

TERASAKI REPORT

1 April 2021 – 31 March 2022




TERASAKI ELECTRIC CO., LTD.

Securities code 6637

Financial Highlights


Net sales

37,856 million JPY

Up 9.0% year on year 


Operating profit

1,637 million JPY

Down 28.7% year on year 


Ordinary profit

1,944 million JPY

Down 35.2% year on year 

Profit attributable to TERASAKI shareholders


1,275 million JPY

Down 41.8% year on year 

Outlook for Financial Year 2022


Net sales

42,070 million JPY

Up 11.1%
year on year 


Operating profit

2,110 million JPY

Up 28.9%
year on year 


Ordinary profit

2,240 million JPY

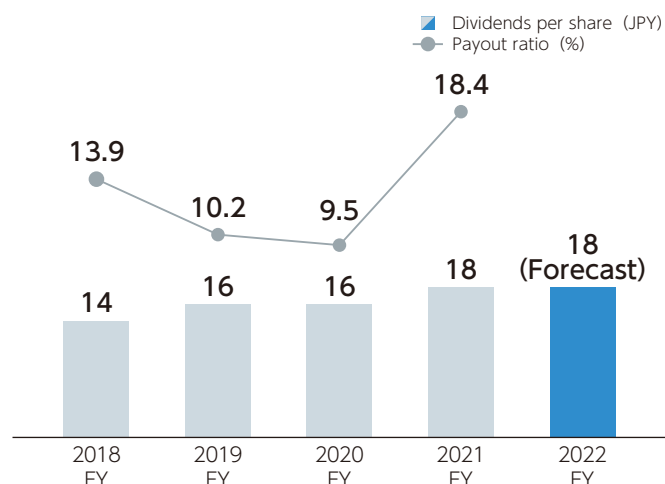
Up 15.2%
year on year 

Profit attributable to TERASAKI shareholders

1,580 million JPY

Up 23.8%
year on year 

Dividends/Payout ratio



President's Message

We would like to express our sincere gratitude to our shareholders for continued support.

Capital investments remained strong in Japan and also steadily increased overseas, despite the impact of COVID-19 in some countries and regions. In the shipbuilding industry, being one of our major markets, ship owners' eagerness for investments recovered against the backdrop of favourable shipping market conditions. Therefore, orders for our products and systems, including those especially for container ships and LNG ships, also increased.

In addition, as stimulated by the trend to promote the environmental protection of harbours and the transition to a decarbonized society, there have been increases in inquiries for on-shore power supply systems. On the other hand, there remain some concerns regarding the impact of supply constraints such as mainly semiconductors and resin products shortage, soaring prices of raw materials including copper, the high cost of logistics, and the sharply rising energy prices.

Under these circumstances, for the consolidated financial year ended in March 31, 2022, sales increased in Circuit Breakers and Marine Systems, thus resulting in net sales increase year on year. However, operating profit, ordinary profit, and profit attributable to TERASAKI shareholders decreased in spite of various efforts to reduce production costs and other expenses, and



Representative Director
President Executive Officer
Taizo Terasaki

these are attributed to the impacts from the soaring prices of raw materials (e.g. copper) and the rising cost of logistics.

In the financial year 2022, we will continue our efforts to reduce business risks by endeavouring to lower production costs and other expenses, while keeping a close watch on the impact of COVID-19, soaring raw materials prices, logistics costs, and parts supply constraints. We will also strive to further enhance our corporate governance in line with the transition of the company into the Standard Market on the Tokyo Stock Exchange. We will strengthen our global co-operation with the "TEAM TERASAKI" spirits and respond swiftly and effectively to customers' needs.

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

June 2022



Marine Systems

Pursuing business challenges as a leading international manufacturer of electric power distribution and control systems in the marine market



Industrial Systems

Demonstrating originality in the industrial market with our electric power distribution and control systems



Circuit Breakers

Achieving and maintaining as the most trusted circuit breakers manufacturer in the world



Medical Devices

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



Engineering & Lifecycle Services

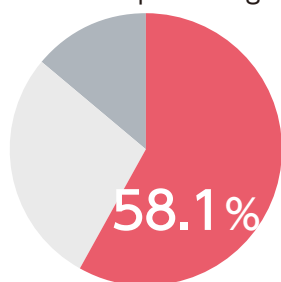
Offering solutions to customers all over the world through the engineering and lifecycle services

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

Segment Performance by Region and Product

Japan

Net sales percentage



Net sales ▶ **22,004 million JPY** (Up 0.4% year on year)

Segment profit ▶ **2,021 million JPY** (Down 12.9% year on year)

▶ **Marine Systems**

Sales decreased for products supplied for container ships and bulk carriers.

▶ **Industrial Systems**

Sales increased for projects involving power and industrial plants in Japan and overseas markets, although the sales of products related to distributed power supplies such as co-generation systems decreased.

▶ **Medical Devices**

Sales decreased because the installation of COVID-19 test-related equipment has run its course, despite the signs of recovery seen in terms of capital investments in medical devices and clinical testing devices.

▶ **Engineering & Lifecycle Services**

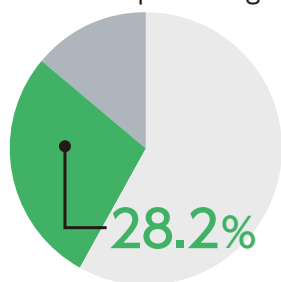
Sales increased for engineering services related to ships' inspections and domestic railway-related facilities, although there were declines in sales for projects that are required to meet the regulations to promote conservation of marine environments, and in sales for engineering services related to industrial systems.

▶ **Circuit Breakers**

Sales in Japan increased in the capital investments sector, although the sales of products for the marine market were sluggish. Sales for overseas increased in Oceania and West Asia.

Asia

Net sales percentage



Net sales ▶ **10,685 million JPY** (Up 28.8% year on year)

Segment profit ▶ **138 million JPY** (Down 74.3% year on year)

Profit in this segment dropped substantially due to the soaring prices of raw materials, and other factors.

▶ **Marine Systems**

Sales increased year on year.

▶ **Engineering & Lifecycle Services**

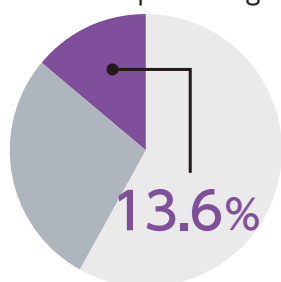
Sales decreased slightly because of the continued impact from restrictions on movements/travels due to COVID-19 and the reduced number of projects that are required to meet the regulations to promote conservation of marine environments, although sales for TERAOKI Shore Connection: on-shore power supply systems increased and there was a recovery in demand for equipment modifications in Singapore.

▶ **Circuit Breakers**

Sales increased because some capital investment projects were restarted.

Europe

Net sales percentage



Net sales ▶ **5,165 million JPY** (Up 14.8% year on year)

Segment profit ▶ **243 million JPY** (Down 4.7% year on year)

▶ **Circuit Breakers**

Sales remained strong in the U.K. and also increased for large projects in the Middle Eastern countries.

▶ **Engineering & Lifecycle Services**

Sales of engineering services related to circuit breaker replacement increased, although there was a decline in sales for projects that are required to meet the regulations to promote conservation of marine environments.

By Product Group

System Products

Net sales **20,506 million JPY**
(Up 2.2% year on year)

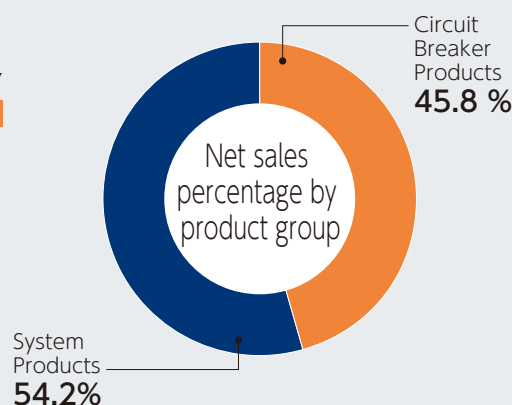
Orders received **26,401 million JPY**
(Up 25.5% year on year)

Order backlog **23,113 million JPY**
(Up 5,895 million JPY from the
end of FY2020)

Circuit Breaker Products

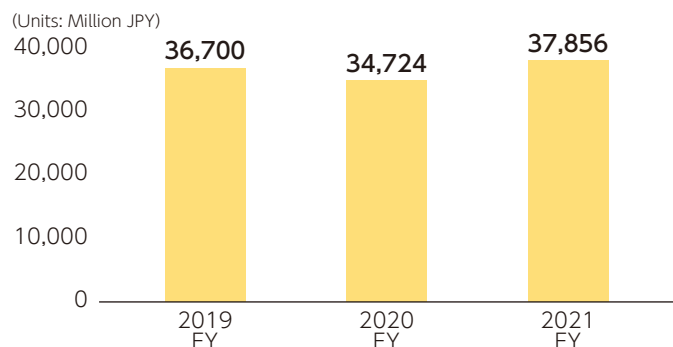
Net sales **17,349 million JPY**
(Up 18.4% year on year)

(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.

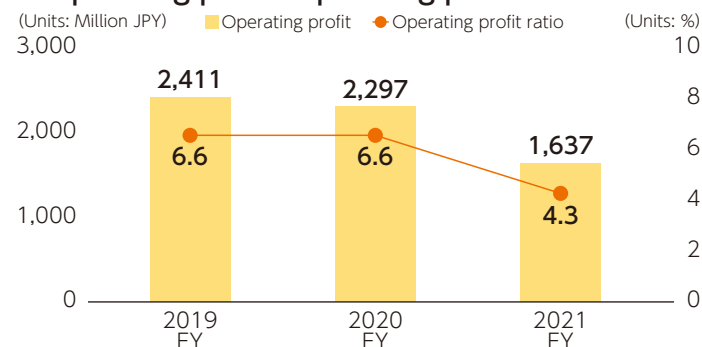


Consolidated Financial Highlights

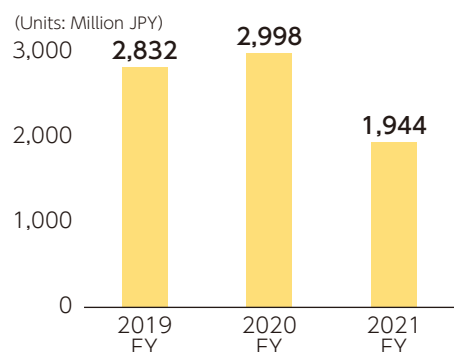
Net sales



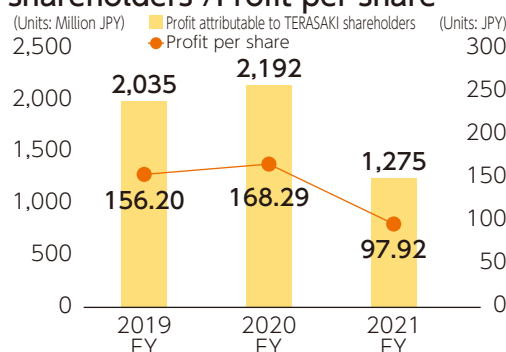
Operating profit/Operating profit ratio



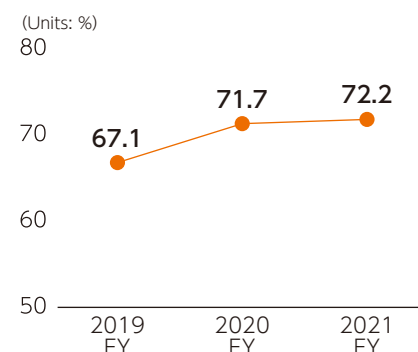
Ordinary profit



Profit attributable to TERASAKI shareholders /Profit per share



Equity ratio



Consolidated Financial Statements

Consolidated Balance Sheets

(Units: Million JPY)

	2020FY (As of 31 March 2021)	2021FY (As of 31 March 2022)
[Assets]		
Current assets	34,070	36,613
Non-current assets	14,502	15,804
Property, plant and equipment	9,651	9,788
Intangible assets	109	148
Investments and other assets	4,742	5,868
Total Assets	48,573	52,418
[Liabilities]		
Current liabilities	10,627	11,437
Non-current liabilities	3,088	3,113
Total Liabilities	13,716	14,550
[Equity]		
Shareholders' equity	33,159	34,227
Capital stock	1,236	1,236
Capital surplus	2,244	2,244
Retained earnings	29,679	30,747
Treasury stock, at cost	△1	△1
Accumulated other comprehensive income	1,659	3,602
Non-controlling interests	37	38
Total Equity	34,856	37,868
Total Liabilities and Equity	48,573	52,418

Consolidated Statements of Income

(Units: Million JPY)

	2020FY (From 1 April 2020 to 31 March 2021)	2021FY (From 1 April 2021 to 31 March 2022)
Net sales	34,724	37,856
Cost of sales	24,990	28,091
Gross profit	9,733	9,764
Selling, general and administrative expenses	7,436	8,126
Operating profit	2,297	1,637
Non-operating income	801	382
Non-operating expenses	100	75
Ordinary profit	2,998	1,944
Extraordinary income	3	2
Extraordinary loss	0	2
Profit before income taxes	3,000	1,944
Income taxes - Current	774	566
Income taxes - Deferred	30	99
Profit for the period	2,196	1,278
Profit attributable to non-controlling interests	3	2
Profit attributable to TERASAKI shareholders	2,192	1,275

Consolidated Statements of Cash Flows

(Units: Million JPY)

	2020FY (From 1 April 2020 to 31 March 2021)	2021FY (From 1 April 2021 to 31 March 2022)
Cash flows from operating activities	3,420	39
Cash flows from investing activities	△928	△933
Cash flows from financing activities	△1,181	△923
Effect of exchange rate changes on cash and cash equivalents	542	562
Net increase (decrease) in cash and cash equivalents	1,853	△1,254
Cash and cash equivalents at beginning of year	11,172	13,025
Cash and cash equivalents at end of year	13,025	11,770

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

The Terasaki Group's Approach to Achieving SDGs

Operating according to our mission, the Terasaki Group aims to help resolve social issues through our business activities and to achieve sustainable development goals together with our stakeholders.

TERASAKI

Contribute to society by offering safety, security and comfort to all our customers with world-class products and services that we develop, manufacture and provide.

< The Terasaki Group's SDGs >



Our efforts to achieve SDGs include :

- Measures to suppress climate change, protect the marine environment, and promote energy savings
- Contributions to the medical field
- Approaches in extending of product life-cycles
- Safe and responsible waste management, the improvement of work environments, and the enhancement of sound corporate governance

We will continue to enhance our efforts to achieve our SDGs and disseminate more information to our stakeholders in due course.

Examples of our approach to these SDGs:



Protecting the wealth of the seas

We contribute to the sustainable developments of the entire shipping industry by providing products and services that help conserve the marine environment. These include our TERASAKI Shore Connection, which reduces environmental pollutants discharged from anchored ships, by feeding the necessary amount of electrical power from onshore to ships staying alongside of wharf while their generator engines are shut down.



TERASAKI Shore Connection



Green energy for all

We have entered the solar power generation market as a leading manufacturer of DC circuit breakers.

We contribute to the development of green energy by providing our products and services to many mega solar power plant projects.



DC circuit breaker



Supporting opportunities for healthy lives for all

We manufacture medical devices for the medical field to protect the lives of people, as well as clinical testing devices required to diagnose infectious diseases and illnesses. Our medical devices are used in hospitals and clinics in Japan and overseas.



Clinical testing device



Promoting a healthier work-life balance

We are making efforts to maintain good health of our employees and create a safer and more comfortable work environment, by encouraging employees to take paid leave and by expanding childcare and nursing-care support 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	1,994 (Consolidated)	546 (Non-consolidated)
Consolidated Subsidiaries	Domestic: 5, Overseas: 8	

Director & Executive Officer (As of 29 June 2022)

Representative Director President Executive Officer	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 Manager, Human Resources & General Affairs
Executive Officer	Masaji Nishino	Chief Audit Executive Internal Audit Section
Executive Officer	Hideki Nakagawa	General Manager, East Japan Area

Shares

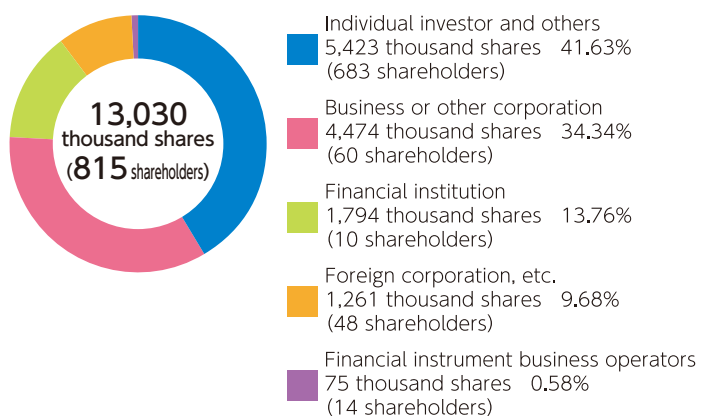
Total number of shares authorized to be issued	52,000,000
Total number of issued shares	13,030,000
Number of shareholders	815

Major Shareholders

Shareholder	Shares owned (1,000 shares)	Share (%)
Terasaki Co., Ltd.	2,200	16.89
Taizo Terasaki	1,133	8.70
Terasaki Trust Co., Ltd	866	6.64
Kaori Aramaki	738	5.66
The Master Trust Bank of Japan, Ltd.	686	5.27
Yuzo Terasaki	677	5.19
Hozansha Co., Ltd.	653	5.01
Terasaki Employee Stock Ownership	583	4.47
Terasaki Kyoeikai	548	4.21
NOMURA CUSTODY NOMINEES LTD-TK 1 LIMITED	441	3.38

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

Distribution by Shareholders



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