

TERASAKI REPORT

1 April 2020 - 31 March 2021

TERASAKI ELECTRIC CO., LTD.


Securities code 6637



Financial Highlights


Net sales

34,724 million JPY

Down 5.4% from the same term last year 


Operating profit

2,297 million JPY

Down 4.7% from the same term last year 


Recurring profit

2,998 million JPY

Up 5.9% from the same term last year 

Profit attributable to owners of the company


2,192 million JPY

Up 7.7% from the same term last year 

Outlook for Financial Year 2021


Net sales

37,050 million JPY

Up 6.7% from the same term last year 


Operating profit

2,400 million JPY

Up 4.5% from the same term last year 


Recurring profit

2,490 million JPY

Down 17.0% from the same term last year 

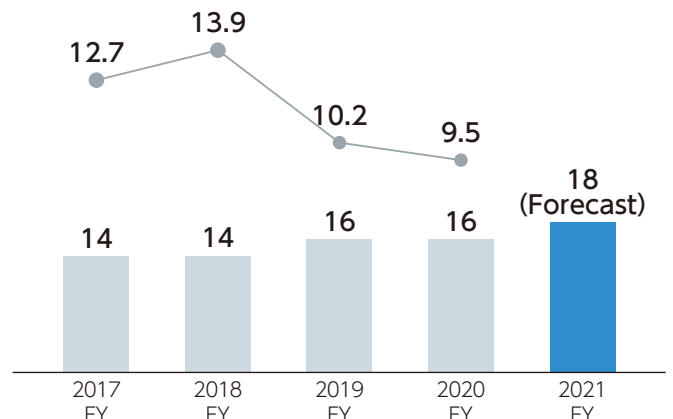
Profit attributable to owners of the company

1,750 million JPY

Down 20.2% from the same term last year 

Dividends/Payout ratio

 Dividends per share (JPY)
 Payout ratio (%)



President's Message

Capital investments remained sluggish in Japan, mainly due to the reduction in corporate earnings caused by the spread of COVID-19 and the uncertainties over the economic outlook during this pandemic. On the other hand, capital investments overseas generally showed signs of recovery, although the re-emergence of the infectious disease caused the economic recovery to stall in some regions. The shipbuilding industry, being one of our major markets, was still struggling against imbalances in supply and demand, causing a drop in the price of ships and sluggish orders for new vessels. However, orders by marine transport companies for container ships were showing signs of increase in the 4th quarter of financial year 2020, against the backdrop of stable cargo movements.

Under these circumstances, for the consolidated financial year ended in March 31, 2021, sales remained stable for high-value-added ships in Marine Systems, for domestic plants in Industrial Systems, and for COVID-19 test-related equipment. Meanwhile, sales declined in Circuit Breakers and Engineering & Lifecycle Services, mainly because economic activities and overseas travel were restricted due to the spread of COVID-19. As a result of this, net sales decreased as compared with the same term last year and operating profit also decreased despite our efforts to reduce costs and expenses. Recurring profit increased, partly due to foreign exchange gains. Profit attributable to owners of the company also increased.

In financial year 2021, society will have further



President
Taizo Terasaki

expectations for our business activities concerning reduction of the environmental impact and maintenance of social infrastructure, as well as the enhancement of corporate governance. To meet these expectations, we will re-double our efforts in providing excellent products and services that contribute to the achievement of the SDGs, through the active promotions of digital transformation and green energy-related projects.

We will strengthen our global co-operation as "TEAM TERASAKI" and respond swiftly and effectively to customers' needs, in order to make further improvements in customer satisfaction. We will continue to be committed to making perpetual efforts to promote the businesses of our five divisions.

We earnestly ask for continued support from our shareholders and partners as we pursue these challenges.

June 2021



Marine Systems

Pursuing business challenges as a leading international manufacturer of electrical power distribution systems for marine applications



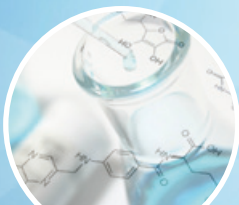
Industrial Systems

Demonstrating originality in industrial markets with our electrical power distribution systems



Circuit Breakers

Reigning as the most trusted circuit breakers manufacturer in the world



Medical Devices

Contributing to human health and security as a manufacturer of medical devices



Engineering & Lifecycle Services

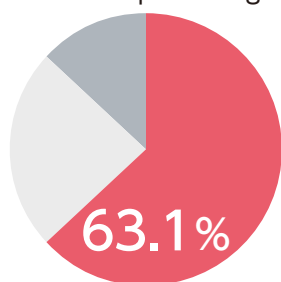
Offering solutions to worldwide customers through the engineering and lifecycle services

TERASAKI in constant pursuit of innovative electrical power distribution and control systems

Segment Performance by Region and Product

Japan

Net sales percentage



Net sales ▶ **21,926 million JPY** (Down 5.2% from the same term last year) ❌

Segment profit ▶ **2,320 million JPY** (Up 11.0% from the same term last year) ❌

▶ **Marine Systems** ❌
Sales increased for Terasaki Shore Connection, but sales for products intended for container ships and those needed to meet regulations to promote conservation of marine environments declined.

▶ **Industrial Systems** ❌
Sales increased for projects involving domestic plants and products related to distributed power supplies such as co-generation systems, although there was decline in sales for projects involving overseas plants.

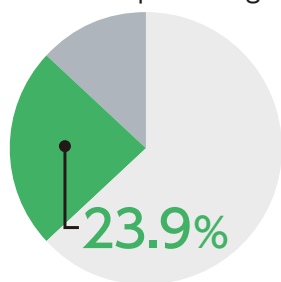
▶ **Medical Devices** ❌
Sales increased for COVID-19 test-related equipment, although there was decline in sales for products involving capital investments in medical devices and clinical testing devices.

▶ **Engineering & Lifecycle Services** ❌
Sales remained stable for projects needed to meet the regulations to promote conservation of marine environments, but sales for engineering related to industrial systems declined.

▶ **Circuit Breakers** ❌
Sales decreased because capital investments in Japan were sluggish and economic activities were restricted due to the COVID-19 pandemic.

Asia

Net sales percentage



Net sales ▶ **8,296 million JPY** (Down 13.3% from the same term last year) ❌

Segment profit ▶ **536 million JPY** (Down 42.0% from the same term last year) ❌

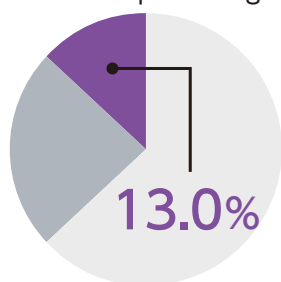
▶ **Marine Systems** ❌
Sales increased slightly despite restrictions on economic activities due to the COVID-19 pandemic.

▶ **Engineering & Lifecycle Services** ❌
Sales decreased substantially because the restrictions on overseas travel continued due to the COVID-19 pandemic.

▶ **Circuit Breakers** ❌
Sales decreased substantially because operations in Malaysia were forced to stall and economic activities in South-East Asia were restricted due to the COVID-19 pandemic.

Europe

Net sales percentage



Net sales ▶ **4,501 million JPY** (Up 12.8% from the same term last year) ❌

Segment profit ▶ **255 million JPY** (Up 7.1% from the same term last year) ❌

▶ **Circuit Breakers** ❌
Sales remained stable for products destined for the U.K., the Middle East and Europe.

▶ **Engineering & Lifecycle Services** ❌
Sales were sluggish because of restricted overseas travel due to the COVID-19 pandemic.

By Product Group

System Products

Net sales **20,070 million JPY**
(Down 3.1% from the same term last year) ❌

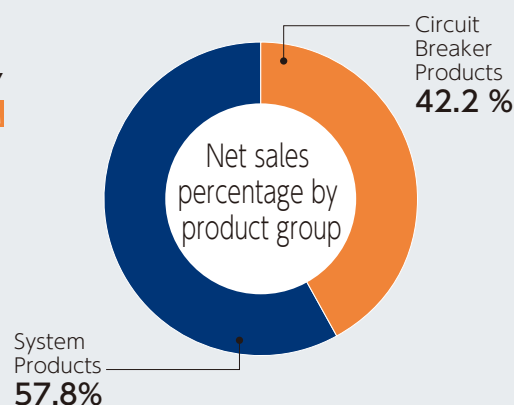
Orders received **21,041 million JPY**
(Up 6.1% from the same term last year) ❌

Order backlog **17,218 million JPY**
(Up 971 million JPY from the end of the last consolidated financial year) ❌

Circuit Breaker Products

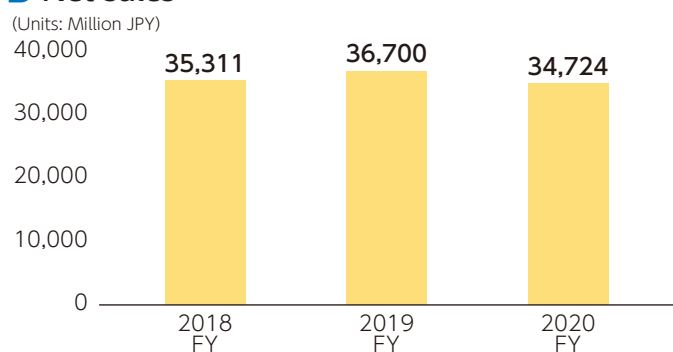
Net sales **14,653 million JPY**
(Down 8.3% from the same term last year) ❌

(Note) We do not disclose orders received or order backlog for Circuit breaker products because they are manufactured in accordance with our planned production schedule.

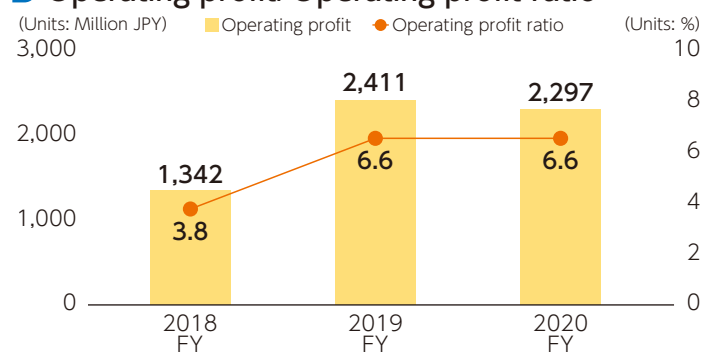


Consolidated Financial Highlights

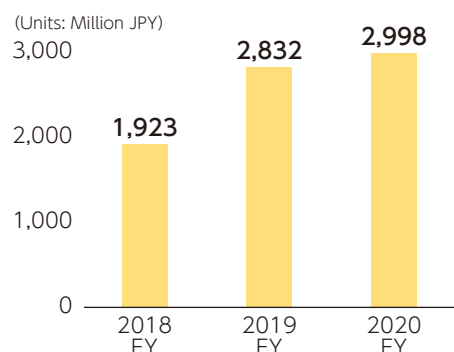
Net sales



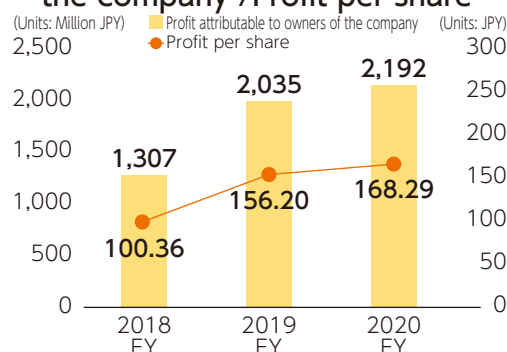
Operating profit/Operating profit ratio



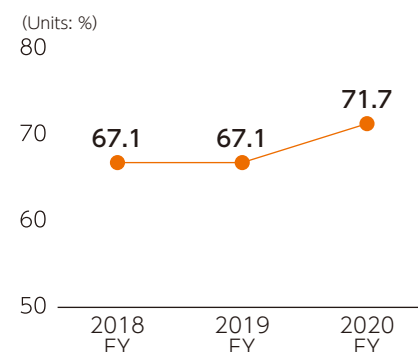
Recurring profit



Profit attributable to owners of the company /Profit per share



Equity ratio



Consolidated Financial Statements

Consolidated Balance Sheets

(Units: Million JPY)

	2019FY (As of 31 March 2020)	2020FY (As of 31 March 2021)
[Assets]		
Current assets	33,342	34,070
Non-current assets	13,425	14,502
Property, plant and equipment	9,389	9,651
Intangible assets	129	109
Investments and other assets	3,907	4,742
Total Assets	46,767	48,573
[Liabilities]		
Current liabilities	11,763	10,627
Non-current liabilities	3,565	3,088
Total Liabilities	15,328	13,716
[Equity]		
Shareholders' equity	31,279	33,159
Capital stock	1,236	1,236
Capital surplus	2,244	2,244
Retained earnings	27,799	29,679
Treasury stock, at cost	△1	△1
Accumulated other comprehensive income	124	1,659
Non-controlling interests	34	37
Total Equity	31,439	34,856
Total Liabilities and Equity	46,767	48,573

Consolidated Statements of Income

(Units: Million JPY)

	2019FY (From 1 April 2019 to 31 March 2020)	2020FY (From 1 April 2020 to 31 March 2021)
Net sales	36,700	34,724
Cost of sales	26,459	24,990
Gross profit	10,241	9,733
Selling, general and administrative expenses	7,829	7,436
Operating profit	2,411	2,297
Non-operating income	553	801
Non-operating expenses	131	100
Recurring profit	2,832	2,998
Extraordinary income	80	3
Extraordinary loss	117	0
Profit before income taxes	2,795	3,000
Income taxes - Current	689	774
Income taxes - Deferred	71	30
Profit for the period	2,034	2,196
Profit (loss) attributable to non-controlling interests	△1	3
Profit attributable to owners of the company	2,035	2,192

Consolidated Statements of Cash Flows

(Units: Million JPY)

	2019FY (From 1 April 2019 to 31 March 2020)	2020FY (From 1 April 2020 to 31 March 2021)
Cash flows from operating activities	2,047	3,420
Cash flows from investing activities	△929	△928
Cash flows from financing activities	△839	△1,181
Effect of exchange rate changes on cash and cash equivalents	△474	542
Net increase (decrease) in cash and cash equivalents	△195	1,853
Cash and cash equivalents at beginning of year	11,368	11,172
Cash and cash equivalents at end of year	11,172	13,025

(Note) Monetary amounts are rounded off to one million JPY.

"Sakura Leader", a PCTC equipped with Terasaki's TERANET50X received the Ship of the Year 2020 award

In May 2021, Sakura Leader, a pure car truck carrier (PCTC) owned by Nippon Yusen Kaisha (NYK), equipped with TERANET50X, was given the Ship of the Year 2020 award by the Japan Society of Naval Architects and Ocean Engineers, for its "ALL-JAPAN" co-operation in terms of reducing GHG emissions.

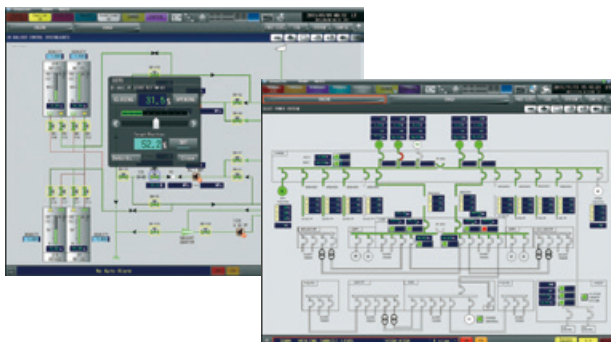


Photo courtesy: NYK

Sakura Leader is the first large LNG (liquefied natural gas) fuelled vessel to be constructed in Japan. It was built by bringing together the essence of the latest shipbuilding technologies through the co-operation of a number of marine equipment manufacturers as well as Japanese shipbuilding company. This ship was selected by the Ministry of Environment and the Ministry of Land, Infrastructure, Transport and Tourism as a model project that reduces CO₂ emissions from ships during voyages by making use of an alternative fuel. It is a next-generation eco-friendly ship that makes it possible to substantially reduce the discharge of such air pollutants as SO_x and NO_x as well as CO₂, compared with conventional ships that use heavy oil as fuel.

Thanks to automatic control systems, our TERANET50X contributes greatly to saving energy and reducing crew work-loads on the ships, in addition to its main functions of monitoring and controlling the main engine and generators. Furthermore, our TMIP, on-board data platform, enables the collection and storage of a variety of data during voyages over long periods of time.

We will continue to play our role, as a key marine systems provider that contributes to the sustainable development of the whole shipping industry, by providing products and services that are useful for improving ship navigation, operations, controls, safety and economy, as well as for promoting the conservation of the marine environment.



TERANET50X -Integrated Control & Monitoring System-

TERANET50X is the ship-to-shore information sharing platform with communication and data storage functions, which enables users to share data using a variety of applications. Currently already installed on many energy-saving ships, the TERANET50X system contributes greatly to the protection of the marine environment by bringing a ship ever closer to its optimal operating efficiency.

TMIP -On-board Data Platform-

TMIP collects and stores the data from various systems on-board ships. This system contributes to data utilization and improves the operating efficiency of ships' monitoring and control systems.

Corporate Profile

Company Name	Terasaki Electric Co., Ltd.	
Head Office	6-13-47 Kamihigashi, Hirano-ku, Osaka 547-0002 Japan	
Foundation	1 October 1923	
Established	1 April 1980	
Capital	1,236 million JPY	
Employees	1,999 (Consolidated)	558 (Non-consolidated)
Consolidated Subsidiaries	Domestic: 5, Overseas: 8	

Director & Executive Officer (As of 29 June 2021)

President	Taizo Terasaki	
Director Senior Managing Executive Officer	Kazunobu Kumazawa	Business Planning, R&D, Disclosure, General Affairs
Director Managing Executive Officer	Junji Nagase	Accounting & Finance, Information System Department
Director Managing Executive Officer	Masao Nishida	Marine, Industrial Department System Division
Director Executive Officer	Shunji Okada	Engineering, Life Cycle
Director Executive Officer	Yoshihiro Umemoto	Circuit Breaker Division
Director Executive Officer	Hirofumi Kobayashi	Sales and Marketing Circuit Breaker Division
Director Executive Officer	Kazuhiro Yoshikawa	Medical Device
Director Audit & Supervisory Committee Member	Makoto Suto	
Director Audit & Supervisory Committee Member (External)	Kunio Chiyoda	
Director Audit & Supervisory Committee Member (External)	Shunji Takano	
Executive Officer	Syujiro Hamano	General Affairs Department
Executive Officer	Masaji Nishino	Chief Audit Executive Internal Audit Section

Shares

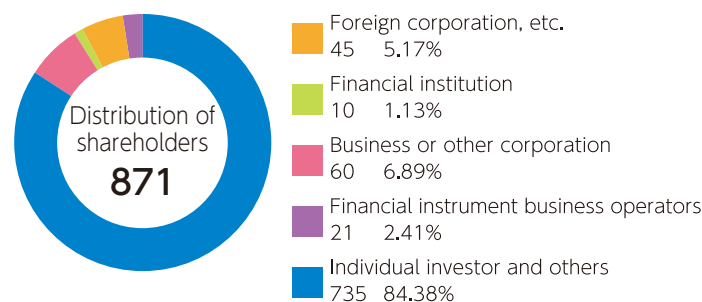
Total number of shares authorized to be issued	52,000,000
Total number of issued shares	13,030,000
Number of shareholders	871

Major Shareholders

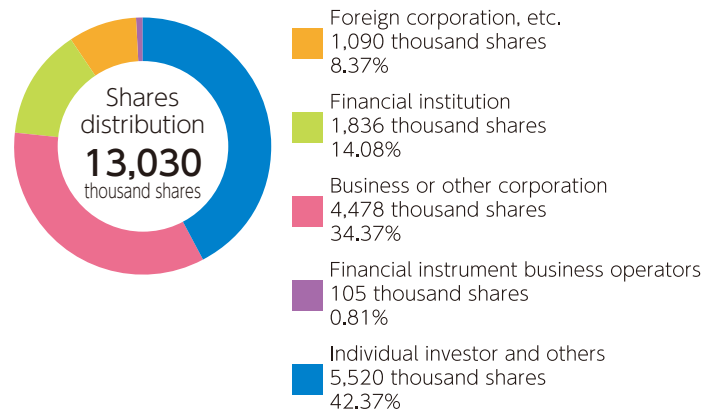
Shareholder	Shares owned (1,000 shares)	Share (%)
Terasaki Co., Ltd.	2,200	16.89
Taizo Terasaki	1,129	8.66
Terasaki Trust Co., Ltd	866	6.64
Kaori Aramaki	738	5.66
The Master Trust Bank of Japan, Ltd.	736	5.65
Yuzo Terasaki	677	5.19
Hozansha Co., Ltd.	653	5.01
Terasaki Employee Stock Ownership	651	5.00
Terasaki Kyoeikai	531	4.07
Arc Ltd.	400	3.07

(Note) Share percentages are calculated without treasury stock (1,021 shares).

Distribution by Shareholders



* Treasury stock is included in individual investor and others.



* Treasury stock (1,021 shares) is included in individual investor and others.