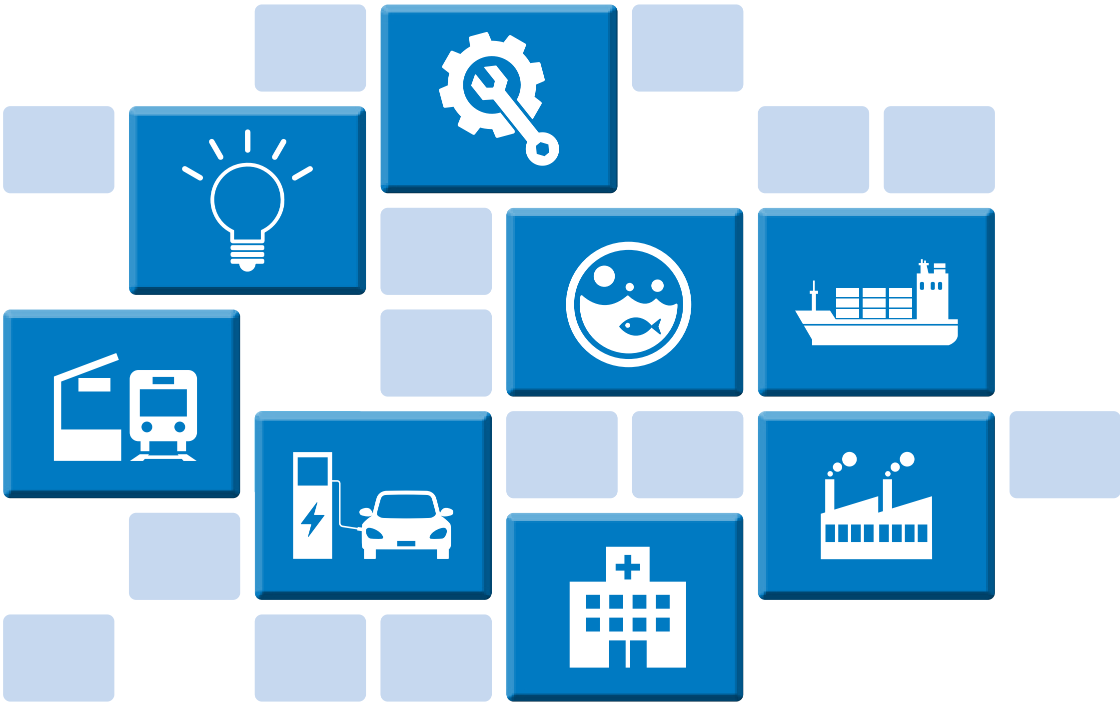


TERASAKI

TERASAKI REPORT

1 April 2025 - 31 March 2026

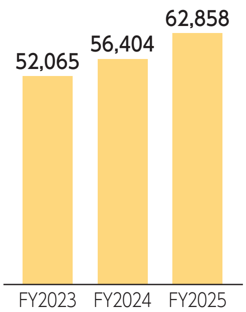
TERASAKI ELECTRIC CO., LTD.
Securities code 6637

Financial Highlights・Dividends

Net sales

62,858 million yen
+11.4% year-on-year

(Units: million yen)

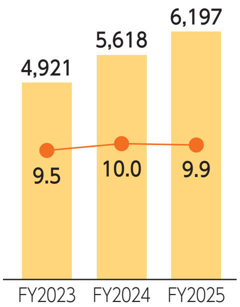


Operating profit/ Operating profit ratio

6,197 million yen
+10.3% year-on-year

Operating profit
Operating profit ratio

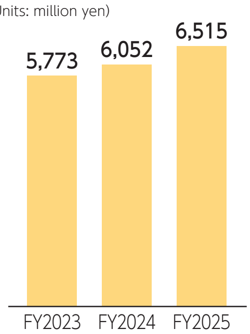
(Units: million yen) (Units: %)



Ordinary profit

6,515 million yen
+7.6% year-on-year

(Units: million yen)

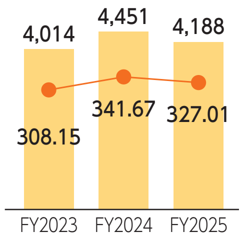


Profit attributable to TERASAKI shareholders / Profit per share

4,188 million yen
(5.9)% year-on-year

Profit attributable to TERASAKI shareholders
Profit per share

(Units: million yen) (Units: yen)

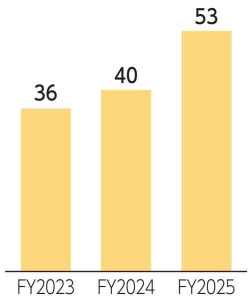


Dividends

Annual 53 yen

Dividends per share

(Units : yen)



Outlook for Financial Year 2026 (Ending 31 March 2027)

Note: The earnings forecast below does not incorporate uncertainties arising from heightened geopolitical risks, particularly in the Middle East, as their financial impact cannot be reasonably estimated at this time.

Net sales	Operating profit	Ordinary profit	Profit attributable to TERASAKI shareholders	Dividends
69,520 million yen	5,730 million yen	5,830 million yen	3,760 million yen	Interim 28 yen
+10.6% year-on-year	(7.5)% year-on-year	(10.5)% year-on-year	(10.2)% year-on-year	Year-end 28 yen
				Annual 56 yen

≪Exchange rate assumptions for FY2026≫
1 USD=151.00 JPY 1 EUR=176.00 JPY
1 GBP=199.00 JPY 1 RMB=21.70 JPY

≪Foreign Exchange Sensitivity≫ (Impact※ of 1-yen change against the US$)
Sales：approx. 0.2 billion yen Operating profit：approx. 0.1 billion yen
※Based on the assumption that other foreign currencies move in tandem with the US$

Point

- **Net sales** are expected to increase, with Marine Systems performing steadily overall.
- **Profit** is expected to decline as raw material and labor cost increases outweigh price optimization efforts.

President's Message

With our strengthened facilities fully operational, we will turn Systems product orders into sales, respond swiftly to shifting market conditions, and deliver strong growth this year.

Representative Director
President
Executive Officer
Taizo Terasaki

FY2025 Financial results Overview

We would like to express our sincere gratitude to our shareholders for their continued support.
In financial year ended 31 March 2026, our performance surpassed the previous year in both net sales and profits.
On the sales side, our expanded manufacturing capacity for System products helped us capture strong shipbuilding demand. On the profit side, surging raw material costs — especially copper and silver — and rising labor costs weighed on earnings, but our profitability initiatives paid off.

Shipbuilding Market Overview

In the shipbuilding industry, our core customer base, ship demand faces growing uncertainty, but newbuilding prices remain firm, and continued demand for next-generation fuel-powered vessels — supporting the decarbonization of maritime transport — has kept order backlog at high levels. As of the end of March 2026, the global shipbuilding order backlog exceeded 348 million gross tons, equivalent to over four years of work.
Our own order backlog for Systems products stood at approximately 69.7 billion yen at the same date.
Meanwhile, the worsening situation in the Middle East — including navigation restrictions in the Strait of Hormuz and the Red Sea — has added uncertainty to the outlook for the shipping market.

Circuit Breakers and Industrial Market Overview

Within Japan, we expect the business environment to remain resilient, supported by capital investment in automation and labor-saving equipment to address labor shortages, expanded use of generative AI, and rising electricity demand. Overseas, uncertainty remains due to developments in U.S. trade policy and ongoing geopolitical risks, requiring careful assessment of the business environment.

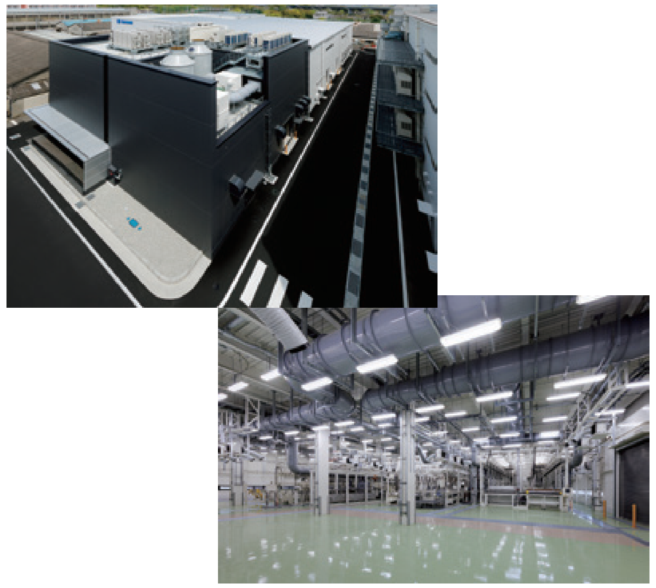
Outlook for FY2026

Regarding our consolidated financial outlook for the financial year ending March 2027, we forecast increased net sales, while operating profit, ordinary profit and profit attributable to owners of the parent are expected to decline.
The exchange rate assumption underlying our earnings forecast is 151 yen per US dollar.
With over half of our sales denominated in foreign currencies, our results are highly sensitive to exchange rate fluctuations.
In addition, our products use substantial quantities of raw materials such as copper and silver. Sharp increases in copper and silver prices have a significant impact on product costs and will continue to require close monitoring.
With regard to supply constraints on petroleum products and other inputs, we will focus on managing delivery schedules and costs.
In our System products, we will make full use of our strengthened production facilities in Japan and overseas to reliably convert our substantial Marine and Industrial Systems order backlog into sales. In Medical Devices, we will strengthen co-creation with our business partners and jointly expand into overseas markets. In Engineering and Lifecycle Services, we will expand and reinforce our overseas bases.

In our Circuit Breakers, we will continue to strengthen sales of new products and maximize the benefits of the fully operational Kami factory (Phase 1) — enhancing productivity and quality while reducing environmental impact. We will also advance preparations for Phase 2 of the Kami factory.
Furthermore, we will actively invest in human resources, building an organization that draws on the individual strengths of TERASAKI's diverse, global workforce to drive sustainable growth.

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

June 2026



Kami factory (Phase 1), in operations since January 2026
— exterior (left) and production floor (right)

Consolidated Financial Statements (Summary)

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

Consolidated Balance Sheets

ASSETS (Units: million yen)

	FY2024 (As of 31 March 2025)	FY2025 (As of 31 March 2026)
[Assets]		
Current assets	51,199	55,077
Cash and cash equivalents	17,614	13,929
Notes and accounts receivable - trade, and contract assets	13,993	17,634
Inventories	17,048	20,915
Other current assets	2,541	2,597
Non-current assets	22,696	26,350
Property, plant and equipment	14,073	15,417
Intangible assets	160	171
Investments and other assets	8,462	10,761
Total Assets	73,896	81,427

LIABILITIES & EQUITY (Units: million yen)

	FY2024 (As of 31 March 2025)	FY2025 (As of 31 March 2026)
[Liabilities]		
Current liabilities	16,608	18,440
Non-current liabilities	5,855	7,535
Total Liabilities	22,463	25,975
[Equity]		
Shareholders' equity	44,048	44,085
Capital stock	1,236	1,236
Capital surplus	2,244	2,244
Retained earnings	40,568	44,105
Treasury stock, at cost	(1)	(3,501)
Accumulated other comprehensive income	7,384	11,365
Total Equity	51,432	55,451
Total Liabilities and Equity	73,896	81,427

Consolidated Statements of Income

(Units: million yen)

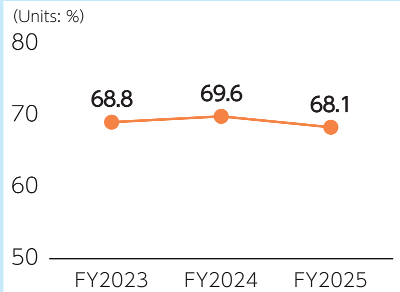
	FY2024 (From 1 April 2024 to 31 March 2025)	FY2025 (From 1 April 2025 to 31 March 2026)
Net sales	56,404	62,858
Cost of sales	40,377	45,459
Gross profit	16,027	17,399
Selling, general and administrative expenses	10,408	11,202
Operating profit	5,618	6,197
Non-operating income	568	690
Non-operating expenses	133	371
Ordinary profit	6,052	6,515
Extraordinary income	34	13
Extraordinary loss	2	5
Profit before income taxes	6,085	6,523
Income taxes - Current	1,758	2,345
Income taxes - Deferred	(124)	(9)
Profit for the period	4,451	4,188
Profit attributable to TERASAKI shareholders	4,451	4,188

Consolidated Statements of Cash Flows

(Units: million yen)

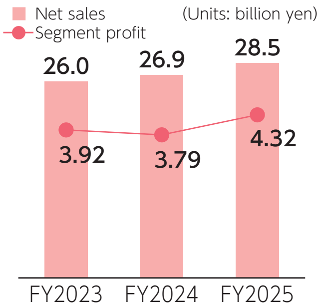
	FY2024 (From 1 April 2024 to 31 March 2025)	FY2025 (From 1 April 2025 to 31 March 2026)
Cash flows from operating activities	8,327	1,170
Cash flows from investing activities	(3,193)	(2,890)
Cash flows from financing activities	(743)	(2,977)
Effect of exchange rate changes on cash and cash equivalents	14	1,011
Net increase (decrease) in cash and cash equivalents	4,404	(3,685)
Cash and cash equivalents at beginning of year	13,210	17,614
Cash and cash equivalents at end of year	17,614	13,929

Equity ratio



Segment Performance by Region

Japan



Net sales **28,534 million yen** (Up 6.0% year on year)

Segment profit **4,329 million yen** (Up 14.2% year on year)

Marine Systems
Led by strong sales for LNG carriers, sales also rose significantly for Terasaki Shore Connection, bulk carriers, and container ships.

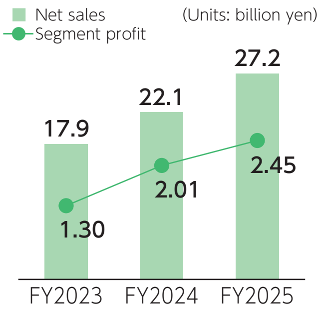
Industrial Systems
Sales for green-energy power plants in Japan and distributed power supplies such as cogeneration systems significantly rose.

Medical Devices
Capital investment in medical devices was sluggish.

Engineering & Lifecycle Services
Engineering services for railway-related facilities in Japan decreased.

Circuit Breakers
Overall sales remained largely unchanged year-on-year, supported by resilient domestic capital investment.

Asia



Net sales **27,210 million yen** (Up 22.6% year on year)

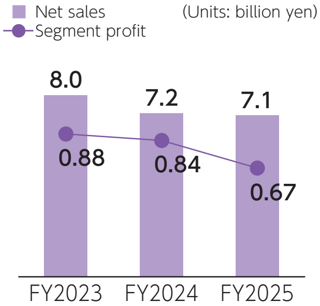
Segment profit **2,454 million yen** (Up 21.8% year on year)

Marine Systems
Sales significantly rose compared to the previous financial year, boosted by the demand for all vessel types, starting with LNG carriers.

Engineering & Lifecycle Services
Replacements for marine systems decreased.

Circuit Breakers
Sales performed well in Chinese marine market and in Malaysia.

Europe



Net sales **7,113 million yen** (Down 2.4% year on year)

Segment profit **670 million yen** (Down 20.4% year on year)

Circuit Breakers
Sales were sluggish in the UK and the Middle East.

Engineering & Lifecycle Services
Retrofit work for circuit breakers for marine applications increased.

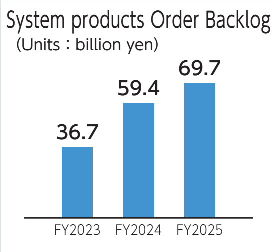
Performance by Product Group

System products

Net sales **38.2** billion yen
+17.2% YoY

Orders received **48.5** billion yen
(12.1)% YoY

Order backlog **69.7** billion yen
+10.3 billion yen from the end of FY2024



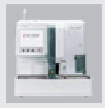
Circuit Breaker products

Net sales **24.6** billion yen
+3.5% 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.

Vol.4 Medical Devices

Q. What kind of medical device do we make?



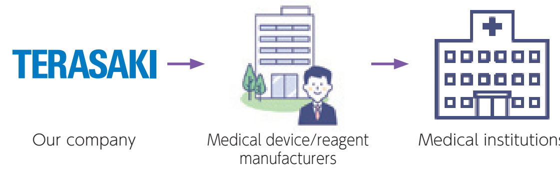
A. We manufacture **hemodialysis machines** that purify the blood of patients with impaired kidney function, as well as **clinical testing equipment** that analyzes blood, urine, and other samples to assess patients' health conditions.

During the COVID-19 pandemic, we responded to the urgent need to scale up production of virus testing equipment, contributing to a stable supply to medical frontlines.

Loopamp Turbidity Measurement Device — a genetic testing device for viral infection screening

Q. Who are our customers in the medical device business?

A. Our customers are **medical device manufacturers and reagent manufacturers,** for whom we develop and manufacture products under their brands (OEM). The TERASAKI name is rarely seen at medical sites, but the devices we make may well be in use at hospitals and clinics in your neighborhood.



Q. Medical devices are completely different from our other products. Why do we manufacture them?

A. Our 'Control and Monitoring system', one of the products in our Marine Systems, is built on electronic control technology — sensors, programs, and electronic circuits that regulate the movement of machinery and equipment. **This technology allows machines to operate accurately, safely, and efficiently.**

Our medical devices are an application of this same electronic control technology. **In the medical field, where high safety and precision are essential, TERASAKI's unique expertise is put to work.**

Q. Where do we manufacture these products?

A. They are manufactured at **our Yao factory (Yao City, Osaka),** one of our production bases. The Yao factory produces Marine Systems, Industrial Systems, and Medical Devices — **handling a wide range of products** from massive power distribution and control systems over ten meters long down to desktop-sized clinical testing equipment.

Yao factory (Yao City, Osaka)

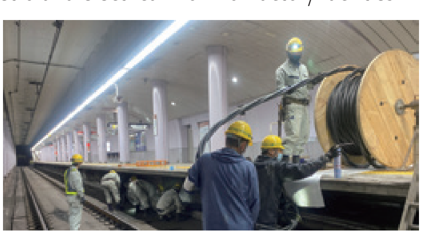
a view of the production floor

Vol.5 Engineering and Lifecycle Services

Q. What is "Engineering"?

A. Engineering covers not only the design and manufacture of electrical equipment, but also its installation and system commissioning — all handled in-house.

Our work includes electrical equipment installation for the Osaka Metro and electrical work for factory facilities.



Q. What are "Lifecycle Services"?

A. This service involves the periodic inspection and repair of electrical equipment we have installed, and includes proposing and carrying out refurbishment work as equipment approaches the end of its service life.

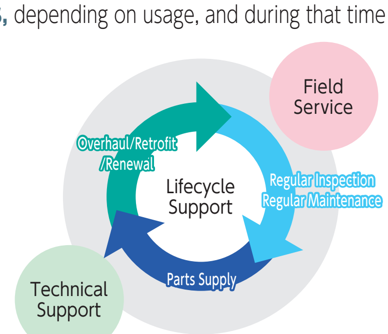
Q. How much of this business is marine-related?

A. Marine-related work accounts for **roughly half of net sales.** We maintain the electrical equipment installed on ships so they can operate safely throughout their entire service life, from construction to decommissioning. We aim to translate today's global shipbuilding boom into future growth in our Lifecycle Services business.

Q. How often is electrical equipment renewed?

A. **Electronic devices**, much like everyday personal computers, may sometimes be renewed **within about 10 years.** **Electrlcal equipment** as a whole typically remains in service for **around 30 years,** depending on usage, and during that time we also carry out renewal work on key components such as circuit breakers.

We will continue to deliver long-term **"safety, security, and comfort"** while balancing reliability and cost-effectiveness.



Corporate Information /Stock Information (As of 31 March 2026)

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	2,219 (Consolidated)
	566 (Non-consolidated)
Consolidated Subsidiaries	Domestic: 4, Overseas: 8

Director & Executive Officer (As of 29 June 2026)

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

Shares

Total number of shares authorized to be issued ········· 52,000,000

Total number of issued shares ································· 13,030,000

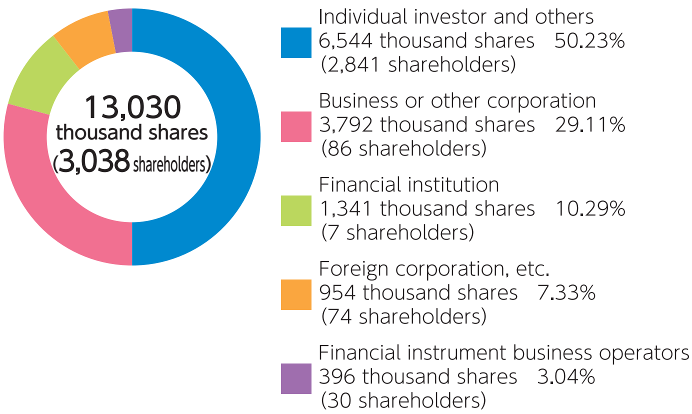
Number of shareholders ··· 3,038

Major Shareholders

Shareholder	Shares owned (1,000 shares)	Share (%)
Terasaki Co., Ltd.	2,200	17.94
Taizo Terasaki	1,149	9.37
Kaori Aramaki	738	6.01
Yuzo Terasaki	677	5.52
Hozansha Co., Ltd.	653	5.32
Terasaki Suppliers Stock Ownership	490	4.00
Terasaki Employee Stock Ownership	476	3.88
Arc Ltd.	400	3.26
MUFG Bank, Ltd.	360	2.93
The Master Trust Bank of Japan, Ltd.	327	2.66

(Note) Share percentages are calculated without treasury stock (765,325 shares).

Distribution by Shareholders



* Treasury stock (765,325 shares) is included in individual investor and others.

TERASAKI ELECTRIC CO., LTD.

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WEB : https://www.terasaki.co.jp/english/