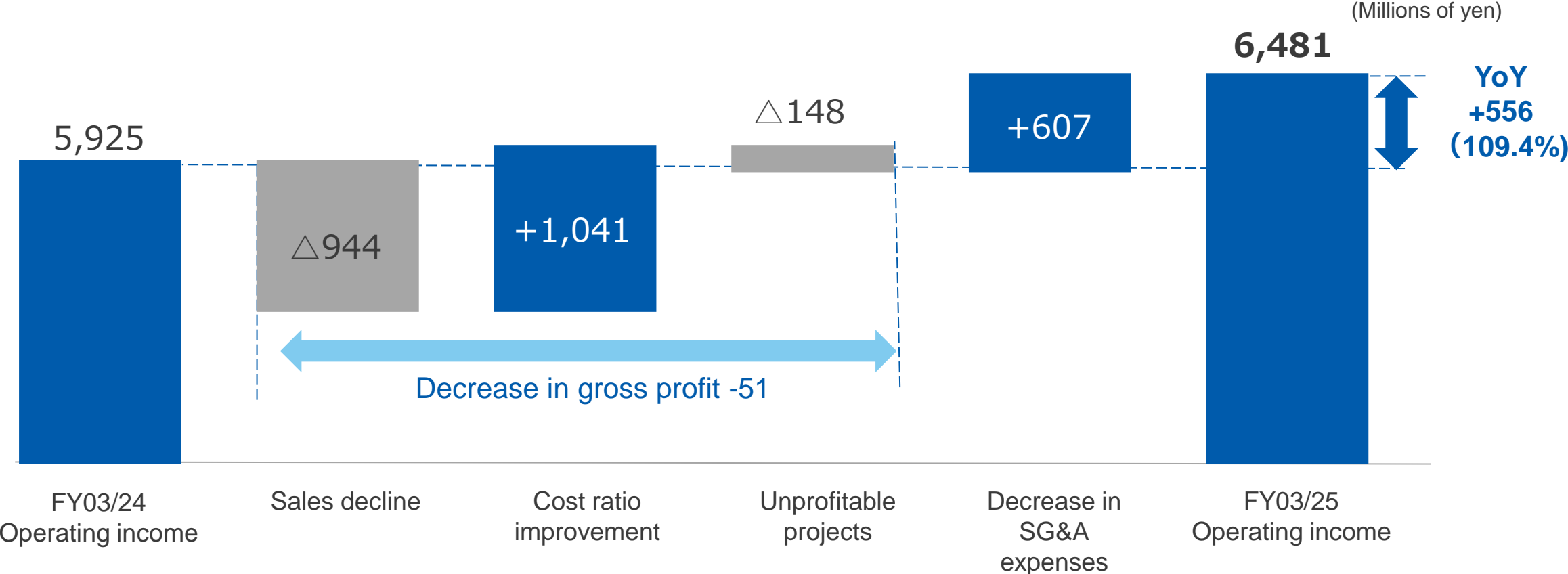
	FY03/24 results (Excluding the Electronic Devices business)	FY03/25		Compared with forecast		Change (YoY)	
		Forecast (announced May 13, 2024)	Result	Change (amount)	Change (%)	Change (amount)	Change (%)
Net sales	102,523	103,000	98,263	△4,737	△4.6%	△4,259	△4.2%
Gross profit	22,716	—	22,665	—	—	△51	△0.2%
(Cost ratio)	(77.8%)	—	(76.9%)	—	—	(△0.9Pt)	—
SG&A expenses	16,790	—	16,183	—	—	△607	△3.6%
Operating income	5,925	6,250	6,481	+231	+3.7%	+556	+9.4%
(Operating margin)	(5.8%)	(6.1%)	(6.6%)	(+0.5Pt)	—	(+0.8Pt)	—
Profit attributable to owners of parent	3,934	4,100	4,764	+664	+16.2%	+830	+21.1%
Orders	94,560	—	100,615	—	—	+6,054	+6.4%
Order backlog	17,895	—	20,246	—	—	+2,351	+13.1%
ROE (Consolidated)	14.5%	—	11.3%	—	—	△3.2Pt	—

(Reference)

- Electronic Devices segment FY03/24 results: Net sales JPY22,333mn, operating income JPY487mn, and orders JPY19,474mn
- Including the Electronic Devices segment FY03/24 results: Net sales JPY124,856mn, operating income JPY6,439mn, and orders JPY114,035mn

Factors Affecting Operating Income

■ <u>Negative</u>	Sales decline	(-JPY944mn)	: Downturn in equipment business sales (absence of special demand seen in FY03/24)
	Unprofitable projects	(-JPY148mn)	: Two unprofitable projects handled in Q3
■ <u>Positive</u>	Cost ratio improvement	(+JPY1,041mn)	: Increased sales and cost reductions through pricing management, productivity improvement contributed
	Decrease in SG&A expenses	(+JPY607mn)	: Decline in personnel costs (due to fewer employees on an increase in retirees)
			Decrease in taxes and dues (incurred high taxes in connection with the sale of fixed assets in FY03/24)

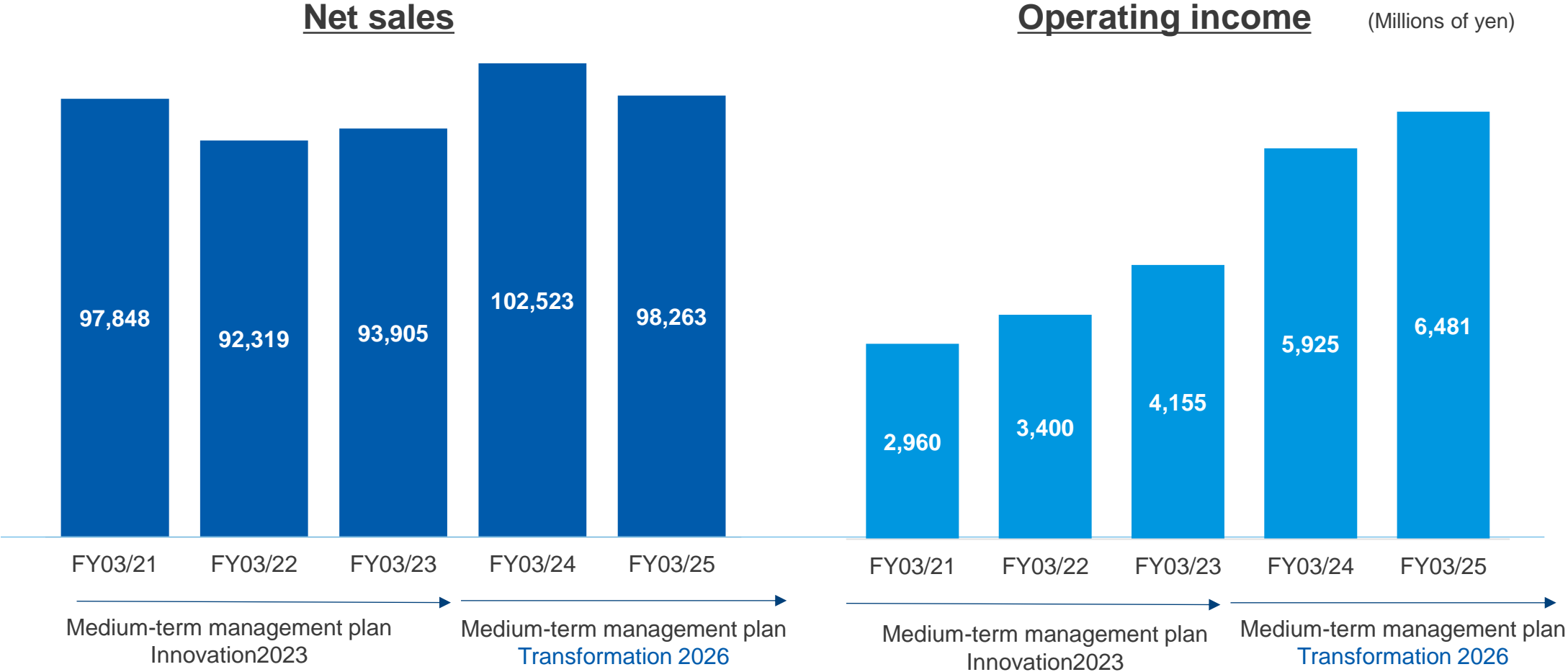


Business Performance

- Net sales:

: Despite promoting selection and concentration on high-quality business negotiations, the level remained high in FY03/25. In FY03/24, there was an increase due to a large-scale special demand project in the equipment business.
- Operating income

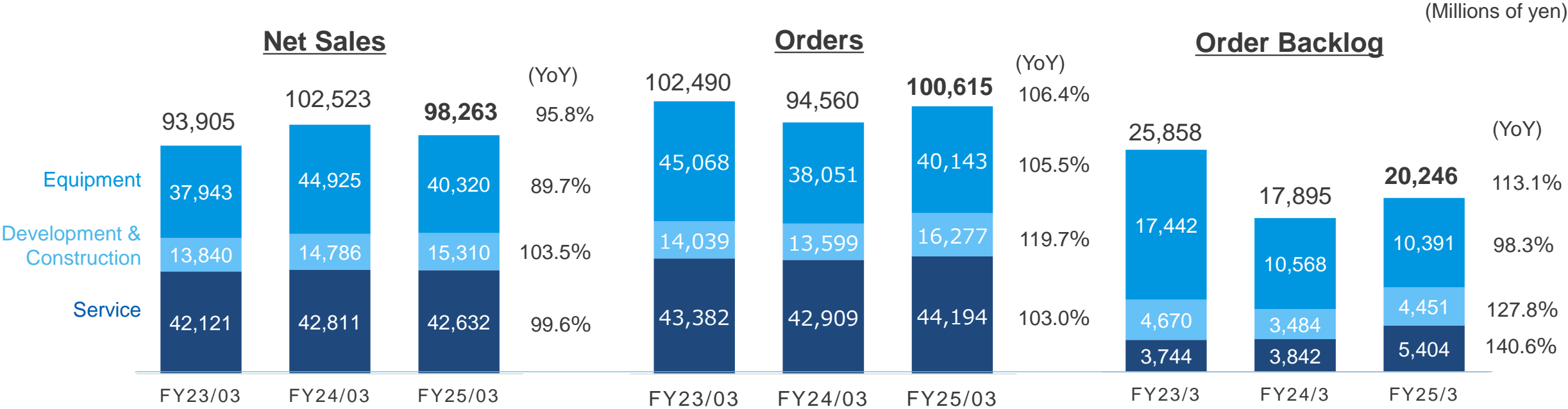
: There was steady growth, driven by cost of sales ratio improved by focusing on high-value-added service business, pricing management, and productivity improvement



Results by Business Model

Orders exceeded the previous fiscal year across all business models

- **Equipment** : Orders were up YoY due to the growth of mobile work systems for Customers in the Financial Services and Construction Industries, but sales declined due to the absence of large-scale, one-time demand projects
- **Development & Construction** : In addition to strong performance in network construction projects for the manufacturing and real estate sectors, the acquisition of numerous contracts for system development projects led to orders, sales, and the order backlog all exceeding the previous fiscal year.
- **Service** : Although the maintenance business declined year on year due to the impact of a downturn in the equipment business, performance in the six growth domains prioritized under the medium-term management plan—particularly in security and contact center systems—remained solid. Additionally, we observed growth in contribution from cloud usage fees and other recurring revenue streams, with both orders and order backlog exceeding the previous fiscal year.





01 Summary of Financial Results for the
Fiscal Year Ended March 31, 2025

**02 Earnings Forecast for the Fiscal Year
Ending March 31, 2026**

FY03/26 Consolidated Earnings Forecast

■ Despite the uncertain business environment, Increase in Net sales, operating income, record-high profits are expected due to the "steady execution of the medium-term management plan" and the "capture of ICT investment demand from customers."

<Review of the initial targets of the medium-term management plan (Announced May 12, 2023)>

• Initial targets for the Information Network Business were revised upward (① in the table).

The consolidated forecast was revised downward due to uncertainty, although the Company aims to cover the loss of the electronic device business by promoting M&A and collaboration (② in the table)

• Operating income was revised upward as the effects of the medium-term management plan measures such as pricing management are expected to continue (③ in the table)

(Millions of yen)

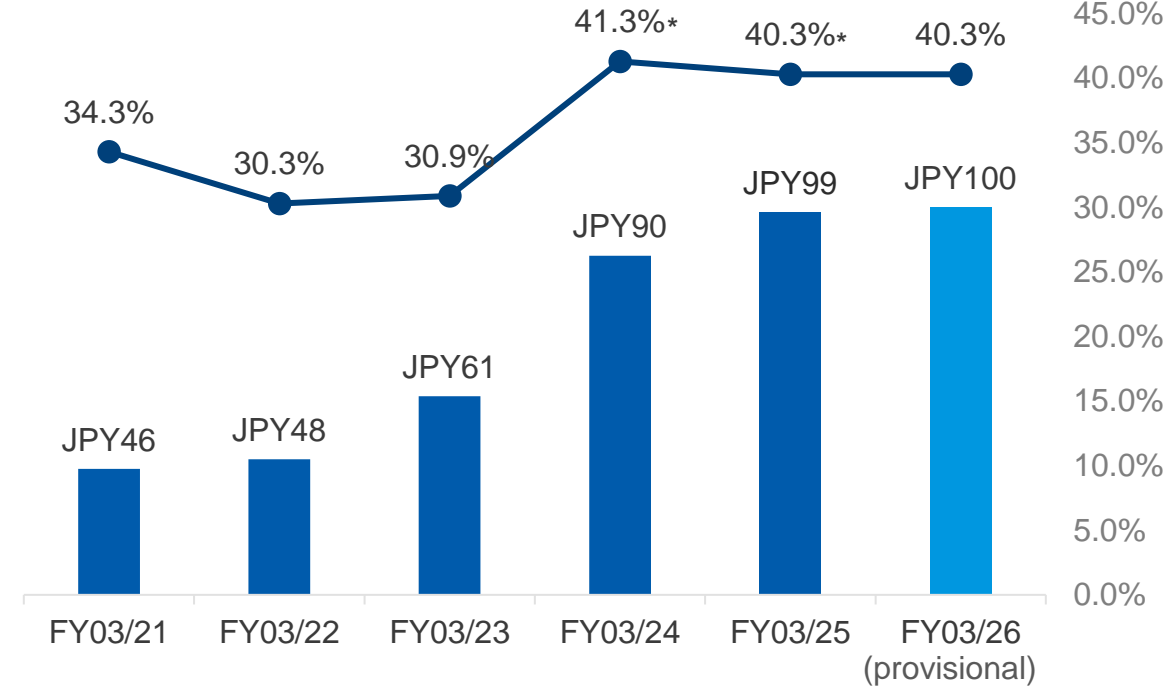
		FY03/25 results	FY03/26		Versus initial target		Change (YoY)	
			Initial target (announced May 12, 2023)	Revised target (announced May 12, 2025)	Change (amount)	Change (%)	Change (amount)	Change (%)
Net sales		98,263	130,000	102,500	② △27,500	△21.2%	+4,237	+4.3%
	Information Network Solutions	98,263	102,200	102,500	① +300	+ 0.3%	+4,237	+4.3%
	Electronic Device	—	27,800	—	△27,800	—	—	—
Operating income (Operating margin)		6,481	6,500	6,700	③ +200	+3.1%	+219	+3.4%
		(6.6%)	(5.0%)	(6.5%)	(+1.5Pt)	—	(△0.1Pt)	—
	Information Network Solutions	6,481	5,500	6,700	+ 1,200	+21.8%	+ 219	+ 3.4%
		(6.6%)	(5.4%)	(6.5%)	(+1.1Pt)	—	(△0.1Pt)	—
	Electronic Device	—	1,000	—	△1,000	—	—	—
		—	(3.6%)	—	(△3.6Pt)	—	—	—
Profit attributable to owners of parent		4,764	—	4,500	—	—	△264	△5.6%

Shareholder Return

Dividend policy: Target dividend payout ratio of 40%, with a minimum DOE of 3.5%
(Profit attributable to owners of parent used for dividend calculation is based on profit from business activities, excluding extraordinary gains/losses, etc.)

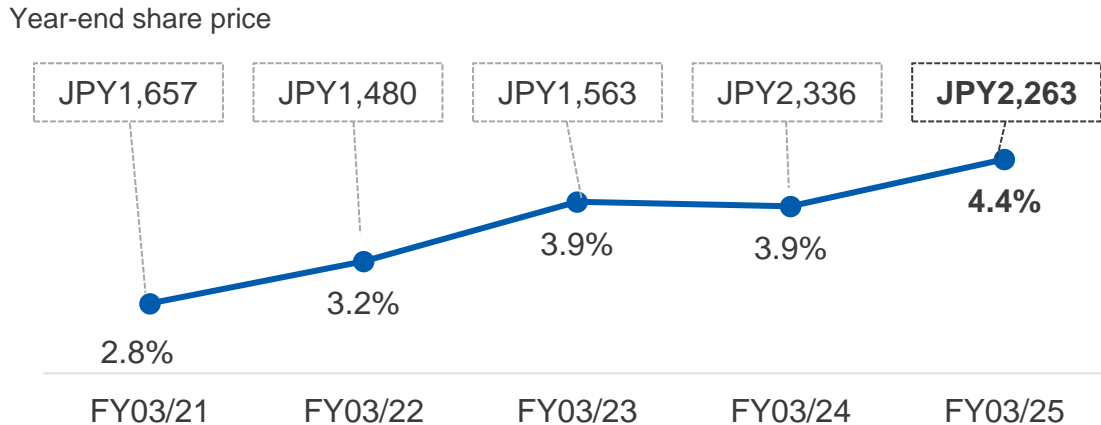
Interim dividend: 50 yen; Year-end dividend: 50 yen
(provisional)

Dividend per share& dividend payout ratio



*Based on profit from business activities. Dividend payout ratio is 29.5% in FY03/24 and 37.6% in FY03/25 based on reported profit attributable to owners of parent

Dividend yield



*Dividend yield = Dividend per share / Share price at the end of the period (final record date)

Shareholder benefits

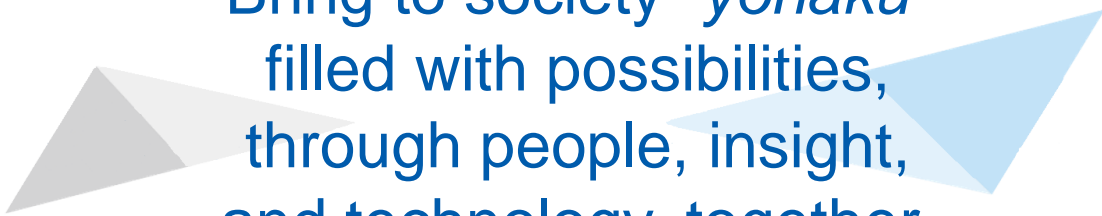
Number of shares held \ Number of years held	Products (including QUO Cards, 13 types in different price ranges)	
	Less than 3 years	More than 3 years
100 shares to less than 300 shares	JPY1,000 worth	JPY2,000 worth
300 shares to less than 1,000 shares	JPY2,000 worth	JPY4,000 worth
1,000 shares or more	JPY3,000 worth	JPY6,000 worth

*If 1,000 shares or more but less than 3 years (worth 3,000 yen) and 300 shares to less than 1,000 shares for more than 3 years (worth 4,000 yen) both apply, it will be treated as 300 shares to less than 1,000 shares for more than 3 years (worth 4,000 yen).

Contact	Tsuzuki Denki Co., Ltd. Management Planning Office
Address	6-19-15 Shinbashi, Minato-ku, Tokyo 105-8665, Japan (Tokyo Art Club Building)
	Phone: 050-3684-7780
	ir-tantou@tsuzuki.co.jp
	https://www.tsuzuki.co.jp/english/

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The text is centered and flanked by two abstract geometric shapes. On the left is a grey triangle pointing right, and on the right is a light blue triangle pointing left. They overlap slightly in the center.

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