Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

May 15,2026

Company name	Tsuzuki Denki Co., Ltd.
Representative	Katsuyuki Yoshida
	Representative Director, President & CEO
Securities code	8157 (TSE Prime Market)
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Notice Regarding Formulation of the Medium-Term Management Plan "Trust & Challenge 2029" and Upward Revision of the Long-Term Vision

Tsuzuki Denki Co., Ltd. ("the Company") announces that it has formulated a three-year medium-term management plan, "Trust & Challenge 2029," starting in the fiscal year ending March 31, 2027, and has revised (upward) the challenge targets set forth in the long-term vision announced on May 12, 2023, as follows.

1. Overview of the Medium-Term Management Plan "Trust & Challenge 2029"

The Group has set Growth Navigator (an organization that navigates growth and creates value together with stakeholders) as its long-term vision through 2032 (i.e., the fiscal year ending March 31, 2033), and is implementing various initiatives with the aim of remaining a company consistently chosen by customers as a partner that leads their growth.

Under the medium-term management plan "Trust & Challenge 2029" — positioned as the second stage toward this long-term vision — the Group will pursue scaling in growth areas and exploration of new areas. By further widening our circle of trust with customers and partners, who have continued to choose us, while accelerating our challenge to enhance corporate value, we will achieve profit growth driven by sales expansion. Through these efforts, we aim to achieve our final-year targets and transform ourselves into a professional services company.

【Initiatives Aimed at Enhancing Corporate Value (Challenges)】

Challenge.1：Transform into a professional services company

- Transition to an AI-native value creation model
- Advance from a product-centric to a service-centric revenue model centered on engineering services

Challenge.2：Enhance corporate value through a virtuous cycle of growth and shareholder returns

- Expand business through growth investments
- Capture discontinuous growth through strategic investments
- Enhance shareholder returns

Challenge.3：Transition to a human resource portfolio that accelerates value creation

- Build a human resources and organizational foundation that maximizes results
- Proactively recruit talent focused on mid-career hires

【Consolidated Financial Targets】

	FY03/2026 Results	FY03/2029 Targets
Net sales	103.7 billion yen	120.0 billion yen
Operating income	8.2 billion yen	12.0 billion yen
ROE	14.0%	14.5% or above
(Reference) Adjusted ROE *i	(12.3%)	(14.5% or above)

[Shareholder returns]

Under the medium-term management plan "Trust & Challenge 2029," the Company has positioned strengthening shareholder returns as a key initiative. Through a revision of its dividend policy, the Company will raise the target consolidated payout ratio*ii from 40% to 60% and the minimum DOE (consolidated dividend on equity) indicator from 3.5% to 6.0%, thereby substantially increasing dividends.

2. Upward Revision of Challenge Targets in the Long-Term Vision

Under the medium-term management plan "Transformation 2026" — the first stage of the long-term vision — the Group's bold efforts to shift resources to growth areas drove a transition to a high-profitability business structure, and operating income substantially exceeded our initial assumptions. Taking into comprehensive consideration the improvement in profit levels and the outlook for further growth, the Company is revising its challenge targets in the long-term vision upward.

【Ambitious targets under the long-term vision】

	FY03/2033	
	Initial Targets (Released on May 12, 2023)	Revised Targets
Net sales	150.0 billion yen	150.0 billion yen
Operating income	10.0 billion yen	**18.0 billion yen**
ROE	15%	**17%**

For details, please refer to the attached materials.

*1 Adjusted ROE is calculated based on profit from business activities, which is profit excluding extraordinary gains and losses from profit.

*2 The profit used to calculate the consolidated payout ratio is based on profit from business activities, which is profit excluding extraordinary gains and losses from profit.

Medium-Term Management Plan
「Trust & Challenge 2029」

Tsuzuki Denki Co., Ltd.
Securities Code ：8157（Tokyo Stock Exchange (Prime Market) / Information & Communication）

May 15, 2026

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Ⅰ. Review of Previous Medium-Term Management Plan Transformation 2026

Ⅱ. Overview of Medium-Term Management Plan Trust & Challenge 2029

- Transforming into a professional services company
- Enhancing corporate value through a virtuous cycle of growth and shareholder returns
- Transition to a human resource portfolio that accelerates value creation

Ⅲ. Numerical Targets, Financial Policies, and ESG

Transformation 2026: Review

TSUZUKI

All financial targets achieved; revenue growth through identified growth markets and resource reallocation, with continued shift toward a high-profit structure

	Targets	FY03/26 results	Variance vs. Target
Net sales	102.2 billion yen	**103.7 billion yen**	**+1.5 billion yen** (101.5%)
Operating profit	5.5 billion yen	**81 billion yen**	**+26 billion yen** (147.3%)
ROE	10% or above	**14.0%**	**+4.0pt**

Drivers of Revenue Growth

- Market expansion driven by strong capital investment demand
- Expansion of six growth areas capturing market momentum
- Increased demand for network infrastructure development
- Increased capture of development and construction projects through expanded engineering resources
- Replacement demand driven by the end of Windows 10 support

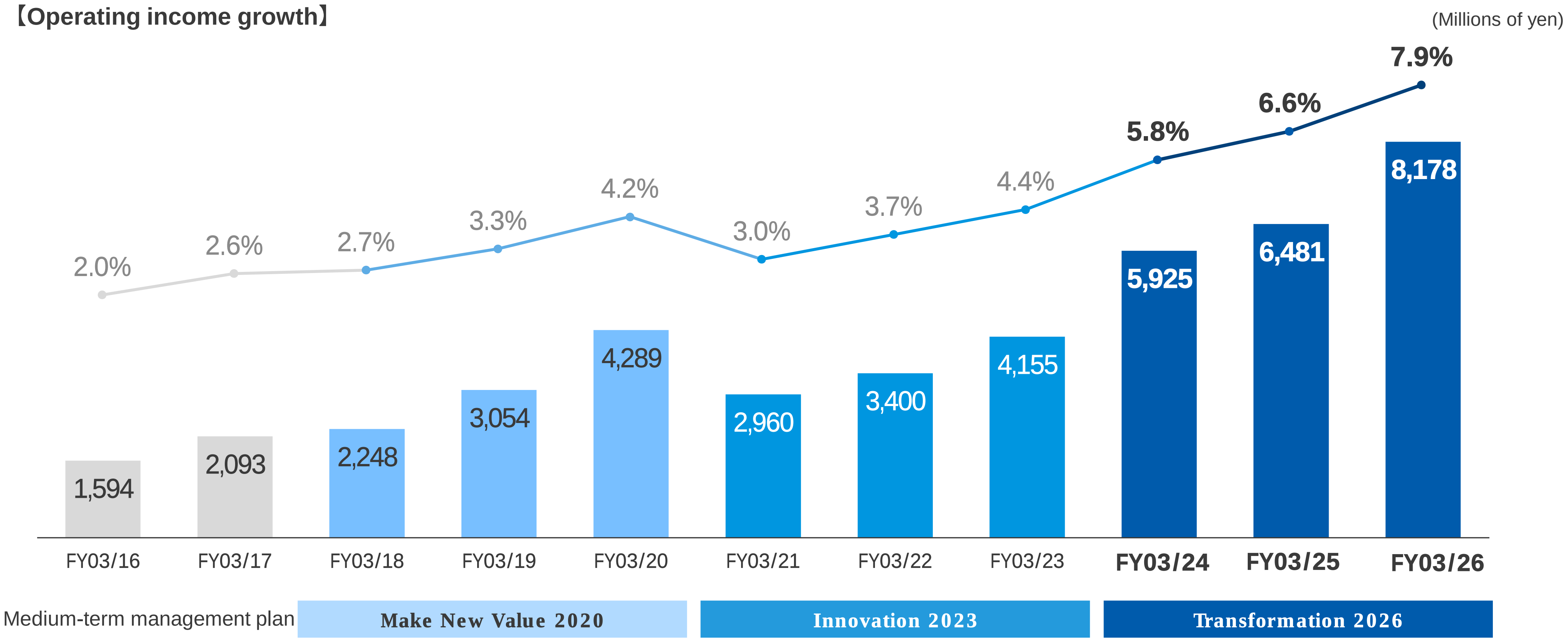
Drivers of Operating Income Growth

- Pursuit of appropriate pricing
- Strengthening profitability screening
- Enhancing productivity through group reorganization
- Preventing the occurrence of loss-making projects through enhanced project management
- Cost improvement and operational efficiency through AI utilization

Trend in operating profit

TSUZUKI

Operating profit continues to improve under profitability-focused management, with the operating margin reaching four times the level of a decade ago



Transformation 2026: Evaluation and Review of Priority Measures

TSUZUKI

Company-wide evaluation

◎
- Executed business structure transformations to become a pure-play ICT company
- Shifted resources to growth areas and transitioned to a high-profitability business structure

Business strategies

◎ Expand growth areas

- In the six growth domains during the three-year plan, net sales grew substantially, by approximately 80%

◎ Increase profitability of existing businesses

- Pricing management and increased productivity through standardization resulted in substantially improved profitability

(GPM of 19.5% in FY03/23 ➡ 24.1% in FY03/26)

◎ Restructure business portfolio and Group companies

- Sold Electronic Devices business
- Enhanced software development capabilities through subsidiary reorganizations, and increased efficiency through functional integrations

Financial strategies

○ Manage finances while being mindful of the cost of capital

- ROE increased on improved profitability, while PBR consistently remained above 1x.
- Abundant growth scenarios

○ Create growth funds through balance sheet optimization

- Sold business and made progress in reducing non-business assets
- Room for improvement in capital and debt structure

△ Optimize capital allocation

- From FY03/24, increased the target payout ratio from 30% to 40%
- Despite increased capacity for strategic investments, none have been executed

Management base reinforcement

○ Proactively invest in human capital

- Executed investments in accordance with plans
- Achieved target number of DX associates

○ Further enhance governance

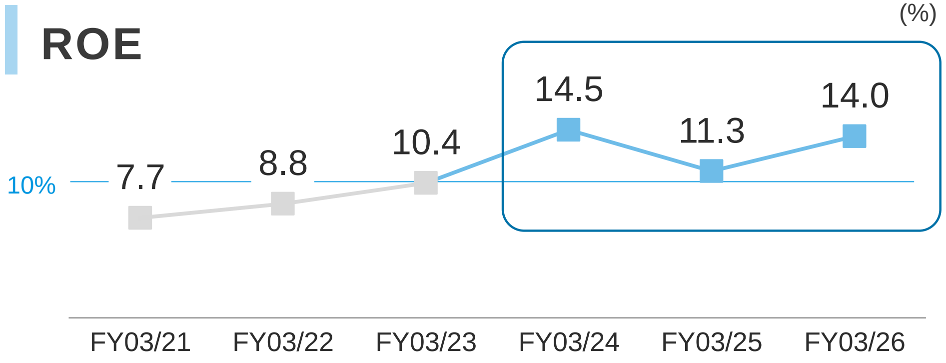
- The Board effectiveness facilitated management improvements
- Reduced cross-shareholdings

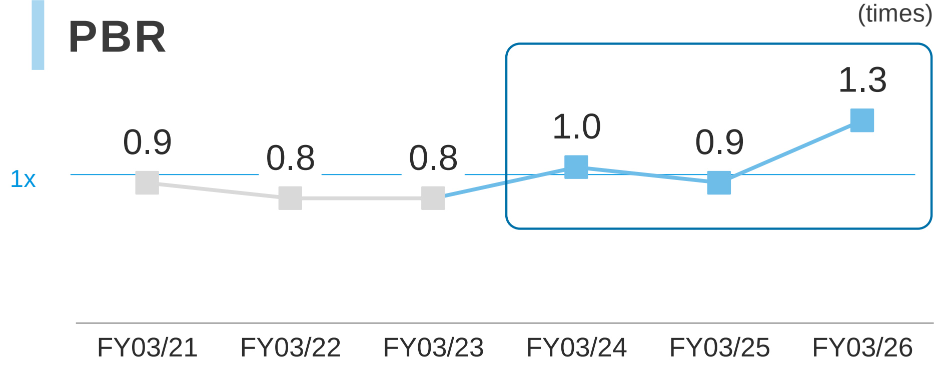
○ Strengthen sustainability efforts

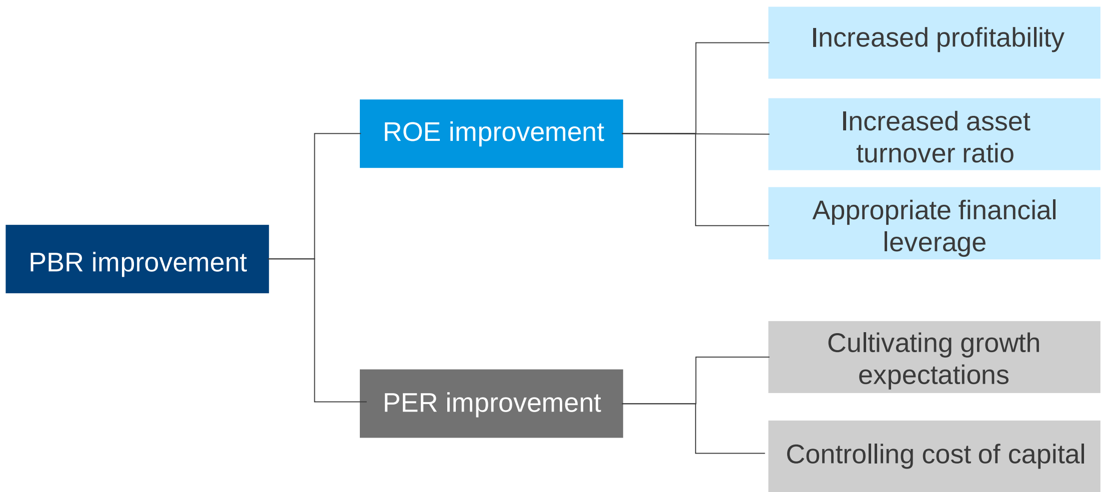
- Repeated the materiality identification process in FY03/25
- Ensured effectiveness through project activities

Transformation 2026: Management Focused on Capital Costs and Share Price

ROE remained at a high level of 10% or above, while PBR continued to improve in line with enhanced performance, various financing initiatives, and proactive IR activities.







【Transformation 2026 initiatives】

Sale of Electronic Devices business	Profitability	Capital turnover ratio
Shifting resources to growth domains	Profitability	Capital turnover ratio
Pricing management	Profitability	
Enhance shareholder returns, payout ratio 30% ➡ 40%	Financial leverage	
Sale of idle assets, shareholdings	Financial leverage	
Proactive IR activities, elimination of information asymmetry	Growth scenario	Capital costs
Share offerings, improved liquidity	Capital costs	
Alliances, new business	Growth scenario	

Ⅰ. Review of Previous Medium-Term Management Plan Transformation 2026

Ⅱ. Overview of Medium-Term Management Plan Trust & Challenge 2029

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Positioning of the Medium-Term Management Plan, Trust & Challenge 2029

TSUZUKI

Three-year plan targeting profit growth through the expansion of sales in growth areas and the development of new business areas

100th Anniversary Growth Navigator

1st Stage

Shift resources to growth areas

Transition to a high-profitability business structure

2nd Stage

Scale growth areas
Develop new business areas

Profit growth driven by sales expansion

3rd Stage

Turn growth areas into core businesses and expand into new areas

Transformation 2026 (FY03/23–FY03/26)

Trust & Challenge 2029 (FY03/27–FY03/29)

(FY03/30–FY03/33)

Transition to the 2nd Stage toward achieving the long-term vision

TSUZUKI

Performance expansion under "Transformation 2026" was driven by capturing market growth and the accumulation of internal transformation initiatives.
Under "Trust & Challenge 2029," we will further advance structural transformation and elevate our growth potential to a new level.

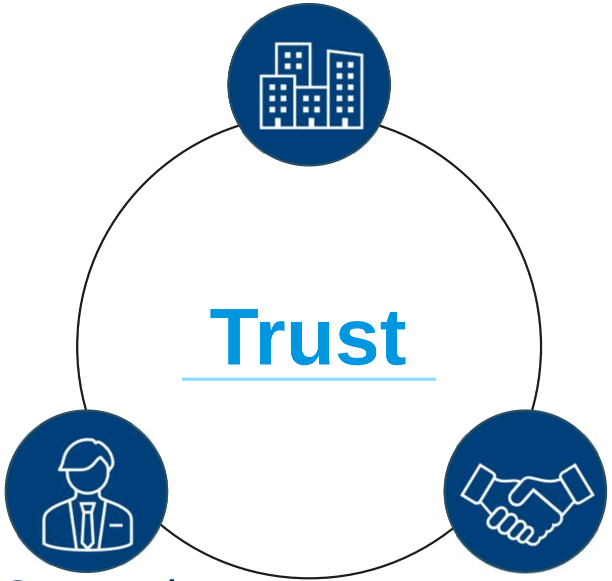
1st Stage 「Transformation 2026」	2nd Stage 「Trust & Challenge 2029」
Resource reallocation to growth areas Expansion of the six growth domains	Advancing our growth strategy through the Expansion of high-value-added engineering services
Expansion of engineering resources Strengthening development and implementation capabilities	Strengthening talent acquisition and evolving our partner strategy to further expand engineering resources
Pursuit of appropriate pricing, rigorous profitability management, and operational efficiency Transformation into a high-profit business structure	Transition to AI Native and enhance project throughput through capacity expansion

Medium-Term Management Plan Trust & Challenge 2029

TSUZUKI

Further expand the circle of trust earned from customers while proactively taking on challenges to enhance corporate value

Customer base: 20,000 companies
Customers



Careers / Professionals
Professionals who share the same values

Partners
Over 2,000 co-creation partner companies

Challenges (new initiatives)

Challenge 1

Transform into a professional services company

Challenge 2

Enhance corporate value through a virtuous cycle of growth and shareholder returns

Challenge 3

Transition to a human resource portfolio that accelerates value creation

Initiatives Aimed at Enhancing Corporate Value (Challenges)

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Perspectives on the Advancement and Societal Integration of AI Technology

TSUZUKI

The accelerating deployment and social integration of AI technologies are profoundly changing the business environment. For Tsuzuki Denki, which possesses technical expertise as both a system integrator (SI) and network integrator (NI), coupled with deep customer understanding and industry knowledge, this creates an expanding array of new growth opportunities.

Changes in the business environment due to AI

The AI productivity revolution

The adoption of AI has resulted in massive advances in software development productivity.
The SI competitive landscape is changing, driven by a shift toward in-house development and other trends.

Expanding infrastructure demands

The need for network infrastructure development is growing.

Changing value demanded of system development

As AI-driven automation advances, the relative value of simple development and construction tasks is declining.

At the same time, the importance of overall design based on customer understanding and industry expertise is growing.

Impact on Tsuzuki Denki

AI will enhance proposal and development efforts

The use of AI will improve development productivity, enhance the quality and speed of proposals, and expand opportunities to acquire orders.

Increasing infrastructure development needs are growth opportunities

As demand for network infrastructure development grows, our construction capabilities will serve as the initial point of customer contact.

The value of overall designs based on customer understanding × industry knowledge will increase

Amid growing demand for comprehensive designs based on customer understanding and industry knowledge, our ability to provide integrated engineering services will serve as the core of value creation.

Transitioning to an AI-Native Value Creation Model

AI as a tool

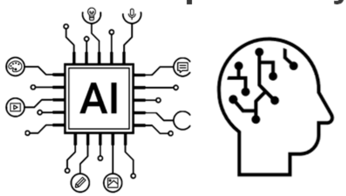
AI used as a supplementary tool

Streamlines and automates individual tasks

Supports document creation and analysis

From “use” to “work with”

Partners who think and work independently



AI native

AI-centric operations, processes, organizational designs

Redefines the division of labor between AI and humans

AI-driven service and product designs

Resolutely promote AI-centric transformations in all areas

Business processes

- Automate routine tasks
- Enhance decision-making
- Redesign and standardize business processes

Business models

- Enhance and individualize value propositions
- Redesign service provision models
- Enhance sales methods and business processes

Organizational culture

- Promote workstyles incorporating collaboration with AI as a colleague
- Redesign human resource requirements, development, and evaluation systems
- Promote a culture that encourages taking on challenges and efforts to improve

From Transforming Internal Processes with AI to Creating Customer Value

TSUZUKI

Internal practices → **Monetizing knowledge** → **Creating value for customers**

Maximizing human value

Design business processes incorporating AI

Collaborate with AI agents as colleagues

Implement AI personal modeling

Define and develop AI-proficient human resources

Improving the ability to create added value

Expand the breadth of development capabilities

Reduce management costs through structural changes (increase the proportion of creative work)

Newly acquired intellectual assets

Acquire practical knowledge of the AI implementation process

Develop user case services

Acquire cutting-edge technologies through partner collaborations

Existing intellectual assets

Technological expertise

Deep customer understanding and industry knowledge

Capturing new needs

Support the transition to AI Native business processes

Enhance and improve order fulfillment capabilities with capacity expansion

Increasing the added value of existing solutions

Incorporate AI into proprietary products

Expand support for contact center enhancements

Project turnover rate *1

FY03/26 → FY03/29 target: **+20%**

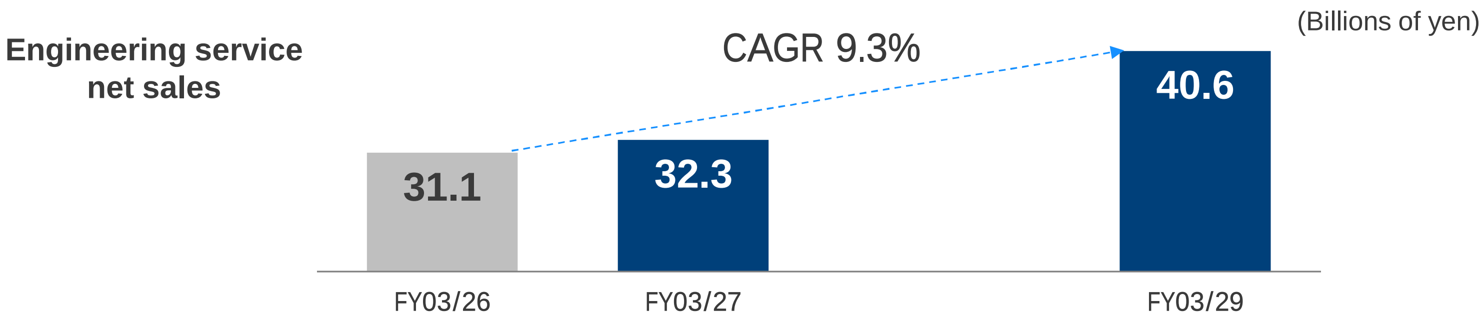
Administrative Functions Revenue Productivity*2

FY03/26 → FY03/29 target: **+20%**

*1 Project Turnover Rate = Engineering Services Revenue / Ending Number of Engineers

*2 Administrative Functions Revenue Productivity = Revenue / Ending Number of Administrative Personnel

Advancing Toward a Service-Centric Earnings Model Centered on Engineering Services



Engineering services Services incorporating IT and cloud solutions for implementation and operations

Products IT products and services providing the functions required for business operations as standalone solutions

Optimally assemble products and technologies to maximize value through engineering

Our strengths

- Advanced system/network integrator technological capabilities
- Proposal and coordination capabilities
- Powerful partner
- Multi-vendor (optimal selection)

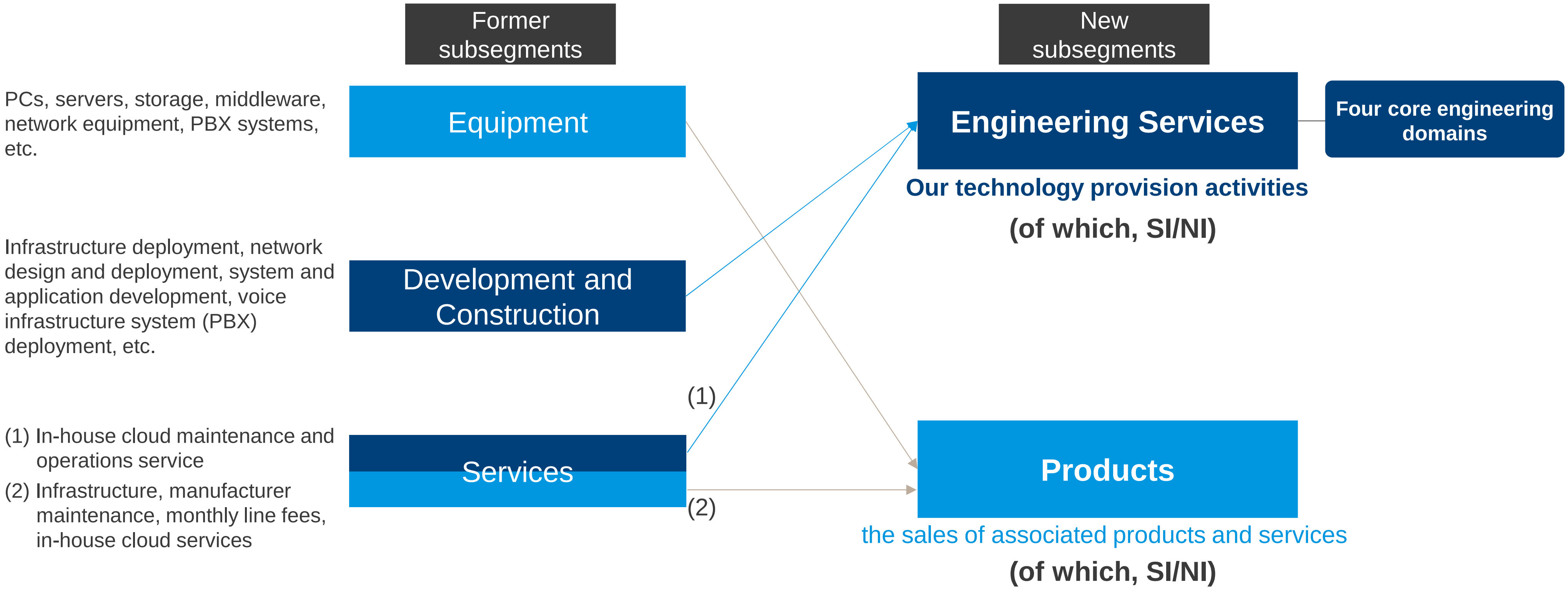
Expanding sources of value

- Mid-career recruiting of highly specialized professionals
- Reskilling
- Expanding and advancing collaborations with partners

Further enhance competitive advantages and evolve our earnings structure to drive market expansion and profit growth

Revamping Subsegments to Achieve Strategies

We categorize our technology provision activities into Engineering Services, and the sales of associated products and services into Products. In addition, within each category, we disclose SI/NI sales and the recurring-revenue ratio*, which is an indicator of stable earnings.



*Recurring-revenue ratio is disclosed solely on the basis of actual results.

Four Core Engineering Domains

TSUZUKI

We have identified four core engineering domains as key growth areas where we have competitive advantages and can expand earnings by enhancing and broadening the value we provide, starting with Engineering Services.

(: Core domains)

Strengthening implementation and proposal capabilities based on deep customer understanding

(1) D-VUE®
DX introduction support service

(2) Cybersecurity
Management support service

Consulting services

IT platforms

Networks & security

CX communication platforms

Business applications

Other business domains

A I-N a t i v e

AI-native initiatives driving substantial improvements in value provision

(1) Improved earnings

(2) Increased orders

(3) Added value

Improved upstream functions

(DX consulting sales approximately six times higher than during previous medium-term management plan)

×

Partner strategies

Expanding capacity through efficiency and speed improvements, while addressing requests for advanced features and additional functionality

Promoting Market Strategies Centered on Engineering

TSUZUKI

Expanding white-space opportunities within key accounts

Market perspective

Major customers: 100 companies
Serviceable obtainable market:
8.0 billion yen

Target customers: 200 companies
Serviceable available market:
46.0 billion yen (estimate)

46.0 billion yen

8.0 billion yen

The gap between the serviceable available market and the serviceable obtainable market is defined as white space*

Average revenue per company (FY03/2026 actual): 130% vs. FY03/2023
Vast, accessible market, offering ample room for growth and expansion

Initiatives and KPIs

Increase average sales to major customers

Average sales per company

FY03/23–FY03/26
530 million yen

FY03/29 target
610 million yen

*White space: Cross-sell and up-sell target areas

Cultivating the SME market through enhanced offerings

Market perspective

Normal access customers
2,600 companies

Leverage knowledge and insights to capture the mass market in specific sectors

Industry A

Domain A

Business applications	CX communication platform	NW/security
Logistics industry	Contact center system	Secure network
TCloud for SCM	CT-e1 SaaS	Smart product model

Initiatives and KPIs

Increase active customer numbers and create new proposals

Active customers

Current
2,600 companies

FY03/29 target
3,100 companies

IT Platforms

TSUZUKI

A growth driver underpinning the development and operation of IT platforms across both on-premises and cloud environments, and serving as the foundation for business applications

By increasing touchpoints in upstream processes, we aim to provide additional engineering services.

Results to date/growth opportunities

(1) White-space opportunity in engineering services

Product sales in this area grew substantially during the previous medium-term management plan (MTMP) period.

Product sales
CAGR (FY03/23–FY03/26)
15.8%

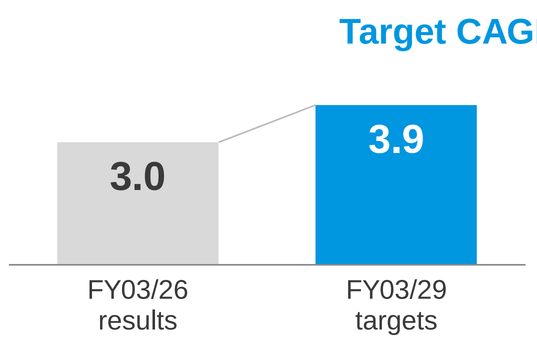
(2) Increased engineering resources

Redefined Group formation under the previous MTMP, and integrated, consolidated, and expanded engineering resources

Engineering resources vs. FY03/23
+50%

Numerical targets (sales)

(Billions of yen)



Main initiatives

(1) Increase the engineering attach rate

(2) Reallocation of engineers to drive expansion of managed services

Network & Security

Security countermeasures centered on network construction and network security

Expand resources in areas with strong competitive advantage, and capture market share through the development of new markets

Results to date/growth opportunities

(1) Achieved growth surpassing market growth rate

Leveraging the competitive advantage of providing end-to-end services—ranging from the fundamentals of telecommunication infrastructure (wiring and facility construction) to ongoing operations—we achieved growth that outpaced the market growth rate during the previous medium-term management plan (MTMP) period

Engineering service net sales
CAGR (FY03/23–FY03/26) 20.3%

(2) Increased engineer numbers

Successfully acquired talent through proactive recruiting during the previous MTMP period

Engineers: +18% from FY03/23

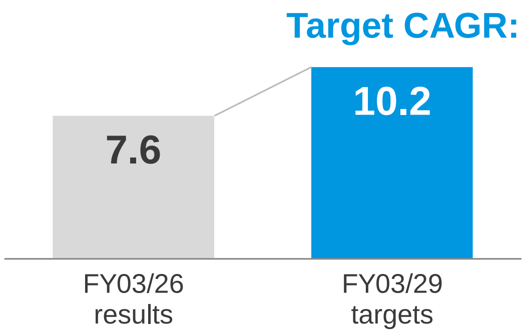
(3) High market growth rate

Given rising security risks, high growth rates are expected to continue

Market CAGR* (FY25–28) 6.5%

Numerical targets (sales)

(Billions of yen)



Main initiatives

(1) Further increase engineer numbers

(2) Cultivate new customers, the core starting point for deepening engagement in white spaces

* Calculated in-house based on relevant segments extracted from Gartner Market Forecast data.

CX Communication Platform

TSUZUKI

Unified Communications (UC) and Contact Centers (CC)

Drive growth through cross-selling by leveraging our strengths in both Unified Communications and contact center technologies, together with priority platforms

Results to date/growth opportunities

Unified Communications (UC)

(1) Existing PBX customer base

Potential future need for transition to cloud services

Active customers: 1,000 companies

Contact Centers (CC)

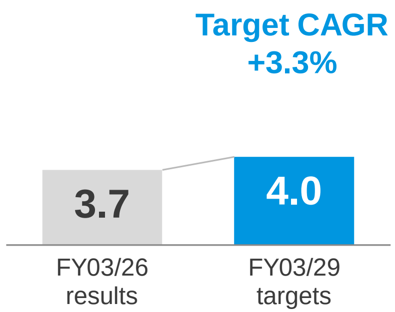
(2) Increased added value in line with margin expansion

Average project value grew significantly under the previous medium-term management plan (MTMP)

Average project value under the previous MTMP
(versus FY03/21–FY03/23)
+22%

Numerical targets (sales)

(Billions of yen)



UC

Target CAGR +0.5%

2.8 ▷ 2.8

CC

Target CAGR +11.4%

0.9 ▷ 1.2

Main initiatives

UC

(1) Create cloud PBX packages and establish a delivery model

CC

(2) Achieve differentiation and expand scale via AI orchestration engineering*

*AI orchestration engineering: A system in which an orchestrator coordinates and manages multiple AI models and agents to autonomously complete complex business processes.

Business Applications

TSUZUKI

Development and provision of packaged services (T-Cloud series, medical systems, ERP), as well as custom system development and maintenance services

Convert consulting outcomes to new orders, reinforce the packaged services business, and increase per-customer sales for customized systems

Results to date/growth opportunities

(1) Expanded sales from upstream consulting services

During the previous medium-term management plan (MTMP) period, DX Consulting grew substantially, potentially shifting orders to downstream processes

DX Consulting service sales

(Previous MTMP/one of the six growth domains)

Approx. 6x versus FY03/23

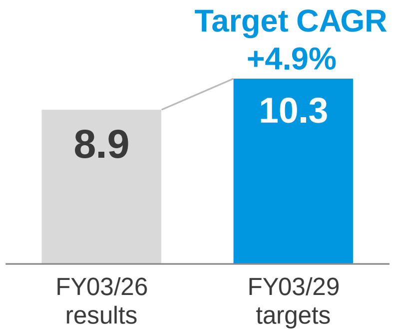
(2) Enhanced ability to support both package and scratch development

Broad scope of applications for our accumulated industry insights, demonstrated by both converting individual projects into orders and developing packaged services that can be deployed horizontally

TCloud for SCM　TCloud for Smart青果　TCloud for Smart賃貸

Numerical targets (sales)

(Billions of yen)



Standard-compliant app *1

Target CAGR +5.9%

3.8 ▷ 4.5

Customer-specific app *2

Target CAGR +4.2%

5.0 ▷ 5.7

Main initiatives

Standard-compliant app *1

(1) Establish a packaged service development business optimized according to customer scale

Customer-specific app *2

(2) Focus efforts on corporate planning, design, and project management, and optimize roles within the Group

*1.Standard-compliant app: Applications provided as standardized functionalities based on business requirements common across multiple customers.
*2.Customer-specific app: Applications individually designed and developed in accordance with the business processes and requirements of specific customers.

Promoting Partner Strategy within Engineering Enhancement Efforts

TSUZUKI

An orchestrator that implements and embeds optimal technologies tailored to customer needs as part of an ecosystem strategy to expand value creation

Establish a joint value model	Establish an ecosystem enhancement cycle	Co-create with market leaders in the SME market
Strategy overview	**Strategy overview**	**Strategy overview**
Depth of customer understanding = Market size Optimal combination of technologies = Value creation	An upcycling model where appealing packaged services attract partners with strong technical expertise	Cultivating new domains created alongside market leaders
Detailed measures	**Detailed measures**	**Detailed measures**
Partner engagement aligned with sales opportunity generation ▼ Identify and visualize untapped opportunities for each customer, creating value and bringing potential opportunities (white spaces) to market through the formation of optimal partner teams	Refine packaged services based on partner feedback Attract new partners with compelling packaged services	Market leaders Trait: Strong proprietary products Aim: Expand market share × Tsuzuki Denki Trait: Existing customer base, access to wide variety of industries Aim: Expand into new business application domains

Ⅰ. Review of Previous Medium-Term Management Plan Transformation 2026

Ⅱ. Overview of Medium-Term Management Plan Trust & Challenge 2029

- Transforming into a professional services company
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Ⅲ. Numerical Targets, Financial Policies, and ESG

Enhancing Corporate Value through a Virtuous Cycle of Growth and Shareholder Returns

TSUZUKI

We will **enhance corporate value** and **expand total shareholder returns (TSR)** by improving earnings power through **growth investments**, driving inorganic growth through **strategic investments**, and strengthening **shareholder returns**.

Growth investments

A scale of **7.0** billion yen

Improve earnings power

Strategic investments

A scale of **40.0** billion yen

(includes funding procurement through borrowings)

Inorganic growth

Shareholder returns

Payout ratio 40% ► **60%**

Minimum DOE 3.5% ► 6.0%

Increased dividends

Corporate value enhancement

TSR expansion

Improving Earnings Power through Growth Investments

TSUZUKI

Execute strategic investment allocation to strengthen engineering services

Growth investment A scale of 7.0 billion yen

Human capital	Increase staff numbers through enhanced recruiting efforts and improve benefits Invest in human resource development to create a human resource portfolio and reform HR systems
Technologies	Promote product and service developments, R&D
Internal IT / AI	Modernize and unify Group IT and security infrastructure/Enhancement

Investment allocation approach

Expand engineering resources

- Expand recruitment, and attract specialized and skilled human resources
- Provide competitive compensation packages

Enhance internal systems in line with changes in the business environment

- Strengthen deal management functions
- Enhance and Monitoring of Group business management

Strategic Investments for Inorganic Growth

TSUZUKI

Employ multi-layered investment strategies tailored to specific growth phases and objectives to proactively seize opportunities for discontinuous growth

Strategic investment

A scale of 40.0 billion yen (includes borrowings)

【 Purpose 】

- Expand business domains
- Quickly identify new technologies and techniques, acquire future options
- Enhancing value creation, Complementing internal assets

M&A
Capital and business alliances
Leveraging venture capital

Four criteria for selecting potential candidates

Ⅰ Strategic fit (value chain enhancement/supplement)

Ⅱ Scale expansion (increased sales and profit)

Ⅲ Cash cow model (strengthen recurring-revenue businesses)

Ⅳ Adjacent domains/territory expansion

M&A Decision-Making Criteria

TSUZUKI

Decision-making criteria

Maintain financial discipline	**Equity ratio: 40–50%** **Net debt-to-equity ratio: Under 0.4x**
Payback period rationale	**Making a comprehensive assessment based on synergies and excess returns**

M&A capital structure

Aim for ROE improvement through effective utilization of capital and an optimal capital structure

Cash utilization × **Appropriate leverage** = **Improved capital efficiency (ROE)**

Enhancing Shareholder Returns

TSUZUKI

As profits grow, shareholder returns continue to rise.
Under the new medium-term management plan, we will revise our dividend policy to further strengthen shareholder returns and increase dividends for the sixth consecutive fiscal year.

Dividend policy

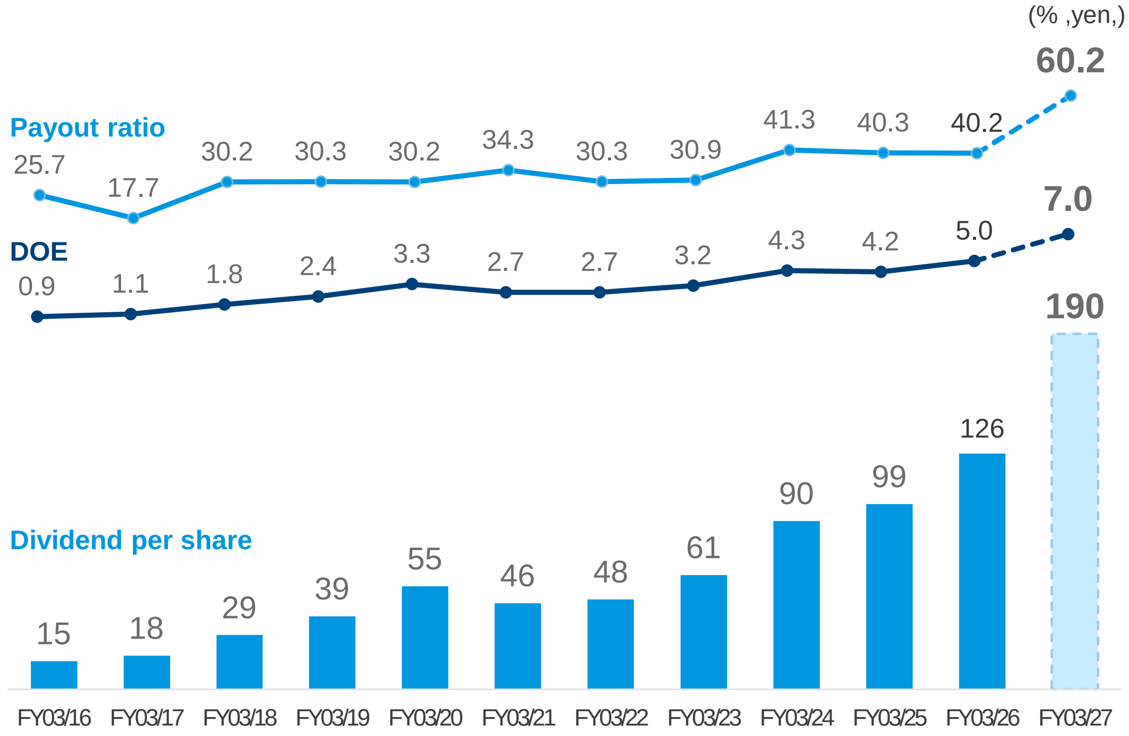
Payout ratio *Based on profit from business activities

40% ▶ **60%**

DOE (dividend on equity ratio)

3.5% ▶ **6.0%**

Annual dividend per share, Dividend payout ratio, and DOE



Ⅰ. Review of Previous Medium-Term Management Plan Transformation 2026

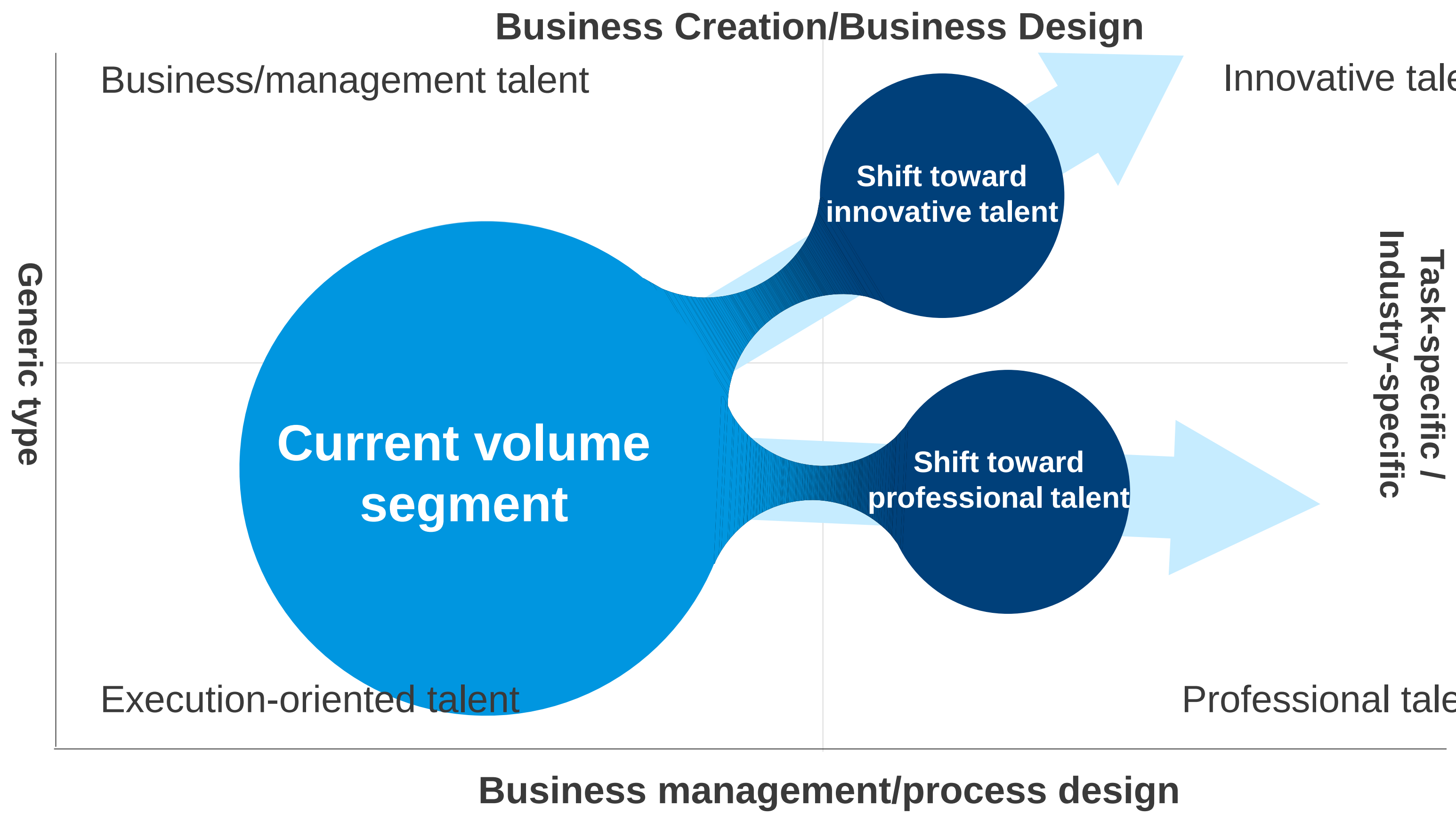
Ⅱ. Overview of Medium-Term Management Plan Trust & Challenge 2029

- Transforming into a professional services company
- Enhancing corporate value through a virtuous cycle of growth and shareholder returns
- Transition to a human resource portfolio that accelerates value creation

Ⅲ. Numerical Targets, Financial Policies, and ESG

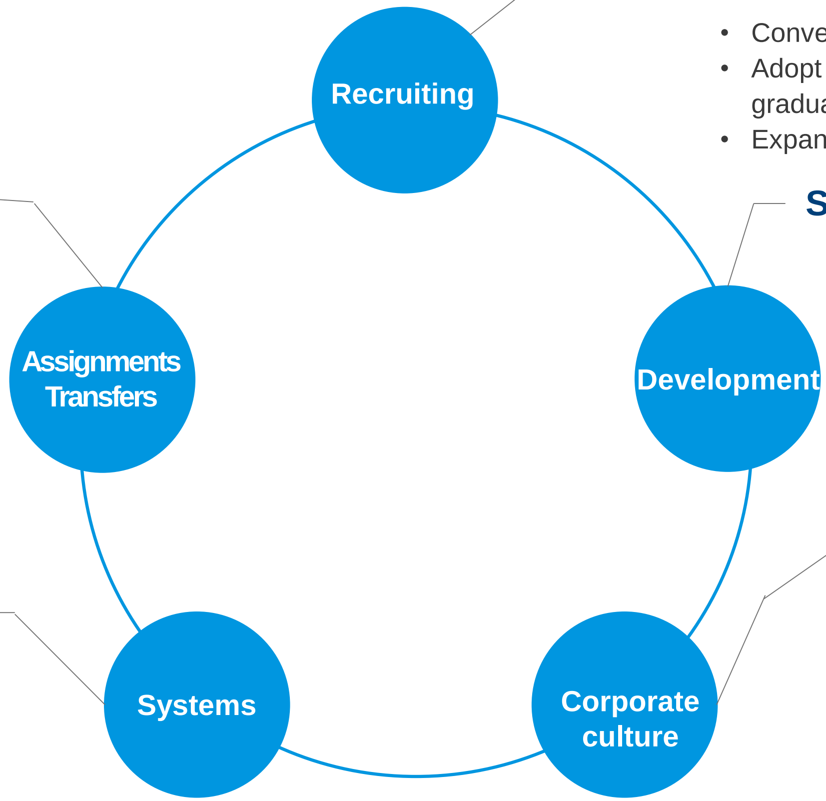
Transitioning to a Human Resource Portfolio that Accelerates Value Creation

Enhancing the skills of young employees and revitalizing veteran staff through reskilling, promoting human resource portfolio transformation toward innovative and professional talent who will accelerate value creation



Cultivating a Human Resources and Organizational Foundation that Maximizes Results

Formulating talent and human resource strategies aimed at expanding the engineering business, enhancing both talent and organizational capabilities



Secure talent for business growth

- Convey appeal through recruitment branding
- Adopt proactive approach to recruiting individuals (new graduates)
- Expand recruiting channels (mid-career hires)

Support career autonomy/reskilling

- Redefine human resources
- Conduct HR development in focus areas
- Provide e-Learning and various other training measures aimed at autonomous career formation

Cultivate a corporate culture that encourages diverse talent to play active roles and take on challenges

- Revamp employee engagement survey
- Promote D&I through the Colorful Value Project
- Conduct awareness activities aimed at fostering a culture of health

Maximize talent capabilities through optimal assignments

- Assign talent to strategic domains in line with organizational strategies
- Explore human resource transfer mechanisms supporting autonomous career formation

Develop mechanisms encouraging the taking on of challenges, growth, and customer value creation

- Transition to a new human resource system focused on results and growth facilitating the active participation of a diverse range of talent

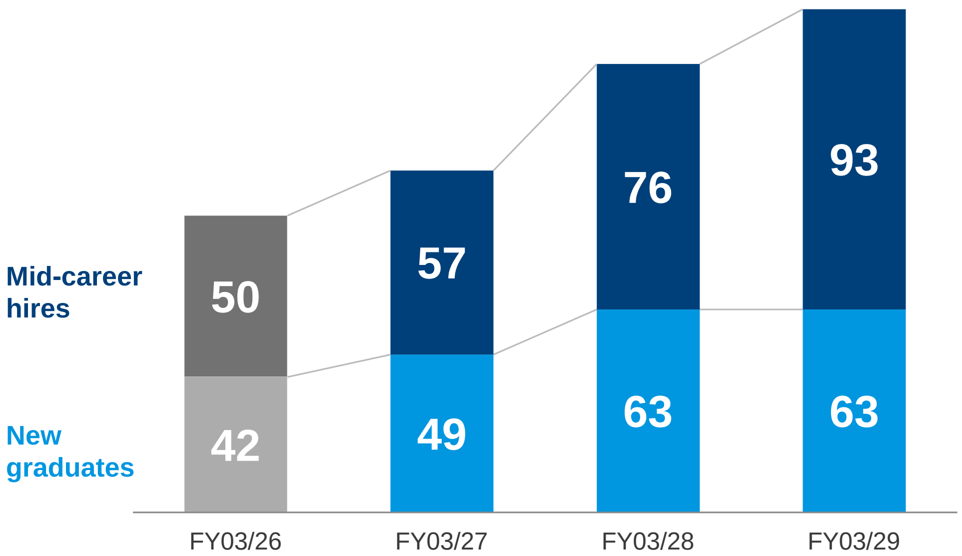
Recruitment Plans, Results, and Approach

TSUZUKI

Our approach is to expand recruitment targeting both new graduates and mid-career hires, emphasizing our high levels of compensation and the growth potential of our businesses, with a primary focus on securing the mid-career professionals essential for business expansion.

Recruits

(people)

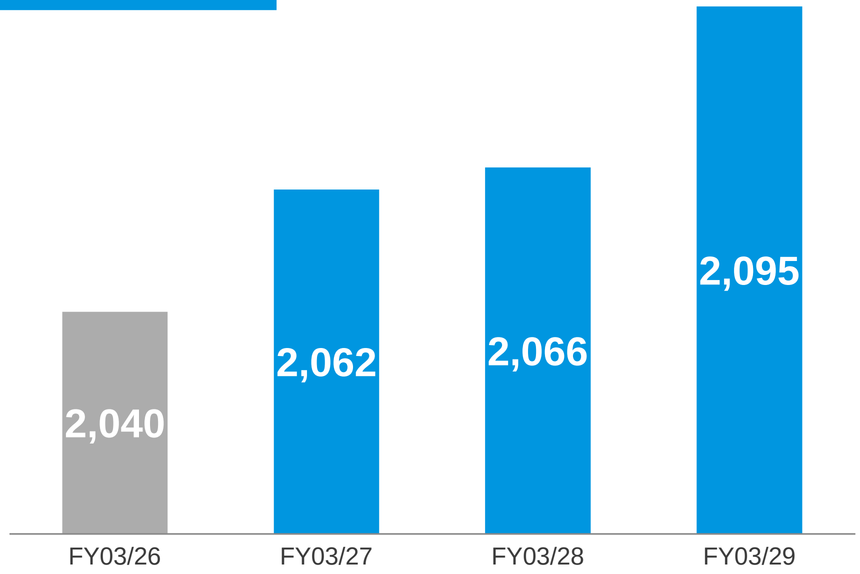


Mid-career hires Acquiring cutting-edge technological capabilities

New graduates Carrying corporate culture forward

Employees

(people)



Continuing to recruit at a rate exceeding the attrition rate due to retirement and other factors
Achieving a net increase in employee numbers

Ⅰ. Review of Previous Medium-Term Management Plan Transformation 2026

Ⅱ. Overview of Medium-Term Management Plan Trust & Challenge 2029

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Ⅲ. Numerical Targets, Financial Policies, and ESG

Ambitious Targets Under the Long-Term Vision and Medium-Term Management Plan Trust & Challenge 2029

TSUZUKI

Ambitious targets under the long-term vision (FY03/33; revised upward)

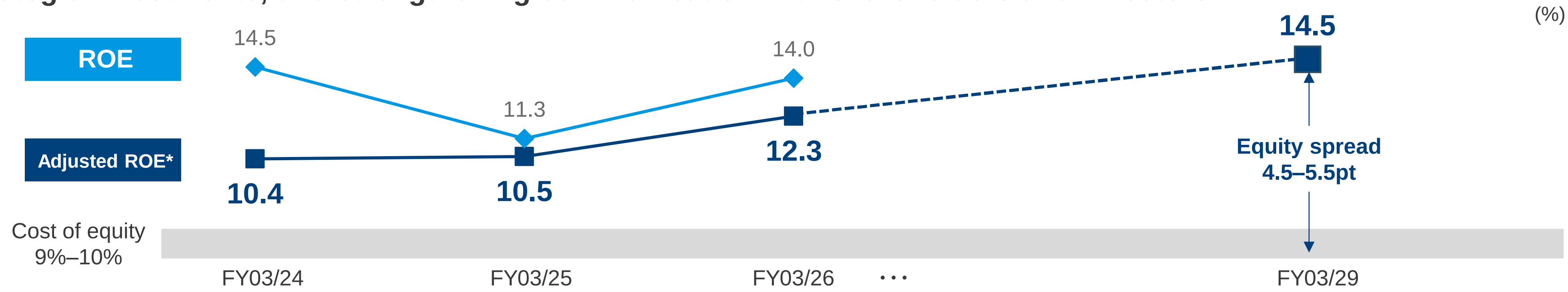
Net sales	Operating income	Operating margin	ROE
150.0 Billion yen	10.0 Billion yen ▶ 18.0 Billion yen	6.7% ▶ 12.0%	15.0% ▶ 17.0%

Numerical targets of the medium-term management plan (FY03/29)

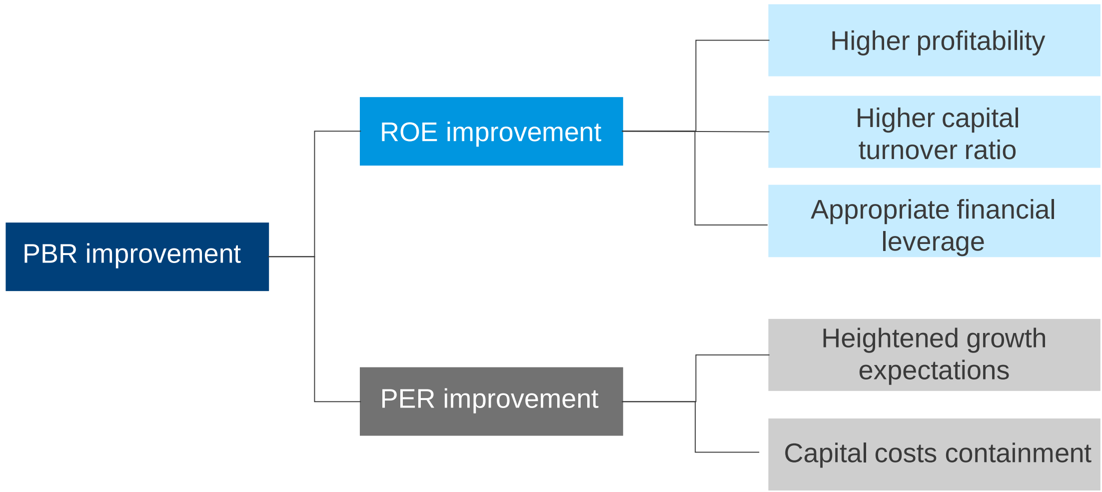
Net sales	Operating income	Operating margin	ROE
120.0 Billion yen	12.0 Billion yen	10.0%	14.5%以上
vs. FY03/26: 115.7%	vs. FY03/26: 146.7%	+2.1pt from FY03/26	
FY03/26–FY03/29 CAGR +5.0%	FY03/26–FY03/29 CAGR +13.6%		

Trust & Challenge 2029: Management Focused on Capital Costs and Share Price

Target PBR improvement by increasing adjusted ROE* through profit growth, leveraging growth opportunities via strategic investments, and strengthening communication with shareholders and investors



*Adjusted ROE: Excludes extraordinary gains, losses, and other one-time items



Trust & Challenge 2029

Transform into a professional services company

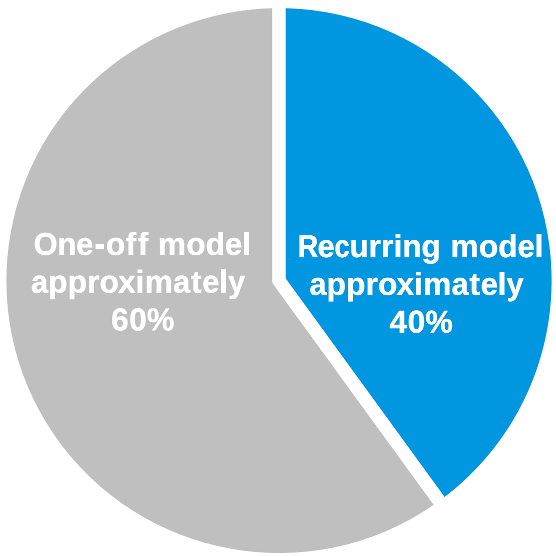
Enhance corporate value through a virtuous cycle of growth and shareholder returns

Transition to a human resource portfolio that accelerates value creation

Expansion of Recurring Revenue Business

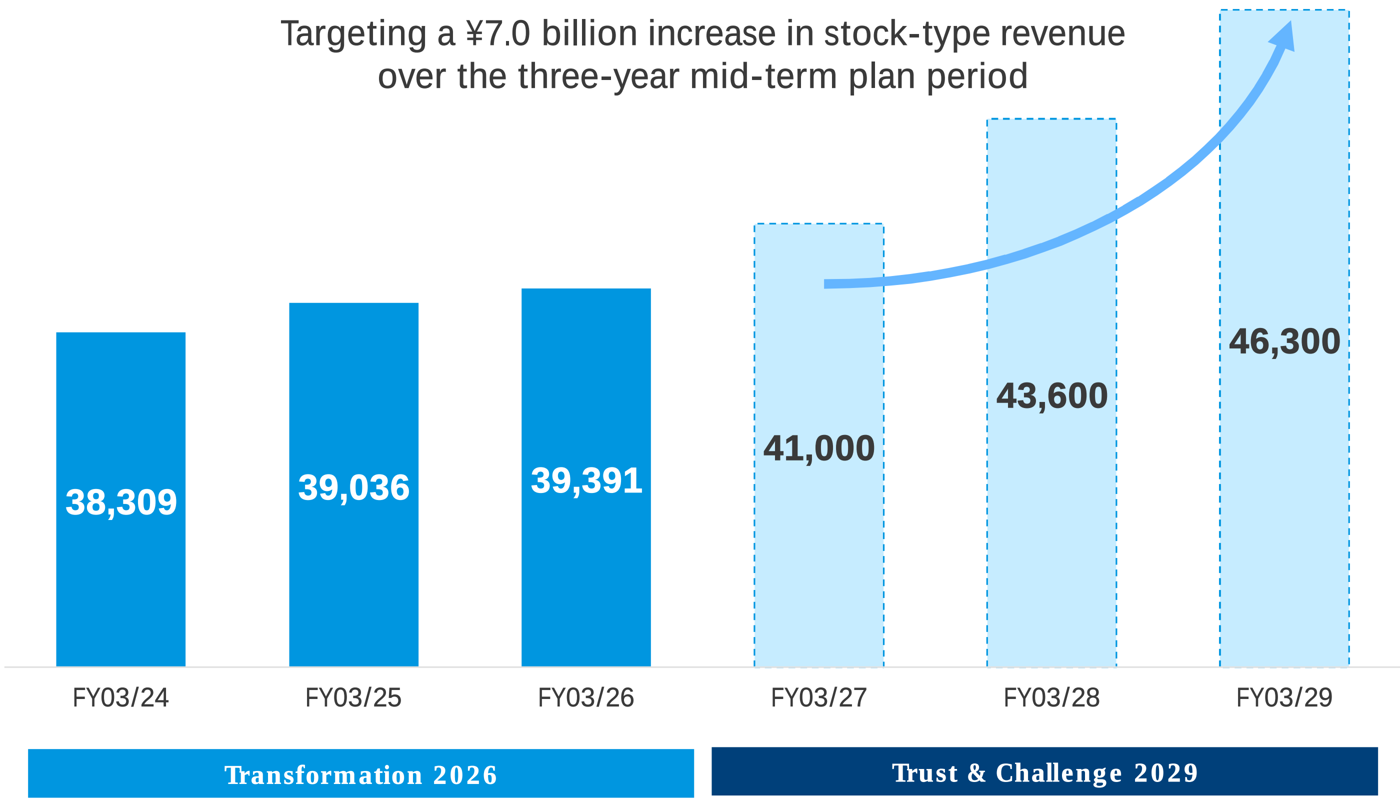
Recurring revenue at approximately 40%, with further expansion of a stable profit base

Stock/Flow Revenue Mix
(% of Total Revenue, 3-Year Average)



Stock Revenue — Actuals and Outlook

(Millions of yen)



Approach to Cash Allocation and Financial Discipline

TSUZUKI

Financial Discipline

Shareholders' equity ratio	40%–50%
Net D/E ratio	Under 0.4x
Available working capital	Cash and deposits to monthly sales ratio: 2.0 months

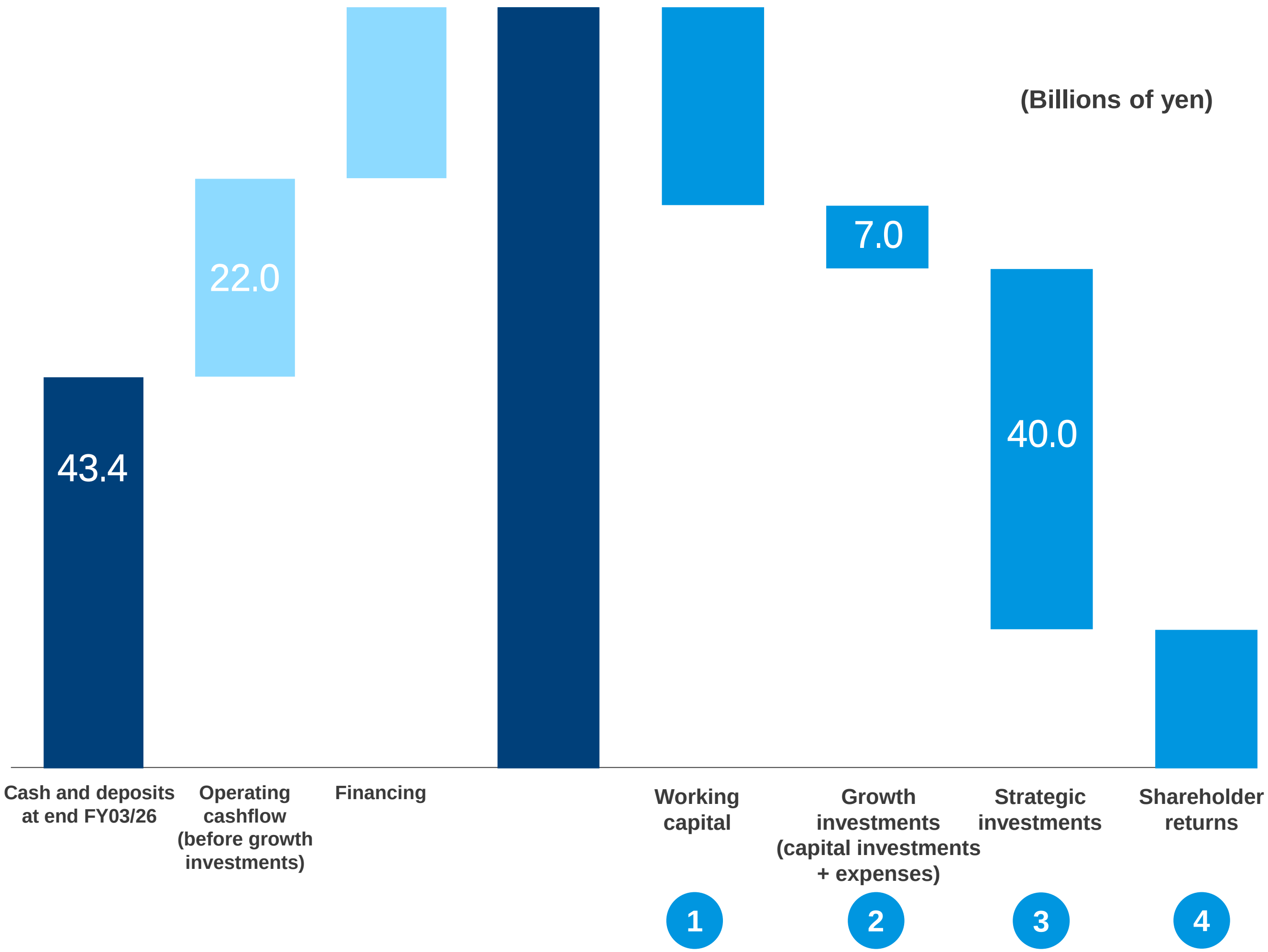
Capital allocation optimization

Cash generation during the previous medium-term management plan (MTMP) period (FY03/24–FY03/26)	Prioritized allocation to strategi investments
Cash generation during the new MTMP period (FY03/27–FY03/29)	Allocate primarily to shareholder returns

Financial structure optimization

- Ensure sufficient flexibility for strategic investments through the utilization of debt
- Improve capital efficiency by balancing the maintenance of financial soundness with efforts to enhance profitability through strategic investments

Capital Allocation



Basic approach to capital allocation

1. Ensure a working capital cash-to-monthly sales ratio of 2.0 as requisite cash and deposits
2. Plan growth investments in human capital, technologies, and internal DX initiatives
3. **To achieve the long-term vision, flexibly engage in M&A, venture capital investments, and capital and business alliances, while also considering the proactive utilization of debt financing**
4. **Raise the target dividend payout ratio from 40% to 60%, and the dividend on equity (DOE) from 3.5% to 6.0%, with cash generated during the current medium-term management plan period prioritized for shareholder returns**

ESG Initiatives

TSUZUKI

Environment

Reduce environmental impacts

- Accelerating CO_2 Emission Reduction toward 2050 Carbon Neutrality
(–34.0% vs. FY03/23; FY03/26 results)
- Promote activities through the planning and execution of Company-led initiatives, as well as the creation of an environment supporting employee-led efforts

Social

Respond to labor shortages caused by a shrinking workforce

- Conduct collaborative discussions with customers and partners, host co-creation events
- Develop an environment where diverse employees can work comfortably by ensuring D&I, health management, and decent work

Governance

Pursue corporate governance that contributes to corporate value enhancement

- Strengthen Group business management
- Enhance the monitoring function aimed at enhancing corporate value over the medium to long term
- Continue working to heighten the effectiveness of the Board of Directors
- Revise the stock compensation plan with the aim of enhancing corporate value over the medium to long term

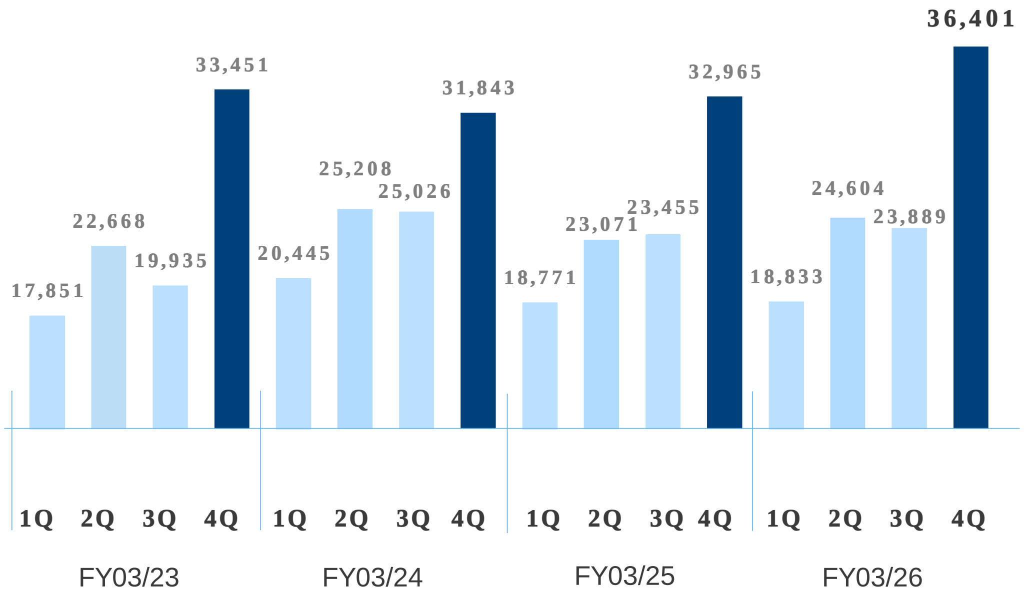
<Appendix> Accounting Period Performance Trends

TSUZUKI

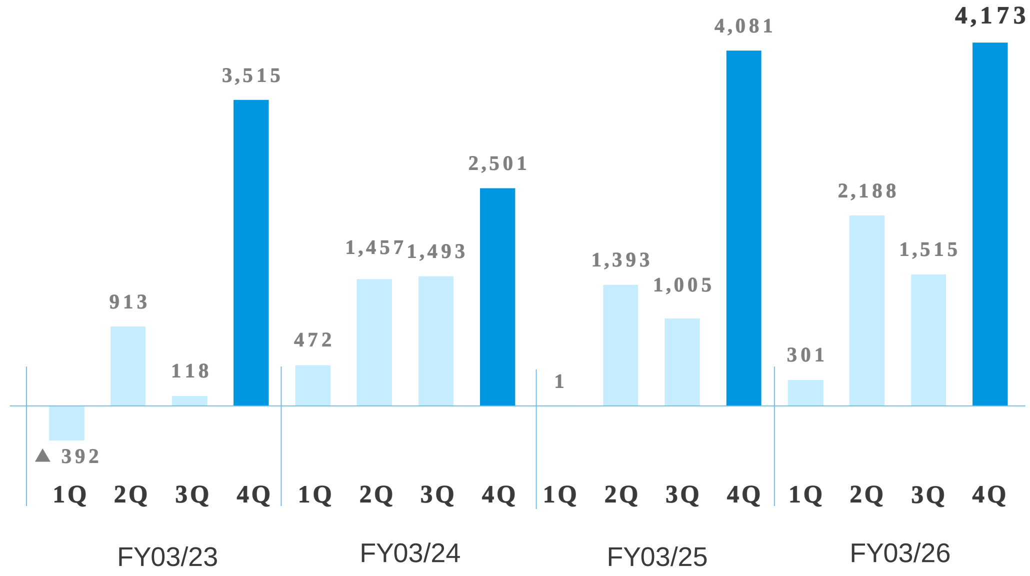
[Note regarding quarterly earnings for the Group]

Because many of the Group’s customers have fiscal years ending in March, and a large portion of transactions are recognized as revenue at a single point in time, net sales and operating profit tend to be concentrated in the second and fourth quarters.

Net sales (Millions of yen)



Operating profit (Millions of yen)



※On January 9, 2024, due to the sale of a subsidiary, we transitioned to a single segment

<Appendix> KPIs for Transformation 2026 (1)

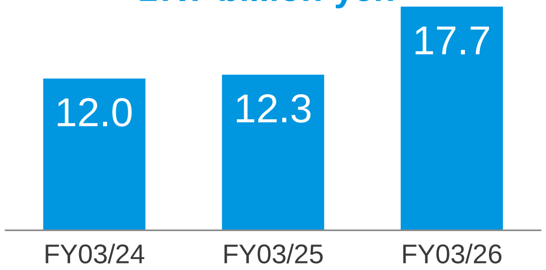
TSUZUKI

Business/investment KPI

Net sales in the six growth domains

(Billions of yen)

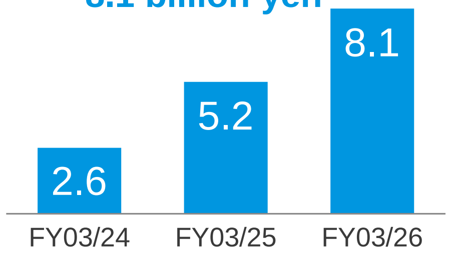
Initial target: 16.0 billion yen ➡ 17.7 billion yen



Growth investments (cumulative)

(Billions of yen)

Target: 8.0 billion yen ➡ 8.1 billion yen

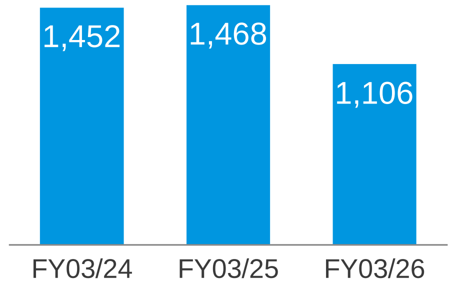


Sustainability KPI

CO_2 emissions

(t-CO_2)

Target: 1,468t-CO_2 ➡ 1,106t-CO_2

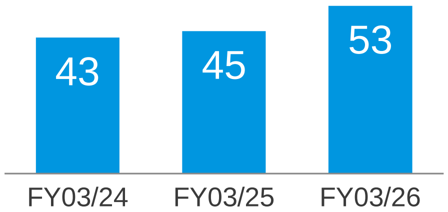


Leadership talent KPI

TLF*1 participants

(people)

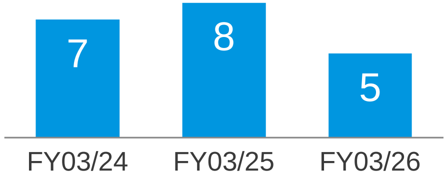
Target: 65 people ➡ 53 people



Advanced DX talent*2

(people)

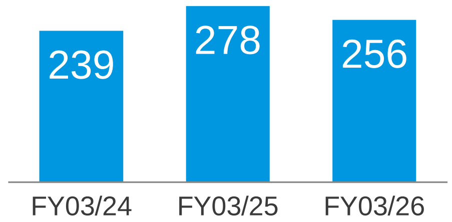
Target: 10 people ➡ 5 people



DX associates*3

(people)

Target: 240 people ➡ 256 people



*1. TSUZUKI Leaders Forum (TLF): Training program for developing next-generation management talent

*2. Advanced DX talent: Employees that possess external qualifications designated by the Company and achieved the required DX certification test score (excluding managers from FY03/26)

*3. DX associate: Employees that sat for the DX certification test and participated in a skills assessment via written exam

<Appendix> KPIs for Transformation 2026 (2)

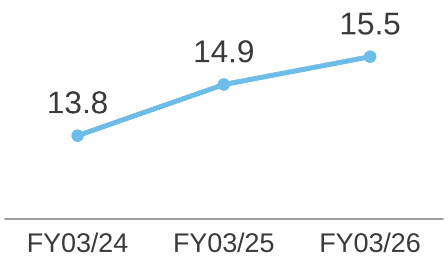
TSUZUKI

Diversity KPI

Women employees

(%)

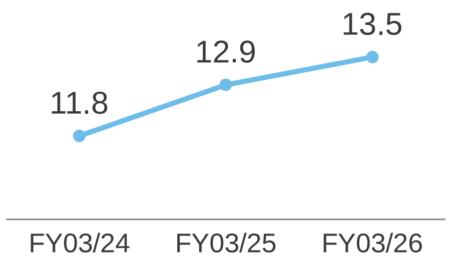
Target: 15% ➡ 15.5%



Women in career track positions

(%)

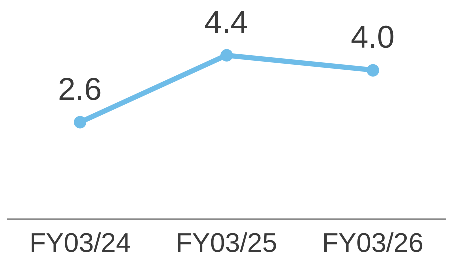
Target: 12% ➡ 13.5%



Women managers

(%)

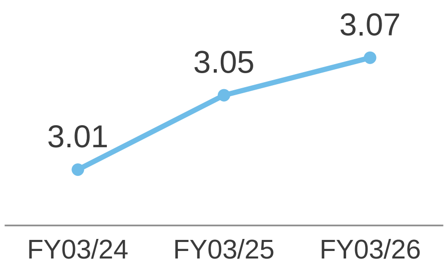
Target: 5% ➡ 4.0%



Preparation of internal environment KPI

Engagement

Target: 3.20 ➡ 3.07



<Appendix> Recognizing the Management Environment

Despite soaring memory prices, rising geopolitical risks, and other uncertainties, we are accelerating growth-oriented investments aimed at sustaining economic growth and addressing social challenges, and expect the information and communications industry to continue demonstrating strong growth potential.

Declining population, labor shortages

- Ongoing structural labor shortages resulting from population decline and an aging society with a low birth rate
- Productivity improvements through the use of IT targeting sustainable growth

Transition to a digital society

- Expansion of the digital domain functioning as social infrastructure

Growing threat of security risks

- Rapidly evolving risks due to technical advances
- Increasingly severe risk impacts due to widespread social adoption of digital technologies

Accelerating advances in information technologies

- Rapid evolution and widespread adoption of generative AI and other cutting-edge technologies

<Appendix> Numerical Targets Breakdown:FY03/27 and Mid-Term Management Plan

TSUZUKI

(Billions of yen)

		FY03/26	FY03/27	YoY	FY03/29	3-Year CAGR
Engineering Services	SI	19.1	**19.7**	**103.1%**	**23.8**	**+7.5%**
	NI	11.9	**12.6**	**105.5%**	**16.8**	**+12.0%**
	Engineering Services TOTAL	31.1	**32.3**	**104.0%**	**40.6**	**+9.3%**
Products	SI	50.0	**51.2**	**102.4%**	**52.7**	**+1.8%**
	NI	22.5	**23.3**	**103.7%**	**26.5**	**+5.7%**
	Products TOTAL	72.5	**74.6**	**102.8%**	**79.3**	**+3.0%**
Total		103.7	**107.0**	**103.2%**	**120.0**	**+5.0%**

Engineering Services Breakdown	FY03/26	FY03/27	YoY	FY03/29	3-Year CAGR
IT Platforms	3.0	**3.3**	**108.9%**	**3.9**	**+8.6%**
Networks & security	7.6	**8.3**	**108.4%**	**10.2**	**+10.3%**
CX communication platforms	3.7	**3.7**	**100.9%**	**4.0**	**+3.3%**
of which: Unified Communications	2.8	**2.7**	**98.3%**	**2.8**	**+0.5%**
of which: Contact Centers	0.9	**0.9**	**108.8%**	**1.2**	**+11.4%**
Business Applications	8.9	**9.2**	**103.1%**	**10.3**	**+4.9%**
of which: Standard-compliant app	3.8	**4.0**	**104.5%**	**4.5**	**+5.9%**
of which: Customer-specific app	5.0	**5.1**	**102.1%**	**5.7**	**+4.2%**
Four core engineering domains Total	23.4	**24.6**	**105.3%**	**28.6**	**+7.0%**
Other business domains	7.7	**7.7**	**100.0%**	**11.9**	**+15.7%**
Engineering Services Total	31.1	**32.3**	**104.0%**	**40.6**	**+9.3%**

<Appendix> Media Releases

Published	Release details
April 21, 2026	Tsuzuki Denki Adds New Functions to TCloud for SCM Cloud-Based Real-Time Fleet Tracking Management Service
April 16, 2026	Tsuzuki Revamps Yazuya Contact Center Infrastructure
March 27, 2026	Tsuzuki Denki and IBM Japan Conclude AI Partnership
March 25, 2026	Tsuzuki Denki Enhances Features of the Japan Post Insurance “Radio Calisthenics” App
March 17, 2026	Tsuzuki Denki Deploys TCloud for SCM Cloud-Based Real-Time Fleet Tracking Management Service for Lawson Store Deliveries
March 10, 2026	Tsuzuki Denki Certified as a Health Management Excellence Corporation 2026 (White 500) by the Ministry of Economy, Trade and Industry
February 16, 2026	Tsuzuki Denki and Sony Marketing Develop New Fitness Service Platform
February 3, 2026	Tsuzuki Denki Deploys TCloud for SCM Deployed at Bookoff Corporation
January 27, 2026	Tsuzuki Denki and PHONE APPLI Business Collaboration Enhances Value of TCloud for Voice
January 22, 2026	Tsuzuki Denki Forms Partnership with harmo on “Health Support × Fleet Management”
December 24, 2025	Tsuzuki Denki to Offer Japan’s First OBD-Type Digital Tachograph as "TCloud for SCM" Optional Service
December 4, 2025	Tsuzuki Denki Begins Collaboration with GMO ReTech
December 3, 2025	Tsuzuki Denki and IDEMIA Public Security Commence Co-Development of DX Solutions Utilizing Biometric Authentication Technologies

Other media

Broadcast	Media outlet	Details
April 9, 2026	Radio NIKKEI	Market Terrace “Companies to Watch! The Market's God of Fortune” (featuring President Katsuyuki Yoshida)

Contact

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	ir-tantou@tsuzuki.co.jp
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Bring to society “*yohaku*”
filled with possibilities,
through people, insight,
and technology, together.