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**Solid business performance even in the midst of the COVID-19 pandemic—
Torishima continues to reliably deliver on its mission and responsibilities as an essential worker**

President and CEO
Kotaro Harada

Message from the President

In fiscal 2020, the entire world was turned upside down by the COVID-19 pandemic. It has been said that 10 years of change occurred in just one year. Worldwide inoculation efforts are picking up speed and optimism is growing in the market. Still, variants of the virus continue to spread, and it will be some time before COVID-19 is completely stamped out.

In spite of the situation, Torishima still managed to post strong results in fiscal 2020, with 49.1 billion yen for orders received, 50.8 billion yen for net sales, and

3.6 billion yen for operating income. Operating income was particularly significant, reaching the highest in Torishima's 101-year history. This solid performance is due to Torishima's ability to provide reliable pumping technology critical to society. I want to express my appreciation to everyone involved in these areas, and to all our officers and employees for their strong commitment. I will work to ensure that Torishima continues to deliver on its mission and maintains its responsibilities as a provider of essential products and services.

Contents

Message from the President P.1	ESG	Financial Section
Meet Torishima P.3	Environment P.10	Financial Data from the Past 11 Years P.19
Medium-Term Business Plan P.4	Society P.13	Consolidated Financial Statements P.21
New Head Office Factory P.7	Governance P.15	Corporate Data P.26
TOPICS— News in Fiscal 2020 P.9	Directors and Executive Officers P.18	

Torishima Core Values

To ensure that the Torishima Group is continually evolving and adapting to changing times, we revised our mission statement and vision in 2019, our 100th anniversary. With “EVOLUTION” the keyword, we continue to progress while also enjoying our work, as we pursue business growth and social contribution.

The Corporate Philosophy

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

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.

The Vision

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

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



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



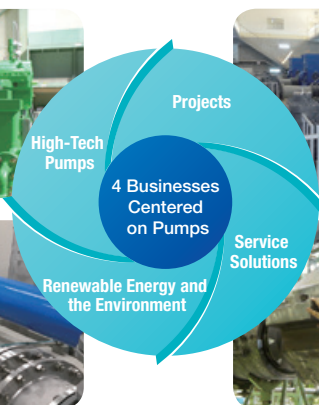
Providing Safety and Reliability

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

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



Maximizing the life span of plants with integrated service solutions



SUSTAINABLE DEVELOPMENT GOALS

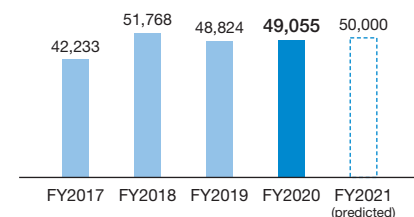


The Sustainable Development Goals (SDGs), which were adopted by the United Nations in September 2015, are 17 major goals comprising 169 specific targets to be achieved by 2030. Torishima is taking action to achieve the goals through various initiatives related to ESG (Environment, Society, and Governance),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

Financial Highlights

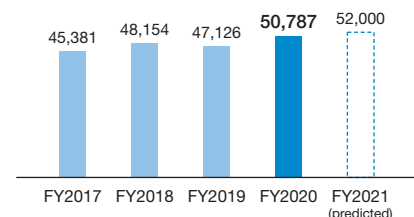
Note: Fiscal years ended March 31.

Orders Received (millions of yen)



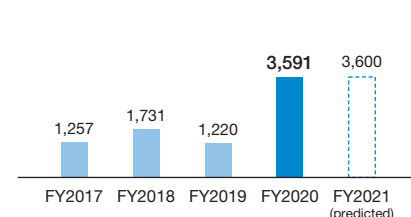
FY2020: Due to being firmly established as infrastructure-supporting essential work, even during the COVID-19 pandemic, the strong performance seen last year has been maintained, particularly by the parent company.

Net Sales (millions of yen)



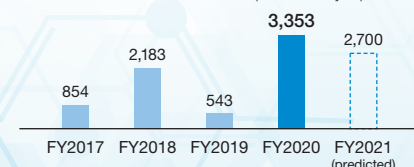
FY2020: In addition to a significant increase in sales to meet public-sector demand in Japan, larger-than-expected high-tech pump shipments overseas contributed to net sales in excess of 50 billion yen.

Operating Income (millions of yen)



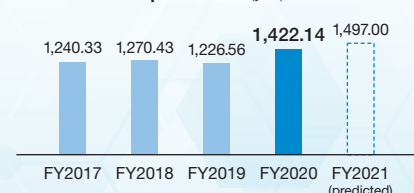
FY2020: As a result of increased revenue combined with significant reductions in SG&A expenses, such as expenditures and allowance for doubtful accounts, operating income was a record-high 3.6 billion yen.

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

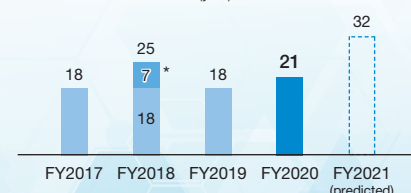


FY2020: Net income also grew significantly due to above-average non-operating income items such as higher foreign exchange profits, insurance payments and other miscellaneous revenue.

Net Assets per Share (yen)



Cash Dividends (yen)



* The dividend for FY2018 includes a 100th anniversary dividend of 7 yen.

Medium-Term Business Plan

Looking ahead to a carbon neutral future by 2050 as Torishima embarks on a new challenge

“Beyond 110” Medium-Term Business Plan

Be a company that is indispensable to society by continually improving our products to meet the challenge of an ever-changing world

For more than a year now, much of the world has been in a perpetual state of lockdown. The COVID-19 pandemic has shown humanity and the global environment to be far more easily threatened than we had imagined. In light of this realization, the world has begun taking action to achieve environmental sustainability alongside economic growth. This is being pursued via a green growth strategy for carbon neutrality by 2050. In October 2020, Japan also announced its pledge to go carbon neutral by 2050. Every company in every industry and sector, no matter how large or small, is considering what concrete actions it can take to contribute to this effort.

Since our founding, Torishima has been contributing to society by providing it with pump technology essential for daily life. However, as we embark on our second century of business, we are taking this commitment to another level. Based on a long-term mission for 2050 to help make society more carbon neutral while achieving business growth, we have established a clear vision for making Torishima a company indispensable to society.

Specific targets for achievement by fiscal 2029: Beyond 110

In 2049, the year before the world's 2050 carbon-neutral target, Torishima will mark its 130th anniversary. But for 2029, twenty years before that and our 110th anniversary, we have set a major milestone target. This is our “Beyond 110” New Medium-Term Business Plan.

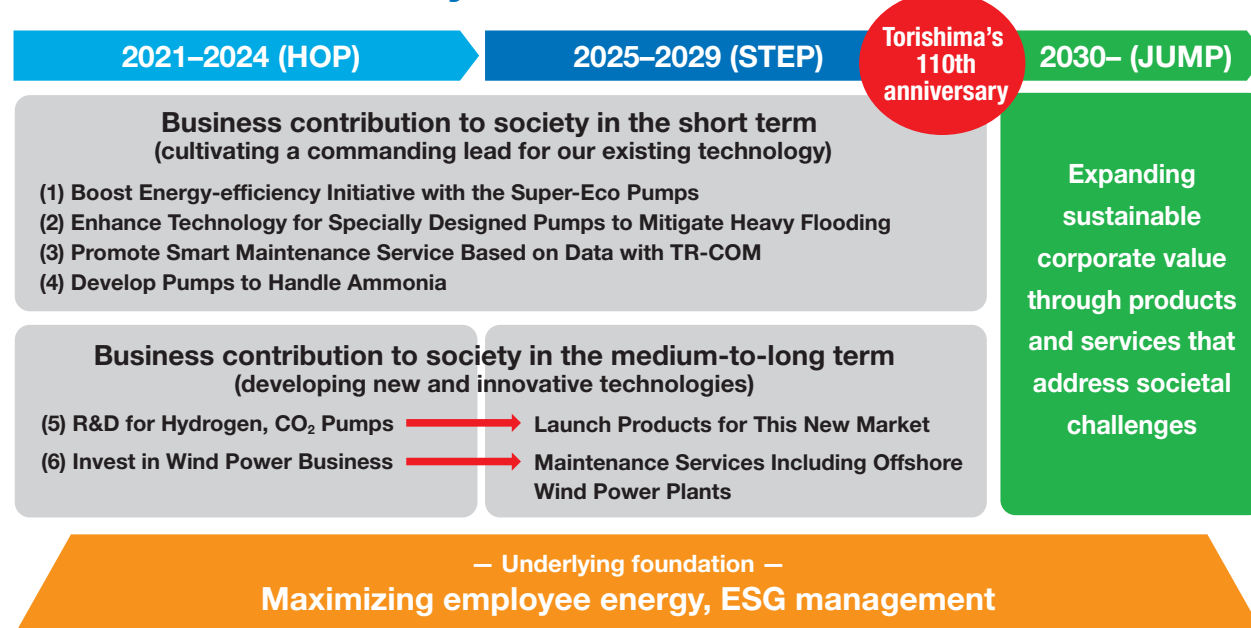
It consists of two main elements. One is the continued development of our existing technological strengths to ensure we have a commanding lead in those areas. This represents business through which we can already be contributing to society in the short term. The other main element of the plan involves developing new and innovative technologies. This represents business through which we can contribute to society in the medium to long term.

The first of our business focuses to contribute to society in the short term is our energy-efficiency initiative, “Go Green with Pumps,” which was launched in fiscal 2009. In recognition of our steady efforts, we received an award in the Energy Conservation Grand Prize program in fiscal 2014. The key word these days is “decarbonization,” and we will use our technological innovations to achieve further energy efficiency in our pumps. We will promote the spread of these Super Eco-Pumps as a means of significantly reducing power consumption and CO₂ emissions.

The second business focus is technology for specially designed pumps to mitigate heavy flooding. This was introduced to the market around fiscal 2009 to help address climate change. We have been receiving increasing orders over the years for products using this pump technology. This growing popularity is taking place against a backdrop of increased flooding in recent years, and more orders are expected for new pumps to replace aging units. A great deal of infrastructure in Japan was built during the country's era of rapid economic growth, and the next 20 years will see much of this infrastructure passing the 40-year point in its lifespan. Pumping stations are no different. We will contribute to the construction of safer and more reliable infrastructure through cutting-edge technology, which addresses the critical social issues of deteriorating infrastructure and climate change.

Beyond 110: A Medium-Term Business Plan for a Long-Term Vision

Beyond110



DX in the form of TR-COM-driven smart maintenance to expand service solutions business

The third business focus is TR-COM, a rotating equipment monitoring system. Since its release in fiscal 2018, the number of orders for this system has been steadily growing. Many prominent companies, including major power companies and steel manufacturers, have installed this system for its unparalleled ability to detect potential problems at an early stage. We have already accumulated a great deal of data via TR-COM. The COVID-19 situation has prevented maintenance staff from visiting pump facilities. And a shrinking workforce is hindering young trainees from receiving technical training from experienced employees. We want to facilitate DX through TR-COM's data-based smart maintenance, thereby enabling more efficient inspection and maintenance of customers' pump facilities. We are excited about the work we are doing on this system, as we are keen to see how it will continue to evolve in the future.

Finally, we are exploring the use of ammonia as a promising resource with great potential for next-generation energy production. A number of projects in this area are already underway both in Japan and overseas, and this has resulted in a good deal of interest and inquiries about Torishima pumps. Developing pumps capable of handling ammonia requires

sophisticated technology, and, as one of the companies with the requisite technological foundation, we are researching how to enhance this technology further in expectation of future market expansion.

These are the four business focuses which we have already begun and which we are continuing to strengthen in order to contribute to society in the short term.

Pursuing R&D focused on the realization of a hydrogen-based society

With regard to contributing to society in the medium-to-long term, which is the other core element of our business plan, our first area of focus is on developing hydrogen technology that will facilitate the achievement of carbon neutrality. On Earth we have access to an inexhaustible supply of hydrogen, which can be produced from a variety of resources. It is extremely energy-efficient and produces zero CO₂ emissions. It is touted as being a true "dream fuel"; however, it must be converted into its liquid form because it is difficult to transport and store in its gaseous form. This is where the demand for pumps arises and, hence, where Torishima is focused. Liquid hydrogen is difficult to handle, as it requires a temperature of -259°C, which creates a number of hurdles that must be overcome, but we believe that the potential benefits are significant

enough to justify the full investment of our R&D resources.

The second business challenge we are working on is wind power. The Japanese government has committed itself to a target of 90 GW of offshore wind power generation by 2050. When combined with onshore wind power, the total power generated will be 130 GW, which represents an extremely large market expansion. Torishima is already involved in wind power-related maintenance business through EOS Engineering & Service Co., Ltd. (EES), in which we have a 49% equity stake. We plan on making it an even greater focus moving forward. We will expand our business in this area via an alliance of human and financial resources with Japan Wind Development Co., Ltd., one of the industry's largest wind power developers and an EES joint venture partner. By combining Torishima's maintenance-related technology and expertise as a rotating machinery manufacturer with that of these two wind power-related specialist companies in order to achieve the greatest synergy possible, we will position ourselves to capitalize on future market expansion.

Our plan for these two areas of business contribution to society in the medium-to-long term is to have a firm foundation in place by 2024. This will be followed by the introduction of practical applications in fiscal 2025, followed by full-scale business expansion from fiscal 2030 onward. On the right are the numerical targets for the Beyond 110 New Medium-Term Business Plan, centering on the specific initiatives we will pursue in the short, medium, and long term.

We are also more committed than ever to ensuring a return for our shareholders, one of our most important stakeholder groups. Although our policy has been to provide stable dividends with a payout ratio of 30% regardless of company performance, moving forward we will put in place a more secure earnings structure that will allow us to continue providing stable dividends with a total payout ratio, including treasury share acquisition, of at least 40%.

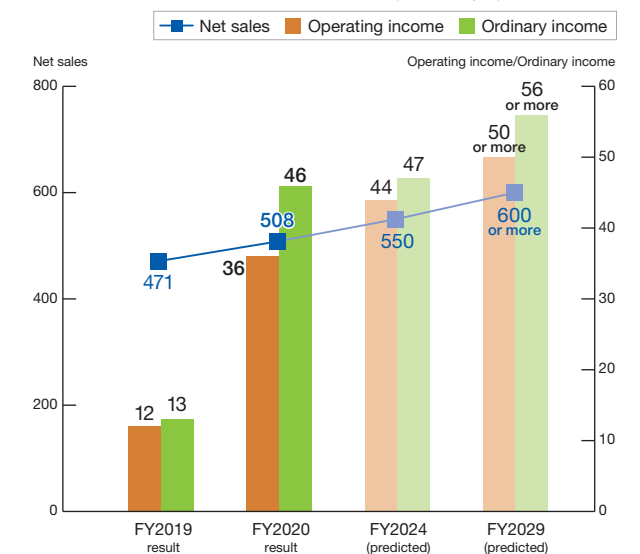
Maximizing employee energy—the other foundation of Beyond 110

It goes without saying that *employees* are needed to pursue our various initiatives. Whether or not we are able to realize this plan and, through it, make an even

greater contribution to the world depends on our people. If we can maximize the energy of all employees, our dream of making Torishima a company indispensable to society will certainly become a reality. The future of Torishima depends upon the growth and development of each and every employee.

In March 2021, our new head office factory was completed in Osaka, Japan, providing us with a new setting in which to foster employee growth and development. Based around a concept of "togetherness," this new facility creates an integrated space that brings the manufacturing site together with sales, technology, production, and administration under one roof. This space will facilitate strong synchronization of employee goals and actions with the new medium-term business plan and faster completion of the PDCA cycle, thereby enhancing the feasibility of the business plan. This, in turn, will produce an "EVOLUTION," which is distinctively Torishima as we do our part—as a company indispensable to society—in realizing a carbon neutral world by 2050.

Numerical Targets of the Beyond 110
New Medium-Term Business Plan (Billions of yen)



ROE			
FY2019 result	FY2020 result	FY2024 (predicted)	FY2029 (predicted)
1.6%	9.5%	8.5%	8.5% or more

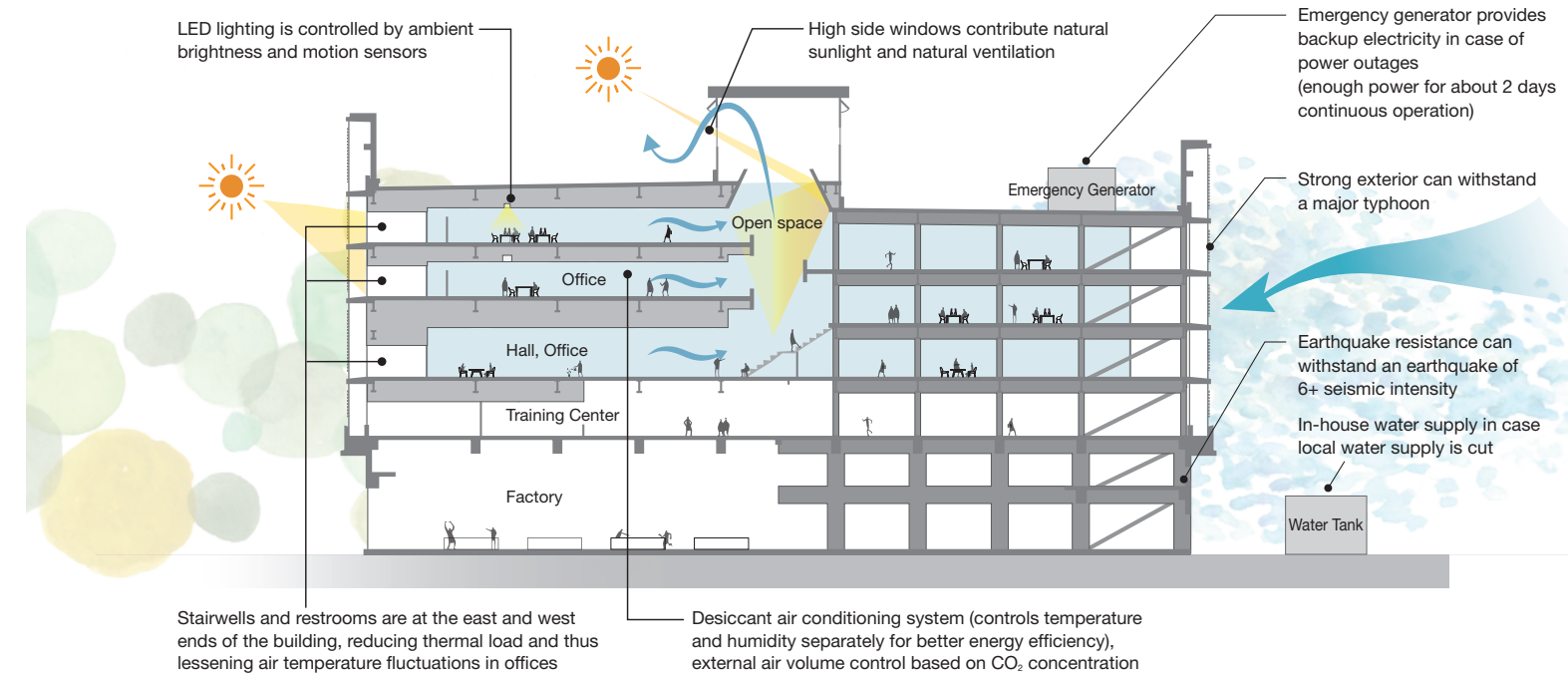
Total payout ratio		
FY2020 result	FY2024 (predicted)	FY2029 (predicted)
26.8%	Target of 40%	40% or more



State-of-the-Art Building Is Green and Disaster-Ready

As the nerve center of Torishima, the new head office factory was designed to keep people safe and secure: to protect employee lives and property in times of disaster and ensure that we continue supporting our customers' business at all times. For example, earthquake resistance is such that facilities can continue operating even in the event of an earthquake

registering 6+ on the Japanese seismic intensity scale. The building exterior is also strong enough to withstand a major typhoon. And with backup water and electricity supply facilities, the new head office factory can continue functioning fully during disasters. As well, dramatically advanced energy efficiency makes it environmentally friendly.



New Head Office Factory— A Habitat for Evolution

Employees are Torishima's most valuable asset. That's why we provide an environment that maximizes each individual's unique personality and talents. The latest example of this is our new head office factory. Following five years of planning and construction since initial concept in 2016, it was completed in April 2021. This distinctive building integrates factory and office: the first and second floors are factory space, the third a training center, and the fourth to sixth office space. A triple-height ceiling encompassing the center of the

office floors creates a spacious, open feeling. The split-level, no-wall floor plan creates unity by eliminating "walls": both the physical structures between departments and the mental barriers among employees or between employees and management. This has made movement and interaction between departments easier than ever, and created a comfortable, efficient space that has boosted employee motivation.



Eliminating walls creates a sense of togetherness



The large hall can be used for anything from employee gatherings to daily free-use space



In the training area, customers and young employees can learn about pumps



The factory produces mainly rotors, which are at the core of high-pressure, high-speed pumps

METI Selects Torishima As Global Niche Top 100 Company

Japan is renowned for its meticulous, sophisticated manufacturing prowess. An example of this is Torishima's large pumps for seawater desalination, which earned us a selection by Japan's Ministry of Economy, Trade and Industry (METI) for its 100 Global Niche Top (GNT) Companies. The GNT recognizes companies for continuous technological development and management efforts.

Ever since the late 1960s, we have supplied countless pumps to seawater desalination plants, mainly in the Middle East and South America, as well as Australia and other nations. With a growing demand in recent years for plant energy efficiency, we are developing reverse-osmosis (RO) seawater feed pumps that meet customer needs while offering the ultimate in high efficiency. METI's GNT selection of Torishima is testament to this success. This honor will spur us on to even greater technological advancement and to manufacturing pumps that contribute to solving the world's water shortages.



RO seawater feed pump

TR-COM Wins 2020 TPM Excellence Award; t-Gateway Monitoring Service Launches

TR-COM allows users to remotely monitor the operational state of a variety of rotating machinery such as pumps, motors, fans, and compressors. Although we have received a steady stream of orders for TR-COM since its release in fiscal 2018, our customers have come to appreciate its benefits even more since the start of the COVID-19 pandemic.

TR-COM helps us provide high-quality pump service solutions. We have also expanded to 10,000 Hz the available frequency range that TR-COM can pick up, and we have accumulated large amounts of data. Both of these have made it possible to carry out advanced analysis and normally difficult failure prognoses. This success of TR-COM was recognized in August 2020 with a 2020 TPM Excellence Award from the Japan Institute of Plant Maintenance (JIPM).

We also recently developed t-Gateway, a permanently installed data gathering device that automatically collects information without needing a person to patrol machinery facilities. The many requests from customers led to the development of this device and, subsequently, more convenience for them. Installed in high, dangerous places and other locations that are difficult to patrol, t-Gateway can dramatically reduce the workload of customers. As it evolves and offers greater accuracy of data analysis, t-Gateway will allow us to provide services available nowhere else and thus further boost customer satisfaction.



Torishima Delivers 56 Pumps to National Project in Egypt

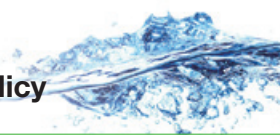
Egypt has been building new infrastructure to accommodate an increasing population and economic development. An example is the Bahr Al-Baqar Treatment Plant, to which Torishima delivered 20 water treatment pumps in June 2020. The construction of this water treatment plant is a major national government project and a key part of a development program in Egypt's Sinai Peninsula. Impressed with Torishima's prompt delivery of 20 high-quality large pumps to the project just 10 months after ordering, contractors ordered a further 36 pumps for another pumping station. Torishima is proving to be a dependable partner in Egypt's infrastructure development.



Torishima water treatment pumps being installed at the Bahr Al-Baqar Treatment Plant

ESG Environment

Torishima Environmental Policy



Philosophy

Through Torishima 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 and provide maintenance services for them in order to contribute to customers' energy savings;
2. We develop and supply wind power and hydropower generation systems that use natural energy sources. This contributes to a reduction of CO₂ emissions;
3. We aim to be carbon neutral by fiscal 2029 through the use of energy saving methods and green power in running plants and offices;
4. We seek to preserve natural resources, reduce waste, recycle, and properly manage chemical substances throughout our production activities, based on environmental assessment results;
5. We strive to reduce our carbon footprint throughout the entire supply chain by informing suppliers of our environmental policy and obtaining their understanding;
6. We comply with environmental laws, regulations, and other applicable obligations. We also formulate and comply with our own in-house rules;
7. We continually strengthen our environmental management systems in order to raise environmental performance.

Torishima focuses on contributing to the environment through its products and business activities, while also lowering the environmental burden of all its business activities.

Aiming to Be Carbon Neutral

Revisions to Our Environmental Policy

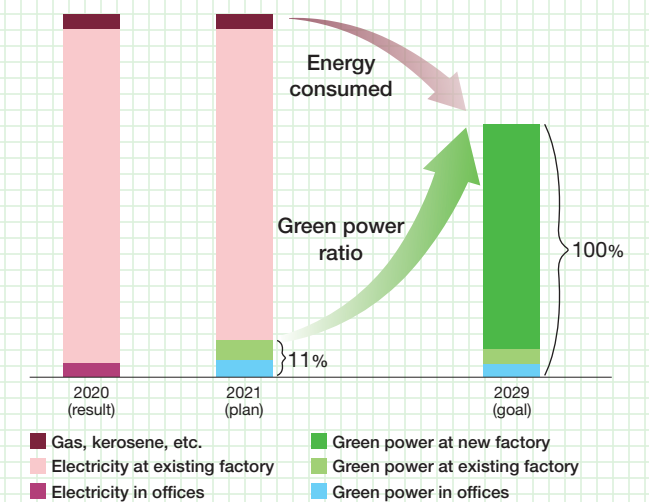
In response to global movements towards making the world carbon-free, such as the Paris Agreement and the Japanese government's proclamation to make the country carbon neutral by 2050, the Torishima Group is clarifying its stance by revising its Environmental Policy this fiscal year with the following details.

- We aim to make energy usage in our factories and offices carbon neutral by fiscal 2029, the final year of our Beyond 110 Medium-Term Business Plan.
- We will strive to reduce our environmental impact throughout the entire supply chain.

Future Environmental Improvement Plans

By strictly conserving electricity and installing energy-efficient equipment, we aim to reduce electricity consumption, and shift to green power, eventually achieving 100% usage for factories and offices.

Saving energy and increasing green power ratio



1. Reducing Energy Consumption

1. Save energy through visualization of electricity consumption
2. Shift to electricity from utility gas, kerosene, and gas oil
3. Reduce CO₂ by switching company vehicles to HVs and EVs
4. Improve loading efficiency of products shipped out
5. Establish method for measuring and assessing CO₂ emissions throughout the supply chain

2. Expanding Environmentally Friendly Business

1. Make Torishima products even more efficient (Super Eco-Pump, others)
2. Expand sales of pumps for renewable energy (biomass power plants)
3. Develop pumps for new fields (hydrogen, ammonia)
4. Strengthen alliance with Japan Wind Development Group to invest capital and human resources in the wind power business

3. Reducing Waste, Other Actions

1. Revise our environmental management structure to vitalize environmental activities
2. Formulate thorough but intuitive guidelines for separation of waste
3. Study ways to increase recycling rate of plastic garbage

Making Power 100% Green

Green Power The new head office factory is powered 100% by green energy (power generated by renewable energy sources) supplied by the Japan Natural Energy Co. Ltd. Our new head office factory has therefore achieved carbon neutrality.

Achieved ZEB Oriented Certification

The new head office factory has been certified as ZEB Oriented. A ZEB (Net Zero Energy Building) aims to provide a comfortable room environment while also achieving net zero energy consumption for its annual primary energy input and output. With recent developments such as the focus on SDGs (Sustainable Development Goals) and the need to further reduce energy consumption, the definition of ZEB has been expanded to include a new class of building called ZEB Oriented. ZEB Oriented refers to buildings with a total floor area of 10,000 m² or more that have achieved an energy efficiency rate for their specific application but that use unevaluated technologies.

The new head office factory uses ingenious ways to reduce energy consumption by more than 40%. It achieves this through building plans such as eaves on the south side and stairwells, restrooms, and storage at the east and west ends of the building where air temperatures fluctuate most. It also adopts state-of-the-art technologies such as external air volume control based on CO₂ concentration, a natural ventilation system, and a desiccant air conditioning system.

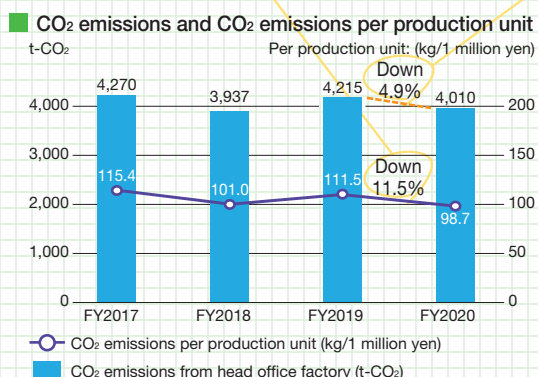


Design Primary Energy Consumption of this building: **41%** reduction Issued January 25th 2021
Third party certification based on notification by the Ministry of Land, Infrastructure and Transport.

2. Initiatives for Reducing Environmental Burden in Production Activities

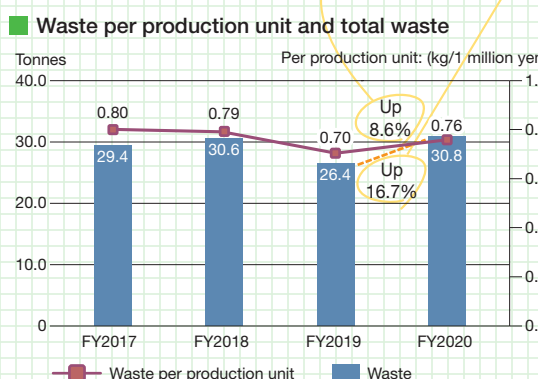
1 Saving Resources and Energy

In fiscal 2020, total CO₂ emissions from the head office factory was **down 11.5%** year-on-year, and CO₂ emissions per production unit also **decreased by 4.9%**.



2 Reducing Waste

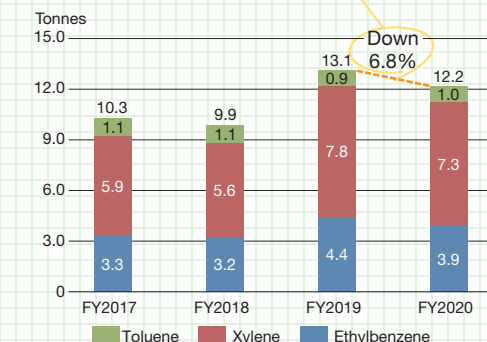
In fiscal 2020 at the head office factory, the amount of waste per production unit was **up 8.6%** year-on-year, and the amount of waste also **increased by 16.7%**.



3 Reducing Discharge of PRTR Class 1 -Designated Chemicals

In fiscal 2020, the total amount of discharged and transferred chemical substances covered by the PRTR (pollutant release and transfer register) system in Japan **decreased by 6.8%** year-on-year.

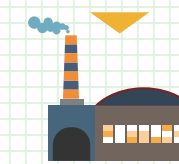
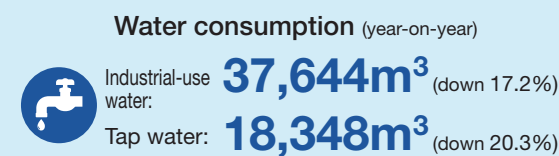
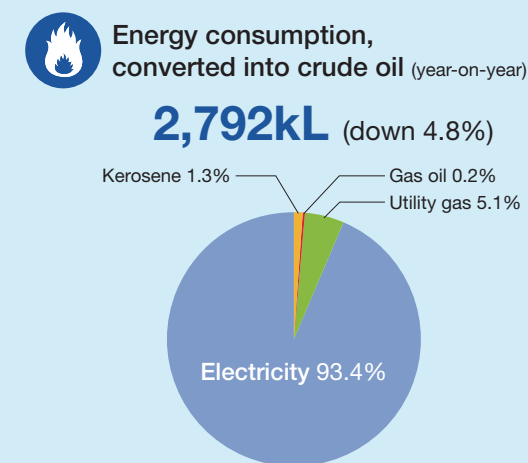
PRTR Class 1-designated chemicals released and transferred



Energy Consumption and Input

Torishima does all it can to reduce the environmental burden at every stage of activities, from product development to disposal. In fiscal 2020, we achieved our target for CO₂ emissions with a decrease of 4.9% year-on-year. However, waste increased by 16.7%.

Input



Output

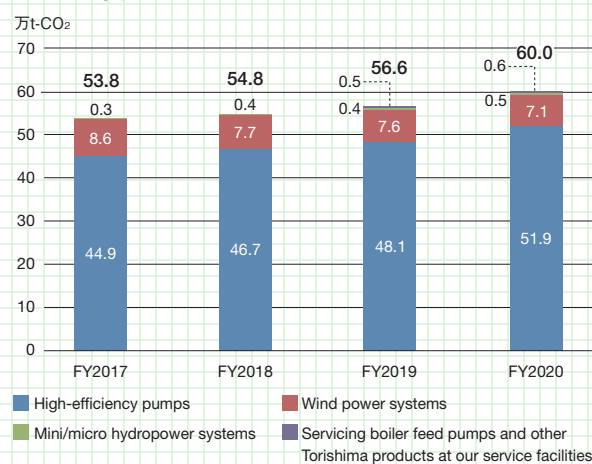


Status of Fiscal 2020 Environmental Objectives

1. Torishima's Environmentally Friendly Products and Services

By developing and supplying environmentally friendly products such as energy-efficient pumps (boiler feed pumps, Eco-Pumps, and large pumps), wind power systems, and mini/micro hydropower systems, as well as by servicing customers' Torishima products, such as boiler feed pumps, at our service facilities to restore them to their original efficiency, we contribute to customers' energy savings.

CO₂ reductions through Torishima's environmentally friendly products and services





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.

JAXA requested this visit to Torishima to tour the manufacturing site and discuss pump technologies. The request followed on-site pump maintenance that Torishima conducted at JAXA in 2020.



Members of JAXA's research team tour Torishima's factory

Relationship with Customers

With the pandemic reducing Torishima's opportunities to meet in person with customers, our sales staff and engineers have been increasingly interacting with them online in meetings and web seminars. We will continue to pursue greater customer satisfaction by meeting their needs with higher-value-added products and services.



A web seminar

JAXA Researchers Visit Torishima

In March 2021, four research and development personnel from the Tanegashima Space Center of the Japan Aerospace Exploration Agency (JAXA) visited Torishima. JAXA uses Torishima water transmission pumps. These pumps are used for pumping water to cool the flame deflector, which deflects the high-temperature gas ejected during rocket lift-off, and for pumping water in case of an accidental fire.

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

Since fiscal 2020, we have held financial results briefings for institutional investors and analysts online. We also do everything possible to release company information in a timely, fair manner so that shareholders and investors can get a deeper understanding of our corporate value and our management plan for sustainable growth. Our efforts include shareholder newsletters and the Torishima Report.

Relationship with Communities

Torishima Hall: An Arts and Culture Theater in Takatsuki

Torishima's head office is located in the municipality of Takatsuki in Osaka Prefecture. In March 2023, the city is scheduled to open the Takatsuki Arts Theater, a new culture center to replace the former Citizen's Hall. The centerpiece of this facility, and destined to become a household name among local residents, will be a 1,500-seat main theater called Torishima Hall, following our company's selection under a naming rights agreement. Torishima will continue its role of contributing to local arts and culture as a good corporate citizen of Takatsuki.



Artist's rendering of Takatsuki Arts Theater (north side)

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 **131** cases

Number of scholarships **1,326** students

(Total from 1981 to fiscal 2020)

Making Roadsides Greener

When we constructed our new head office factory, we also improved the perimeter walls by planting trees and shrubs along them. This has created a more pleasant path for locals who travel daily along the roads around our facility.



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. We are constantly updating the content of distance learning and expanding e-learning course offerings, all with the goal of giving employees opportunities for a wide-ranging learning experience.

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 44.7% (as of March 31, 2021.) 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.



"Kurumin" mark

Torishima also actively hires people with disabilities. In fiscal 2020, the percentage of employees with disabilities at Torishima was 2.57%. Our goal is to be a company with a vibrant work environment where all employees find their work rewarding.

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

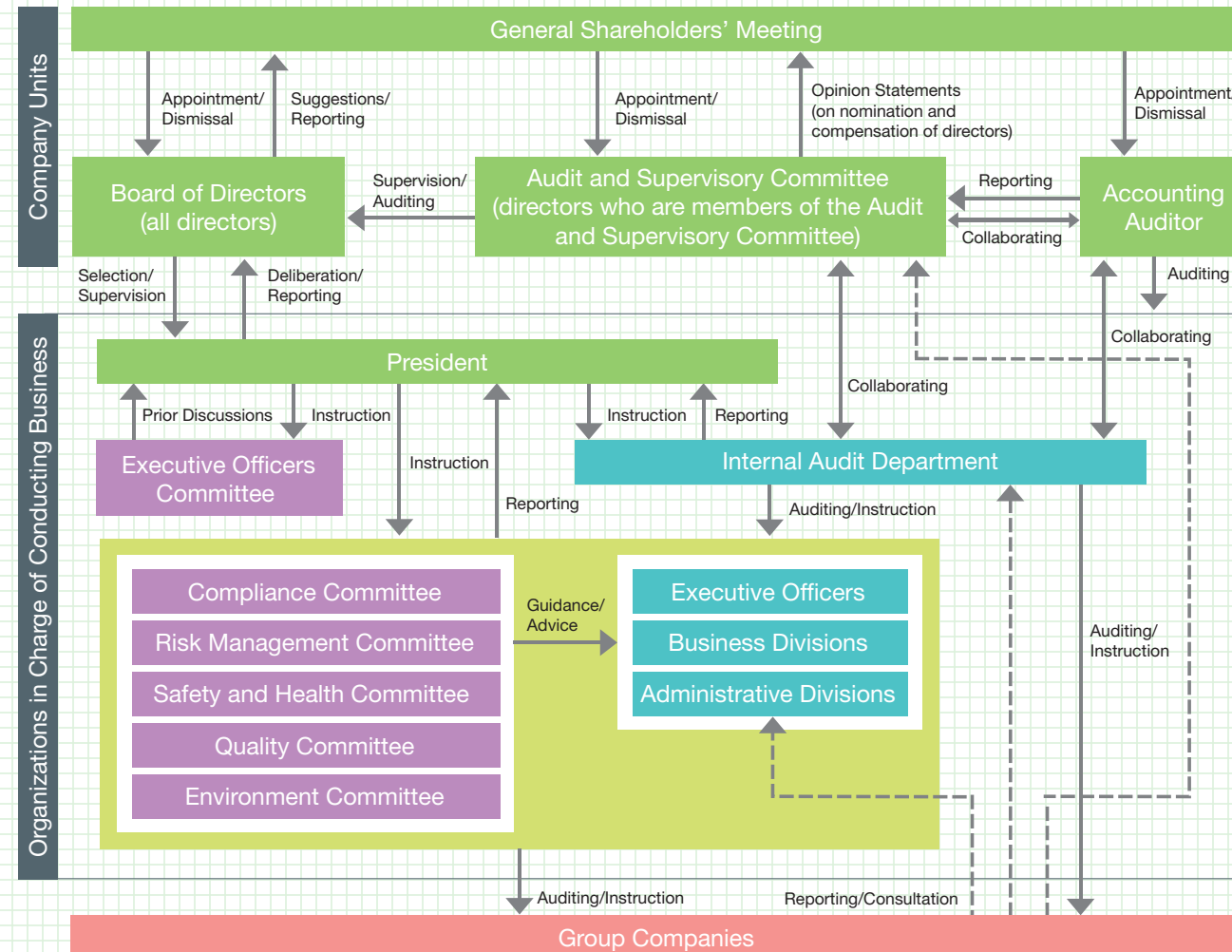
Since June 26, 2015, Torishima's corporate governance structure has included an Audit and Supervisory Committee. Under this structure, directors who are members of the Audit and Supervisory Committee are given voting rights on the Board of Directors. This strengthens the supervisory functions of the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

Three 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

Interview with an Outside Director



Toshimasa Iue

Director (Member of Audit and Supervisory Committee)

Career summary

2005: President and Representative Director, SANYO Electric Co., Ltd

2011: Director, Deputy Chief Executive Officer, LIXIL Corporation

2018: Outside Director (Member of Audit and Supervisory Committee), Enplas Corporation (present)

2019: Outside Director, TAKARA & COMPANY Ltd. (present)

Please give us your thoughts on matters such as Torishima's Board of Directors and governance since you were appointed a director in June 2020.

I remember that my first impression was feeling a sense of ease and relief that Torishima has hired several foreign nationals in management. Diversity is an important—yet difficult to achieve—aspect of corporate governance. Upholding its corporate vision of being a company indispensable to society, Torishima's lifeline is the trust of stakeholders and the market. This strong trust has been earned thanks to a basic stance of doing its job with sincerity and integrity under the strong leadership presence of the company president. I believe this is the foundation of Torishima's governance.

What is your assessment of the effectiveness of the Board of Directors?

I don't think there are any issues with the effectiveness of the Board of Directors. Effectiveness is something that gradually evolves. Guidelines in Japan have been issued in the form of the Corporate Governance Code. The latest revisions to this code call for companies' boards of directors and outside directors to possess ever-more professional expertise. To this end, I and other outside directors must be fully committed to our roles.

What do you think should be done to further increase the effectiveness of the Board of Directors?

I think there are four ways in which the Board of Directors can increase effectiveness.

1. Allot more time to debating important issues.
2. Spend sufficient time debating and verifying a matter within company departments before it goes to the Board of Directors for deliberation.
3. Constantly verify company measures regarding the SDGs.
4. Aggressively incorporate information and communication technologies that can bring us closer to where the work is done.

Tell us about your role as an outside director and what you hope to achieve.

Up to now, I have worked in management in the manufacturing industry. I have worked with people from many different countries, and always with the fundamental objective of doing everything possible to bring useful products and services to customers around the world. Torishima's corporate vision of being indispensable to society resonates with me, and I am pleased to be able to work with everyone at the company. My job is to get things done. All I can do for the company is offer it my firsthand experience, advise it using examples of relevant management decisions I have made in the past, and propose other choices to the management team.

I just want to contribute in any way I can to Torishima's growth. With the new head office factory fully operational, Torishima is embarking on a new journey of challenges. I ask each and every one of my colleagues to take this opportunity to play a vital role in making Torishima a company that is truly indispensable to society.

ISO 9001 Quality Management System

Torishima has been certified for ISO 9001, an international standard on quality management systems.

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.



ISO 14001 Environmental Management System

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

See page 10, ESG Environment, for more on Torishima's environmental policy.



ISO 45001 Occupational Health and Safety Management

Torishima has been certified for the ISO 45001 occupational health and safety management standard so that it can work with employees and other relevant personnel to build a safe work environment.

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.



Directors and Executive Officers

Directors (As of June 29, 2021)

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 R&D and global sales. Since April 2020, he has been leading reform efforts as general manager of the Administration Division.



Director
Hiroto Takahashi

Since joining Torishima, Mr. Takahashi's duties have included working in the wind power business and in personnel and general affairs. He has also been leading shareholder and institutional investor efforts through work that includes running general shareholders' meetings and heading IR activities.



Director
Yutaka Fukuda
Newly appointed

Mr. Fukuda's career in accounting, general affairs, and internal auditing is strengthening Torishima's corporate governance. Using his experience and knowledge, he will contribute to raising corporate value over the medium and long term through his appointment as a director.



Director (Member of Audit and Supervisory Committee)
Haruhisa Sumi
Newly appointed

Mr. Sumi has mainly worked in the Administration Division and in a support role for Audit and Supervisory Committee members. He will contribute to raising corporate value over the medium and long term as a director and member of the Audit and Supervisory Committee.



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
Outside director

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, Mr. Iue provides the Torishima Group with valuable opinions and advice on management.



Director (Member of Audit and Supervisory Committee)
Soji Yamamoto
Newly appointed
Outside director

Mr. Yamamoto has been appointed as an outside director and member of the Audit and Supervisory Committee. With a wealth of experience and specialized knowledge in taxes, finance, and accounting garnered through years as a certified public accountant, he will bring an objective, outside perspective to Torishima and is expected to provide valuable proposals and advice.

Executive Officers (As of June 29, 2021)

Chief Executive Officer	Kotaro Harada	President
Deputy Chief Executive Officer	Gerry Ashe	Head of Global Business
Senior Managing Executive Officers	Koichiro Hamu Alister Flett	General Manager of Corporate Strategy Bureau*, General Manager of Administration Division General Manager of Corporate Strategy Bureau*, General Manager of Global-Sector Division *The Corporate Strategy Bureau is under joint management.
Managing Executive Officers	Yoshinori Hirusawa Yasuo Yanagawase	General Manager of Private-Sector Division General Manager of Public-Sector Division
Executive Officers	Masahiko Ishida Mitsuhiko Ohie Hiroto Takahashi Mike Choi Takuya Ono Hideki Tsukahara Akihiro Wada Jun Ito Atsuo Mabuchi Satoshi Tomizawa Takuaki Tasaki Koichi Takenaka	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 Deputy General Manager of Private-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, Director of Project Management Division, General Manager of Saudi Arabia Representative Office Deputy General Manager of Production Division, General Manager of Production Management Division General Manager of China Production, Vice General Manager of Torishima Pump (Tianjin) Co. Ltd

Financial Data from the Past 11 Years

		Millions of yen										Thousands of U.S. dollars*1		
(Fiscal years ended March 31)		FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	2019	FY2020	FY2020	
【1】 Business performance	Orders received	32,974	39,579	40,975	52,847	42,878	51,304	43,483	42,233	51,768	48,824	49,055	441,936	
	Net sales	49,880	46,453	45,974	45,985	46,501	40,479	44,414	45,381	48,154	47,126	50,787	457,540	
	Gross operating income	9,257	8,959	8,015	8,320	9,162	9,191	10,538	10,954	11,763	12,310	13,462	121,279	
	Operating income or loss	3,127	2,286	517	(945)	400	373	1,462	1,257	1,731	1,220	3,591	32,351	
	Ordinary income or loss	3,673	2,929	1,389	(632)	793	(1,663)	1,871	1,549	2,275	1,324	4,612	41,549	
	Net income or loss attributable to owners of the parent	1,892	1,497	943	442	405	(2,422)	1,532	854	2,183	543	3,353	30,207	
	Gross profit margin (%)	18.6%	19.3%	17.4%	18.1%	19.7%	22.7%	23.7%	24.1%	24.4%	26.1%	26.5%	26.5%	
	Operating profit margin (%)	6.3%	4.9%	1.1%	(2.1)%	0.9%	0.9%	3.3%	2.8%	3.6%	2.6%	7.1%	7.1%	
	ROE (return on equity) (%)	6.1%	4.8%	2.9%	1.3%	1.1%	(7.5)%	4.7%	2.6%	6.4%	1.6%	9.5%	9.5%	
	ROA (return on assets) (%)	3.1%	2.5%	1.4%	0.6%	0.6%	(3.7)%	2.3%	1.2%	3.0%	0.7%	4.2%	4.2%	
【2】 Financial status	Total assets	61,178	60,812	68,232	68,062	71,987	66,198	67,719	71,171	72,674	72,961	79,185	713,378	
	Net assets	30,968	31,775	33,602	34,524	36,532	32,794	33,713	34,017	34,947	33,470	37,609	338,819	
	Equity ratio (%)	50.3%	51.3%	48.2%	49.9%	50.0%	48.7%	48.9%	47.3%	47.7%	45.4%	47.0%	47.0%	
【3】 Breakdown of orders received, net sales, and order backlog	Net sales by region	Japan	18,703	17,281	18,070	20,096	19,104	17,059	22,153	25,058	24,471	25,799	28,980	261,081
		Asia	11,196	13,125	10,259	9,042	11,124	11,307	8,612	8,391	8,168	8,306	7,650	68,918
		Middle East	14,369	11,430	11,887	9,753	11,115	8,225	10,940	10,064	11,196	8,929	9,421	84,873
		Others	5,609	4,615	5,758	7,092	5,156	3,887	2,708	1,866	4,318	4,090	4,735	42,657
		Overseas ratio (%)	62.5%	62.8%	60.7%	56.3%	58.9%	57.9%	50.1%	44.8%	49.2%	45.3%	42.9%	42.9%
	Orders received by segment	Public sector	9,973	11,600	10,971	15,923	12,001	16,013	15,913	13,914	16,434	18,813	20,504	184,720
		Private sector	4,921	6,205	5,733	7,144	6,943	8,396	7,973	8,914	9,258	9,339	9,623	86,693
		Overseas	18,079	21,772	24,270	29,779	23,933	26,895	19,595	19,403	26,075	20,672	18,928	170,522
	Net sales by segment	Public sector	13,760	11,317	12,277	13,797	12,957	9,980	13,832	16,621	15,931	16,412	19,682	177,315
		Private sector	4,942	5,963	5,792	6,299	6,146	7,078	8,320	8,436	8,540	9,387	9,297	83,756
Overseas		31,176	29,172	27,904	25,888	27,397	23,419	22,261	20,322	23,683	21,326	21,807	196,459	
Order backlog by segment	Public sector	6,528	6,811	5,505	7,631	6,675	12,707	14,788	12,082	12,585	14,987	15,808	142,414	
	Private sector	2,455	2,698	2,639	3,484	4,281	5,598	5,251	5,729	6,447	6,399	6,724	60,576	
	Overseas	38,231	30,832	27,198	31,089	27,625	31,101	28,436	27,516	29,908	29,253	26,374	237,603	
【4】 Major expenditures	SG&A (selling, general, and administrative expenses)	6,130	6,673	7,497	9,265	8,761	8,818	9,075	9,697	10,032	11,090	9,870	88,918	
	SG&A-to-sales ratio (%)	12.3%	14.4%	16.3%	20.1%	18.8%	21.8%	20.4%	21.4%	20.8%	23.5%	19.4%	19.4%	
	Depreciation	961	1,096	1,231	1,646	1,636	1,561	1,599	1,636	1,825	2,017	1,706	15,369	
	Capital investment	2,297	2,224	3,083	2,139	1,221	1,391	1,084	883	1,627	2,469	2,450	22,072	
	R&D expense	567	606	691	678	658	484	453	430	482	353	381	3,432	
【5】 Cash flow	Cash flow from operations	735	2,661	3,513	(4,086)	(1,194)	5,000	6,496	587	3,769	4,207	4,366	39,333	
	Cash flow from investments	(75)	(1,269)	(3,966)	(4,498)	(345)	(415)	1,376	(1,105)	(1,438)	(1,976)	(1,645)	(14,819)	
	Cash flow from financial activities	590	(2,371)	4,356	(112)	2,120	(1,624)	(4,140)	1,153	2,150	(1,672)	(2,070)	(18,648)	
【6】 Per share information	Net income per share (yen)	67.45	53.38	33.64	15.74	14.61	(88.13)	56.15	31.50	80.18	20.07	126.47	1.13 dollars	
	Net assets per share (yen)	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	1,422.14	12.81 dollars	
【7】 Stock information	Dividends (yen)	18	18	18	18	18	18	18	18	25*2	18	21	0.18 dollars	
	Payout ratio (%)	26.7%	33.7%	53.5%	114.4%	123.2%	—	32.1%	57.5%	31.3%	90.1%	16.6%	16.6%	

*1: U.S. dollar amounts have been translated from yen—solely for the convenience of the reader—at the rate of ¥111 to U.S.\$1.00, the exchange rate prevailing on March 31, 2021.

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

Note: Figures on pages 19 to 25 have been calculated based on Japanese disclosure rules.

Consolidated financial statements

Consolidated balance sheet

	Millions of Yen		Thousands of U.S. Dollars
	FY2019 (March 31, 2020)	FY2020 (March 31, 2021)	FY2020 (March 31, 2021)
Assets			
Current assets			
Cash and deposits	16,277	16,799	151,342
Notes and accounts receivable - trade	25,727	26,265	236,621
Merchandise and finished goods	264	239	2,153
Work in process	7,916	8,273	74,531
Raw materials and supplies	1,940	1,978	17,819
Advance payments to suppliers	649	929	8,369
Other	1,353	1,056	9,513
Allowance for doubtful accounts	(1,885)	(1,971)	(17,756)
Total current assets	52,243	53,572	482,630
Non-current assets			
Property, plant and equipment			
Buildings and structures	10,397	13,819	124,495
Accumulated depreciation	(6,161)	(5,619)	(50,621)
Buildings and structures, net	4,235	8,200	73,873
Machinery, equipment and vehicles	11,279	11,421	102,891
Accumulated depreciation	(9,185)	(9,336)	(84,108)
Machinery, equipment and vehicles, net	2,094	2,084	18,774
Tools, furniture and fixtures	3,334	3,555	32,027
Accumulated depreciation	(2,901)	(3,104)	(27,963)
Tools, furniture and fixtures, net	433	450	4,054
Land	2,478	2,386	21,495
Leased assets	1,712	1,978	17,819
Accumulated depreciation	(750)	(651)	(5,864)
Leased assets, net	962	1,326	11,945
Construction in progress	1,490	94	846
Total property, plant and equipment	11,695	14,544	131,027
Intangible assets	413	240	2,162
Investments and other assets			
Investment securities	7,917	9,189	82,783
Long-term loans receivable	307	142	1,279
Retirement benefit asset	280	1,221	11,000
Deferred tax assets	85	116	1,045
Other	499	461	4,153
Allowance for doubtful accounts	(480)	(302)	(2,720)
Total investments and other assets	8,609	10,828	97,549
Total non-current assets	20,717	25,612	230,738
Total assets	72,961	79,185	713,378

- U.S. dollar amounts have been translated from yen—solely for the convenience of the reader—at the rate of ¥111 to U.S.\$1.00, the exchange rate prevailing on March 31, 2021.

- 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
	FY2019 (March 31, 2020)	FY2020 (March 31, 2021)	FY2020 (March 31, 2021)
Liabilities			
Current liabilities			
Notes and accounts payable - trade	11,863	11,440	103,063
Short-term borrowings	3,452	3,495	31,486
Income taxes payable	297	1,114	10,036
Advances received	3,242	2,858	25,747
Provision for bonuses	822	924	8,324
Provision for product warranties	595	822	7,405
Provision for loss on construction contracts	831	914	8,234
Other	2,700	4,303	38,765
Total current liabilities	23,806	25,872	233,081
Non-current liabilities			
Long-term borrowings	14,116	13,065	117,702
Deferred tax liabilities	336	1,088	9,801
Provision for retirement benefits for directors (and other officers)	2	3	27
Retirement benefit liability	279	202	1,819
Other	949	1,342	12,090
Total non-current liabilities	15,683	15,703	141,468
Total liabilities	39,490	41,575	374,549
Net assets			
Shareholders' equity			
Share capital	1,592	1,592	14,342
Capital surplus	7,372	7,388	66,558
Retained earnings	24,656	27,780	250,270
Treasury shares	(1,733)	(2,464)	(22,198)
Total shareholders' equity	31,888	34,297	308,981
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	822	2,277	20,513
Deferred gains or losses on hedges	(42)	(143)	(1,288)
Foreign currency translation adjustment	310	39	351
Remeasurements of defined benefit plans	163	758	6,828
Total accumulated other comprehensive income	1,253	2,932	26,414
Share acquisition rights	121	112	1,009
Non-controlling interests	207	267	2,405
Total net assets	33,470	37,609	338,819
Total liabilities and net assets	72,961	79,185	713,378

Consolidated financial statements

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

	Millions of Yen		Thousands of U.S. Dollars
	FY2019 (March 31, 2020)	FY2020 (March 31, 2021)	FY2020 (March 31, 2021)
Net sales	47,126	50,787	457,540
Cost of sales	34,815	37,325	336,261
Gross profit	12,310	13,462	121,279
Selling, general and administrative expenses	11,090	9,870	88,918
Operating profit	1,220	3,591	32,351
Non-operating income			
Interest income	36	35	315
Dividend income	293	220	1,981
Foreign exchange gains	—	240	2,162
Share of profit of entities accounted for using equity method	20	131	1,180
Rental income	91	116	1,045
Insurance claim income	51	171	1,540
Subsidy income	—	142	1,279
Other	190	174	1,567
Total non-operating income	682	1,230	11,081
Non-operating expenses			
Interest expenses	125	127	1,144
Foreign exchange losses	270	—	—
Other	183	82	738
Total non-operating expenses	578	210	1,891
Ordinary profit	1,324	4,612	41,549
Extraordinary income			
Gain on sale of investment securities	3	110	990
Total extraordinary income	3	110	990
Extraordinary losses			
Loss on sale of investment securities	33	150	1,351
Loss on valuation of investment securities	154	—	—
Loss on disposal of non-current assets	128	—	—
Impairment losses	—	21	189
Total extraordinary losses	316	171	1,540
Profit before income taxes	1,011	4,551	41,000
Income taxes - current	309	1,270	11,441
Income taxes - deferred	140	(136)	(1,225)
Total income taxes	449	1,133	10,207
Profit	561	3,417	30,783
Profit attributable to non-controlling interests	17	64	576
Profit attributable to owners of parent	543	3,353	30,207

(Consolidated statements of comprehensive income)

	Millions of Yen		Thousands of U.S. Dollars
	FY2019 (March 31, 2020)	FY2020 (March 31, 2021)	FY2020 (March 31, 2021)
Profit	561	3,417	30,783
Other comprehensive income			
Valuation difference on available-for-sale securities	(815)	1,455	13,108
Deferred gains or losses on hedges	16	(100)	(900)
Foreign currency translation adjustment	(102)	(270)	(2,432)
Remeasurements of defined benefit plans, net of tax	(218)	595	5,360
Share of other comprehensive income of entities accounted for using equity method	(2)	(3)	(27)
Total other comprehensive income	(1,122)	1,676	15,099
Comprehensive income	(560)	5,094	45,891
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	(583)	5,032	45,333
Comprehensive income attributable to non-controlling interests	22	62	558

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Consolidated statements of changes in net assets

FY2020 (April 1, 2020 to March 31, 2021) Millions of yen

	Shareholders' equity					Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares		
Balance at beginning of period	1,592	7,372	24,656	(1,733)		31,888
Changes during period						
Dividends of surplus			(485)			(485)
Profit attributable to owners of parent			3,353			3,353
Purchase of treasury shares				(867)		(867)
Disposal of treasury shares		7		136		143
Change in scope of consolidation		8	256			264
Net changes in items other than shareholders' equity						
Total changes during period	—	15	3,124	(731)		2,408
Balance at end of period	1,592	7,388	27,780	(2,464)		34,297

	Accumulated other comprehensive income								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	Share acquisition rights	Non-controlling interests		
Balance at beginning of period	822	(42)	310	163	1,253	121	207		33,470
Changes during period									
Dividends of surplus									(485)
Profit attributable to owners of parent									3,353
Purchase of treasury shares									(867)
Disposal of treasury shares									143
Change in scope of consolidation									264
Net changes in items other than shareholders' equity	1,455	(100)	(271)	595	1,678	(9)	60		1,730
Total changes during period	1,455	(100)	(271)	595	1,678	(9)	60		4,139
Balance at end of period	2,277	(143)	39	758	2,932	112	267		37,609

FY2020 (April 1, 2020 to March 31, 2021)

Thousands of US dollars

	Shareholders' equity					Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares		
Balance at beginning of period	14,342	66,414	222,126	(15,612)		287,279
Changes during period						
Dividends of surplus			(4,369)			(4,369)
Profit attributable to owners of parent			30,207			30,207
Purchase of treasury shares				(7,810)		(7,810)
Disposal of treasury shares		63		1,225		1,288
Cancellation of treasury shares		72	2,306			2,378
Net changes in items other than shareholders' equity						
Total changes during period	—	135	28,144	(6,585)		21,693
Balance at end of period	14,342	66,558	250,270	(22,198)		308,981

	Accumulated other comprehensive income								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	Share acquisition rights	Non-controlling interests		
Balance at beginning of period	7,405	(378)	2,792	1,468	11,288	1,090	1,864		301,531
Changes during period									
Dividends of surplus									(4,369)
Profit attributable to owners of parent									30,207
Purchase of treasury shares									(7,810)
Disposal of treasury shares									1,288
Cancellation of treasury shares									2,378
Net changes in items other than shareholders' equity	13,108	(900)	(2,441)	5,360	15,117	(81)	540		15,585
Total changes during period	13,108	(900)	(2,441)	5,360	15,117	(81)	540		37,288
Balance at end of period	20,513	(1,288)	351	6,828	26,414	1,009	2,405		338,819

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Consolidated financial statements

(As of March 31, 2021)

Consolidated statements of cash flows

	Millions of Yen		Thousands of U.S. Dollars
	FY2019 (April 1, 2019 to March 31, 2020)	FY2020 (April 1, 2020 to March 31, 2021)	FY2020 (April 1, 2020 to March 31, 2021)
Cash flows from operating activities			
Profit before income taxes	1,011	4,551	41,000
Depreciation	2,017	1,706	15,369
Increase (decrease) in allowance for doubtful accounts	908	100	900
Increase (decrease) in provision for bonuses	(48)	101	909
Increase (decrease) in provision for product warranties	(201)	226	2,036
Increase (decrease) in provision for loss on construction contracts	245	85	765
Increase (decrease) in retirement benefit assets	(154)	(99)	(891)
Increase (decrease) in retirement benefit liability	(14)	19	171
Interest and dividend income	(329)	(255)	(2,297)
Insurance claim income	(51)	(171)	(1,540)
Subsidy income	—	(142)	(1,279)
Interest expenses	125	127	1,144
Share of loss (profit) of entities accounted for using equity method	(20)	(131)	(1,180)
Loss (gain) on valuation of investment securities	154	0	0
Loss (gain) on sale of investment securities	29	39	351
Loss (gain) on sale and retirement of property, plant and equipment	174	1	9
Decrease (increase) in trade receivables	(68)	(659)	(5,936)
Decrease (increase) in inventories	(1,820)	(434)	(3,909)
Decrease (increase) in advance payments to suppliers	(26)	(269)	(2,423)
Increase (decrease) in trade payables	784	(405)	(3,648)
Increase (decrease) in advances received	965	(360)	(3,243)
Increase (decrease) in accounts payable - other	326	(95)	(855)
Other, net	24	451	4,063
Subtotal	4,034	4,387	39,522
Interest and dividends received	330	255	2,297
Interest paid	(132)	(127)	(1,144)
Income taxes paid	(167)	(464)	(4,180)
Income taxes refund	92	1	9
Proceeds from insurance income	51	171	1,540
Subsidies received	—	142	1,279
Net cash provided by (used in) operating activities	4,207	4,366	39,333
Cash flows from investing activities			
Payments into time deposits	(68)	(1)	(9)
Proceeds from withdrawal of time deposits	60	12	108
Purchase of property, plant and equipment	(2,242)	(2,342)	(21,099)
Payments for retirement of property, plant and equipment	(91)	(48)	(432)
Proceeds from sale of property, plant and equipment	17	4	36
Purchase of intangible assets	(226)	(107)	(963)
Purchase of investment securities	(142)	(88)	(792)
Proceeds from sale of investment securities	498	957	8,621
Loan advances	(3)	—	—
Proceeds from collection of loans receivable	31	3	27
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(4)	(36)
Other, net	190	(29)	(261)
Net cash provided by (used in) investing activities	(1,976)	(1,645)	(14,819)
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	67	(172)	(1,549)
Proceeds from long-term borrowings	500	1,650	14,864
Repayments of long-term borrowings	(913)	2,037	(18,351)
Proceeds from sale of treasury shares	81	99	891
Purchase of treasury shares	(382)	(867)	(7,810)
Proceeds from share issuance to non-controlling shareholders	5	38	342
Dividends paid to non-controlling interests	(1)	—	—
Dividends paid	(679)	(487)	(4,387)
Repayments of lease obligations	(350)	(389)	(3,504)
Proceeds from issuance of bonds	—	97	873
Other, net	—	(1)	(9)
Net cash provided by (used in) financing activities	(1,672)	(2,070)	(18,648)
Effect of exchange rate change on cash and cash equivalents	(217)	(18)	(162)
Net increase (decrease) in cash and cash equivalents	341	630	5,675
Cash and cash equivalents at beginning of period	15,924	16,265	146,531
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(149)	(1,342)
Cash and cash equivalents at end of period	16,265	16,746	150,864

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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: 6,391

Employees: 1,608 (Consolidated);
918 (Non-consolidated)

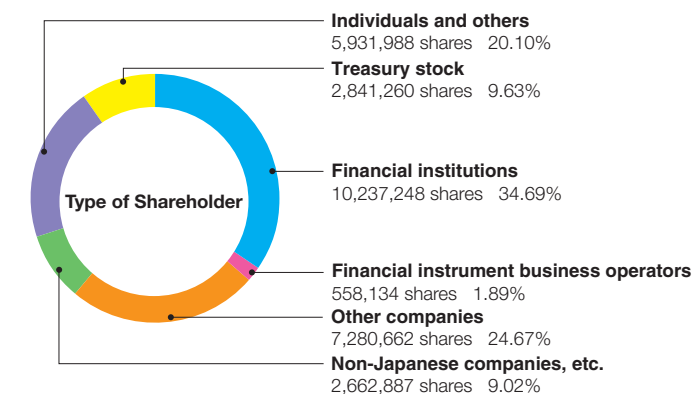
Major Japanese Bases:

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

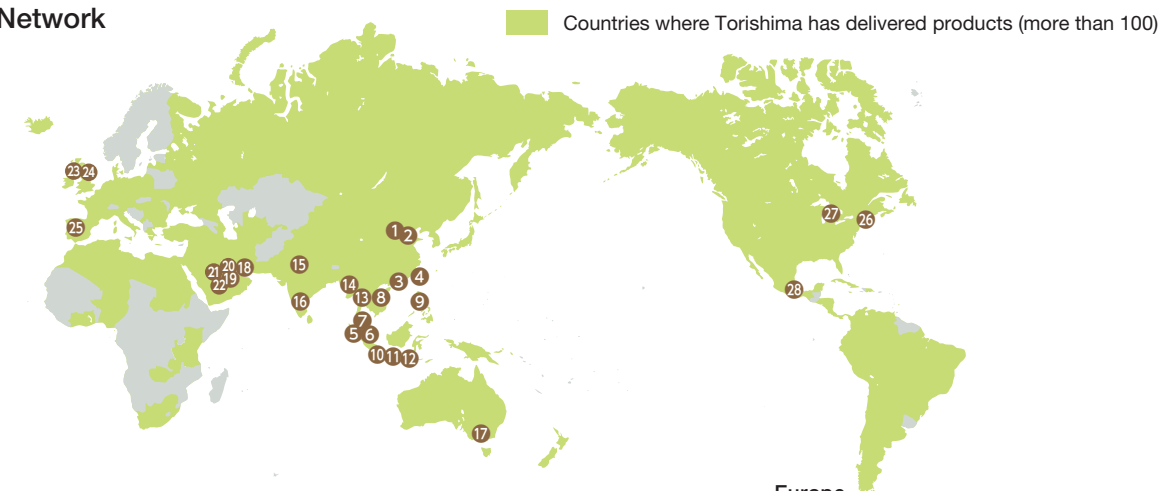
Branch offices: Tokyo, Osaka, Sapporo, Sendai, Nagoya,
Hiroshima, Takamatsu, Kyushu (Fukuoka City), Saga

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.
- 14 Torishima Service Solutions Asia Pte. Ltd. Myanmar Office

South Asia

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

Oceania

- 17 Torishima Australia Pty. Ltd.

Middle East

- 18 Torishima Service Solutions FZCO
- 19 Middle East Project Office
- 20 Qatar Project Office
- 21 Torishima Service Solutions (Saudi Arabia) Ltd.
- 22 Saudi Arabia Representative Office

Europe

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

North America

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

Central America

- 28 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, 2021. 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, 2020 to March 31, 2021. For information on items occurring after April 1, 2021, 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.

torishima pump

<https://www.torishima.co.jp/en/>

