

TERASAKI REPORT

1 April 2023 -
31 March 2024

TERASAKI ELECTRIC CO., LTD.
Securities code 6637



Financial Highlights・Dividends

Net sales

52,065 Million yen
+17.7% year-on-year 

Operating profit/ Operating profit ratio

4,921 Million yen
+71.6% year-on-year 

Ordinary profit

5,773 Million yen
+65.9% year-on-year 

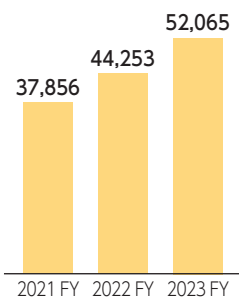
Profit attributable to TERASAKI shareholders / Profit per share

4,014 Million yen
+71.2% year-on-year 

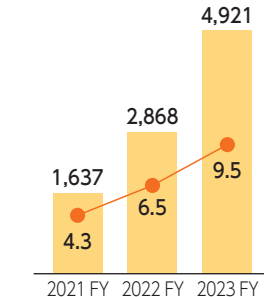
Dividends

Annual 36 yen
(include commemorative dividends)

(Units: Million yen)

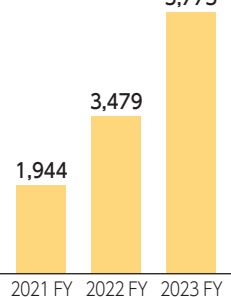


(Units: Million yen)

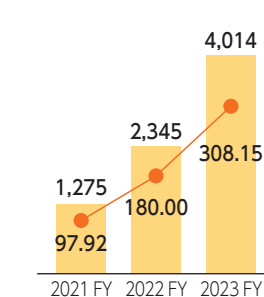


(Units: %)

(Units: Million yen)

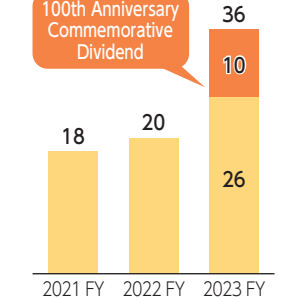


(Units: Million yen)



(Units: yen)

(Units: yen)



Outlook for Financial Year 2024 (Ending 31 March, 2025)

Net sales

52,510 Million yen
+0.9% year-on-year 

Operating profit

3,110 Million yen
▲36.8% year-on-year 

Ordinary profit

3,260 Million yen
▲43.5% year-on-year 

Profit attributable to TERASAKI shareholders

2,300 Million yen
▲42.7% year-on-year 

Dividends

Interim 10 yen
Year-end 16 yen
Annual 26 yen

«Exchange rate assumptions for FY2024»

140yen/US\$ 152yen/EURO
178yen/£ 20yen/RMB

«Foreign Exchange Sensitivity» (Impact* of 1-yen change against the US\$)

Sales: about 0.2 Billion yen Operating profit: about 0.1 Billion yen
*Based on the assumptions that other foreign currencies will change in tandem with the US\$

Point

- Sales...While capital investment overseas is anticipated to slowdown, net sales are expected to remain at the same level as previous year with a backdrop of steady demand for capital investment in Japan and new shipbuildings.
- Profit...Despite the effort to optimize sales prices, operating profit is expected to decrease due to the impact of exchange rate fluctuations, increase in labour costs and soaring raw material prices.



We will continue to invest
in the future and pursue
sustainable growth for the
next 100 years.

Representative Director
President Executive Officer
Taizo Terasaki

FY2023 Financial results Overview

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

Our company celebrated its 100th anniversary on 1 October, 2023. We could never have reached this memorable milestone without your support and cooperation, and we are also deeply grateful for your kindness.

In fiscal year ended March 2024, TERASAKI achieved record-high net sales and profits.

This performance was not just due to the impact of yen's plunge, but also due to our decades-long effort to expand the overseas bases in Europe, Southeast Asia

and China while keeping manufacturing bases in Japan.

Riding the strong wave of shipbuilding market, we started operating a new building for sheet metal & painting in Imari, Saga prefecture, and a new factory in Guanzhou, China, both of which we invested in last year. They also contributed significantly to the performance.

We will continue to invest in the future and start a new chapter for the next 100 years.

Shipbuilding Market Overview

The shipbuilding industry has remained robust as its newbuilding orders and prices have been at high levels. As of the end of December 2023, the global shipbuilders'

order backlog has been over 200 million gross tonnage. It means that they already secured about 3-4 years' worth of work. Our company's order backlog of System products, as a result, reached over 36.7 Billion yen as of the end of March 2024.

On the other hand, the crises such as rerouting of ships from the Red Sea triggered by the attack of the Iran-backed Houthi group and shipping restrictions in drought-hit Panama Canal have caused latest concerns regarding shipping disruptions and shipping costs surge. We need to keep a close eye on the ever-changing market continuously.

Major risks for FY2024

As more than half of our sales are from overseas, fluctuations in the exchange rates are one of our major concerns.

In addition, our products use large amounts of raw materials such as copper and silver. These commodities have recently seen a dramatic surge in prices and we will need to monitor the situation closely.

Outlook for FY2024

Regarding our consolidated financial outlook for the fiscal year ending March 2025, we have started our plan with increased sales and decreased profits partly because we set the exchange rate assumptions for a stronger yen compared with the previous year average, coupled with the impact of increasing personnel expenses and soaring raw materials. However, we will make more effort to improve our productivity and optimize sales prices.

We started the 1st phase of Kami Factory rebuilding work on February 2024, one of our manufacturing bases of circuit breakers.

The purpose of this rebuilding work is to strengthen our business continuity, to maximize productivity with its automation and labour-saving technology, and to make our working place more friendly to employees and the environment.

We will also actively invest in human resources and aim at sustainable growth by promoting the organization development that maximizes individual capabilities full of globality & diversity, which we consider to be a great strength for the company.

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

June 2024



The image of Kami Factory rebuilding work
(Scheduled for completion in FY2025)

Consolidated Financial Statements (Summary) (Note) Monetary amounts are rounded off to one million yen.

Consolidated Balance Sheets

ASSETS		LIABILITIES & EQUITY	
(Units: Million yen)		(Units: Million yen)	
2022FY	2023FY	2022FY	2023FY
(As of 31 March 2023)	(As of 31 March 2024)	(As of 31 March 2023)	(As of 31 March 2024)
[Assets]		[Liabilities]	
Current assets	42,894	48,381	
Cash and cash equivalents	11,357	13,210	
Notes and accounts receivable - trade, and contract assets	14,718	16,066	
Inventories	14,565	16,791	
Other current assets	2,252	2,312	
Non-current assets	17,048	19,662	
Property, plant and equipment	11,180	12,405	
Intangible assets	142	126	
Investments and other assets	5,726	7,131	
Total Assets	59,943	68,043	
		[Equity]	
		Shareholders' equity	36,337
		Capital stock	1,236
		Capital surplus	2,244
		Retained earnings	32,857
		Treasury stock, at cost	△ 1
		Accumulated other comprehensive income	4,247
		Non-controlling interests	45
		Total Equity	40,629
		Total Liabilities and Equity	59,943
			68,043

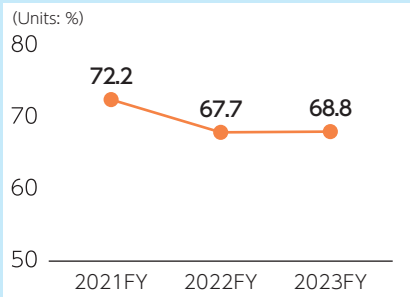
Consolidated Statements of Income

(Units: Million yen)	
2022FY	2023FY
(From 1 April 2022 to 31 March 2023)	(From 1 April 2023 to 31 March 2024)
Net sales	44,253
Cost of sales	32,159
Gross profit	12,093
Selling, general and administrative expenses	9,224
Operating profit	2,868
Non-operating income	667
Non-operating expenses	56
Ordinary profit	3,479
Extraordinary income	7
Extraordinary loss	20
Profit before income taxes	3,466
Income taxes - Current	764
Income taxes - Deferred	350
Profit for the period	2,352
Profit attributable to non-controlling interests	6
Profit attributable to TERASAKI shareholders	2,345

Consolidated Statements of Cash Flows

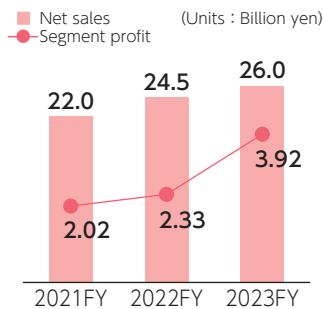
(Units: Million yen)	
2022FY	2023FY
(From 1 April 2022 to 31 March 2023)	(From 1 April 2023 to 31 March 2024)
Cash flows from operating activities	△ 663
Cash flows from investing activities	△ 1,314
Cash flows from financing activities	1,196
Effect of exchange rate changes on cash and cash equivalents	368
Net increase (decrease) in cash and cash equivalents	△ 413
Cash and cash equivalents at beginning of year	11,770
Cash and cash equivalents at end of year	11,357

Equity ratio



Segment Performance by Region

Japan



Net sales

26,084 Million yen (Up 6.2% year on year)

Segment profit

3,929 Million yen (Up 68.5% year on year)

▶ Marine Systems

Sales for bulk carriers and container ships increased despite a decline in sales of TERASAKI Shore Connection.

▶ Industrial Systems

Sales jumped due to the increase in sales for green-energy power plants in Japan, overseas plants, and distributed power supplies such as cogeneration systems.

▶ Medical Devices

New capital investments in medical devices were sluggish, and demands for some clinical devices decreased owing to inventory adjustments.

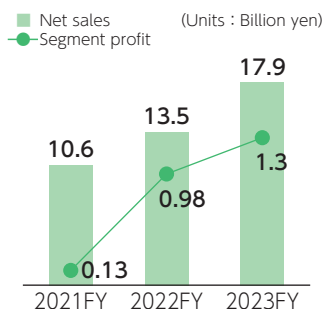
▶ Engineering & Lifecycle Services

Inspection and replacement for marine and industrial systems increased as well as circuit breaker retrofits, while a delivery of engineering services for railway-related facilities in Japan has been postponed to the next financial year.

▶ Circuit Breakers

Sales declined in Japan due to the impact of inventory adjustments. Overseas sales performed well in Australia and remained strong in east Asia, especially for ships.

Asia



Net sales

17,925 Million yen (Up 32.7% year on year)

Segment profit

1,300 Million yen (Up 31.9% year on year)

▶ Marine Systems

Sales significantly rose compared to the previous financial year, mainly boosted by the demand for products supplied for container ships and LNG carriers, as well as the demand for TERASAKI Shore Connection.

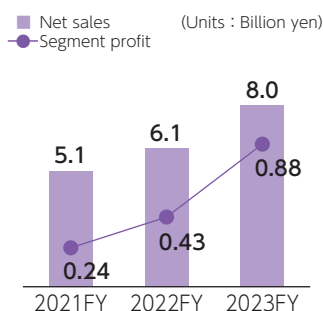
▶ Engineering & Lifecycle Services

Replacements for marine systems increased as COVID-19-related restrictions were eased.

▶ Circuit Breakers

Sales performed well in Chinese marine market and in Singapore, while slowing down in Malaysia.

Europe



Net sales

8,055 Million yen (Up 30.2% year on year)

Segment profit

888 Million yen (Up 102.5% year on year)

▶ Circuit Breakers

Sales surged due to growing demands in Europe and the U.K. for decarbonization investments, coupled with favourable sales for a large project in the Middle East.

▶ Engineering & Lifecycle Services

Repairs for marine systems increased while circuit breaker retrofit orders decreased.

Performance by Product Group

System Products

Net sales **27.7 Billion yen**
(+21.1% YoY)

Orders received **32.9 Billion yen**
(+4.7% YoY)

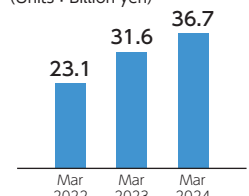
Order backlog **36.7 Billion yen**
(+5.1 Billion yen from the end of FY2022)

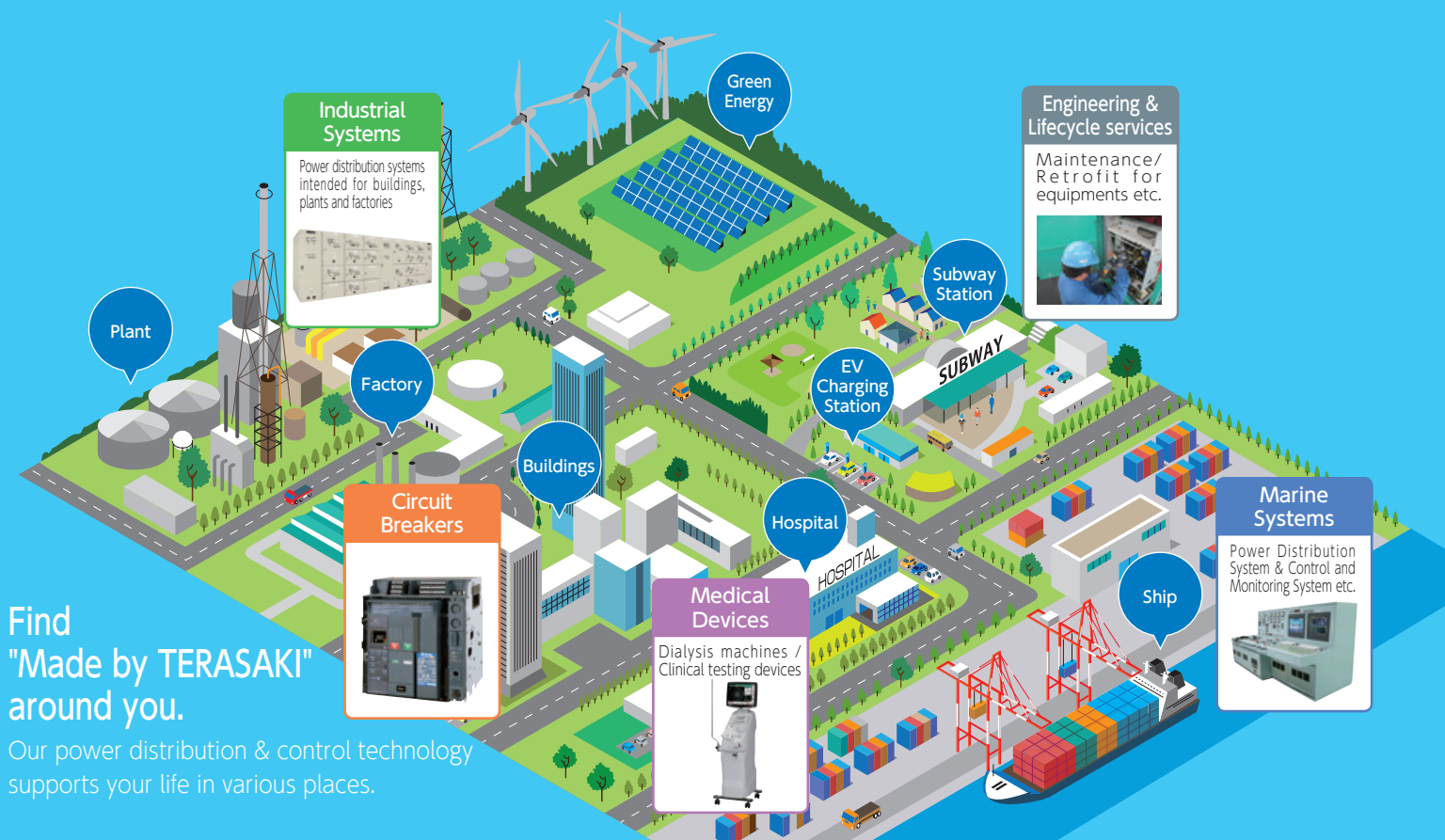
Circuit Breaker Products

Net sales **24.2 Billion yen**
(+13.9% YoY)

(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.

[System Products Order backlog]
(Units : Billion yen)





Vol.1 Marine Systems

Q. What type of ships are our products installed on?



Our power distribution system is installed mainly on **large ocean-going vessels** such as bulk carrier, tanker, LNG carrier, car carrier and container ship, playing an important role in electrical safety of ships by receiving power from the generators and distributing electricity throughout the ships during the operation. It means one system needs to be installed per ship.

Q. What is "TERASAKI Shore Connection"?



Most ships use their generator engines to consume a lot of **electricity** during cargo-handling operations, so these engines produce **exhaust emissions** while in port. TERASAKI Shore Connection shuts off ships' generator engines while at berth and supplies necessary power from shore. It helps minimize environmental pollutants from ships and **keep ports clean**.

TERASAKI Shore Connection

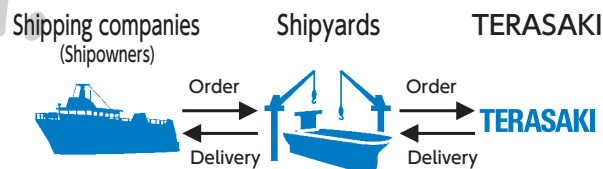
POINT

Our Marine System products are equipped with our Circuit Breakers.



Q. Who is our customer?

We provide our products to **shipyards**. The most products are installed on new vessels built by shipyards and these vessels ultimately belong to the shipowners.



Q. What is **Control and Monitoring System**?

It monitors and controls the propulsion engines and power generations in ships, supporting the safe operations of ships day and night.



Integrated Control and Monitoring System
TERANET50X

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 yen
Employees	2,115 (Consolidated) 534 (Non-consolidated)
Consolidated Subsidiaries	Domestic: 4, Overseas: 8

Director & Executive Officer (As of 27 June 2024)

Representative Director President Executive Officer	Taizo Terasaki
Director Senior Managing Executive Officer	Kazunobu Kumazawa
Director Managing Executive Officer	Junji Nagase
Director Managing Executive Officer	Masao Nishida
Director Managing Executive Officer	Yoshihiro Umemoto
Director Executive Officer	Kazuhiro Yoshikawa
Director Audit & Supervisory Committee Member	Hirofumi Kobayashi
Director Audit & Supervisory Committee Member (External)	Kunio Chiyoda
Director Audit & Supervisory Committee Member (External)	Shunji Takano
Executive Officer	Shujiro Hamano
Executive Officer	Masaji Nishino
Executive Officer	Hideki Nakagawa
Executive Officer	Keita Yasukawa
Executive Officer	Tsutomu Takeda
Executive Officer	Teruyuki Tataki
Executive Officer	Shuzo Nasu

Shares

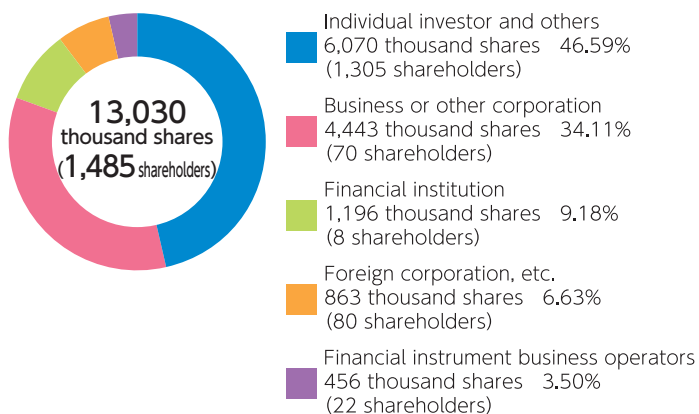
Total number of shares authorized to be issued	52,000,000
Total number of issued shares	13,030,000
Number of shareholders	1,485

Major Shareholders

Shareholder	Shares owned (1,000 shares)	Share (%)
Terasaki Co., Ltd.	2,200	16.89
Taizo Terasaki	1,143	8.77
Terasaki Trust Co., Ltd	866	6.64
Kaori Aramaki	738	5.66
Yuzo Terasaki	677	5.19
Hozansha Co., Ltd.	653	5.01
Terasaki Employee Stock Ownership	540	4.15
Terasaki Suppliers Stock Ownership	531	4.08
Arc Ltd.	400	3.07
Tatsuro Kiyohara	390	2.99

(Note) Share percentages are calculated without treasury stock (1,070 shares).

Distribution by Shareholders



* Treasury stock (1,070 shares) is included in individual investor and others.



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