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## Torishima continues its commitment to consistent & sustained service regardless of global chaos.

President and CEO  
**Kotaro Harada**

I'd like to thank our stakeholders for their continued understanding and consideration. During fiscal 2019, we marked the 100th anniversary of our founding. This major milestone provided us with an opportunity to revise our mission statement to better reflect today's business climate, while maintaining our corporate philosophy of "Never lose the public trust, even if monetary loss proves unavoidable." We also standardized our vision in English around the keyword "EVOLUTION." This vision sets forth a single, shared direction that will guide our employees around the world as they move forward. The unprecedented COVID-19 pandemic continues to wreak havoc worldwide, leading many countries to impose restrictions on economic activities and travel. While it's undeniable that humankind's

globalization has accelerated the pandemic, it's also true that the world is capable of overcoming this threat through cooperation and solidarity. This once-in-a-century crisis is precisely the time for governments and companies to show their true worth. No matter how much society is disrupted, we at Torishima, will continue to fulfill our role of providing safety and reliability to society as a pump manufacturer that is dedicated to supporting infrastructure. We will continue to evolve through our new mission and vision, enabling our business to always contribute to society—whatever kind of society that may be after the pandemic. To all our stakeholders, I reiterate my sincere gratitude and ask for your continued support, patience and understanding.

### Contents

Message from the President ..... P.1	<b>ESG</b>	<b>Financial Section</b>
Meet Torishima CSV — Creating Shared Value ..... P.3	Environment ..... P.9	Financial Data from the Past 11 Years ..... P.17
Financial and Non-Financial Highlights ..... P.4	Society ..... P.12	Consolidated Financial Statements ... P.19
Reflections on the 2019 Medium-Term Business Plan ..... P.5	Governance ..... P.14	Corporate Data ..... P.24
TOPICS (News in Fiscal 2019) ..... P.7	Directors and Executive Officers ... P.16	

## Evolving towards the next 100 years while carrying on the spirit of our predecessors

As we mark the 100th anniversary of our founding and begin the next 100 years, we at the Torishima Group updated our mission statement to incorporate a pledge to continue to evolve while valuing the history and technologies that we have inherited from our predecessors. Our keyword is "EVOLUTION." To ensure that foreign nationals, who now account for more than 40% of the Group's workforce, can share the same philosophy, we developed a simple statement of our vision based on that mission. Our global workforce will come together to evolve towards the next 100 years based on the core values set forth in the philosophy, mission, and vision below.

### The Corporate Philosophy



#### Never lose the public trust, even if monetary loss proves unavoidable.

This principle was the first to be incorporated in the mission statement put forth by Ryuhei Harada, a successful banker who joined Torishima in 1949 and revised the company's fortunes with his experience and knowledge. Monetary losses can be reversed over time. However, loss of trust can take much longer—even years—to reverse. This management philosophy, which identifies trust as the most important factor in business, has been passed down unbroken as our corporate philosophy.

### The Mission



#### Passion for our Products and Services. Evolving to meet the demands of an ever changing world.

We've updated our mission statement. Torishima has been in business for a century because our employees have built trust worldwide based on our corporate philosophy as we manufacture and supply pumps that are indispensable to society. This Mission statement embodies a pledge to continue to evolve by embracing changes while safeguarding our core competence in pumping technology.

### The Vision



The vision describes how individual employees should conduct themselves as they carry out our mission. We designed an "EVOLUTION" graphic that provides a visual cue that's easy to understand and remember so that the vision will permeate our organization and reach all employees worldwide. The six-part vision is a touchstone for determining the proper direction to take in daily business.

**TEAMWORK**  
**DIVERSITY**  
**PROFESSIONAL**  
**CLARITY**  
**ENTHUSIASM**  
**INNOVATION**  
**EVOLUTION**

**TEAMWORK**  
Combining our skills to achieve our common goal

**DIVERSITY**  
Embracing diversity to achieve success and maximize our global presence

**PROFESSIONAL**  
Fulfill our duties and responsibilities to provide the best service possible

**CLARITY**  
Working with integrity, transparency and sense of social responsibility

**ENTHUSIASM**  
Our success is linked to our passion and enthusiasm throughout our organization

**INNOVATION**  
Never stop challenging to provide creative solutions to our customers

# Meet Torishima



## Creating Shared Value

Torishima conducts CSV (creating shared value) management in which we help solve society's challenges while making a profit for the company. Based on our core competence in pumping technology, Torishima is enhancing profitability and providing a competitive edge while creating value both for society and for itself.

### Energy-Efficient Solutions

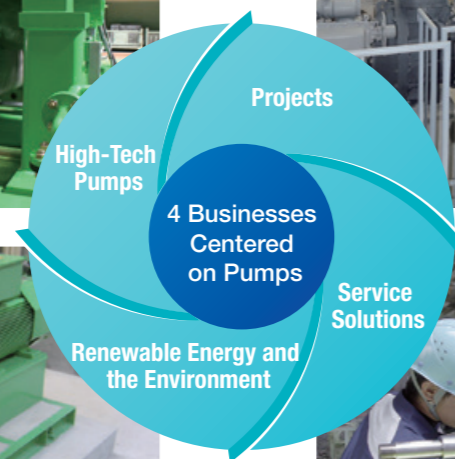
We contribute to greater efficiency in plants and other infrastructure by supplying high-efficiency pumps and other energy-efficient products, and by providing energy-efficient solutions for pumping equipment and pumping stations.

### Providing Safety and Reliability

Our state-of-the-art technology ensures safety under all conditions.

Providing high-efficiency and reliable engineered pumps that respond to customers' increasingly advanced and diversified needs

Offering well-proven expertise and experience as an EPC (engineering, procurement, construction) contractor



Contributing to a low-carbon society through the use of renewable energy

Maximizing the life span of plants with integrated service solutions

## SUSTAINABLE DEVELOPMENT GOALS

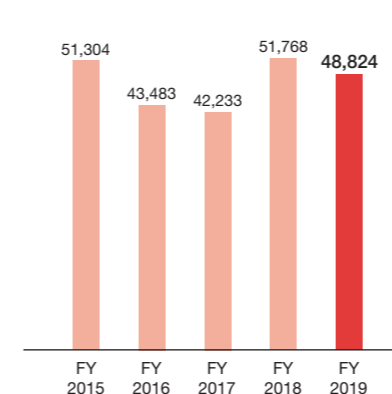


The Sustainable Development Goals (SDGs), which were adopted by the United Nations in September 2015, are 17 major goals comprising 169 specific targets to be achieved by 2030. Torishima is taking action to achieve the goals through various initiatives related to ESG (Environment, Society, and Governance), including the provision of high-performance pumps that support infrastructure.

## Financial Highlights

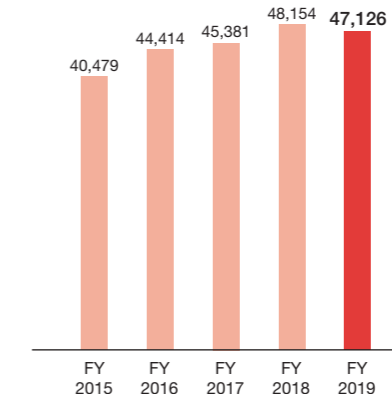
Note: Fiscal years ended March 31.

### Orders Received (millions of yen)



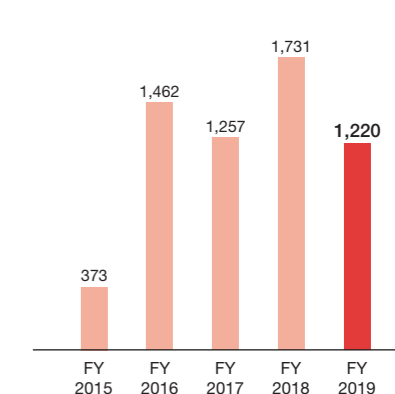
FY2019: Targets were mostly achieved. Public- and private-sector demand both grew year on year, but overseas demand declined.

### Net Sales (millions of yen)



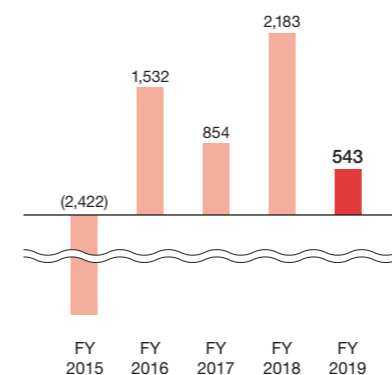
FY2019: Targets were mostly achieved. Public- and private-sector demand both grew year on year, but overseas demand declined.

### Operating Income (millions of yen)



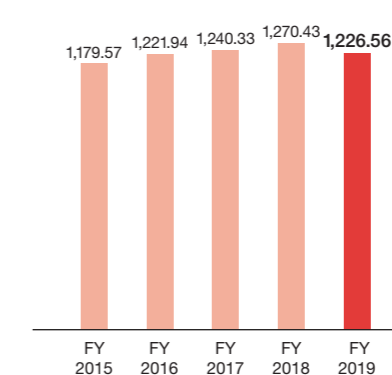
FY2019: Operating income fell due to a loss of 1.4 billion owing mainly to the following factors: posting of a provision for loss on construction contracts and an allowance for doubtful accounts following the bankruptcy of a customer, declining profit at our U.A.E. service subsidiary, an increase in sales costs, and a decline in wind power earnings caused by natural disasters.

### Net Income or Loss Attributable to Owners of the Parent (millions of yen)

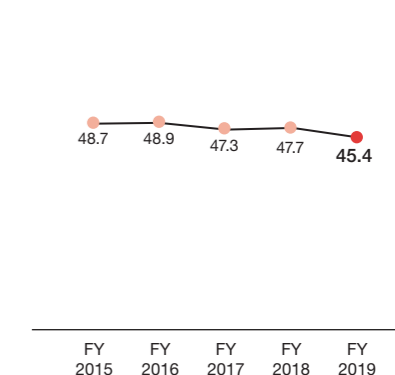


FY2015: Income fell due mainly to transient factors including exchange-rate losses and investment losses.  
FY2019: Profits fell due to factors including a loss on valuation of investment securities and increased tax expenses, including a reversal of deferred tax assets.

### Net Assets per Share (yen)



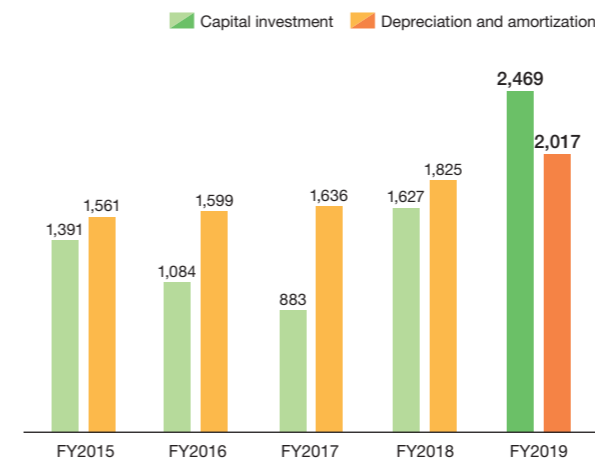
### Equity Ratio (%)



## Non-Financial Highlights

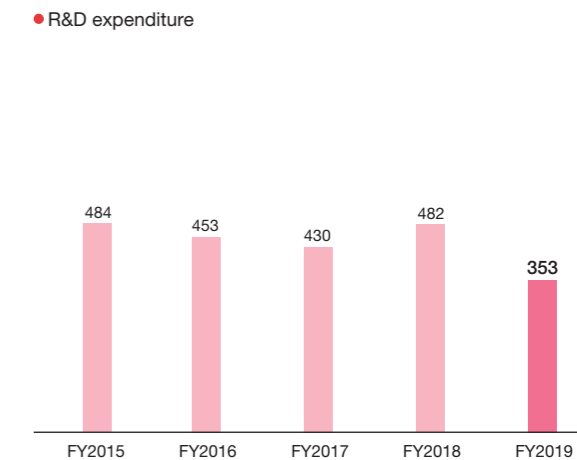
Note: Fiscal years ended March 31.

### Manufactured Capital (millions of yen)



In order to survive fierce global competition, we invest aggressively in production facilities, related equipment, software, and R&D. For example, we are expanding our service bases overseas.

### Intellectual Capital (millions of yen)





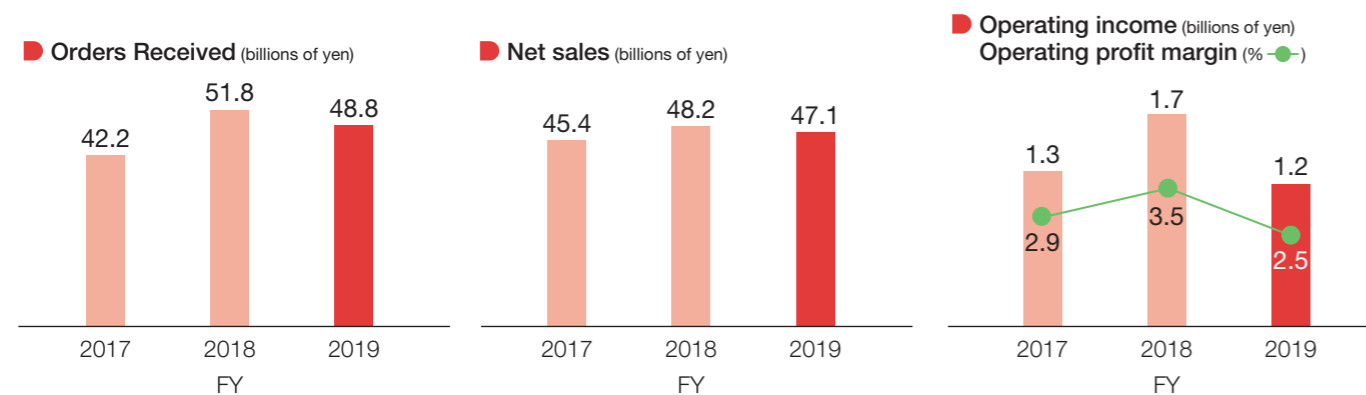
## Three-Year Overview

Order volume and sales have generally followed the “Beyond 100” 2019 Medium-Term Business Plan. We failed to achieve our profit goal after posting a loss of ¥1.4 billion, including an allowance for doubtful accounts following the bankruptcy of a customer, during the first half of fiscal 2019, the plan’s final year.

Nonetheless, in a qualitative sense, we focused on the activities below and firmed up the foundation that will allow us to achieve our long-term goals. As part of that effort, we

made significant progress by embracing a variety of challenges in the areas of “Innovative Capabilities”, “Global Strength”, and “After-sales Service Capabilities”. However, our efforts are still ongoing in the area of “Productivity and Work Process Quality”. We developed the next medium-term business plan based on an awareness of these facts, but we’ve delayed announcing it as it needs to be reviewed in light of the COVID-19 pandemic.

	2019 Medium-Term Business Plan (billions of yen)					
	FY2017		FY2018		FY2019	
	Plan	Result	Plan	Result	Plan	Result
Orders received	44.0	42.2	45.0	51.8	46.0	48.8
Net sales	44.5	45.4	46.0	48.2	46.0	47.1
Operating income	2.0	1.3	2.0	1.7	2.5	1.2
Ordinary income	2.5	1.5	2.0	2.3	2.5	1.3
Net income attributable to owners of the parent company	1.8	0.9	1.4	2.2	1.8	0.5



## 2019 Medium-Term Business Plan ( Specific targets and Key achievements over the plan’s 3-year term )

Develop world-leading products that offer energy efficiency, safety, and reliability, and create a business model to this end



### Innovative Capabilities

Achievement

#### Enhance core pump products, introduce new products

- To thoroughly meet customer needs, enhanced products including pumps for power plants, pumps for desalination plants, high-capacity/high-pressure water transmission pumps, and drainage pumps for dealing with sudden and violent rainstorms. Order volume grew as those products were well received by the market.

#### Develop new systems for the after-sales service market by utilizing technologies such as IoT and 3D

- Developed and began marketing TR-COM, an IoT-enabled rotating equipment monitoring system. Currently working to build alliances with partners in related industries.



## Improve the company’s fundamental resilience to external environmental factors

### Global Strength

Achievement



#### Build an optimal global production system (plants in Japan, China, Indonesia, India)

- India: Fabricated motor modules for boiler circulation pumps.
- Indonesia: Fabricated boiler feed pumps designed to fulfill Southeast Asian specifications.
- Tianjin: Began manufacturing boiler feed pumps for waste incineration and biomass power plants.



### Productivity, Work Process Quality

Achievement



#### Use state-of-the-art equipment to boost productivity and expand production capacity

#### Firmly establish and continuously improve process innovation

- Installed new equipment to improve in-house productivity and test capabilities. Although we moved forward with information-sharing and RPA initiatives, our efforts to boost operational efficiency remain insufficient.



### After-Sales Service Capabilities

Achievement



#### Cover more regions (Americas, Southeast Asia)

- Newly started: Thailand, Philippines, Malaysia, Taiwan, U.S., Saudi Arabia
- Expanded: Singapore, Dubai, U.K.
- Also expanded our domestic service network.

#### Increase number of supervisors and train them

#### Have service solutions business account for 35% or more

- Achieved target of service solutions business accounting for 34% to 36% (average: 35%) of all sales.

#### Increase number of products that can be serviced



## Build a flexible corporate infrastructure (mechanisms, people)



### Governance

Achievement



#### Improve viability of Board of Directors

- Put in place a system for reforming the Board of Directors as part of CGC changes.

#### Introduce performance-based compensation system

- Introduced transfer-restricted stock compensation for directors.

#### Strengthen management of worldwide subsidiaries



### Human Resources

Achievement



#### Reform working styles

- Launched the Work-Style Reform Promotion Section and moved forward with reforms targeting operations, systems, and employee awareness.

#### Promote diversity (improve work environment for women and foreign nationals)

- Strove to put in place a work environment that’s satisfying for all employees, for example by promoting diversity and expanding our in-house childcare services.

#### Hire and foster globally minded people

- Hired foreign nationals in an active and ongoing manner to address Japan’s shrinking workforce.



## News in Fiscal 2019

### Torishima Holds 100th Anniversary Ceremony

On August 1, 2019, Torishima celebrated its 100th anniversary in a ceremony in a theater in the city of Takatsuki.

As we enter our second century of business under the banner of Torishima's new Mission and Vision, we wish to express the sincerest gratitude to our many predecessors and their marvelous achievements, and to our many customers and business partners for their support. We will continue to pursue growth towards an ongoing contribution to a better society.



President Harada speaks at the 100th anniversary celebration

### Construction Moving Along at New Head Office Factory



State of construction as of mid-July 2020

Construction on the new head office factory began in October 2019 with ground improvement, excavation, and foundation work such as concrete placement. After this was completed at the end of March 2020, steel framing began in April and the facilities are

beginning to take shape. Construction continues with a completion target of February 2021.

### Reforming Working Styles

In April 2018, we launched the Work-Style Reform Promotion Section, which leads three reforms aimed at improving working styles: operational reform, systemic reform, and awareness reform. First, operational reform is focused on advancing a paperless work environment. Through improvements such as digitalizing in-house paper media and using computers for formerly paper-based authorization procedures, it is becoming possible for employees to work anywhere. This has proved particularly helpful in allowing employees to work from home after the Japanese government declared a state of emergency in April 2020 to slow the spread of Covid-19.

Second, under systemic reform, we are looking in to new HR systems. In order to make employees' jobs more rewarding and raise their productivity, we are building mechanisms that will allow us to positively evaluate those who take the initiative and make progress.

Third, under awareness reform, the new head office factory will incorporate flexible office spaces that facilitate things like responding to change and bonding with fellow workers. The facility will also be given a split-level layout that eliminates walls between company divisions.



The new head office factory's split-level layout

### Expanding Regional Coverage in Service Solutions Business

While continuing to meet maintenance demand for the pumps we have delivered all over the world, we are expanding and improving our service solutions business to quickly and flexibly respond to wide-ranging customer needs by establishing service bases in places such as Southeast Asia and the U.S. Recent years have seen us establish service bases in Thailand, the Philippines, Malaysia, Taiwan, the U.S., and Saudi Arabia. We also upgraded our Philippines representative office to a branch of TSSA in April 2020, and expanded service facilities in Singapore and Dubai.



Philippine Branch, Torishima Service Solutions Asia Pte. Ltd. (TSSA)

### TR-COM System Boosts Service Capabilities

TR-COM is a simple system in which customers merely install a dedicated sensor that allows them to harness the power of IoT in monitoring rotating machinery. Since its development and full-fledged release in 2018, TR-COM has been a hit with customers. An easy-to-install wireless sensor is used to periodically gather vibration data from pumps and other rotating machinery, thus allowing users to monitor the state of their machinery. Data is collected from the sensors with a smartphone and can be managed using the online TR-COM server. Normally, to monitor the state of machinery with vibration data requires experience and specialized knowledge. But with TR-COM, anyone can easily carry out advanced monitoring. TR-COM can also be linked with other monitoring systems, allowing data gathered with TR-COM to be used on the customer's other systems.

TR-COM continuously improves the accuracy of anomaly detection by using data gathered from

around the world. To further expand our services, in fiscal 2020 we plan to start the sale and rental of IoT gateways that automatically gather data.



TR-COM website screen

### Enhancing Core Pump Products

In order to thoroughly respond to the needs of various markets, we are boosting product lineups mainly in high-pressure seawater pumps for desalination plants, high-head, high-capacity pumps for water supply plants, sewage-water transmission pumps for sewerage plants, and condensate pumps for power plants.

In increasingly widespread need in recent years are energy-efficient high-pressure seawater pumps for desalination plants. These pumps represent a key strength of Torishima and are crucial pieces of equipment at RO (Reverse Osmosis) method of desalination. That's why we developed and released the new MHH, whose improved pumping efficiency, reliability, and ease of maintenance have helped fuel growing orders from customers.

Due to the increasing demand for water transmission pumps that carry large volumes long distances through pipelines in regions such as the Middle East, we developed the CDM, which realizes high head, high capacity, and high efficiency among the best in the world. We have been receiving more large orders for CDM models for projects in countries like Saudi Arabia.



MHH high-pressure seawater pump for desalination plants

CDM high-head, high-capacity pump for water supply plants



## Torishima Environmental Policy

### Philosophy

At Torishima, we believe that protecting the Earth's natural environment is a vital task that must be addressed by all mankind. For the sake of the planet and all of its inhabitants, our goal must be to cultivate a naturally beautiful global environment that is conducive to comfortable living. Through our pumps and other eco-friendly products, we supply environmentally sustainable systems that are engineered to enrich living environments everywhere. We conduct production activities so as to be in harmony with environmental demands, and we offer products that have minimal environmental loads. In this way, we are working to bring about developmentally sustainable societies that can support a healthy global environment well into the future.

### Activities

To put the foregoing philosophy into practice, we undertake the following activities:

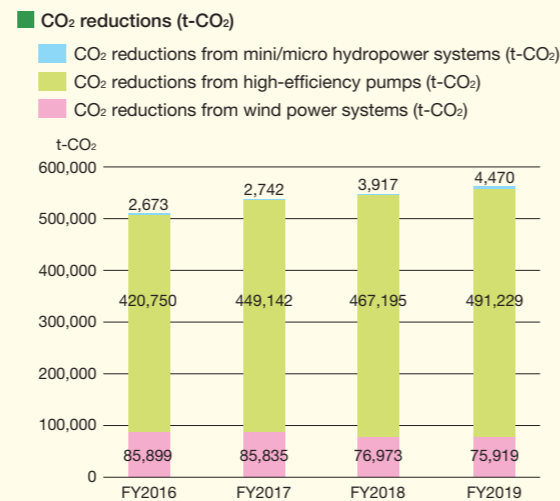
- 1) We develop and supply highly efficient, environmentally friendly pumps that contribute to energy savings;
- 2) We develop and supply wind power and hydropower generation systems that use natural energy sources. This contributes to a reduction of CO<sub>2</sub> emissions;
- 3) We provide technologies targeting the reuse of waste materials, as a way of enhancing the recycling of natural resources;
- 4) We actively promote reductions in environmental loads and prevention of environmental contamination, based on environmental assessment results;
- 5) We continually strengthen our environmental management systems in order to raise environmental performance;
- 6) We comply with environmental laws, regulations, and other applicable obligations. We also formulate and comply with our own in-house rules;
- 7) Throughout our production activities, we seek to preserve energy and natural resources and promote recycling, waste reduction, and proper management of chemical substances. These actions serve to reduce environmental burdens.

April 1, 2020  
Kotaro Harada, President and CEO,  
Torishima Pump Mfg. Co., Ltd.

## Status of Fiscal 2019 Environmental Objectives

### Pump Business, Renewable Energy and the Environment Business

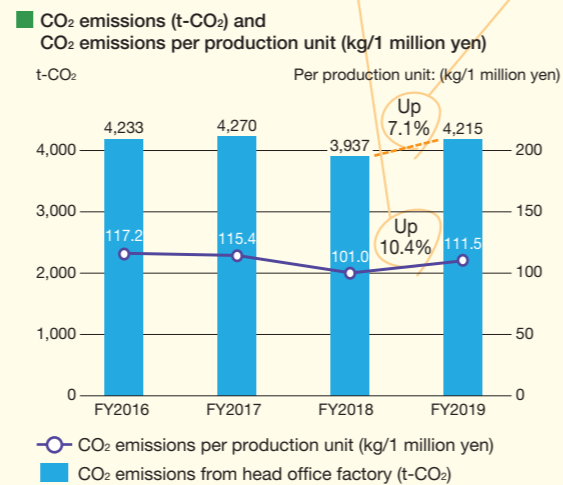
By developing and supplying environmentally friendly products such as energy-efficient pumps (high efficiency boiler feed pumps, Eco-Pumps, and large high-efficiency pumps), wind power systems, and mini/ micro hydropower systems, Torishima contributed to saving energy and reducing CO<sub>2</sub> emissions, as shown in the graph below.



### Initiatives for Reducing Environmental Burden in Production Activities

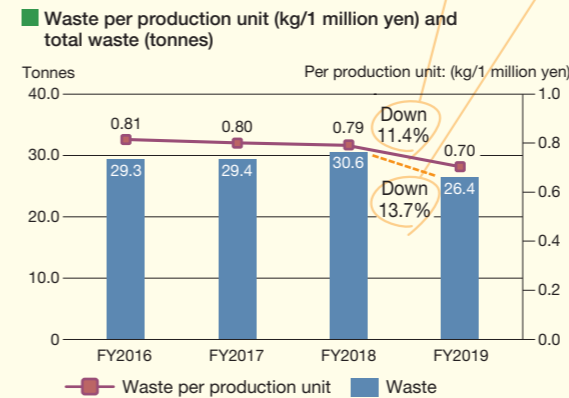
#### 1 Saving Resources and Energy

In fiscal 2019, total CO<sub>2</sub> emissions from the head office factory increased by 10.4% year-on-year, and CO<sub>2</sub> emissions per production unit rose by 7.1%.



#### 2 Reducing Waste

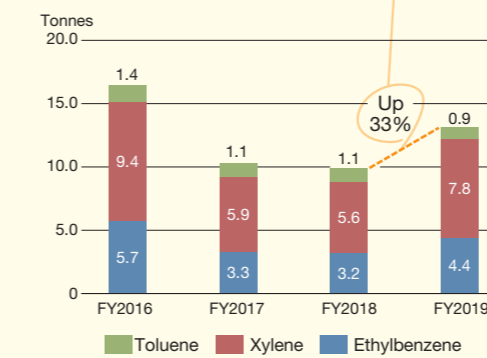
In fiscal 2019 at the head office factory, the amount of waste per production unit was down 11.4% year-on-year, the amount of waste also decreased by 13.7%.



#### 3 Reducing Discharge of PRTR Class 1-Designated Chemicals

In fiscal 2019, the total amount of discharged and transferred chemical substances covered by the PRTR (pollutant release and transfer register) system in Japan increased by 33% year-on-year. We keep striving to estimate the required paint volumes more accurately, while reducing the amount of cleaning agents we use.

#### PRTR Class 1-designated chemicals released and transferred (tonnes)

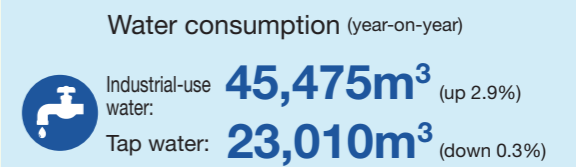
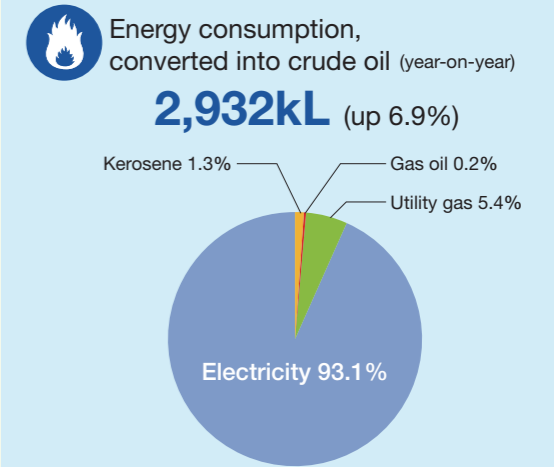


## Energy Consumption and Input

Torishima fully understands the impact its business activities place on the environment. Ever aware of this impact, we do all we can to reduce the environmental burden at every stage of our activities, from product development to disposal. In fiscal 2019 at the head office, CO<sub>2</sub> emissions increased by 7.1% year-on-year, waste decreased by 13.7%, achieved the targets.

## Input

Torishima head office factory



## Output

Torishima head office factory



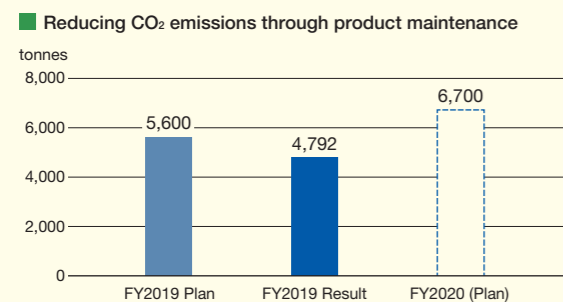
### Environmental Friendliness throughout the Value Chain

Torishima's freight volume is below that of a specified consigner, as designated under the Japanese Act on the Rational Use of Energy. Nevertheless, we implement various measures to further reduce freight volume. We have set a target in our environmental management program of reducing freight volume tonne-km\* between shippers and suppliers in an effort to lessen our environmental impact. Specifically, we are raising the load efficiencies of freight trucks and pursuing well-planned freighting to prevent sporadic shipments. These and other steady day-to-day efforts enable us to achieve company-wide improvements in transport efficiency.

\*Tonne-km = Freight weight (tonne) × transport distance (kilometer)

### New Environmental Targets in Service Solutions Business

Torishima's efforts to reduce CO<sub>2</sub> emissions go beyond supplying high-efficiency pumps—they also include after-sales service. For the second half of fiscal 2019 and beyond, we have set a new environmental objective of reducing CO<sub>2</sub> emissions through product maintenance. Customers can bring their old Torishima pumps into our service facilities for maintenance. The serviced pumps regain their efficiency and consume less power. To quantify the efficiency gains that come with pump servicing, we measured the performance of boiler feed pumps before and after servicing. Using an average efficiency improvement value, we can estimate how much our customers can reduce their CO<sub>2</sub> emissions following a servicing.



In fiscal 2020, we will also evaluate the performance of our REDU (Re Engineering and Design Up) maintenance service. REDU aims to boost the efficiency and prolong the life of pumps through restoring, improving, and replacing obsolete or worn-out parts.



### Introducing Digital Manifests and Service Agreements

In autumn 2019, Torishima began using digital manifests and digital service agreements. Previously, Torishima used paper-based manifests. By digitizing them, we can create a database and speed up administrative tasks. Digitizing also links the connection between service agreements, manifests, and permits, which allows us to strengthen legal compliance.

- Benefits**
- Reduces the time and effort required to create and manage manifests
  - Automatic compilation improves efficiency of analysis and government reporting
  - Prevents errors with data entry and forgetting to update deadlines

### Improvements Made in Fiscal 2019

#### 1 Saving Resources and Energy

Torishima is making steady efforts to reduce the amount of electricity it uses. These efforts include optimizing electricity usage by eliminating unnecessary pump tests, optimizing compressor operating times (stopping operation on non-working days and long holidays), repairing compressor air leaks, and turning off unused lights in plants and offices. Nevertheless, Torishima's plants electricity usage in fiscal 2019 increased by 6.8% year-on-year. To address this, we will boost our capacity for analyzing and evaluating the effectiveness of our energy-saving initiatives at each stage of our business activities.

#### 2 Reducing General Waste Disposal Costs

Much of the waste oil from Torishima plants used to be disposed of as industrial waste. In the second half of fiscal 2019, we reviewed our disposal subcontractor with a view to reducing disposal costs and selling waste as a valuable resource. As a result, we were able to cut disposal costs by 43% compared to the same period last year. We carefully separate waste oil to be disposed of as industrial waste from waste oil that can be converted into valuable resources. In this way, the entire company is becoming more focused on recycling and able to process industrial waste appropriately.

#### 3 Optimizing the Amount of Chemicals Handled

The health of our employees and subcontractors is a top priority, as is the environment in residential areas next to our facilities. That is why we have been switching to cleaning agents that are free of toxic substances. We are also reducing the amount of cleaning agents we use, by recycling a portion of them.

### Improvement Plans for Fiscal 2020

At present, all the spray cans of the cleaning agents used in our plants are disposed of as industrial waste. By properly sorting and managing these used spray cans, we are aiming to convert them into valuable resources and reduce the amount sent to final disposal. Specifically, we are:

1. clarifying the rules for sorting industrial waste, such as metal waste containing other materials, and plastic waste.
2. monitoring the status of waste storage and giving out awareness-raising notices when necessary during plant patrols
3. updating can-press machinery (installing new models) and managing its operation

# ESG Social

Torishima strives to be a trusted company in its relationship with society by fulfilling its social responsibilities. To this end, we communicate in every way possible with our stakeholders.



### Torishima's Response to the Covid-19 Pandemic

The Covid-19 pandemic began spreading worldwide from the end of 2019. In response, Torishima has been doing all it can to secure business continuity, while placing the utmost priority on infection control and the safety of all stakeholders—including customers, business partners, investors, and employees. Pumps are indispensable to infrastructure such as water supply and sewerage systems, power plants, and factories. That's why, with the exception of temporary closures in a few regions, Torishima's worldwide plants have continued to operate during the pandemic. It is our mission as a pump manufacturer to continue fulfilling our responsibilities to protect water and power-related infrastructure, while focusing on comprehensive risk control.

### Relationship with Customers

We strive to boost customer satisfaction in every way possible; for example, by providing high-value-added products and services, conducting thorough sales activities, joining worldwide trade shows, holding engineer-led seminars, and sharing information on our website.



At the Plant Maintenance Show in Tokyo, we showcased service solutions centered on the new TR-COM system

and investors can get a deeper understanding of our corporate value and our management plan for sustainable growth. Our efforts include general shareholders' meetings, financial results briefings for institutional investors and analysts, shareholder newsletters, and the Torishima Report.

### Relationship with Communities

#### Harada Memorial Foundation

The Harada Memorial Foundation is a public interest incorporated foundation. In 1981, then-president Ryuhei Harada launched the foundation with a personal contribution. The foundation provides grants to individuals and organizations engaged in research in natural science domains connected to the pump industry, such as hydraulics and fluid mechanics. It also offers scholarships to young people.

Number of research grants **296** cases

Number of scholarships **1,289** students

(Total from 1981 to fiscal 2019)

#### Taking Part in Takatsuki Industry Festival

The Takatsuki Industry Festival is an annual event held in the city of Takatsuki, Osaka—where Torishima has its head office. It is organized by the city of Takatsuki and the Takatsuki Chamber of Commerce and Industry. At the event, Takatsuki-based companies, stores, and other organizations set up exhibition booths that are open to the public. There are also hands-on workshops and food stalls, which make the event fun for the whole family.

At the 2019 event, Torishima took the opportunity to engage with local citizens. The Torishima booth explained pumps and their uses in a way that was fun and engaging, even for children. We also showcased Takatsuki's rainwater pumping station, where Torishima pumps are at work. Torishima's mascot,

### Relationship with Business Partners

To maintain a good relationship with our subcontractor partners, Torishima selects such partners on the basis of transparent and impartial transactions. We also seek to establish equal partnerships with them while complying with all related laws and regulations. In order to improve the level of occupational safety and health at both Torishima and our subcontractor partners, we hold a variety of events tailored to different workplaces and aimed at eliminating workplace hazards and accidents. These include joint Torishima-subcontractor occupational safety and health meetings held at manufacturing sites, safety conferences at sales offices, and hazard prevention workshops at construction sites.

### Relationship with Shareholders and Investors

We do everything possible to release company information in a timely, fair manner so that shareholders





Toripon, appeared on the special event stage and was the center of attention for the kids .



## Relationship with Employees

### Employee Education

Torishima actively offers educational opportunities and support, such as providing technical training on pumps and on-the-job training for new employees. We also help employees obtain a Professional Engineer qualification or another national technical qualification. In addition, we provide distance learning and seminars by outside organizations to boost employees' skills. "Seeing is believing" is the motto for Torishima's overseas on-site training for young employees. The goal of this intensive training program is to enable employees to identify customer needs and the seeds of new business beyond national boundaries.

### Diversity

For Torishima to grow sustainably in a global market, personnel diversity is a must-have. Torishima actively hires non-Japanese staff and works to foster employees with a global perspective, so that we can strengthen our competitive edge in the global market. The percentage of non-Japanese nationals in the Torishima Group was 44.2%\*.

We also provide employees with support for raising children. In addition to an in-house daycare center, we strive to create an environment conducive to employees taking maternity leave and parental leave. As a result of such measures, in 2017 Torishima received the "Kurumin" mark of certification from the Osaka Labor Bureau of the Ministry of Health, Labor, and Welfare in recognition of the various ways in which Torishima supports employees in balancing work and child-raising responsibilities.

Torishima also actively hires people with disabilities. In fiscal 2019, the percentage of employees with disabilities at Torishima was 2.85%. Our goal is to be a company with a vibrant work environment where all employees find their work rewarding.

\*As of March 31, 2020



## Safety and Health Policy, ISO 45001

To ensure a safe work environment with the cooperation of employees and other relevant personnel, Torishima has been certified for the ISO 45001 occupational health and safety management standard and is carrying out health and safety activities.

Certified site: Torishima Pump Mfg. Co., Ltd. head office factory

Date	Standard/Certification body
April 2010– March 2019	<ul style="list-style-type: none"> <li>JISHA OSHMS standards</li> <li>JISHA (Japan Industrial Safety and Health Association)</li> </ul>
April 2019	<ul style="list-style-type: none"> <li>ISO 45001:2018</li> <li>Safety and Health Management System Audit and Certification Center, JISHA</li> </ul>

## Safety and Health Policy

### Basic Philosophy

Torishima contributes to society through business activities that include the development and manufacture of pumps and related products. At the same time, we regard creating a safe, healthy environment—one where employees can work free of worries and where their health is maintained or even enhanced—as the basis of our QCD (quality, cost, and delivery) actions. We have thus formulated a basic policy on safety and health and are building a culture of safety and health that aims for a virtuous cycle. And we seek to be a vibrant company that continues to grow forever.

### Basic Policy

1. We are building an occupational safety and health management system based on ISO 45001 and aim to raise the level of safety and health through ongoing improvement activities.
2. We identify hazardous factors in the workplace through risk assessments and take countermeasures on an ongoing basis so that we can reduce risks to an absolute minimum.
3. We comply with all safety and health-related laws and regulations and company standards in an effort to further our safety and health management.
4. We seek to create a comfortable workplace for everyone concerned by ensuring effective communication among Torishima employees and among other people working at Torishima sites.
5. We strive to prevent incidents and aim for zero accidents and disasters by raising employees' awareness of safety and health through education and training.
6. In executing safety and health activities, we invest the appropriate management resources and implement effective improvements on an ongoing basis.

April 1, 2020  
Kotaro Harada, President and CEO  
Michihiko Oie, OHSMS General Manager

# ESG Governance

To grow sustainably and raise corporate value in the medium to long term, Torishima is strengthening its corporate governance and its framework for risk management, internal control, J-SOX compliance, and other items.

## Corporate Governance Structure

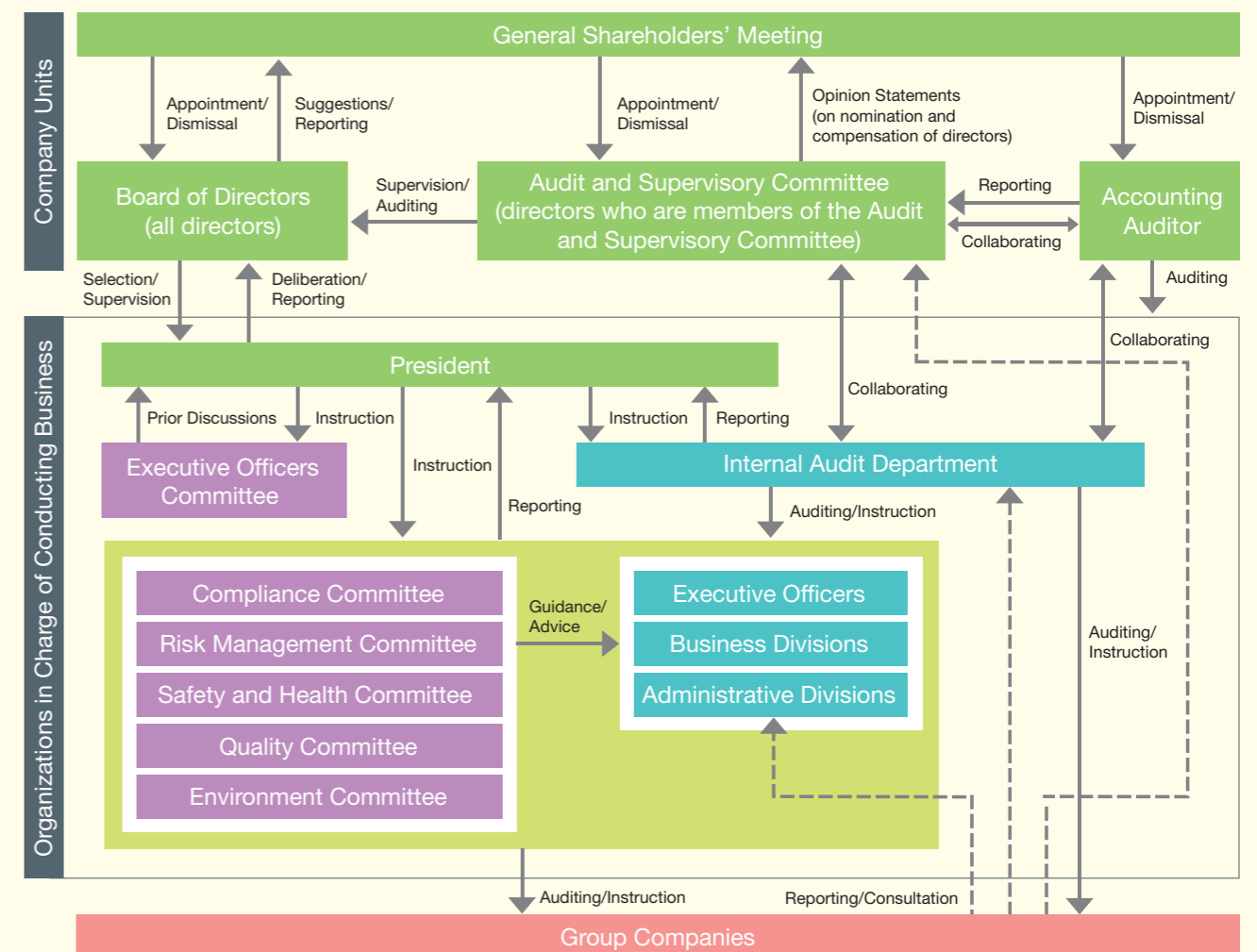
Since June 26, 2015, Torishima's corporate governance structure has included an Audit and Supervisory Committee. Under this structure, directors who are members of the Audit and Supervisory Committee are given voting rights on the Board of Directors. This strengthens the supervisory functions of the Board of Directors and enhances Torishima's corporate governance structure.

Four independent outside Audit and Supervisory Committee members provide insightful advice to the Board of Directors. Each Committee member has specific expertise in the field of business, legal affairs, or accounting. Their input contributes to the formulation of management policies and helps improve business performance.

The accounting auditor cooperates with the Audit and Supervisory Committee and the Internal Audit Department to efficiently conduct effective audits while exchanging information and views. The Internal Audit Department, which is independent from business operations, conducts internal audits from an unbiased perspective and with a focus on the efficiency, effectiveness, and legality of business operations. It also audits overseas Torishima Group companies in light of the globalization of Torishima's business activities.

For the future, Torishima aims to raise corporate value by increasing the effectiveness of the Board of Directors. We will also enhance management of domestic and overseas subsidiaries in an effort to strengthen governance.

## Torishima's Governance Structure







## Compliance Structure

“Never lose the public trust, even if monetary loss proves unavoidable.” In line with this corporate philosophy, Torishima has formulated a basic policy to ensure compliance in business management. The policy covers the observance of laws and regulations, while also stipulating fair and impartial behavior and prohibiting discrimination and acts that violate social ethics. There are further stipulations on maintaining discipline and order, and on remedial action to take when violations of the policy occur. Torishima works to thoroughly communicate the content of the policy to all directors and employees, so that they understand and follow it properly.

Torishima also has a Compliance Committee and a consultation service for discussing matters such as workplace ethics and related laws and regulations.

### Duties of the Compliance Committee

1. Develop legal and ethical compliance systems for Torishima and its subsidiaries, which together make up the Torishima Group
2. Provide guidance and advice to business execution divisions regarding the results of internal audits of corporate ethics
3. Provide guidance and advice regarding educational planning and activities related to corporate ethics
4. Provide guidance and advice to the internal consultation service regarding whistle-blowing

## ISO 9001 Certification

Torishima has been certified for ISO 9001, an international standard on quality management systems. This assures we deliver products, engineering, and maintenance services of a quality that satisfies customers and earns their trust.

Date	Name
February 1997	Torishima Pump Mfg. Co., Ltd. head office factory; Torishima Tokyo branch; Osaka, Kyushu, Nagoya, Sapporo, Sendai, Hiroshima, Takamatsu, and Saga offices; Okinawa and Yokohama sales offices; (Japan)

More and more of Torishima's overseas subsidiaries and branches have been achieving ISO 9001 certification.

### Basic Quality Philosophy

Earning customer trust, providing satisfaction

#### Quality Policy

1. We place top priority on abiding by laws, regulations, and rules, and on giving customers safety and reliability.
2. In order to provide customers with products and services of value, we make proposals and respond with a clear understanding of customers' needs and expectations.
3. We clarify and execute all items stipulated in contracts with customers.
4. We constantly create and improve on quality in all processes.
5. We set quality targets, and plan and implement the concrete measures to realize these targets.
6. To ensure that non-conforming products and customer complaints never happen, we conduct thorough design review and initial-product quality control.
7. In the case of non-conforming products, we respond appropriately and thoroughly.
8. In the case of non-conforming products or customer complaints, we analyze them from a range of viewpoints to ensure they never happen again.
9. We systematically develop employees' capabilities as part of fostering them into self-directed individuals.
10. We constantly improve our quality management system to ensure its maximum effectiveness.

April 1, 2020  
Kotaro Harada, President and CEO

## ISO 14001 Certification

Torishima actively pursues ISO 14001 certification, an international standard on environmental management systems, and strives to protect the environment. All of our bases in Japan operate environmental management systems that comply with ISO 14001:2015.

Date	Name
July 1999	Torishima Pump Mfg. Co., Ltd. head office and factories (Japan)
March 2004	P.T. Torishima Guna Indonesia P.T. Torishima Guna Engineering (Indonesia)
May 2005	Kyushu Torishima Co., Ltd. (Japan)
September 2010	Torishima Service Solutions Europe Ltd. (U.K.)
May 2012	Torishima Tokyo branch; Osaka, Sapporo, Sendai, Nagoya, Takamatsu, Hiroshima, Kyushu, and Saga offices; Yokohama and Okinawa sales offices (Japan)
August 2012	Torishima Pump Mfg. Co., Ltd. Qatar Project Office (Qatar)
January 2013	Torishima Pump Mfg. Co., Ltd. Middle East Project Office (U.A.E.)
July 2013	Torishima Pump (Tianjin) Co., Ltd. (China)

## Directors and Executive Officers

### Directors (As of June 26, 2020)

Maximizing our experience and knowledge to raise the medium- and long-term corporate value of the Torishima Group



President and Representative Director

#### Kotaro Harada

Since being appointed president and representative director in June 2006, Mr. Harada has demonstrated strong leadership at the core of Torishima's management. He plays an indispensable role in raising corporate value over the medium and long term.



Representative Director

#### Koichiro Hamu

Besides his main duties in engineering, Mr. Hamu was in charge of planning and developing new products and boosting Torishima's overseas marketing capabilities as head of areas including research and development and global sales. Since April 2020, he has been leading reform efforts as general manager of the Administration Division.



Representative Director

#### Tetsuya Kujima

After being engaged in areas such as wind power, procurement, and manufacturing, in April 2020 Mr. Kujima was appointed general manager of the Public Sector Division, which meets society's needs by, for example, preventing flooding of rivers and upgrading aging pumps.



Director

#### Hiroto Takahashi

In addition to his main duties in personnel and general affairs, Mr. Takahashi has been leading shareholder and institutional investor efforts through work that includes running general shareholders' meetings and heading IR activities.



Director (Member of Audit and Supervisory Committee), Chair of Audit and Supervisory Committee

#### Yutaka Fukuda

Mr. Fukuda draws on his experience and knowledge in accounting, general affairs, and internal auditing to strengthen Torishima's governance and compliance systems.



Director (Member of Audit and Supervisory Committee)

#### Akira Tsuda

Outside director

Mr. Tsuda has ample experience, knowledge, and success working at other companies as a director and in other management positions. From an objective perspective, independent of Torishima's management members, he provides sound proposals and advice to the company's Board of Directors.



Director (Member of Audit and Supervisory Committee)

#### Shiro Hakukawa

Outside director

Mr. Hakukawa has specialized knowledge in taxes, finance, and accounting gained through years of experience as a certified public accountant. He brings strengthened oversight and transparency to Torishima's management.



Director (Member of Audit and Supervisory Committee)

#### Hiroshi Akiyama

Outside director

As a lawyer, Mr. Akiyama possesses expertise and broad experience in corporate law and governance. From an objective perspective, independent of Torishima's management members, he provides sound proposals and advice to the company's Board of Directors.



Director (Member of Audit and Supervisory Committee)

#### Toshimasa Iue

Newly appointed  
Outside director

Mr. Iue has been appointed as an outside director and member of the Audit and Supervisory Committee. Having worked in top management positions including managing director and possessing a wealth of experience and knowledge in running companies and a vast network of personal connections, he is expected to provide the Torishima Group with valuable opinions and advice on management.

### Executive Officers (As of June 26, 2020)

Chief Executive Officer	Kotaro Harada	President
Deputy Chief Executive Officer	Gerry Ashe	Head of Global Business
Senior Managing Executive Officers	Koichiro Hamu Alister Flett Tetsuya Kujima	General Manager of Corporate Strategy Bureau*, General Manager of Administration Division General Manager of Corporate Strategy Bureau*, General Manager of Global-Sector Division General Manager of Public-Sector Division *The Corporate Strategy Bureau is under joint management.
Managing Executive Officers	Yoshinori Hirusawa Yoshiaki Inuyama	General Manager of Private-Sector Division Public-Sector Division
Executive Officers	Masahiko Ishida Michihiko Oie Hiroto Takahashi Mike Choi Takuya Ono Yasuo Yanagawase Hideki Tsukahara Akihiro Wada Jun Itou Atsuo Mabuchi Satoshi Tomizawa  Akihiro Suezawa	General Manager of Engineering Division General Manager of Production Division General Manager of General Affairs Department Regional Director of TGT Hong Kong & Vietnam, Managing Director of Torishima (Hong Kong) Ltd. General Manager of Singapore Office, Chairman of Torishima Service Solutions Asia Osaka Branch Manager, General Manager of Osaka Public-Sector Sales Department General Manager of Tokyo Private-sector Sales Department General Manager of Procurement Department General Manager of Information System Office General Manager of Accounting Department General Manager of Middle East Office, General Manager of Pump Sales Department, General Manager of Saudi Arabia Representative Office Tokyo Branch Manager, General Manager of Tokyo Plant Sales Department

# Financial Data from the Past 11 Years

		Millions of yen										Thousands of U.S. dollars*1		
(Fiscal years ended March 31)		FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2019	
【1】 Business performance	Orders received	58,624	32,974	39,579	40,975	52,847	42,878	51,304	43,483	42,233	51,768	48,824	447,926	
	Net sales	45,008	49,880	46,453	45,974	45,985	46,501	40,479	44,414	45,381	48,154	47,126	432,348	
	Gross operating income	9,548	9,257	8,959	8,015	8,320	9,162	9,191	10,538	10,954	11,763	12,310	112,935	
	Operating income or loss	3,258	3,127	2,286	517	(945)	400	373	1,462	1,257	1,731	1,220	11,192	
	Ordinary income or loss	3,833	3,673	2,929	1,389	(632)	793	(1,663)	1,871	1,549	2,275	1,324	12,146	
	Net income or loss attributable to owners of the parent	2,609	1,892	1,497	943	442	405	(2,422)	1,532	854	2,183	543	4,981	
	Gross profit margin (%)	21.2%	18.6%	19.3%	17.4%	18.1%	19.7%	22.7%	23.7%	24.1%	24.4%	26.1%	26.1%	
	Operating profit margin (%)	7.2%	6.3%	4.9%	1.1%	(2.1)%	0.9%	0.9%	3.3%	2.8%	3.6%	2.6%	2.6%	
	ROE (return on equity) (%)	9.5%	6.1%	4.8%	2.9%	1.3%	1.1%	(7.5)%	4.7%	2.6%	6.4%	1.6%	1.6%	
	ROA (return on assets) (%)	4.0%	3.1%	2.5%	1.4%	0.6%	0.6%	(3.7)%	2.3%	1.2%	3.0%	0.7%	0.7%	
【2】 Financial status	Total assets	65,641	61,178	60,812	68,232	68,062	71,987	66,198	67,719	71,171	72,674	72,961	669,366	
	Net assets	31,083	30,968	31,775	33,602	34,524	36,532	32,794	33,713	34,017	34,947	33,470	307,064	
	Equity ratio (%)	47.2%	50.3%	51.3%	48.2%	49.9%	50.0%	48.7%	48.9%	47.3%	47.7%	45.4%	45.4%	
【3】 Breakdown of orders received, net sales, and order backlog	Net sales by region	Japan	20,939	18,703	17,281	18,070	20,096	19,104	17,059	22,153	25,058	24,471	25,799	236,688
		Asia	5,408	11,196	13,125	10,259	9,042	11,124	11,307	8,612	8,391	8,168	8,306	76,201
		Middle East	16,248	14,369	11,430	11,887	9,753	11,115	8,225	10,940	10,064	11,196	8,929	81,917
		Others	2,412	5,609	4,615	5,758	7,092	5,156	3,887	2,708	1,866	4,318	4,090	37,522
		Overseas ratio (%)	53.5%	62.5%	62.8%	60.7%	56.3%	58.9%	57.9%	50.1%	44.8%	49.2%	45.3%	45.3%
	Orders received by segment	Public sector	14,575	9,973	11,600	10,971	15,923	12,001	16,013	15,913	13,914	16,434	18,813	172,596
		Private sector	4,517	4,921	6,205	5,733	7,144	6,943	8,396	7,973	8,914	9,258	9,339	85,678
		Overseas	39,532	18,079	21,772	24,270	29,779	23,933	26,895	19,595	19,403	26,075	20,672	189,651
	Net sales by segment	Public sector	15,469	13,760	11,317	12,277	13,797	12,957	9,980	13,832	16,621	15,931	16,412	150,568
		Private sector	5,468	4,942	5,963	5,792	6,299	6,146	7,078	8,320	8,436	8,540	9,387	86,119
Overseas		24,069	31,176	29,172	27,904	25,888	27,397	23,419	22,261	20,322	23,683	21,326	195,651	
Order backlog by segment	Public sector	10,316	6,528	6,811	5,505	7,631	6,675	12,707	14,788	12,082	12,585	14,987	137,495	
	Private sector	2,477	2,455	2,698	2,639	3,484	4,281	5,598	5,251	5,729	6,447	6,399	58,706	
	Overseas	51,329	38,231	30,832	27,198	31,089	27,625	31,101	28,436	27,516	29,908	29,253	268,376	
【4】 Major expenditures	SG&A (selling, general, and administrative expenses)	6,290	6,130	6,673	7,497	9,265	8,761	8,818	9,075	9,697	10,032	11,090	101,743	
	SG&A-to-sales ratio (%)	14.0%	12.3%	14.4%	16.3%	20.1%	18.8%	21.8%	20.4%	21.4%	20.8%	23.5%	23.5%	
	Depreciation	851	961	1,096	1,231	1,646	1,636	1,561	1,599	1,636	1,825	2,017	18,504	
	Capital investment	1,311	2,297	2,224	3,083	2,139	1,221	1,391	1,084	883	1,627	2,469	22,651	
	R&D expense	730	567	606	691	678	658	484	453	430	482	353	3,238	
【5】 Cash flow	Cash flow from operations	4,439	735	2,661	3,513	(4,086)	(1,194)	5,000	6,496	587	3,769	4,207	38,596	
	Cash flow from investments	(3,084)	(75)	(1,269)	(3,966)	(4,498)	(345)	(415)	1,376	(1,105)	(1,438)	(1,976)	(18,128)	
	Cash flow from financial activities	1,678	590	(2,371)	4,356	(112)	2,120	(1,624)	(4,140)	1,153	2,150	(1,672)	(15,339)	
【6】 Per share information	Net income per share (yen)	100.07	67.45	53.38	33.64	15.74	14.61	(88.13)	56.15	31.50	80.18	20.07	0.18 dollars	
	Net assets per share (yen)	1,105.50	1,097.71	1,112.29	1,172.56	1,209.10	1,308.22	1,179.57	1,221.94	1,240.33	1,270.43	1,226.56	11.25 dollars	
【7】 Stock information	Dividends (yen)	20*2	18	18	18	18	18	18	18	18	25*3	18	0.17 dollars	
	Payout ratio (%)	20.0%	26.7%	33.7%	53.5%	114.4%	123.2%	–	32.1%	57.5%	31.3%	90.1%	90.1%	

\*1: U.S. dollar amounts have been translated from yen—solely for the convenience of the reader—at the rate of ¥109 to U.S.\$1.00, the exchange rate prevailing on March 31, 2020.

\*2: Includes an additional 2-yen dividend commemorating Torishima's 90th year of business.

\*3: Includes an additional 7-yen dividend commemorating Torishima's 100th year of business.

Note: Figures on pages 17 to 23 have been calculated based on Japanese disclosure rules.



# Consolidated financial statements

## Consolidated balance sheet

	Millions of Yen		Thousands of U.S. Dollars
	FY2018 (March 31, 2019)	FY2019 (March 31, 2020)	FY2019 (March 31, 2020)
<b>Assets</b>			
<b>Current assets</b>			
Cash and deposits	15,931	<b>16,277</b>	<b>149,330</b>
Notes and accounts receivable - trade	25,778	<b>25,727</b>	<b>236,027</b>
Merchandise and finished goods	217	<b>264</b>	<b>2,422</b>
Work in process	6,462	<b>7,916</b>	<b>72,623</b>
Raw materials and supplies	1,647	<b>1,940</b>	<b>17,798</b>
Advance payments - trade	624	<b>649</b>	<b>5,954</b>
Other	1,301	<b>1,353</b>	<b>12,412</b>
Allowance for doubtful accounts	(966)	<b>(1,885)</b>	<b>(17,293)</b>
<b>Total current assets</b>	<b>50,998</b>	<b>52,243</b>	<b>479,293</b>
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Buildings and structures	10,658	<b>10,397</b>	<b>95,385</b>
Accumulated depreciation	(6,541)	<b>(6,161)</b>	<b>(56,522)</b>
Buildings and structures, net	4,117	<b>4,235</b>	<b>38,853</b>
Machinery, equipment and vehicles	11,186	<b>11,279</b>	<b>103,477</b>
Accumulated depreciation	(8,807)	<b>(9,185)</b>	<b>(84,266)</b>
Machinery, equipment and vehicles, net	2,378	<b>2,094</b>	<b>19,211</b>
Tools, furniture and fixtures	3,082	<b>3,334</b>	<b>30,587</b>
Accumulated depreciation	(2,609)	<b>(2,901)</b>	<b>(26,614)</b>
Tools, furniture and fixtures, net	473	<b>433</b>	<b>3,972</b>
Land	2,484	<b>2,478</b>	<b>22,733</b>
Leased assets	815	<b>1,712</b>	<b>15,706</b>
Accumulated depreciation	(338)	<b>(750)</b>	<b>(6,880)</b>
Leased assets, net	477	<b>962</b>	<b>8,825</b>
Construction in progress	225	<b>1,490</b>	<b>13,669</b>
<b>Total property, plant and equipment</b>	<b>10,156</b>	<b>11,695</b>	<b>107,293</b>
<b>Intangible assets</b>	<b>909</b>	<b>413</b>	<b>3,788</b>
<b>Investments and other assets</b>			
Investment securities	9,542	<b>7,917</b>	<b>72,633</b>
Long-term loans receivable	333	<b>307</b>	<b>2,816</b>
Retirement benefit asset	455	<b>280</b>	<b>2,568</b>
Deferred tax assets	105	<b>85</b>	<b>779</b>
Other	664	<b>499</b>	<b>4,577</b>
Allowance for doubtful accounts	(491)	<b>(480)</b>	<b>(4,403)</b>
<b>Total investments and other assets</b>	<b>10,609</b>	<b>8,609</b>	<b>78,981</b>
<b>Total non-current assets</b>	<b>21,675</b>	<b>20,717</b>	<b>190,064</b>
<b>Total assets</b>	<b>72,674</b>	<b>72,961</b>	<b>669,366</b>

- U.S. dollar amounts have been translated from yen—solely for the convenience of the reader—at the rate of ¥109 to U.S.\$1.00, the exchange rate prevailing on March 31, 2020.

- The totals shown in the consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts.

	Millions of Yen		Thousands of U.S. Dollars
	FY2018 (March 31, 2019)	FY2019 (March 31, 2020)	FY2019 (March 31, 2020)
<b>Liabilities</b>			
<b>Current liabilities</b>			
Notes and accounts payable - trade	11,145	<b>11,863</b>	<b>108,834</b>
Short-term loans payable	2,443	<b>3,452</b>	<b>31,669</b>
Income taxes payable	140	<b>297</b>	<b>2,724</b>
Advances received	2,292	<b>3,242</b>	<b>29,743</b>
Provision for bonuses	872	<b>822</b>	<b>7,541</b>
Provision for product warranties	797	<b>595</b>	<b>5,458</b>
Provision for loss on construction contracts	584	<b>831</b>	<b>7,623</b>
Other	2,237	<b>2,700</b>	<b>24,770</b>
<b>Total current liabilities</b>	<b>20,513</b>	<b>23,806</b>	<b>218,403</b>
<b>Non-current liabilities</b>			
Long-term loans payable	15,470	<b>14,116</b>	<b>129,504</b>
Deferred tax liabilities	659	<b>336</b>	<b>3,082</b>
Provision for retirement benefits for directors (and other officers)	1	<b>2</b>	<b>18</b>
Retirement benefit liability	301	<b>279</b>	<b>2,559</b>
Other	779	<b>949</b>	<b>8,706</b>
<b>Total non-current liabilities</b>	<b>17,212</b>	<b>15,683</b>	<b>143,880</b>
<b>Total liabilities</b>	<b>37,726</b>	<b>39,490</b>	<b>362,293</b>
<b>Net assets</b>			
<b>Shareholders' equity</b>			
Capital stock	1,592	<b>1,592</b>	<b>14,605</b>
Capital surplus	7,621	<b>7,372</b>	<b>67,633</b>
Retained earnings	24,793	<b>24,656</b>	<b>226,201</b>
Treasury shares	(1,736)	<b>(1,733)</b>	<b>(15,899)</b>
<b>Total shareholders' equity</b>	<b>32,271</b>	<b>31,888</b>	<b>292,550</b>
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities	1,638	<b>822</b>	<b>7,541</b>
Deferred gains or losses on hedges	(59)	<b>(42)</b>	<b>(385)</b>
Foreign currency translation adjustment	420	<b>310</b>	<b>2,844</b>
Remeasurements of defined benefit plans	381	<b>163</b>	<b>1,495</b>
<b>Total accumulated other comprehensive income</b>	<b>2,380</b>	<b>1,253</b>	<b>11,495</b>
Share acquisition rights	121	<b>121</b>	<b>1,110</b>
Non-controlling interests	174	<b>207</b>	<b>1,899</b>
<b>Total net assets</b>	<b>34,947</b>	<b>33,470</b>	<b>307,064</b>
<b>Total liabilities and net assets</b>	<b>72,674</b>	<b>72,961</b>	<b>669,366</b>

# Consolidated financial statements

## Consolidated statements of (comprehensive) income (Consolidated statements of income)

	Millions of Yen		Thousands of U.S. Dollars
	FY2018 (March 31, 2019)	FY2019 (March 31, 2020)	FY2019 (March 31, 2020)
Net sales	48,154	47,126	432,348
Cost of sales	36,391	34,815	319,403
Gross profit	11,763	12,310	112,935
Selling, general and administrative expenses	10,032	11,090	101,743
Operating profit	1,731	1,220	11,192
Non-operating income			
Interest income	71	36	330
Dividend income	220	293	2,688
Share of profit of entities accounted for using equity method	99	20	183
Rent income	131	91	834
Other	290	241	2,211
Total non-operating income	811	682	6,256
Non-operating expenses			
Interest expenses	128	125	1,146
Commission for syndicate loan	32	—	—
Foreign exchange losses	75	270	2,477
Other	29	183	1,678
Total non-operating expenses	267	578	5,302
Ordinary profit	2,275	1,324	12,146
Extraordinary income			
Gain on sales of investment securities	97	3	27
Gain on sales of shares of subsidiaries and associates	9	—	—
Total extraordinary income	106	3	27
Extraordinary losses			
Loss on sales of investment securities	83	33	302
Loss on valuation of investment securities	14	154	1,412
Loss on valuation of shares of subsidiaries and associates	28	—	—
Loss on disposal of property, plant and equipment	—	128	1,174
Total extraordinary losses	127	316	2,899
Profit before income taxes	2,254	1,011	9,275
Income taxes - current	107	309	2,834
Income taxes - deferred	(7)	140	1,284
Total income taxes	100	449	4,119
Profit	2,154	561	5,146
Profit (loss) attributable to non-controlling interests	(28)	17	155
Profit attributable to owners of parent	2,183	543	4,981

## (Consolidated statements of comprehensive income)

	Millions of Yen		Thousands of U.S. Dollars
	FY2018 (March 31, 2019)	FY2019 (March 31, 2020)	FY2019 (March 31, 2020)
Profit	2,154	561	5,146
Other comprehensive income			
Valuation difference on available-for-sale securities	(401)	(815)	(7,477)
Deferred gains or losses on hedges	(132)	16	146
Foreign currency translation adjustment	(212)	(100)	(917)
Remeasurements of defined benefit plans, net of tax	(80)	(218)	(2,000)
Share of other comprehensive income of entities accounted for using equity method	(1)	(4)	(36)
Total other comprehensive income	(828)	(1,122)	(10,293)
Comprehensive income	1,326	(560)	(5,137)
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	1,367	(583)	(5,348)
Comprehensive income attributable to non-controlling interests	(41)	22	201

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- The totals shown in the consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts.

## Consolidated statements of changes in net assets

FY2019 (April 1, 2019 to March 31, 2020)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,592	7,621	24,793	(1,736)	32,271
Changes during period					
Dividends of surplus			(680)		(680)
Profit attributable to owners of parent			543		543
Purchase of treasury shares				(382)	(382)
Disposal of treasury shares		13		123	136
Cancellation of treasury shares		(262)		262	—
Net changes in items other than shareholders' equity					
Total changes during period	—	(249)	(137)	3	(382)
Balance at end of period	1,592	7,372	24,656	(1,733)	31,888

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income				
Balance at beginning of period	1,638	(59)	420	381	2,380	121	174	34,947	
Changes during period									
Dividends of surplus								(680)	
Profit attributable to owners of parent								543	
Purchase of treasury shares								(382)	
Disposal of treasury shares								136	
Cancellation of treasury shares								—	
Net changes in items other than shareholders' equity	(816)	16	(109)	(218)	(1,126)	—	32	(1,094)	
Total changes during period	(816)	16	(109)	(218)	(1,126)	—	32	(1,477)	
Balance at end of period	822	(42)	310	163	1,253	121	207	33,470	

FY2019 (April 1, 2019 to March 31, 2020)

Thousands of US dollars

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,605	69,917	227,458	(15,926)	296,064
Changes during period					
Dividends of surplus			(6,238)		(6,238)
Profit attributable to owners of parent			4,981		4,981
Purchase of treasury shares				(3,504)	(3,504)
Disposal of treasury shares		119		1,128	1,247
Cancellation of treasury shares		(2,403)		2,403	—
Net changes in items other than shareholders' equity					
Total changes during period	—	(2,284)	(1,256)	27	(3,504)
Balance at end of period	14,605	67,633	226,201	(15,899)	292,550

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income				
Balance at beginning of period	15,027	(541)	3,853	3,495	21,834	1,110	1,596	320,614	
Changes during period									
Dividends of surplus								(6,238)	
Profit attributable to owners of parent								4,981	
Purchase of treasury shares								(3,504)	
Disposal of treasury shares								1,247	
Cancellation of treasury shares								—	
Net changes in items other than shareholders' equity	(7,486)	146	(1,000)	(2,000)	(10,330)	—	293	(10,036)	
Total changes during period	(7,486)	146	(1,000)	(2,000)	(10,330)	—	293	(13,550)	
Balance at end of period	7,541	(385)	2,844	1,495	11,495	1,110	1,899	307,064	

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## Consolidated statements of cash flows

	Millions of Yen		Thousands of U.S. Dollars
	FY2018 (April 1, 2018 to March 31, 2019)	FY2019 (April 1, 2019 to March 31, 2020)	FY2019 (April 1, 2019 to March 31, 2020)
<b>Cash flows from operating activities</b>			
Profit before income taxes	2,254	1,011	9,275
Depreciation	1,825	2,017	18,504
Increase (decrease) in allowance for doubtful accounts	96	908	8,330
Increase (decrease) in provision for product warranties	74	(201)	(1,844)
Increase (decrease) in provision for loss on construction contracts	(1,047)	245	2,247
Increase (decrease) in retirement benefit liability	42	(168)	(1,541)
Interest and dividend income	(291)	(329)	(3,018)
Interest expenses	128	125	1,146
Share of loss (profit) of entities accounted for using equity method	(99)	(20)	(183)
Loss (gain) on valuation of investment securities	14	154	1,412
Loss (gain) on sales of investment securities	(13)	29	266
Loss (gain) on valuation of subsidiaries and associates	28	—	—
Loss (gain) on sales of shares of subsidiaries and associates	(9)	—	—
Loss (gain) on sales and retirement of property, plant and equipment	(1)	174	1,596
Decrease (increase) in notes and accounts receivable - trade	1,065	(68)	(623)
Decrease (increase) in inventories	1,142	(1,820)	(16,697)
Decrease (increase) in advance payments	100	(26)	(238)
Increase (decrease) in notes and accounts payable - trade	3	784	7,192
Increase (decrease) in advances received	(773)	965	8,853
Increase (decrease) in accounts payable - other	(274)	326	2,990
Other, net	(262)	(23)	(211)
Subtotal	4,004	4,085	37,477
Interest and dividend income received	291	330	3,027
Interest expenses paid	(122)	(132)	(1,211)
Income taxes paid	(404)	92	844
Income taxes refund	—	(167)	(1,532)
<b>Net cash provided by (used in) operating activities</b>	<b>3,769</b>	<b>4,207</b>	<b>38,596</b>
<b>Cash flows from investing activities</b>			
Payments into time deposits	(78)	(68)	(623)
Proceeds from withdrawal of time deposits	108	60	550
Purchase of property, plant and equipment	(1,558)	(2,242)	(20,568)
Proceeds from sales of property, plant and equipment	11	17	155
Purchase of intangible assets	(69)	(226)	(2,073)
Purchase of investment securities	(0)	(142)	(1,302)
Proceeds from sales of investment securities	390	498	4,568
Payments of loans receivable	(46)	(3)	(27)
Collection of loans receivable	20	31	284
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	(22)	—	—
Other, net	(194)	99	908
<b>Net cash provided by (used in) investing activities</b>	<b>(1,438)</b>	<b>(1,976)</b>	<b>(18,128)</b>
<b>Cash flows from financing activities</b>			
Increase (decrease) in short-term loans payable	49	67	614
Proceeds from long-term loans payable	5,307	500	4,587
Repayments of long-term loans payable	(2,639)	(913)	(8,376)
Proceeds from sales of treasury shares	60	81	743
Purchase of treasury shares	(0)	(382)	(3,504)
Proceeds from share issuance to non-controlling shareholders	38	5	45
Dividends paid to non-controlling interests	—	(1)	(9)
Cash dividends paid	(490)	(679)	(6,229)
Other, net	(174)	(350)	(3,211)
<b>Net cash provided by (used in) financing activities</b>	<b>2,150</b>	<b>(1,672)</b>	<b>(15,339)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>3</b>	<b>(217)</b>	<b>(1,990)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,485</b>	<b>341</b>	<b>3,128</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>11,379</b>	<b>15,924</b>	<b>146,091</b>
<b>Increase in cash and cash equivalents from newly consolidated subsidiary</b>	<b>59</b>	<b>—</b>	<b>—</b>
<b>Cash and cash equivalents at end of period</b>	<b>15,924</b>	<b>16,265</b>	<b>149,220</b>

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## Corporate Data

Torishima Pump Mfg. Co., Ltd.

Foundation: August 1, 1919

Paid-in-capital: 1,592,775,030 yen

Outstanding shares: 29,512,179

Shareholders: 5,803

Employees: 1,642 (Consolidated);  
894 (Non-consolidated)

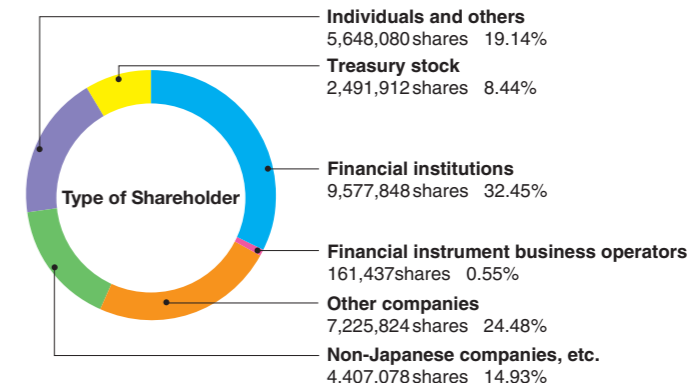
Major Japanese Bases:

Head office: 1-1-8 Miyata-cho, Takatsuki City, Osaka  
569-8660, Japan

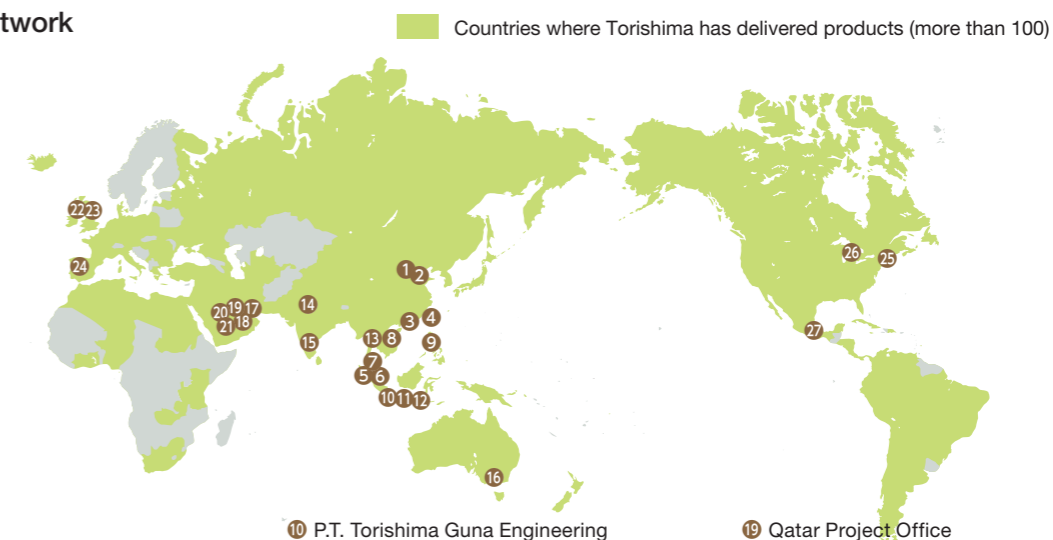
Branch offices: Tokyo, Osaka, Sapporo, Sendai,  
Nagoya, Hiroshima, Takamatsu, Kyushu, Saga

Sales offices: Yokohama, Mie, Wakayama, Okinawa

## Share Breakdown



## Global Network



### East Asia

- 1 Beijing Office
- 2 Torishima Pump (Tianjin) Co., Ltd.
- 3 Torishima (Hong Kong) Ltd.
- 4 Torishima Service Solutions Formosa Co., Ltd.

### South East Asia

- 5 Singapore Office
- 6 Torishima Service Solutions Asia Pte. Ltd.
- 7 Torishima Service Solutions Malaysia Sdn. Bhd.
- 8 Torishima Service Solutions Asia Pte. Ltd. Vietnam Office
- 9 Torishima Service Solutions Asia Pte. Ltd. Philippines Office

- 10 P.T. Torishima Guna Engineering
- 11 P.T. Torishima Guna Indonesia
- 12 P.T. Geteka Founindo
- 13 Torishima Service Solutions (Thailand) Ltd.

### South Asia

- 14 Torishima Pumps (India) Pvt. Ltd.
- 15 Torishima Pumps (India) Pvt. Ltd. Service Division

### Oceania

- 16 Torishima Australia Pty. Ltd.

### Middle East

- 17 Torishima Service Solutions FZCO
- 18 Middle East Project Office

- 19 Qatar Project Office
- 20 Torishima Service Solutions (Saudi Arabia) Ltd.
- 21 Saudi Arabia Representative Office

### Europe

- 22 Torishima Europe Ltd.
- 23 Torishima Service Solutions Europe Ltd.
- 24 Torishima Europe Ltd. Madrid Office

### North America

- 25 North America East Office
- 26 Torishima Service Solutions of Michigan LLC.

### Central America

- 27 Torishima Europe Ltd. Mexico Office

## Editorial Policy

We publish the *Torishima Report*, which communicates to the public Torishima's corporate value, including the company's financial and non-financial elements. Please refer to our website for further information of the company.

### Financial Data Reference Source

The financial results (including consolidated financial statements) in the *Torishima Report* were taken from the securities report for the year ending March 31, 2020. For other financial data, including the securities report and financial statements audited by a third party, please visit the IR section of our website.

### Organizations Covered

This report covers the activities of Torishima Pump Mfg. Co., Ltd. and its consolidated subsidiaries. Some of the information is on Torishima Pump Mfg. Co., Ltd. only.

### Period Covered

The report basically covers the financial reporting period from April 1, 2019 to March 31, 2020. For information on items occurring after April 1, 2020, the date is included on the relevant page.

### Referenced Guidelines

Torishima has endeavored to make a report that will generate unique value for the company. We referred to the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) and the Environmental Reporting Guidelines (2012 version) published by the Ministry of the Environment, Japan.

### Cautionary Statement with Regard to Forward-Looking Statements

The data and forward-looking statements disclosed in the *Torishima Report* are based on decisions made and on information obtained up until the day this report was published. The forward-looking statements are subject to change due to various factors, and they do not guarantee the attainment of objectives, forecasts, or future business performance. The information in the report is subject to change without prior notice. Therefore, readers are cautioned to use the information in the report at their discretion while referring to—or comparing the report with—other sources of information. Torishima bears no obligation whatsoever to compensate for any damages that may occur as a result of using this report.

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