

Consolidated Financial Results for the FY2023

14th May 2024 TORISHIMA PUMP Mfg.Co.,Ltd.

- 【1】 FY2023 Financial Results**
- 【2】 Review of the Medium-term Business Plan and FY2024 Outlook**
- 【3】 Innovations in Torishima**
 - Solving global issues and create value for society –
- 【4】 Basic policy of the Shareholders Return**

【1】 FY2023 Financial Results

【2】 Review of the Medium-term Business Plan and FY2024 Outlook

【3】 Innovations in Torishima

- Solving global issues and create value for society –

【4】 Basic policy of the Shareholders Return

FY2023 Highlight

- ✓ **Orders received** were **88.0** billion yen with all business sectors, public, private and overseas, performing strongly.
- ✓ **Sales and operating income** was **81.1** billion yen and **6.8** billion yen, respectively, a record high for the fourth consecutive year.
- ✓ **Operating profit margin** was **8.4%** and **ROE** was **12.8%**.

FY2023 Consolidated Financial Results

Orders received : 2.6% increase in public-sector, 5.1 % decrease in private-sector, 2.0% decrease in overseas,
resulting in an overall decrease in orders received by 1.2% to 88.0 billion.

Sales : 4.3% increase in public-sector, 25.8% increase in private-sector and 35.8% increase in overseas, resulting in an overall increase of 25.3% to 81.1 billion yen.

Income : Record high profits for the fourth consecutive year. Net income rose sharply by 40.9% also as a result of the sale of certain securities holdings.

*The increase and decrease are YoY

Billions of yen

	FY2022	FY2023	YoY		FY2023 Plan	Compared with plan
			Amount	%		
Orders Received	89.0	88.0	-1.0	-1.1%	70.0	+18.0
Sales	64.7	81.1	+16.4	+25.3 %	79.0	+2.1
Gross Operating Income (Gross profit margin)	18.3 (28.3%)	23.1 (28.5%)	+4.8 (+0.2pt)	+26.2%	—	
SG&A expense	12.4	16.3	+3.9	+31.4%	—	
Operating income (Operating profit margin)	5.9 (9.1%)	6.8 (8.4%)	+0.9 (-0.7pt)	+15.3%	7.2	-0.4
Non-operating Profit or loss	-0.2	-0.5	-0.3	—	—	
Ordinary income	5.7	6.3	+0.6	+10.5%	6.6	-0.3
Extraordinary profit or loss	-0.1	2.2	+2.3	—	—	
Net income	4.4	6.2	+1.8	+40.9%	5.3	+0.9

*Foreign exchange rate (1USD)

¥133.53
31st Mar 2023

¥151.41
31st Mar 2024

FY2023 Financial Results (Non-consolidated/ Subsidiaries)

■ Non-consolidated

Billions of yen

	FY2022	FY2023	YoY	
			Amount	%
Sales	51.1	62.9	+11.8	+23.1%
Gross Operating Income (Gross profit margin)	11.8 (23.1%)	14.2 (22.6%)	-2.4 (-0.5pt)	+20.3%
SG&A expense	7.8	9.9	+2.1	+26.9%
Operating income (Operating profit margin)	4.0 (7.8%)	4.3 (6.8%)	+0.3 (-1.0pt)	+7.5%

- ✓ Sales increased significantly by +23.1%, largely due to the contribution of large overseas projects.
- ✓ Profit margins on public-sector have fallen due to rising material and construction costs. Profit margins on private-sector and overseas high-tech pumps have improved, and overall gross profit margins remain high level.
- ✓ Two major factors in the increase in SG&A expenses are
 - (1) Increased research and development costs in new fields such as hydrogen and ammonia (approx. 600 million).
 - (2) Increase in sales commissions along with increased overseas sales (approx. 600 million).

■ Subsidiaries

Billions of yen

FY2022	FY2023	YoY	
		Amount	%
21.0	27.3	+6.3	+30.0%
7.0 (33.3%)	9.7 (35.5%)	+2.7 (+2.2pt)	+38.6
5.4	6.9	+1.5	+27.8
1.6 (7.6%)	2.8 (10.3%)	+1.2 (+2.7pt)	+75.0%

- ✓ Sales increased significantly by 30.0%, with manufacturing, services and projects all performing well.
- ✓ Service subsidiaries contributed to a significant increase in operating profit.

【1】 FY2023 Financial Results

【2】 **Review of the Medium-term Business Plan
and FY2024 Outlook**

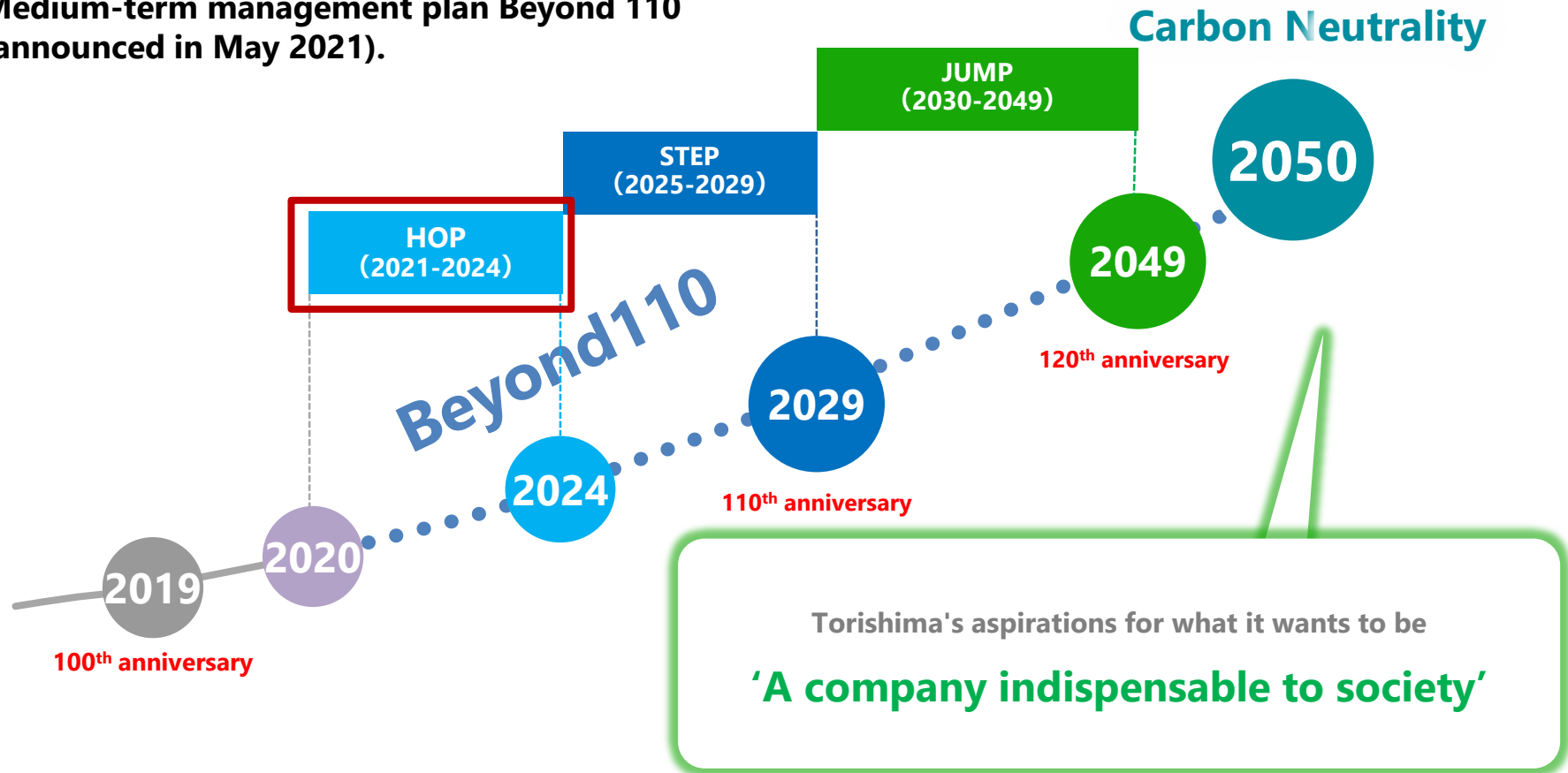
【3】 Innovations in Torishima

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【4】 Basic policy of the Shareholders Return

2050 Torishima's Long-term Vision Towards Carbon Neutrality

Medium-term management plan Beyond 110
(announced in May 2021).



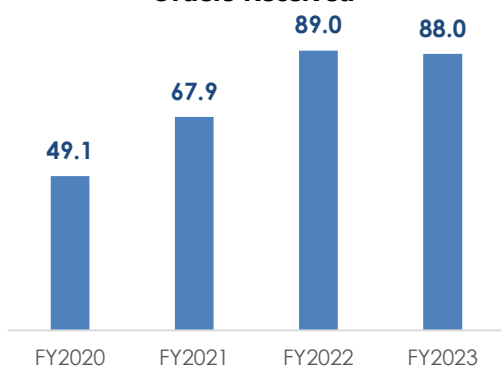
Progress of HOP period

Sales and operating income reached **record highs every year for the last 4 years**, Achieved the original target for FY2029, the final year of the STEP period (sales of more than JPY 60 billion and operating income of more than JPY 5 billion) in FY2022 **seven years ahead of schedule**.

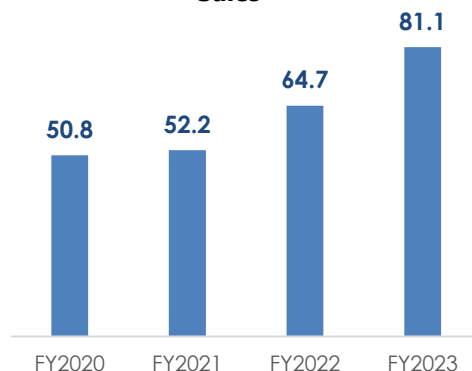
Billions of yen

	FY2020 result	FY2021 result	FY2022 result	FY2023 result
Orders Received	49.1	67.9	89.0	88.0
Sales	50.8	52.2	64.7	81.1
Operating income (Operating profit margin)	3.6 (7.1%)	4.5 (8.6%)	59 (9.1%)	6.8 (8.4%)

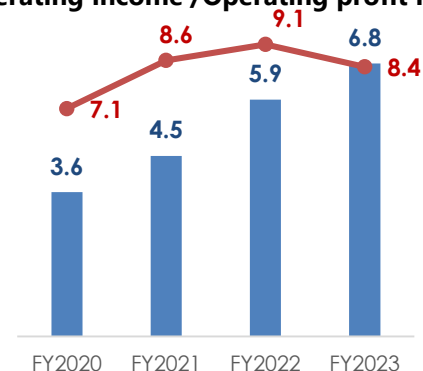
Orders Received



Sales



Operating income / Operating profit margin

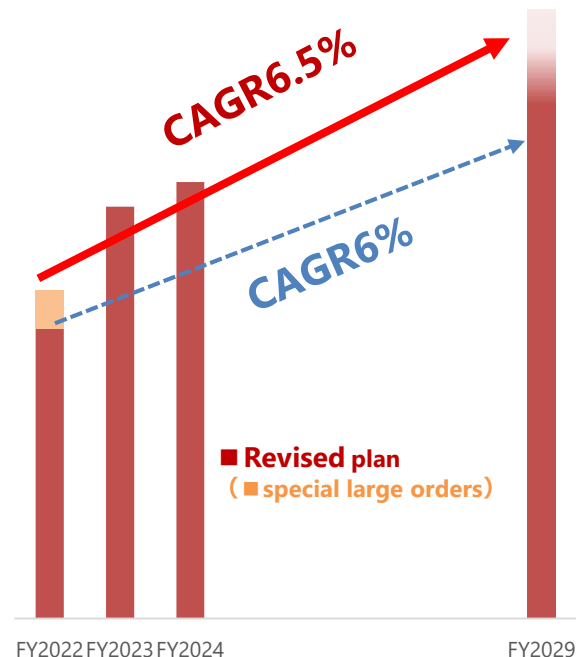


Revised management targets for FY2029.

Initial plan: sales CAGR 6% excluding special large orders.

Revised plan: sales CAGR 6.5% including special large orders > Aim for Sales of ¥100 billion.

	FY2023 result	Initial plan Target for 2029 (announced in May 2023)	Revised plan Target 2029
Growth (sales CAGR)	16.9% (HOP average)	6.0%以上 (excluding special large orders)	Around 100 billion yen (CAGR more than 6.5%)
Profitability (Operating income margin)	8.4%	9.0%以上	more than 10.0%
Efficiency (ROE)	12.8%	9.0%以上	more than 10.0%



FY2024 Outlook

Orders Received : There remains a strong demands in all sectors and therefore **expect a similar volume as in FY2023**.

Sales : **Expect an increase in revenue as the order backlog is strong** (¥95bn)

Operating income : SG&A expenses will increase due to investment in people and future growth, however **current profit levels will be maintained** due to increased sales and improved margins.

	Sales and Order activities outlook for FY2024	Order backlog at the end of the fiscal year (Billions of yen)						
Public sector	<ul style="list-style-type: none"> Sales are expected to increase with the extensive order backlog. The order environment is stable due to public investments in national resilience, and we aim to increase our market share by enhancing our proposal activities for flood control pumps using our unique technology. 	<table border="1"> <tr> <td>FY2021</td> <td>FY2022</td> <td>FY2023</td> </tr> <tr> <td>15.3</td> <td>21.0</td> <td>26.5</td> </tr> </table>	FY2021	FY2022	FY2023	15.3	21.0	26.5
FY2021	FY2022	FY2023						
15.3	21.0	26.5						
Private sector	<ul style="list-style-type: none"> Order backlogs remain high and sales are expected to increase. The order environment remains strong, mainly driven by the growing need for energy-efficiency to achieve carbon neutrality. Opportunities In new sectors such as liquid ammonia. A stable profit margin is expected as the service ratio grows. 	<table border="1"> <tr> <td>FY2021</td> <td>FY2022</td> <td>FY2023</td> </tr> <tr> <td>8.2</td> <td>10.5</td> <td>9.7</td> </tr> </table>	FY2021	FY2022	FY2023	8.2	10.5	9.7
FY2021	FY2022	FY2023						
8.2	10.5	9.7						
Overseas	<ul style="list-style-type: none"> Sales are expected to increase due to an abundant order backlog and strong overseas subsidiary business. Profitability will depend on progress in the service ratio. Strengthen order-taking activities for new markets (Subsea desalination, hydrogen and other next-generation energies). 	<table border="1"> <tr> <td>FY2021</td> <td>FY2022</td> <td>FY2023</td> </tr> <tr> <td>40.4</td> <td>56.8</td> <td>58.8</td> </tr> </table>	FY2021	FY2022	FY2023	40.4	56.8	58.8
FY2021	FY2022	FY2023						
40.4	56.8	58.8						

FY2024 Outlook

- **Sales and income are expected to increase for the fifth year in a row.**
- However, due to the depreciation of the yen, the realised losses on foreign exchange contracts are expected to increase, so ordinary income is not expected to increase. In addition, gains on the sale of securities holdings in the current year are expected to be around 50% of the previous year's gains, and net income is expected to fall by around JPY 900 million.

Billions of yen

	FY2023 Result	FY2024 Outlook	Increase/ decrease
Orders Received	88.0	89.0	+1.0
Sales	81.1	86.0	+4.9
Operating income (Operating profit margin)	6.8 (8.4%)	7.3 (8.5%)	+0.5 (+0.1pt)
Ordinary income	6.3	6.3	±0
Net income	6.2	5.3	-0.9

Foreign exchange rate

2024/3:1 \$ -JPY 151.41

Assumed rate 1 \$ -JPY150

■ Non-consolidated

	FY2023 Result	FY2024 Outlook	Increase/ decrease
Sales	62.9	67.0	+4.1
Operating income (Operating profit margin)	4.3 (6.8%)	4.8 (7.2%)	+5 (+0.4pt)

■ Subsidiaries

	FY2023 Result	FY2024 Outlook	Increase/ decrease
Sales	27.3	28.0	+0.7
Operating income (Operating profit margin)	2.8 (10.3%)	2.8 (10.0%)	±0 (-0.3pt)

*Subsidiary financial results are before consolidation adjustments. Therefore, non-consolidated + subsidiary does not = consolidated results.

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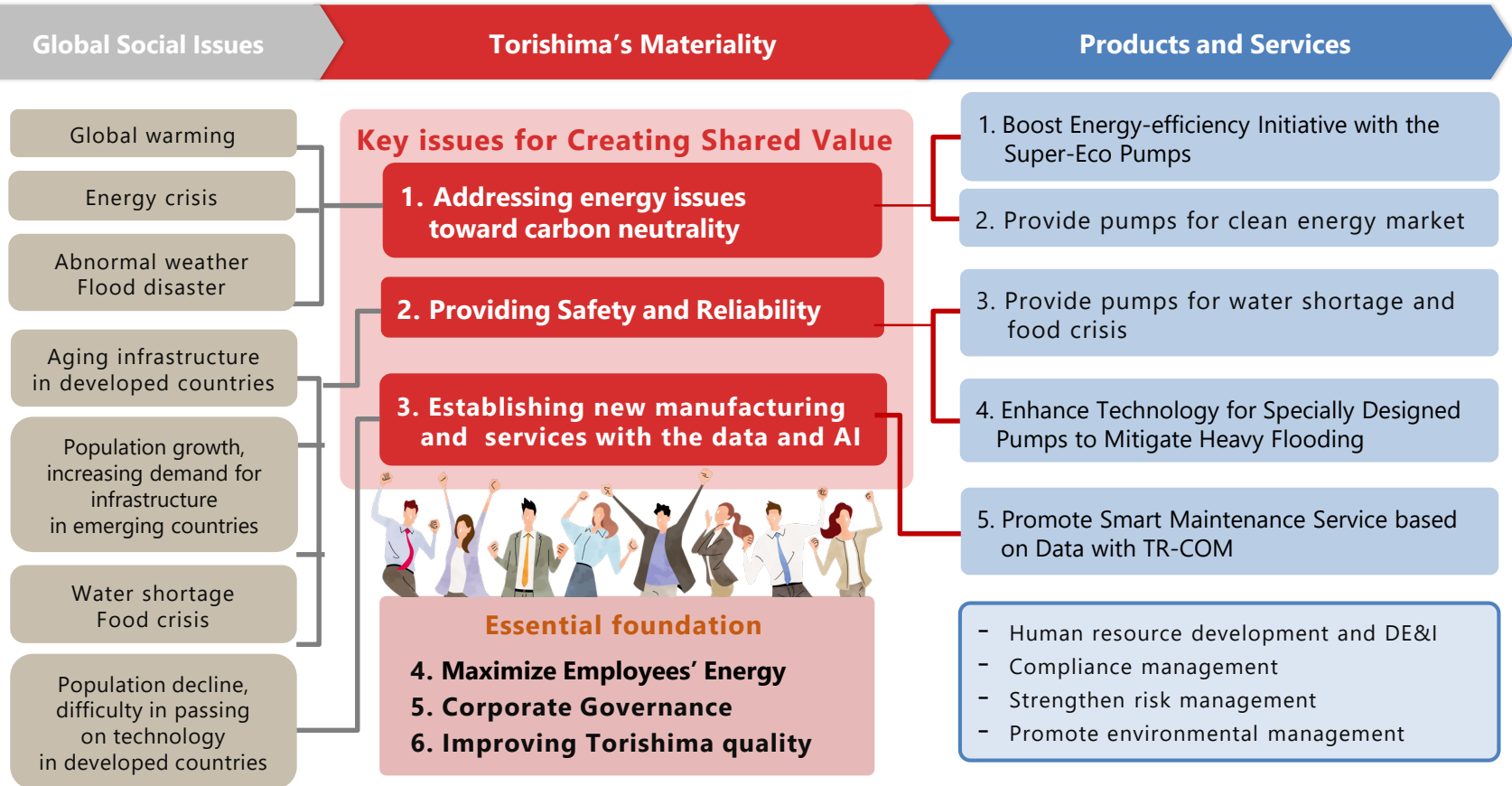
【3】 **Innovations in Torishima**

- Solving global issues and create value for society –

【4】 Basic policy of the Shareholders Return

Torishima's Materiality

We will continue to contribute to solving social issues, aiming to be an indispensable company for society.



To be Indispensable to Society

Torishima's Materiality Outcome and future activities

		Outcome (-FY2023)	Future activities (FY2024-)
Addressing energy issues toward carbon neutrality	Super-Eco Pump	<ul style="list-style-type: none"> Started sales of the Super-Eco Pumps with the world's highest pump efficiency MEI\geq0.7. 	<ul style="list-style-type: none"> Accelerate energy-efficiency proposals
	Pumps for clean energy	<ul style="list-style-type: none"> Ammonia <ul style="list-style-type: none"> Delivered pumps for JERA ammonia-mixed co-firing demonstration tests (in operation) Made an alliance with Hermetic, the world's No.1 maker of canned moto pumps and jointly developed in-tank pump systems. Hydrogen <ul style="list-style-type: none"> Development of liquefied hydrogen pumps selected by NEDO Success of development and operational testing of hydrogen pump with a superconducting motor. 	<ul style="list-style-type: none"> Ammonia <ul style="list-style-type: none"> Conduct the operational test with actual liquid ammonia (same specifications as for domestic commercial use) Hydrogen <ul style="list-style-type: none"> Continue to develop hydrogen pumps for high flow and high pressure (NEDO Subsidy Program until FY2027) CO2 <ul style="list-style-type: none"> Pumps for CO2 capture processes.
Providing Safety and Reliability	Pumps for water shortage and food crisis	<ul style="list-style-type: none"> Delivered many pumps for seawater desalination for North Africa and Middle East countries Made an alliance with Warterise, the world's leading company for subsea desalination, as a strategic partner (pump supplier); embarked on development of a prototype pump. 	<ul style="list-style-type: none"> Continue to provide pumps that meet customers needs' in centering seawater desalination markets. Conduct the operational test of prototype pump for subsea desalination.
	Pumps to mitigate heavy flooding	<ul style="list-style-type: none"> Joint development of 'Air-cooled water-resistant motor-integrated pump 'with TMEIC. Received an order for our largest sized drainage pump for a drainage pumping station in Hong Kong. 	<ul style="list-style-type: none"> Expand range of applications for water-resistant motor-integrated pumps
DX and AI	Smart maintenance	<ul style="list-style-type: none"> TR-COM received the "Infrastructure Maintenance Awards" from Ministry of Agriculture, Forestry and Fisheries of Japan Launched the explosion-proof version of TR-COM 	<ul style="list-style-type: none"> Accelerate maintenance proposal activities based on date driven to address the declining workforce Expand sales area for explosion-proof TR-COM

Launched the sales of TR-COM explosion-proof version

An **explosion-proof version** was released in response to customer needs

Awarded the 7th **Infrastructure Maintenance Awards**

'**Ministry of Agriculture, Forestry and Fisheries Special Prize**'

Expect to increase orders
with the expanded coverage area



無線振動センサ「b-Monitor 2 Ex」

Provide pumps for clean energy market (Hydrogen)

Jointly developed the liquid hydrogen pump with a superconducting motor with Kyoto University.

Operational tests conducted at JAXA, achieving world-first specifications.

- Max. rotational speed : **5,000 min⁻¹**
 - Max. flow rate : **30.5 m³/h** (24,000 Nm³/h)
 - Max. pressure : **1.6 MPaG**
 - Max. electric motor output : **30 kW**
- **World's highest specification in centrifugal pumps for liquefied hydrogen**
 - **This is the first time in the world that a superconducting motor is used for industrial machinery!**
 - **Achieving 5,000 min⁻¹ and 30 kW is a major breakthrough!**
 - **The result of a high level of integration of technology from industry and academia!**



Appeared in eight newspapers, Increasing attention in the market.



京都大学
KYOTO UNIVERSITY

Nihon Keizai Shimbun Web edition 11 April 2024

西島製作所、液化水素ポンプに超電導 世界最大流量

2024/4/11 21:05 | 日本経済新聞 電子版



オンラインで記者会見する西島製作所の原田CEOら（11日）

西島製作所は11日、世界最大の流量である液化水素用ポンプの稼働に成功したと発表した。京都大学と組み、極低温で電気抵抗がゼロになる超電導のモーターを組み込んだ。次世代燃料として注目される水素は液化して体積を縮めて運搬する必要がある。水素社会であらゆる場面にポンプが必要になるとして、開発に注力する。

液化水素はマイナス253度以下を維持する必要があり、僅かな熱で気化する。モーターを超電導素材にすることで熱の発生を抑え、水素を動かせる量である流量は1時間当たり30.5立方メートルという。大量の水素が使われる社会を見据え、2027年には流量をさらに8倍以上にする考えだ。

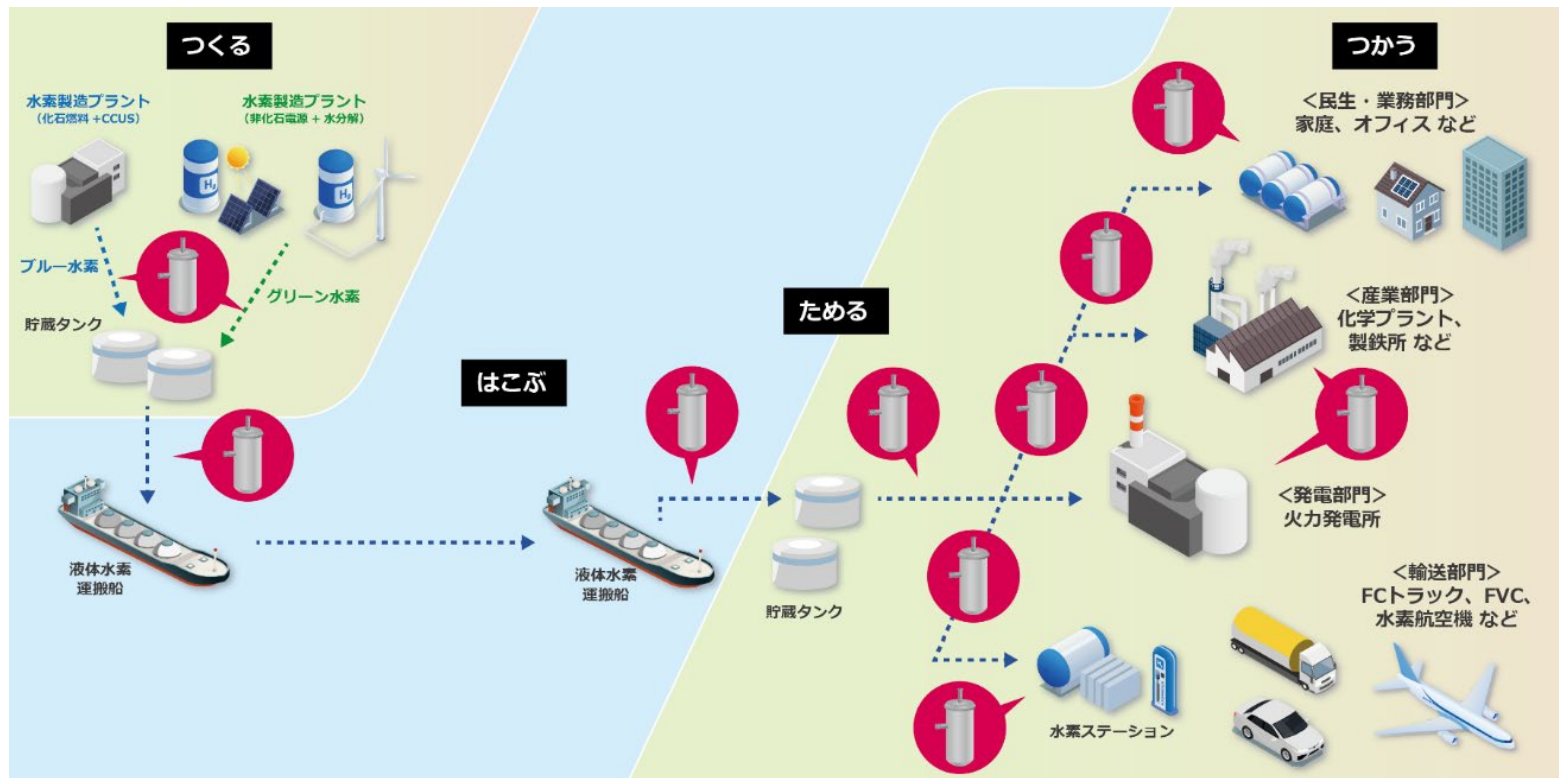
同日開いた記者会見で原田耕太郎最高経営責任者（CEO）は「ポンプは液化水素の運搬時や使用時などあらゆる場面で必要になる。引き合いがあればいつでも商用化できる」と語った。

Video of Press conference
(only in Japanese)



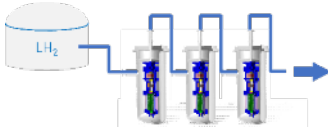
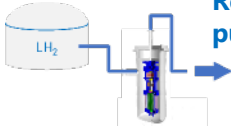
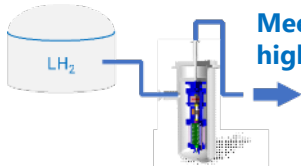
Provide pumps for clean energy market (Hydrogen)

Expect a large market, as pumps are required for “Production” “Utilization” and “Transportation” hydrogen.

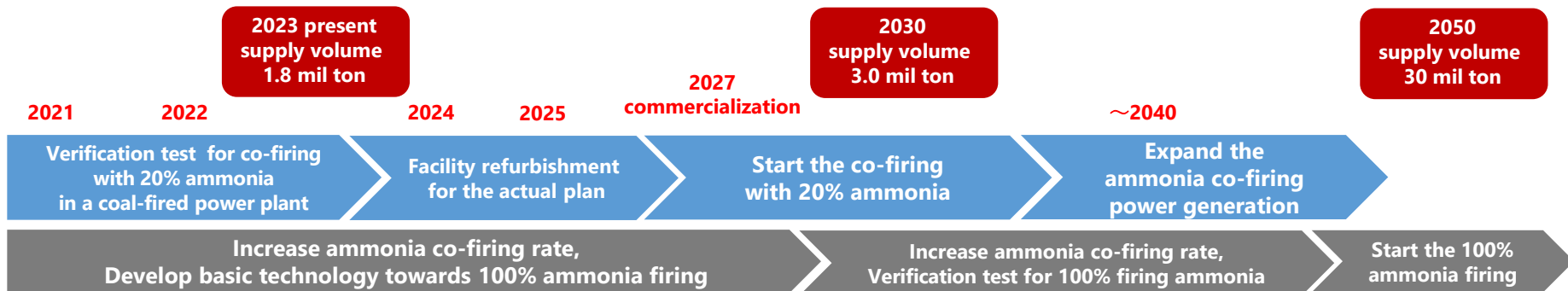


Provide pumps for clean energy market (Hydrogen)

Already completed product development to commercialisation level.
We will proceed with the development of high-flow liquefied hydrogen pumps, ahead of government plan.

Government plan		Torishima Development plan			
Phase	Target cost of hydrogen	Development completion schedule in Torishima	Image of equipment configuration	Capacity	Pressure
commercial demonstration (-2030)	More than 100 Yen /Nm ³ (present)	Complete		1	1
commercialization (2031-)	30 yen / Nm ³ (2031-)	FY2026	 Reduce the number of pumps	1	3
Future commercialization (2050)	20 yen / Nm ³ (2050)	FY2027	 Meet the need for higher flow rates	8	3

Provide pumps for clean energy market (Ammonia)



Jul. 2023

Delivered pumps for verification test of 20% ammonia co-firing

Apr. 2024

Started JERA Hekinan power plant demonstration tests.

Provide pumps for clean energy market (Ammonia)

Jun 2024 (planned)

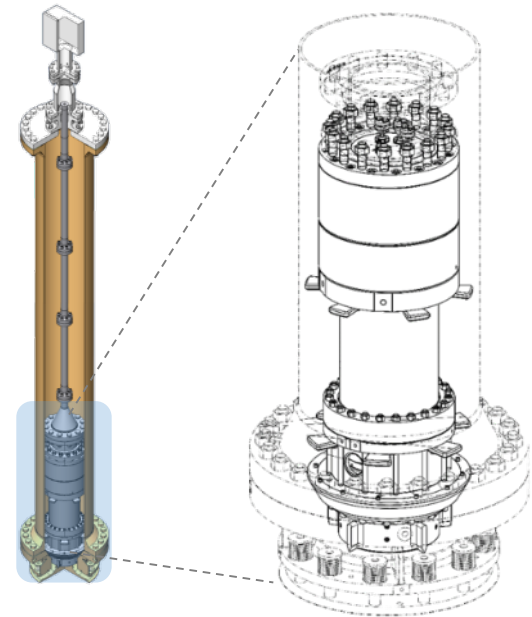
Accelerate the development of larger pumps for commercialisation based on the knowledge gained from the JERA Hekinan demonstration tests.

Sep. 2024 (planned)

Conduct demonstration test of an in-tank pump system using actual liquid ammonia in Indonesia.



Development of In-tank ammonia pumps with HERMETIC,



Prototype pump design for the Subsea desalination is completed.

Progressing smoothly towards the verification test in October 2024.

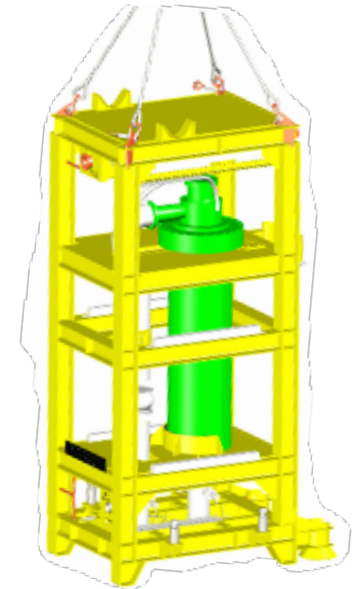
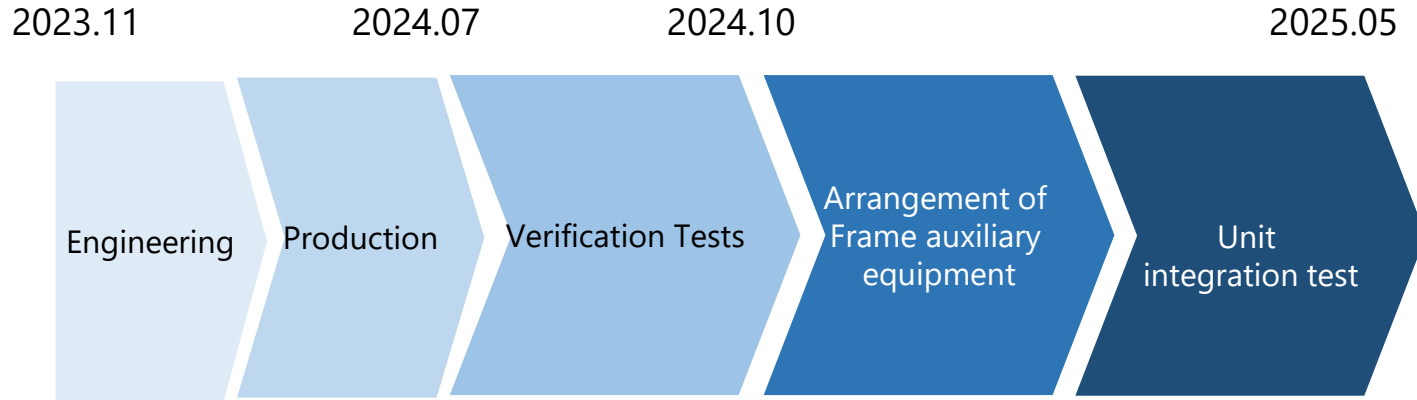


Image of pump unit in the subsea

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Basic policy of the Shareholders Return

As a pump manufacturer that supports the water and electricity infrastructure, Torishima has an important management objective to provide stable and continuous returns to shareholders as well as achieving steady growth over the long term.

(1) Annual dividend

After prioritizing investments necessary for value creation from a medium- to long-term perspective, We aim to maintain a **dividend on equity (DOE) ratio of 3.0% and a dividend payout ratio of 35%**, with a **progressive dividend payout ratio**.

(2) Treasury stock:

To be implemented flexibly, taking into consideration the necessary level of retained earnings, changes in the capital situation and the business environment, and trends in the Company's stock price,

The annual dividend for FY2023 is JPY 58, an increase of JPY 6 on the previous year.

The dividend payout ratio temporarily fall due to a significant increase in extraordinary gains, but the company will maintain a progressive dividend going forward.

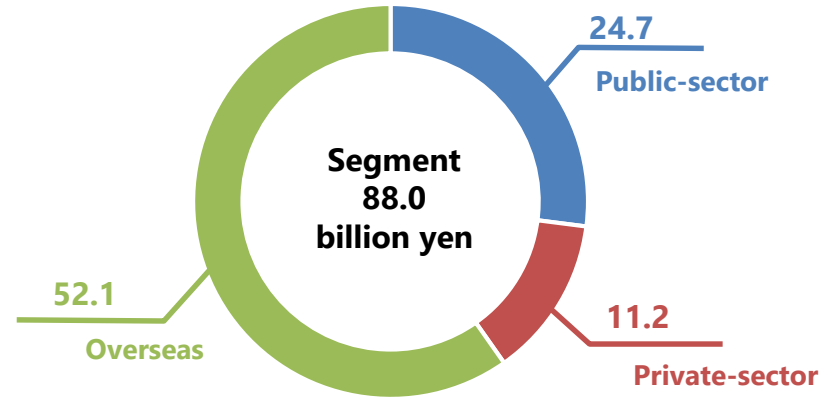
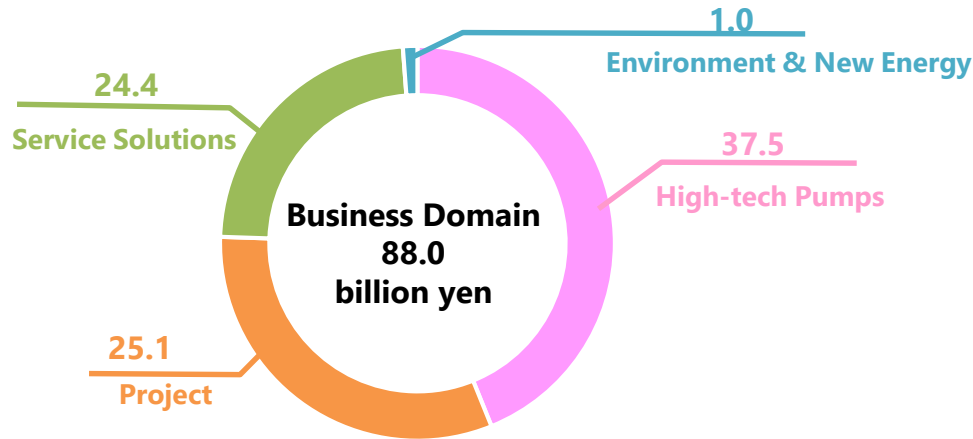
	FY2022	FY2023	FY2024 plan
Annual dividend (JPY)	52	58	60
Dividend on Equity (%)	3.1%	3.2%	3.0%
Payout Ratio (%)	31.3%	25.0%	30.0%

Dividends



Appendix

Orders Received by Business Domain and Segment



High-tech Pumps

Large-size engineered pumps for thermal power plants, seawater desalination plants, water and wastewater pumping stations and irrigation plants. And small-sized engineered pumps, The Eco-Pump™ for general industries.

Project

EPC project (engineering, procurement, construction) for turnkey pumping stations

Service Solutions

After-sales services including maintenance, inspection, REDU (Re Engineering & Design Up), spare parts replacement, overhaul and dispatch of SV etc.

Renewal Energy & Environment

Wind power generation, Mini- & Micro-hydro generation

Public-sector

For national and local governments in Japan for water and wastewater facilities, drainage facilities, irrigation facilities, etc.

Private-sector

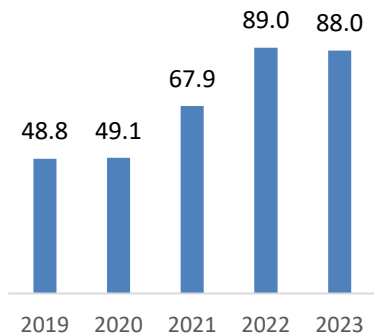
For private companies in Japan for thermal power plants (for business use, including biomass power generation, waste incineration power generation, and private power generation), various factories in general industries, building equipment, commercial facilities, etc.

Oversees

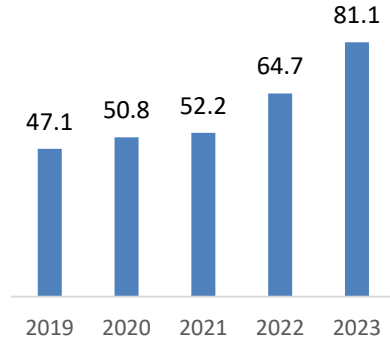
For overseas seawater desalination plants, power plants, water and wastewater pumping stations and irrigation plants.

5 Years Summaries Business Performance

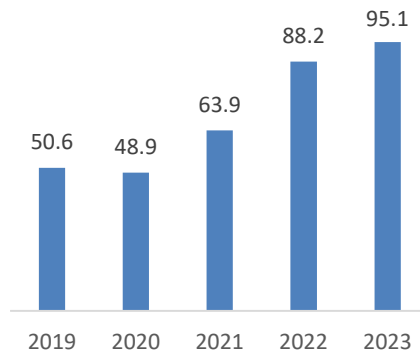
Order received



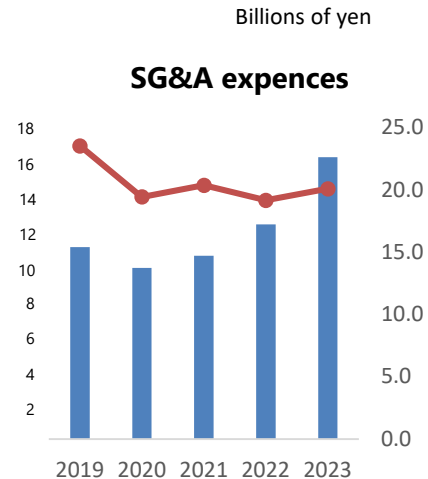
Sales



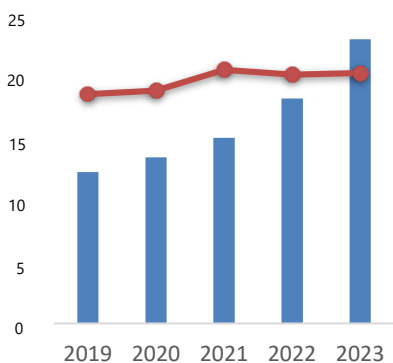
Order backlog



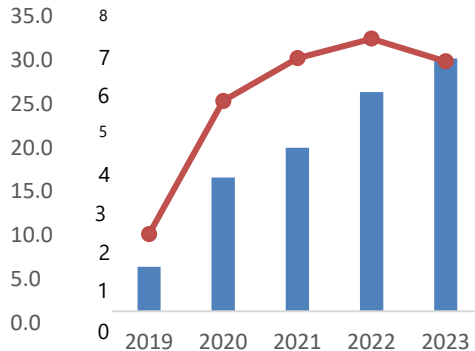
SG&A expences



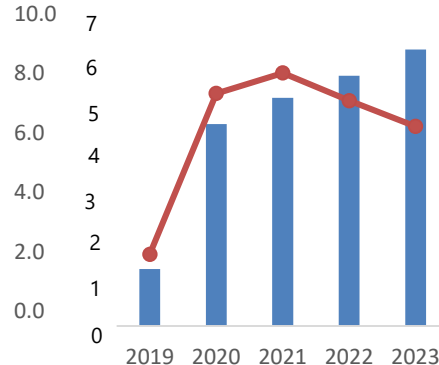
Gross Operating Income /Profit Margin(%)



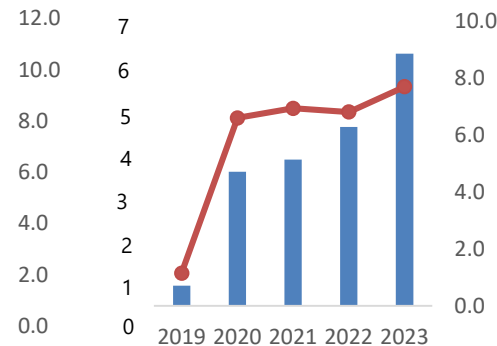
Operating Income /Profit Margin(%)



Ordinary Income /Profit Margin(%)



Net Income /Profit Margin(%)

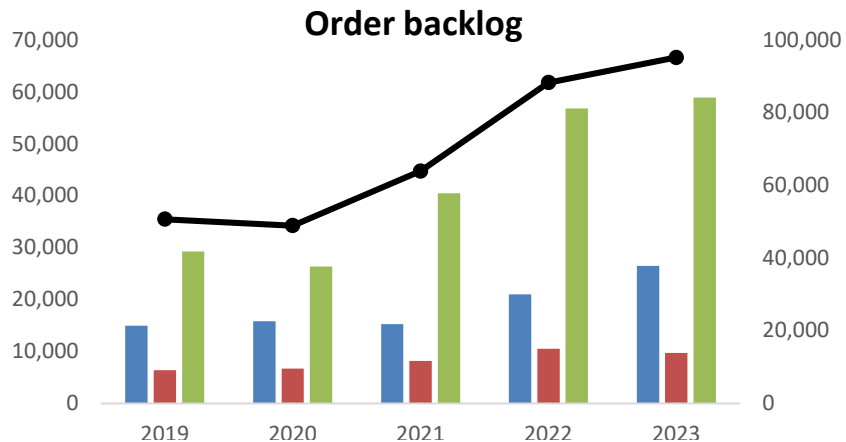
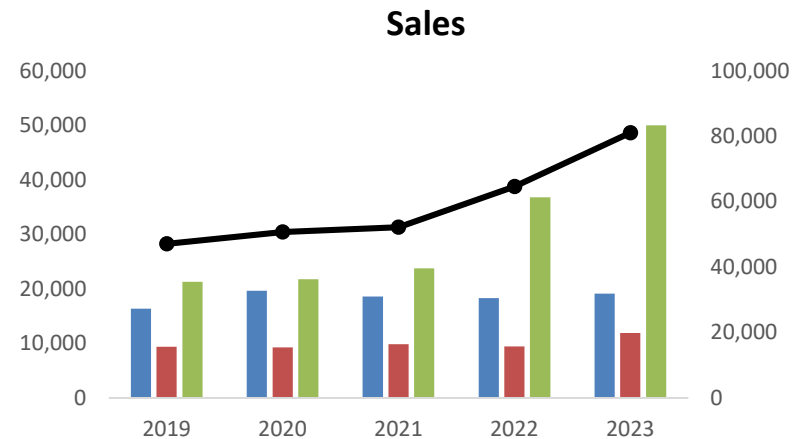
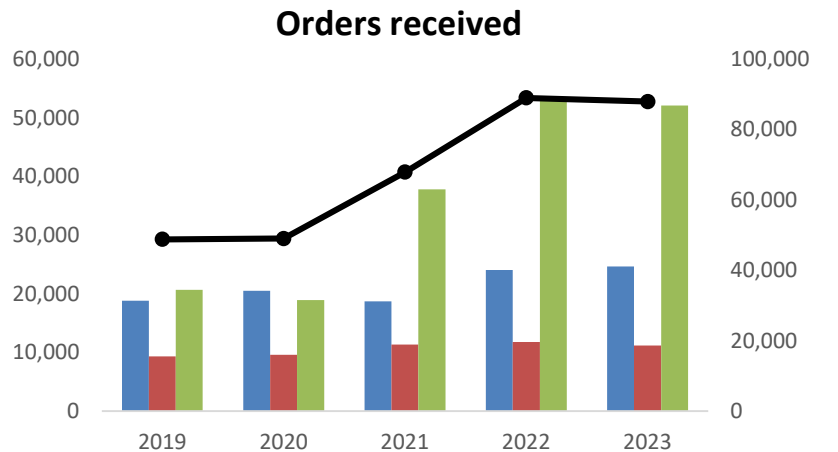


Orders received, Sales and Orders Backlog by segment

Millions of yen

		FY2022			FY2023		
		Orders received	Sales	Order Backlog	Orders received	Sales	Order Backlog
Public sector		24,061	18,353	20,980	24,683	19,150	26,513
	YoY rate	28.6%	-1.4%	37.4%	2.6%	4.3%	26.4%
Private sector		11,770	9,468	10,499	11,164	11,915	9,749
	YoY rate	3.8%	-4.0%	28.1%	-5.1%	25.8%	-7.1%
Overseas		53,197	36,838	56,805	52,107	50,037	58,875
	YoY rate	40.6%	55.0%	40.4%	-2.0%	35.8%	3.6%
Total		89,028	64,659	88,286	87,955	81,103	95,138
	YoY rate	31.1%	23.8%	38.1%	-1.2%	25.4%	7.7%

Orders received, Sales and Orders Backlog by segment



Left

Public Private Overseas

Total

Total

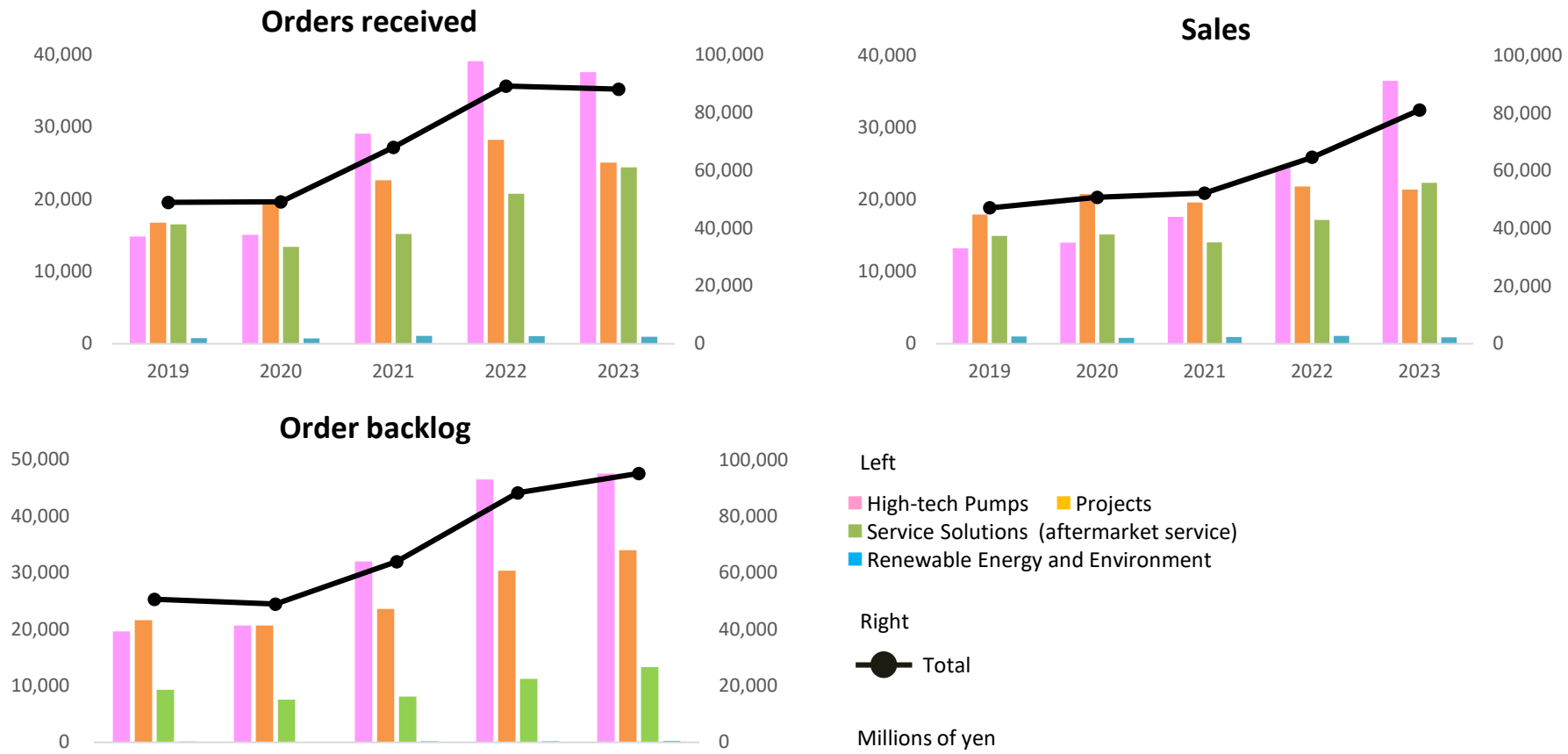
Millions of yen

Orders received, Sales and Orders Backlog by Business Domain

Millions of yen

		FY2022			FY2023		
		Orders received	Sales	Order Backlog	Orders received	Sales	Order Backlog
High-tech Pumps		39,064	24,602	46,539	37,542	36,499	47,583
	YoY rate	34.5%	39.6%	45.1%	-3.9%	48.4%	2.2%
Projects		28,172	21,812	30,344	25,057	21,396	34,005
	YoY rate	24.7%	11.3%	28.7%	-11.1%	-1.9%	12.1%
Service Solutions		20,737	17,172	11,243	24,367	22,318	13,292
	YoY rate	36.6%	21.9%	39.2%	17.5%	30.0%	18.2%
Renewable Energy & Environment		1,055	1,073	160	989	891	258
	YoY rate	-2.9%	13.9%	-10.1%	-6.3%	-17.0%	61.3%
Total		89,028	64,659	88,286	87,955	81,103	95,138
	YoY rate	31.1%	23.8%	38.1%	-1.2%	25.4%	7.8%

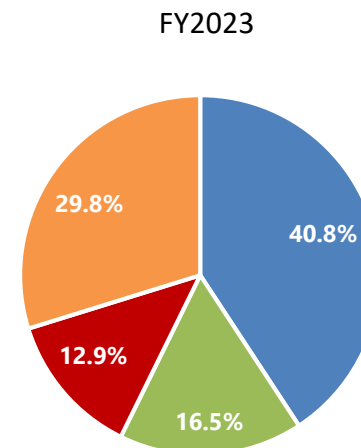
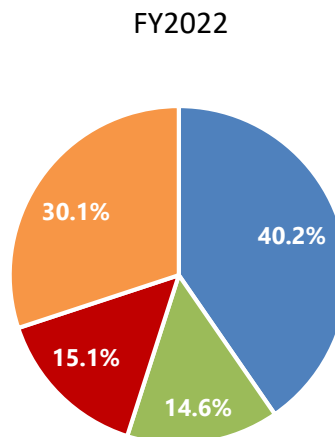
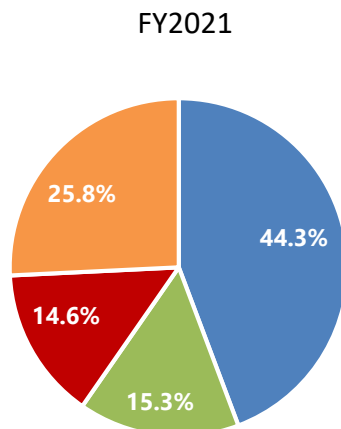
Orders received, Sales and Orders Backlog by Business Domain



Orders Received Breakdown by Region

Millions of yen

	Japan	Overseas	Breakdown			Total
			Asia	Middle East	Other	
FY2021	30,051 (44.3%)	37,836 (55.7%)	10,455 (15.3%)	9,888 (14.6%)	17,493 (25.8%)	67,887
FY2022	35,831 (40.2%)	53,196 (59.8%)	12,991 (14.6%)	13,383 (15.1%)	26,822 (30.1%)	89,027
FY2023	35,848 (40.8%)	52,107 (59.2%)	14,528 (16.5%)	11,377 (12.9%)	26,201 (29.8%)	87,955

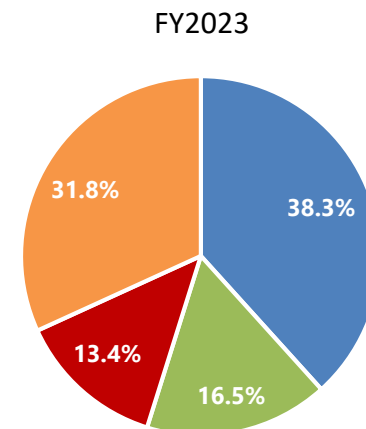
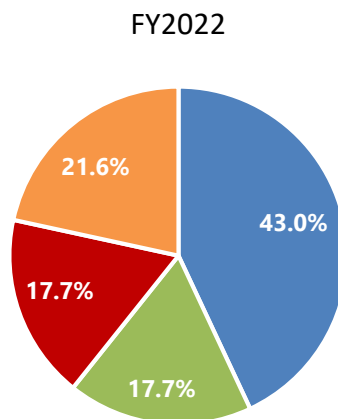
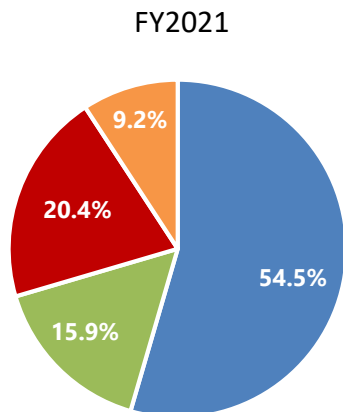


Sales Breakdown by Region

Millions of yen

	Japan	Overseas	Breakdown			Total
			Asia	Middle East	Other	
FY2021	28,475 (54.5%)	23,765 (45.5%)	8,329 (15.9%)	10,621 (20.4%)	4,815 (9.2%)	52,240
FY2022	27,821 (43.0%)	36,836 (57.0%)	11,442 (17.7%)	11,430 (17.7%)	13,964 (21.6%)	64,657
FY2023	31,066 (38.3%)	50,037 (61.7%)	13,411 (16.5%)	10,822 (13.4%)	25,803 (31.8%)	81,103

- Japan
- Asia
- Middle East
- Others



Forecasts regarding future performance in these materials are based on judgment made in accordance with information available at the time this presentation was prepared. Therefore, please notice that there is a risk or uncertainty that the actual results may be different from these predicted results, depending on various factors.

【Inquiries】

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