



TOWARDS A CLEANER FUTURE

## PROFILE

Innovation has always been Tsukishima Kikai's defining trait. Since our foundation in 1905, we have, over more than a century, developed extensive expertise in diverse technology fields, ranging from water purification facilities, sewage treatment facilities and incinerators to industrial waste treatment, filtration, separation and other technologies.

Operations of  
the Tsukishima Kikai Group

**TSK**  
TSUKISHIMA  
KIKAI

Basic technologies and  
applications associated  
with sugar refining

### Core technologies

Distillation, Crystallization,  
Centrifuge separation, Measuring  
& mixing, Incineration, Storage,  
Drying, Filtration

Applications

Applications



### Water Environmental Business

Manufacture and sales of water purification and sewage treatment facilities, operational management, business management

Affiliated  
companies

- Tsukishima Technology Maintenance Service Co., Ltd.
- Samukawa Water Service Co., Ltd.
- Owari Water & Energy Co., Ltd.



### Industrial Business

Manufacture and sales of industrial equipment and plants for the chemical, iron & steel, foodstuffs industries and environmental & energy-related facilities, and waste treatment business

Affiliated  
companies

- SUN ECO THERMAL Co., Ltd.
- Tsukishima Kankyo Engineering Ltd.
- Tsukishima Machine Sales Co., Ltd.
- TSK Engineering (Thailand) Co., Ltd.
- TSK Engineering China Co., Ltd.
- DAIDO CHEMICAL ENGINEERING CORP.
- BOKELA GmbH
- SANSHIN KOGYO Co., Ltd.





Next-generation Sludge Incineration System



The Shidongkou Sewage Treatment Plant in Shanghai, China

**BUSINESS SEGMENTS**

Subsegments	Business description
<b>Plants and process equipment</b>	Various plants and equipment
<b>Life cycle business</b>	PFI/DBO/Comprehensive O&M contracts
<b>Operation and maintenance</b>	One-year/multi-year O&M contracts/Maintenance/Parts/Repair/Chemicals

Subsegments	Business description
<b>Plants and process equipment</b>	Various plants and equipment
<b>Incineration</b>	Incineration plants and equipment
<b>Operation and maintenance</b>	Maintenance/Parts
<b>Other</b>	Intermediary treatment of industrial and non-industrial waste (incineration)



Steam Tube Dryer



SUN ECO THERMAL Co.,Ltd., Facility



**YOSHIYUKI FUKUZAWA**  
President & CEO  
(Representative Director)



**KAZUHIKO YAMADA**  
Chairman  
(Representative Director)

## A MESSAGE FROM THE MANAGEMENT

# NET SALES AND PROFITS REACH RECORD HIGHS

We are pleased to present our Annual Report 2020, covering the period from April 1, 2019 to March 31, 2020.

Regarding the market environment faced by Tsukishima Kikai in the fiscal year ended March 31, 2020, the domestic economy has been experiencing a fall in external demand and a business slow-down in the manufacturing sector owing to trade frictions between the U.S. and China. With the outbreak of the novel coronavirus, in future, conditions will be uncertain. Overseas, the same factors have been putting pressure on corporate earnings, necessitating a close watch on the risk of deceleration in the global economy.

In this environment, the Tsukishima Kikai Group, in furtherance of its goal of sustainable growth, has expanded its business activity by executing the medium-term management plan (from April 2019 to March 2022) which sets forth the basic principles of “fortifying the business foundation” and “promoting a growth strategy.”

In the Water Environmental Business, we are enlarging our business activity in water purification and sewage treatment facilities with projects in facilities expansion and renewal together with facilities maintenance services and repair work. In addition to carrying out sales of energy-saving technology, in order to support stable maintenance and operation of water infrastructure, we have promoted business development in the areas of PFI<sup>\*1</sup> business, DBO<sup>\*2</sup> business that combines facility construction with long-term maintenance work, and comprehensive O&M<sup>\*3</sup> business. We have also developed business in the field of power generation using FIT<sup>\*4</sup>.

The Industrial Business, meanwhile, has been developing its business activity towards environment-related facilities including plant, process equipment, and environment-related equipment, such as for the disposal and treatment of liquid and solid. The business is also moving forward on its activities in manufacturing facilities for secondary batteries—a field with solid future-growth prospects.

\*1: PFI (Private Finance Initiative)

A structure that pulls together private sector funds, technology, and efficient operating expertise to provide public services that require facility development.

\*2: DBO (Design Build Operate)

An approach in which a business corporation is entrusted with the design, building, and operation of facilities, while a government agency arranges finance and assumes ownership.

\*3: Comprehensive O&M services

Services that encompass not only facility operation and management, but also comprehensive maintenance and management including facility repair and the provision of chemicals and other supplies.

\*4: FIT (Feed-in Tariff)

A system that requires electric power operators to purchase electricity generated using renewable energy at a fixed, predetermined price.

## Net sales and income

Our consolidated financial results for the fiscal year are shown in the graphs on page 3. This is the first time since the Company’s founding that sales have topped ¥100 billion, while in income the Company has recorded record-high profits.

## SEGMENT RESULTS

### Water Environmental Business

In the Water Environmental Business, domestic infrastructure-related investment was comparatively strong. Orders increased for multi-year work and comprehensive operation and maintenance services (O&M), as well as PFI and DBO projects combining facility construction with long-term operation and maintenance services.

Under these conditions, the Tsukishima Kikai Group has been taking on capacity expansion and renewal projects for domestic sludge treatment facilities used in water supply and sewage systems. To this end, we have been enhancing our business activity for sludge treatment plants, such as sludge dewatering, drying, and incineration facilities for sewage treatment, as well as sludge treatment facilities for water purification plants. In addition, we have also been expanding our activities in repair work as well as in comprehensive O&M services. The result of these efforts was to bring in orders for sludge treatment facilities, including a next-generation sludge incineration and dewatering facility for a water purification plant. In maintenance and other after-sales services, we have enhanced work and expanded business operation in comprehensive O&M services and repair work, which has enabled us to secure larger order value.

These results are shown in the graphs on the right.

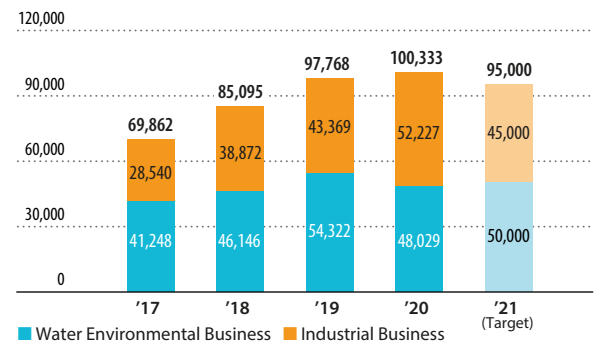
### Industrial Business

In the Industrial Business, the domestic economy has been experiencing a fall in external demand and a business slowdown in the manufacturing sector owing to trade frictions between the U.S. and China and the outbreak of the novel coronavirus, leaving future conditions uncertain. Overseas, the same factors have been putting pressure on corporate earnings, necessitating a close watch on the risk of deceleration in the global economy.

Under these conditions, the Tsukishima Kikai Group expanded its domestic and international business activities in plant facilities and in process equipment such as dryers, centrifuges, filtration equipment, and gas holders. We have been especially focused on addressing the demand for capital investment, including renewal projects, in the foodstuff, chemicals, and steel sectors. Also, in environmental and energy-related business, we have been expanding business operations, both in Japan and overseas, for liquid waste combustion systems, solid waste incineration facilities, and exhaust gas treatment facilities as well as facilities related to secondary battery manufacturing. These results are shown in the graphs on the right.

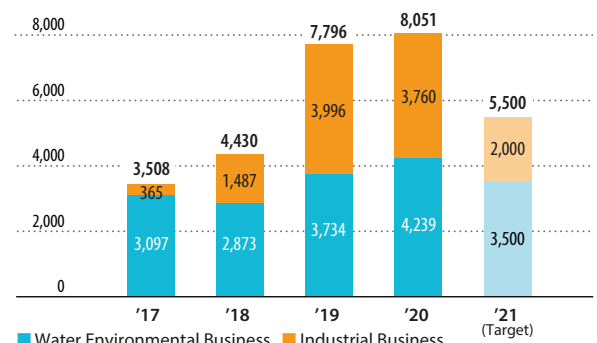
We would like to ask all shareholders, investors, and customers for your further support and cooperation in our future endeavors.

Sales\* (Millions of yen)



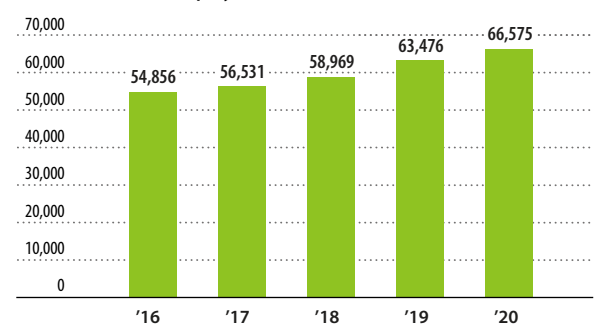
\* Totals include the Other segment.

Operating income\* (Millions of yen)

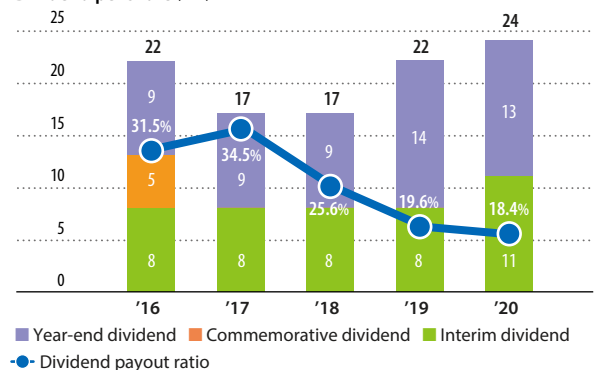


\* Totals include the Other segment.

Total shareholders' equity (Millions of yen)



Dividend per share (Yen)



## MEDIUM-TERM MANAGEMENT PLANS: TRENDS AND THE NEW PLAN

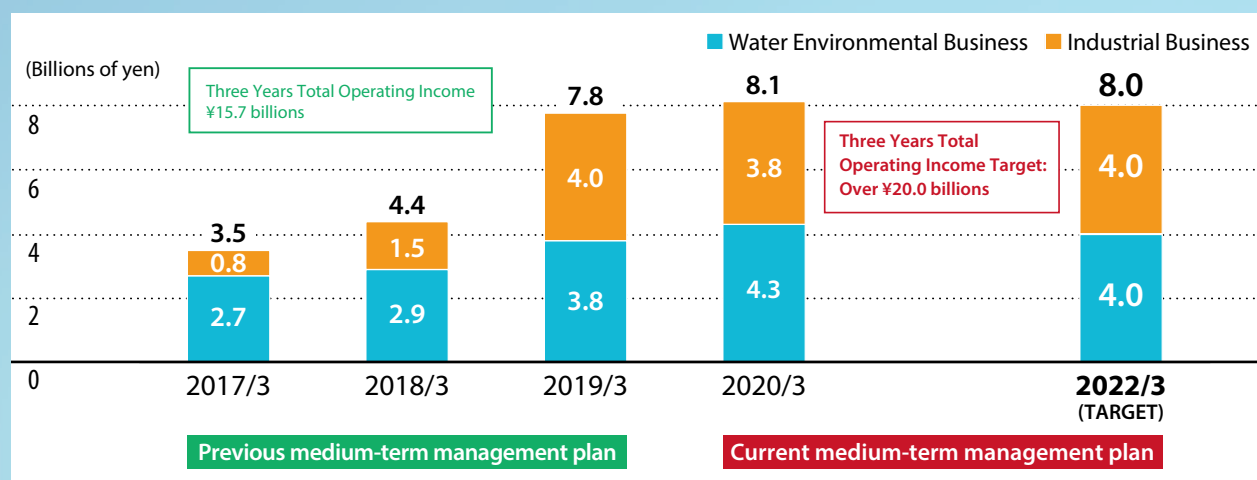
With the aim of enhancing corporate value with sustainable growth, we are implementing the medium-term management plan, which covers the period from April 1, 2019, to March 31, 2022, and is founded on the basic principles of fortifying the business foundation and promoting a growth strategy. Under the keywords of “energy” and “the environment,” and through business expansion that supports both themes at the same time, we aim to raise our contribution to society and our corporate value. The medium-term management plan for the next period starting in April 2022 targets consolidated operating income of ¥10 billion, net income of ¥6 billion, and ROE of at least 8%. The results and performance targets of the medium-term management plan for the 12-month period ending March 31, 2020, are as follows. For the first year of the plan, they show that the Company achieved all targets apart from net sales.

### Numerical Targets

	Previous Mid-term Plan Three-years Average	Results in 2020/3 The first year of Mid-term Plan	Current Mid-term Plan Target of 2022/3
Net sales	¥84.2 billion	¥100.3 billion	¥110.0 billion
Operating income	¥5.2 billion	¥8.1 billion	¥8.0 billion
Operating income ratio	6.1%	8.0%	7.3%
Ordinary income	¥5.6 billion	¥8.5 billion	¥8.3 billion
Profit attributable to owners of parent	¥3.4 billion	¥5.7 billion	¥5.4 billion
ROE	5.3%	8.5%	Over 7%

Achieved in the First Year of the Mid-term Plan

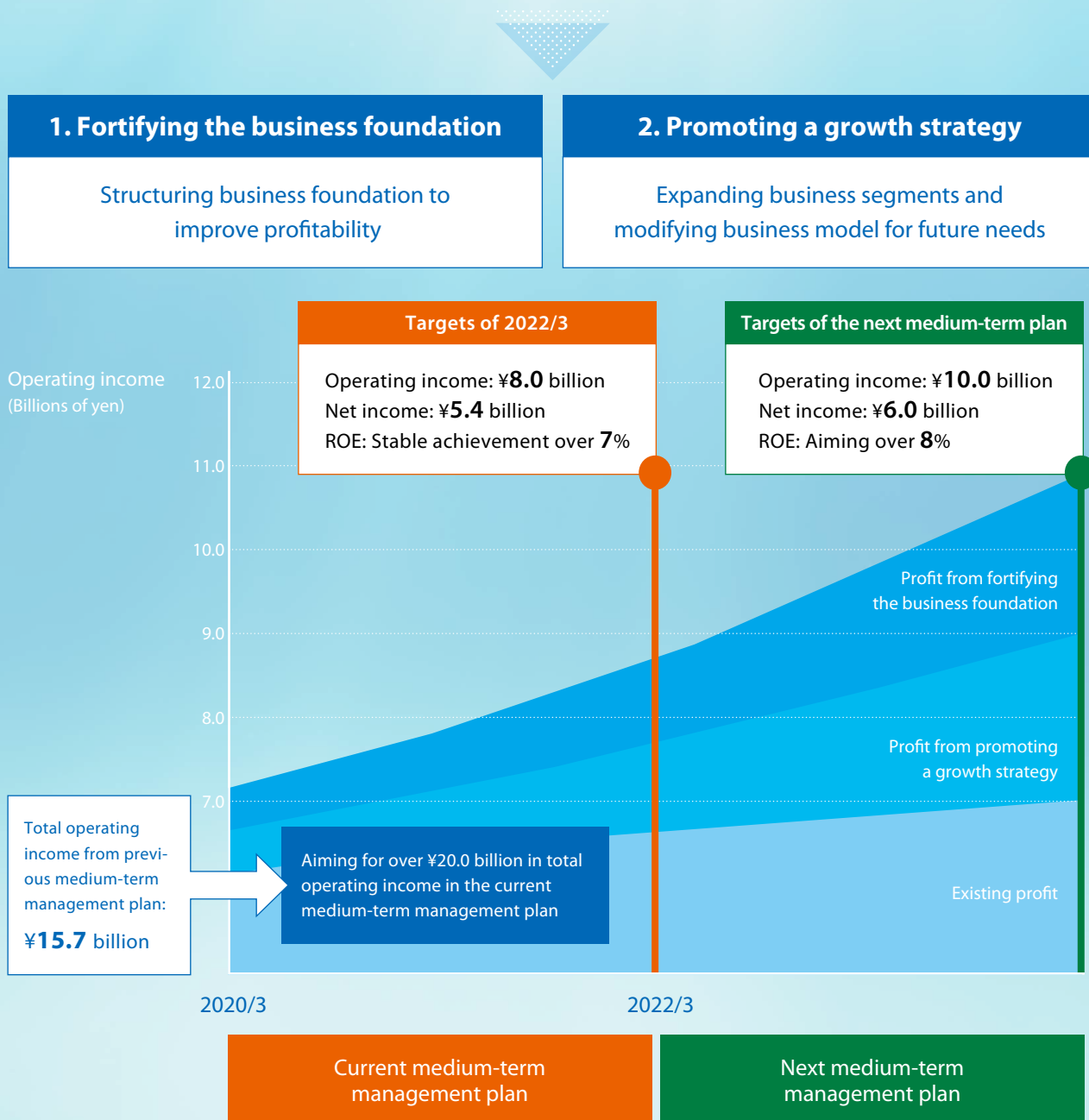
### Operating Income Results and Targets by Segment



## Basic Policies

With the aim of promoting sustainable growth, Tsukishima Kikai is carrying out its medium-term management plan, founded on the basic principles of fortifying the business foundation and promoting a growth strategy. We will aim to achieve the plan by transforming our business model and profit structure to improve our basic earning power.

### Basic Policy of Our New Medium-term Management Plan





TOPIC  
01

## First shipment from Muroran Factory

In our efforts to make the Company's production system more efficient, we relocated our manufacturing base at Ichikawa Factory (Ichikawa City, Chiba Prefecture) to a location within Japan Steel Works' Muroran Plant (Muroran City, Hokkaido) and started plant operations as Muroran Factory in April 2019.

In October 2019, we shipped our first steam tube dryer, one of mainstay products of the Company and a large-scale drying system for industrial use, which is used in a wide range of fields including resins and chemicals.

These actions at Muroran Factory to merge the manufacturing expertise of Japan Steel Works with the manufacturing technology and techniques developed over the years by the Company, will enable us to offer products of higher and higher quality and to contribute to regional development and employment.



Factory, external view



First-shipment ceremony



TOPIC  
02

## Opening of the new R&D Center

In conjunction with the closing of Ichikawa Factory, we decided to move the R&D Center from a site adjacent to Ichikawa Factory to Yachiyo City, Chiba Prefecture. Construction then proceeded until completion in January 2020, when the facility opened as an R&D Center.

The facilities have been updated and modernized, and its function as an R&D Center enhanced by expanded testing activities. The center will be further devoted to innovating technology developed over the years by the Company as it sets out to develop new processes. The R&D Center will also be set up to serve as a technology showroom where the Company can present the merits of Tsukishima Kikai technology through videos and other means.

The Company is actively engaged in research and development, using the R&D Center as a base, and will be promoting open innovation in cooperation with outside research organizations.



R&D Center, outside view



Showroom



Testing and demonstration wing within the center



TOPIC  
03

## Industrial Business: Incorporating PRIMIX Corporation as a subsidiary

In a move to expand its competitive advantages and business domain, the Company incorporated PRIMIX Corporation as its subsidiary in May 2020. Since its founding in 1927, PRIMIX has done business as a specialty manufacturer of high-speed dispersers in a broad range of fields including pharmaceuticals, chemicals, foods, and batteries. It boasts a lengthy track record in Japan and overseas.

Because PRIMIX has now joined the Tsukishima Kikai Group, we will be able to capture new technology in dispersing, which will enhance the competitiveness of the Company's products and enable it to broaden its technology domains. Furthermore, the joining of PRIMIX in our Group holds promise for business expansion related to secondary batteries, a prime focus of our efforts.

By putting the Group's total abilities to work, we will be able to offer optimal solutions in response to customer needs in the years ahead.



Emulsification & dispersing apparatus



PRIMIX Corporation offices, external view



TOPIC  
04

## Water Environmental Business "A strong record in winning orders for DBO projects in the water and sewage domain"

We have undertaken a project in Kobe City to modernize a drainage treatment plant that treats the sludge generated by the water purification process at the Sengari water purification plant. This project has been set up as a DBO project that leverages our know-how as a private operator to build the facilities and then provide integrated operations management for 15 years. Backed by our strengths as a general plant manufacturer responsible for integrated management covering the design, manufacturing, and building work together with O&M services, the Company submitted a proposal leveraging its wealth of operations know-how on PFI and DBO projects and was awarded the order.

In Ichihara City, Chiba Prefecture, we won an order to update an aging sludge incineration system at the Matsugashima sewage treatment plant. The order has been set up as a DBO project to be contracted out to a private-sector operator for the design and construction of a sludge-to-fuel conversion plant and for the provision of integrated O&M services for 20 years. In this project, we will control project expenses by optimizing costs over the life cycle and will secure parties who can make long-term use of the sludge. This is the eighth order for the Company's sludge-to-fuel business, giving it the top share in Japan.

As a company specializing in sludge treatment facilities at water and sewage treatment plants, we will stay actively engaged in renewal projects for aging sludge treatment facilities. In this way, the Company will make a contribution to the building of sustainable infrastructure.



Matsugashima sewage treatment plant and sludge-to-fuel conversion facilities in Ichihara City



Sengari water purification plant and drainage treatment facilities in Kobe City

## BOARD OF DIRECTORS

(AS OF JUNE 24, 2020)



**KAZUHIKO YAMADA**

Chairman,  
Representative Director



**YOSHIYUKI FUKUZAWA**

President & CEO,  
Representative Director



**KEITA TAKATORI**

Senior Managing Executive Officer,  
Representative Director



**NAOYA FUJITA**

Board Member,  
Managing Executive Officer



**JUN KAWASAKI**

Board Member,  
Managing Executive Officer



**TAKESHI ODAGI**

Board Member  
(Outside Director)



**MICHIYOSHI MAZUKA**

Board Member  
(Outside Director)



**NORIO KATSUYAMA**

Board Member  
(Outside Director)

## FINANCIAL SECTION

### Five-Year Summary (Consolidated)

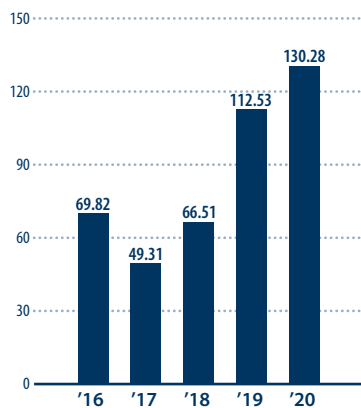
TSUKISHIMA KIKAI CO., LTD. and its consolidated subsidiaries  
Years ended March 31

	Millions of yen (Note 1)					Thousands of U.S. dollars (Note 1)
	2020	2019	2018	2017	2016	2020
For the year:						
Net sales.....	<b>¥100,333</b>	¥ 97,768	¥ 85,095	¥ 69,862	¥75,758	<b>\$ 921,924</b>
Operating income.....	<b>8,051</b>	7,796	4,430	3,508	5,485	<b>73,977</b>
Profit before income taxes.....	<b>8,529</b>	7,701	5,484	3,427	5,065	<b>78,369</b>
Profit attributable to owners of parent.....	<b>5,696</b>	4,996	2,940	2,169	3,055	<b>52,338</b>
At year-end:						
Total assets.....	<b>128,340</b>	131,991	117,958	106,630	99,753	<b>1,179,270</b>
Total shareholders' equity.....	<b>¥ 66,575</b>	¥ 63,476	¥ 58,969	¥ 56,531	¥54,856	<b>\$ 611,733</b>
Per share:						
Basic earnings.....	<b>¥ 130.28</b>	¥ 112.53	¥ 66.51	¥ 49.31	¥ 69.82	<b>\$ 1.19</b>
Dividends.....	<b>¥ 24.00</b>	¥ 22.00	¥ 17.00	¥ 17.00	¥ 22.00	<b>\$ 0.22</b>
Number of shares outstanding (in thousands).....						
	<b>45,625</b>	45,625	45,625	45,625	45,625	

Notes: 1. U.S. dollar amounts are translated from yen at the rate of ¥108.83 to US\$1, solely for the convenience of the reader.  
Amounts less than ¥1 million, \$1 thousand and the number of shares outstanding in thousands have been rounded down.  
2. The fiscal year ended March 31, 2016 dividend includes a commemorative dividend of ¥5.00 per share.

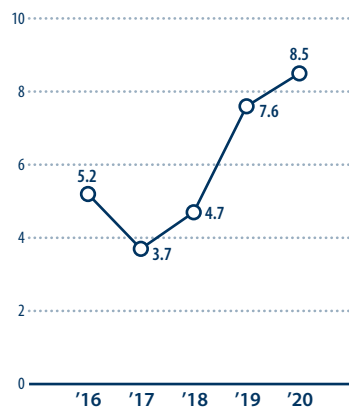
#### Basic Earnings per Share

(Yen)



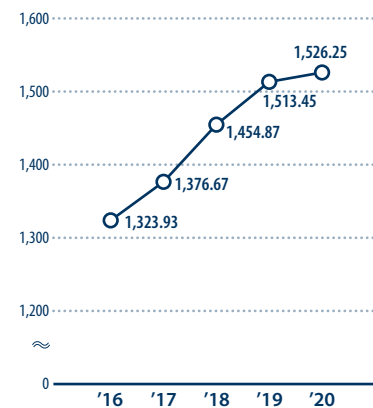
#### Return on Equity

(%)



#### Equity per Share

(Yen)



## Consolidated Balance Sheets

TSUKISHIMA KIKAI CO., LTD. and its consolidated subsidiaries  
Years ended March 31, 2020 and 2019

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and time deposits (Notes 6, 8) .....	¥ 23,022	¥ 22,215	\$ 211,540
Marketable securities (Notes 6, 7) .....	11	6,058	101
Notes and accounts receivable (Notes 8, 9) .....	41,653	41,320	382,734
Electronically recorded monetary claims-operating (Note 6) .....	3,607	1,847	33,143
Less: allowance for doubtful accounts .....	(186)	(256)	(1,709)
Work in process .....	5,636	7,703	51,787
Raw materials and supplies .....	472	334	4,337
Other current assets (Note 9) .....	1,971	1,448	18,110
Total current assets .....	76,189	80,671	700,073
<b>Property, plant and equipment:</b>			
Land (Notes 3, 9) .....	11,713	11,710	107,626
Buildings and structures (Note 9) .....	11,959	11,149	109,886
Machinery and equipment .....	17,680	20,600	162,455
Lease assets .....	2,169	1,305	19,930
Construction in progress .....	4,703	4,525	43,214
	48,225	49,291	443,122
Less: accumulated depreciation .....	(14,555)	(22,273)	(133,740)
Net property, plant and equipment .....	33,670	27,017	309,381
<b>Investments and other assets:</b>			
Goodwill .....	184	271	1,690
Software .....	679	746	6,239
Lease assets .....	2	6	18
Investments in securities (Notes 6, 7, 9) .....	14,243	19,996	130,873
Long-term loans receivable (Note 9) .....	160	173	1,470
Deferred income taxes (Note 12) .....	2,105	1,998	19,342
Other assets .....	1,970	1,987	18,101
Less: allowance for doubtful accounts .....	(864)	(878)	(7,938)
Total investments and other assets .....	18,480	24,302	169,806
Total assets .....	¥128,340	¥131,991	\$1,179,270

See Notes to Consolidated Financial Statements.

## LIABILITIES AND NET ASSETS

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
<b>Current liabilities:</b>			
Notes and accounts payable.....			
Trade (Notes 6, 8).....	¥ 15,745	¥ 17,361	\$ 144,675
Other .....	2,862	3,189	26,297
Electronically recorded obligations (Note 6).....	5,693	5,387	52,310
Short-term loans payable (Notes 6, 9).....	122	215	1,121
Current portion of long-term loans payable (Notes 6, 8, 9).....	766	770	7,038
Lease obligations (Note 9).....	551	272	5,062
Accrued income taxes (Note 12).....	754	1,815	6,928
Accrued expenses.....	3,309	3,275	30,405
Accrued warranty.....	943	1,157	8,664
Reserve for losses on contracts.....	528	603	4,851
Reserve for losses on transfer.....	—	452	—
Provision for demolition and removal.....	592	—	5,439
Provision for loss on guarantees.....	—	52	—
Advances received .....	7,377	6,592	67,784
Other current liabilities .....	1,839	1,713	16,897
Total current liabilities .....	41,087	42,860	377,533
<b>Long-term liabilities:</b>			
Bonds payables (Note 6).....	5,000	5,000	45,943
Long-term loans payable (Notes 3, 6, 8, 9).....	6,808	6,927	62,556
Lease obligations (Note 9).....	893	642	8,205
Deferred tax liabilities (Note 12).....	210	1,836	1,929
Net defined benefit liability (Note 10).....	5,426	4,780	49,857
Reserve for retirement payments to officers.....	281	292	2,582
Asset retirement obligations.....	601	620	5,522
Other long-term liabilities.....	674	605	6,193
Total long-term liabilities.....	19,896	20,704	182,817
<b>Contingent liability (Note 13)</b>			
<b>Net assets:</b>			
<b>Shareholders' equity:</b>			
Common stock,			
Authorized: 180 million shares in 2020 and 2019			
Issued: 45,625,800 shares in 2020 and 2019 .....	6,646	6,646	61,067
Additional paid-in capital.....	5,537	5,484	50,877
Retained earnings .....	56,536	51,946	519,489
Treasury stock (Note 3) .....	(2,145)	(601)	(19,709)
Total shareholders' equity.....	66,575	63,476	611,733
<b>Accumulated other comprehensive income:</b>			
Net unrealized gains or losses on available-for-sale securities.....	1,189	5,527	10,925
Deferred gains or losses on hedges.....	(3)	(10)	(27)
Foreign currency translation adjustment.....	(347)	(378)	(3,188)
Remeasurements of defined benefit plans (Note 10).....	(1,344)	(1,260)	(12,349)
Total accumulated other comprehensive income.....	(505)	3,879	(4,640)
<b>Non-controlling interests .....</b>	<b>1,286</b>	<b>1,069</b>	<b>11,816</b>
Total net assets .....	<b>67,356</b>	<b>68,425</b>	<b>618,910</b>
<b>Total liabilities and net assets .....</b>	<b>¥128,340</b>	<b>¥131,991</b>	<b>\$1,179,270</b>

See Notes to Consolidated Financial Statements.

## Consolidated Statements of Income

TSUKISHIMA KIKAI CO., LTD. and its consolidated subsidiaries  
Years ended March 31, 2020 and 2019

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
<b>Net Sales (Note 17)</b> .....	<b>¥100,333</b>	¥97,768	<b>\$921,924</b>
<b>Cost of sales (Note 11)</b> .....	<b>79,866</b>	77,509	<b>733,860</b>
Gross profit .....	<b>20,466</b>	20,259	<b>188,054</b>
<b>Selling, general and administrative expenses (Note 11)</b> .....	<b>12,414</b>	12,462	<b>114,067</b>
Operating income (Note 17) .....	<b>8,051</b>	7,796	<b>73,977</b>
<b>Other income (expenses):</b>			
Interest and dividend income .....	<b>521</b>	487	<b>4,787</b>
Interest expenses .....	<b>(84)</b>	(80)	<b>(771)</b>
Gain on sales of investments in securities .....	<b>2,068</b>	1	<b>19,002</b>
Gain on sales of property, plant and equipment .....	<b>29</b>	2,721	<b>266</b>
Loss on sales and disposal of property, plant and equipment .....	<b>(26)</b>	(14)	<b>(238)</b>
Provision for demolition and removal .....	<b>(819)</b>	—	<b>(7,525)</b>
Restructuring expenses .....	<b>(654)</b>	—	<b>(6,009)</b>
Loss related to the antitrust law .....	<b>(269)</b>	—	<b>(2,471)</b>
Impairment loss .....	—	(1,060)	—
Equity in earnings of affiliates .....	<b>38</b>	28	<b>349</b>
Loss on valuation of investments in securities .....	<b>(256)</b>	(523)	<b>(2,352)</b>
Taxes and dues .....	<b>(10)</b>	(41)	<b>(91)</b>
Transfer expenses .....	—	(1,406)	—
Bond issuance cost .....	—	(36)	—
Loss on investments in silent partnership .....	<b>(42)</b>	(80)	<b>(385)</b>
Other, net (Note 14) .....	<b>(13)</b>	(91)	<b>(119)</b>
Other income(expenses), net .....	<b>478</b>	(95)	<b>4,392</b>
Profit before income taxes .....	<b>8,529</b>	7,701	<b>78,369</b>
<b>Income taxes (Note 12):</b>			
Current .....	<b>2,453</b>	2,514	<b>22,539</b>
Deferred .....	<b>207</b>	(251)	<b>1,902</b>
Total income taxes .....	<b>2,660</b>	2,262	<b>24,441</b>
Profit .....	<b>5,869</b>	5,438	<b>53,928</b>
<b>Profit (Loss) attributable to non-controlling interests</b> .....	<b>172</b>	442	<b>1,580</b>
<b>Profit attributable to owners of parent</b> .....	<b>¥ 5,696</b>	¥ 4,996	<b>\$ 52,338</b>
<b>Per share</b>			
Basic earnings .....	<b>¥ 130.28</b>	¥112.53	<b>\$ 1.19</b>
Dividends .....	<b>¥ 24.00</b>	¥ 22.00	<b>\$ 0.22</b>

See Notes to Consolidated Financial Statements.

## Consolidated Statements of Comprehensive Income

TSUKISHIMA KIKAI CO., LTD. and its consolidated subsidiaries  
Years ended March 31, 2020 and 2019

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
<b>Profit</b>	<b>¥ 5,869</b>	¥ 5,438	<b>\$ 53,928</b>
<b>Other comprehensive income (Note 4):</b>			
Net unrealized gains or losses on available-for-sale securities .....	<b>(4,338)</b>	(874)	<b>(39,860)</b>
Deferred gains or losses on hedges.....	<b>7</b>	(19)	<b>64</b>
Foreign currency translation adjustment.....	<b>90</b>	(63)	<b>826</b>
Remeasurements of defined benefit plans.....	<b>(84)</b>	(652)	<b>(771)</b>
Share of other comprehensive income of associates accounted for using equity method.....	<b>1</b>	(0)	<b>9</b>
Total other comprehensive income.....	<b>(4,323)</b>	(1,611)	<b>(39,722)</b>
<b>Comprehensive income</b> .....	<b>¥ 1,545</b>	¥ 3,827	<b>\$ 14,196</b>
(Breakdown)			
Comprehensive income attributable to owners of parent.....	<b>¥ 1,311</b>	¥ 3,392	<b>\$ 12,046</b>
Comprehensive income attributable to non-controlling interests.....	<b>¥ 234</b>	¥ 435	<b>\$ 2,150</b>

See Notes to Consolidated Financial Statements.

## Consolidated Statements of Changes in Net Assets

TSUKISHIMA KIKAI CO., LTD. and its consolidated subsidiaries  
Years ended March 31, 2020 and 2019

	Thousands	Millions of yen (Note 1)											
	Number of shares of common stock issued	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains or losses 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		
<b>Balance as of April 1, 2018</b> .....	45,625	¥6,646	¥5,484	¥47,707	¥(869)	¥58,969	¥6,402	¥ 9	¥(321)	¥ (607)	¥ 5,483	¥651	¥65,104
Dividends.....	—	—	—	(756)	—	(756)	—	—	—	—	—	—	(756)
Profit attributable to owners of parent for the year ended March 31, 2019.....	—	—	—	4,996	—	4,996	—	—	—	—	—	—	4,996
Change of scope of consolidation .....	—	—	—	—	—	—	—	—	—	—	—	—	—
Change of scope of equity method ..	—	—	—	—	—	—	—	—	—	—	—	—	—
Purchase of treasury stock.....	—	—	—	—	(0)	(0)	—	—	—	—	—	—	(0)
Disposal of treasury stock.....	—	—	—	—	267	267	—	—	—	—	—	—	267
Sales of shares of consolidated subsidiaries.....	—	—	—	—	—	—	—	—	—	—	—	—	—
Net changes of items other than those in shareholders' equity.....	—	—	—	—	—	—	(874)	(19)	(56)	(652)	(1,603)	418	(1,185)
<b>Balance as of March 31, 2019</b> .....	45,625	¥6,646	¥5,484	¥51,946	¥(601)	¥63,476	¥5,527	¥(10)	¥(378)	¥(1,260)	¥ 3,879	¥1,069	¥68,425

	Thousands	Millions of yen (Note 1)											
	Number of shares of common stock issued	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains or losses 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		
<b>Balance as of April 1, 2019</b> .....	45,625	¥6,646	¥5,484	¥51,946	¥(601)	¥63,476	¥5,527	¥(10)	¥(378)	¥(1,260)	¥3,879	¥1,069	¥68,425
Dividends.....	—	—	—	(1,105)	—	(1,105)	—	—	—	—	—	—	(1,105)
Profit attributable to owners of parent for the year ended March 31, 2020.....	—	—	—	5,696	—	5,696	—	—	—	—	—	—	5,696
Change of scope of equity method ..	—	—	—	(1)	—	(1)	—	—	—	—	—	—	(1)
Purchase of treasury stock.....	—	—	—	—	(1,743)	(1,743)	—	—	—	—	—	—	(1,743)
Disposal of treasury stock.....	—	—	52	—	200	252	—	—	—	—	—	—	252
Net changes of items other than those in shareholders' equity.....	—	—	—	—	—	—	(4,338)	7	30	(84)	(4,385)	217	(4,167)
<b>Balance as of March 31, 2020</b> .....	45,625	¥6,646	¥5,537	¥56,536	¥(2,145)	¥66,575	¥1,189	¥(3)	¥(347)	¥(1,344)	¥(505)	¥1,286	¥67,356

	Thousands	Thousands of U.S. dollars (Note 1)											
	Number of shares of common stock issued	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains or losses 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		
<b>Balance as of April 1, 2019</b> .....	45,625	\$61,067	\$50,390	\$477,313	\$(5,522)	\$583,258	\$50,785	\$(91)	\$(3,473)	\$(11,577)	\$35,642	\$9,822	\$628,732
Dividends.....	—	—	—	(10,153)	—	(10,153)	—	—	—	—	—	—	(10,153)
Profit attributable to owners of parent for the year ended March 31, 2020.....	—	—	—	52,338	—	52,338	—	—	—	—	—	—	52,338
Change of scope of equity method ..	—	—	—	(9)	—	(9)	—	—	—	—	—	—	(9)
Purchase of treasury stock.....	—	—	—	—	(16,015)	(16,015)	—	—	—	—	—	—	(16,015)
Disposal of treasury stock.....	—	—	477	—	1,837	2,315	—	—	—	—	—	—	2,315
Net changes of items other than those in shareholders' equity.....	—	—	—	—	—	—	(39,860)	64	275	(771)	(40,292)	1,993	(38,289)
<b>Balance as of March 31, 2020</b> .....	45,625	\$61,067	\$50,877	\$519,489	\$(19,709)	\$611,733	\$10,925	\$(27)	\$(3,188)	\$(12,349)	\$(4,640)	\$11,816	\$618,910

See Notes to Consolidated Financial Statements.

## Consolidated Statements of Cash Flows

TSUKISHIMA KIKAI CO., LTD. and its consolidated subsidiaries  
Years ended March 31, 2020 and 2019

	Millions of yen (Note 1)		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
<b>Cash flows from operating activities:</b>			
Profit before income taxes .....	¥ 8,529	¥ 7,701	\$ 78,369
Adjustments for: .....			
Depreciation and amortization .....	1,645	1,397	15,115
Impairment loss .....	—	1,060	—
Amortization of goodwill .....	86	86	790
Increase(decrease) in net defined benefit liability .....	522	238	4,796
Increase(decrease) in accrued bonus to employees .....	(31)	135	(284)
Increase(decrease) in reserve for retirement payments to officers .....	(6)	(63)	(55)
Increase(decrease) in allowance for doubtful accounts .....	(75)	128	(689)
Increase(decrease) in accrued warranty .....	(211)	259	(1,938)
Increase(decrease) in reserve for losses on contracts .....	(75)	53	(689)
Increase(decrease) in reserve for losses on transfer .....	(441)	452	(4,052)
Increase(decrease) in provision for loss on guarantees .....	(52)	52	(477)
Increase(decrease) in provision for demolition and removal .....	592	—	5,439
Interest and dividend income .....	(521)	(487)	(4,787)
Interest expenses .....	84	80	771
Equity in (earnings) losses of affiliates .....	(38)	(28)	(349)
Loss(gain) on sales and disposal of property, plant and equipment .....	(2)	(2,707)	(18)
Loss(gain) on sales of investments in securities .....	(2,068)	(1)	(19,002)
Loss(gain) on valuation of investments in securities .....	256	523	2,352
(Increase) decrease in notes and accounts receivable .....	(2,108)	(4,688)	(19,369)
Increase(decrease) advances received .....	771	253	7,084
(Increase) decrease in inventories .....	1,911	(964)	17,559
Increase(decrease) in notes and accounts payable, trade .....	(1,326)	3,293	(12,184)
Other .....	(812)	971	(7,461)
Subtotal .....	6,629	7,746	60,911
Interest and dividend income received .....	529	511	4,860
Interest expenses paid .....	(77)	(70)	(707)
Income taxes paid .....	(3,439)	(1,496)	(31,599)
Net cash provided by (used in) operating activities .....	3,641	6,691	33,455
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment .....	(7,045)	(11,543)	(64,733)
Proceeds from sales of property, plant and equipment .....	35	2,878	321
Purchase of intangible fixed assets .....	(315)	(178)	(2,894)
Purchase of investments in securities .....	(2,033)	(46)	(18,680)
Proceeds from sales and redemption of short-term and long-term investment securities .....	3,435	13	31,562
Purchase of shares of subsidiaries .....	(8)	(57)	(73)
Payments for loans receivable .....	(1)	(3)	(9)
Collection of loans receivable .....	15	28	137
Other .....	(2,130)	162	(19,571)
Net cash provided by (used in) investing activities .....	(8,047)	(8,747)	(73,941)
<b>Cash flows from financing activities:</b>			
Increase(decrease) in short-term payable .....	(85)	(39)	(781)
Proceeds from long-term loans payable .....	900	—	8,269
Repayments of long-term loans payable .....	(1,023)	(1,092)	(9,399)
Proceeds from issuance of bonds .....	—	5,000	—
Repayments of lease obligations .....	(475)	(478)	(4,364)
Additions of treasury stock .....	(1,743)	(0)	(16,015)
Proceeds from sales of treasury stock .....	193	287	1,773
Dividends paid .....	(1,105)	(756)	(10,153)
Dividends paid to non-controlling interests .....	(17)	(16)	(156)
Proceeds from sales and leasebacks .....	425	304	3,905
Other .....	—	(36)	—
Net cash provided by (used in) financing activities .....	(2,931)	3,171	(26,931)
<b>Effect of exchange rate change on cash and cash equivalents .....</b>	<b>53</b>	<b>(77)</b>	<b>486</b>
<b>Net increase(decrease) in cash and cash equivalents .....</b>	<b>(7,283)</b>	<b>1,037</b>	<b>(66,920)</b>
<b>Cash and cash equivalents at beginning of period (Note 5) .....</b>	<b>28,139</b>	<b>27,101</b>	<b>258,559</b>
<b>Cash and cash equivalents at end of period (Note 5) .....</b>	<b>¥20,856</b>	<b>¥ 28,139</b>	<b>\$191,638</b>

See Notes to Consolidated Financial Statements.

## Notes to Consolidated Financial Statements

### 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of TSUKISHIMA KIKAI Co., Ltd. ("the Company") and its consolidated subsidiaries have been prepared from the financial statements filed with the Financial Services Agency as required by the Japanese Financial Instruments and Exchange Act in accordance with accounting principles and practices generally accepted in Japan, which are different from the accounting and disclosure requirements of International Accounting Standards.

Certain reclassifications have been made to present the accompanying consolidated financial statements in a format that is familiar to readers outside Japan.

For the convenience of the reader, the accompanying consolidated financial statements have been presented in U.S. dollars by translating all Japanese yen amounts at the exchange rate of ¥108.83 to \$1, the approximate rate of exchange at March 31, 2020.

Amounts less than ¥1 million have been rounded down. U.S. dollars are translated from these amounts and have been rounded down.

The total amounts in Japanese yen and translated U.S. dollars shown in the consolidated financial statements and notes do not necessarily agree with the sum of the individual amounts.

### 2. Summary of Significant Accounting Policies

#### (a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation.

The 14 major subsidiaries that have been consolidated with the Company are listed below:

- Tsukishima Technology Maintenance Service Co., Ltd.
- SUN ECO THERMAL Co., Ltd.
- Tsukishima Kankyo Engineering Ltd.
- Samukawa Water Service Co., Ltd.
- Tsukishima Machine Sales Co., Ltd.
- Tsukishima Business Support Co., Ltd.
- TSK Engineering (Thailand) Co., Ltd.
- TSK Engineering China Co., Ltd.
- Daido Chemical Engineering Corp.
- BOKELA GmbH
- Owari Water & Energy Co., Ltd.
- SANSHIN KOGYO Co., Ltd.
- ADVANTHREE Co., Ltd.
- SANSHIN Co., Ltd.

The fiscal year-end of all entities is March 31, except for 3 consolidated foreign subsidiaries that use a December 31 year-end, and adjustment is made for any significant transactions between the different fiscal year-ends.

#### (b) Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

The equity method is applied to the investments in 9 affiliates.

The cost method is applied to investments in the remaining unconsolidated subsidiaries and affiliates since they are not material for the consolidated financial statements.

The affiliates accounted for by the equity method are listed below:

- Edogawa Water Service Co., Ltd.
- Biocoal Hiroshima-West Co., Ltd.
- Biocoal Plant Service Co., Ltd.
- Biocoal Kumamoto-South Co., Ltd.
- Biocoal Osaka-Hirano Co., Ltd.
- Hybrid Chemical Co., Ltd.
- Biocoal Yokohama-South Co., Ltd.
- Biocoal Kyoto-Rakusai Co., Ltd.
- Biocoal Fukuoka Mikasagawa Co., Ltd.

Biocoal Fukuoka Mikasagawa Co., Ltd. has become equity method application company from this financial year because of its increased materiality.

#### **(c) Marketable Securities and Investments in Securities**

All of the Group's securities are classified as follows: i) Held-to-maturity securities, which management has the positive intent and ability to hold to maturity, are reported at amortized cost. ii) Available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of net assets. The cost of securities sold is determined based on the moving-average method.

Non-marketable available-for-sale securities are stated at cost, determined by the moving-average method. In regard to investments in anonymous associations (deemed to be securities under Article 2, Section 2 of the Japanese Financial Instruments and Exchange Act), the Company uses the net amount corresponding to the ownership portion, based on the most recent obtainable settlement documents for the settlement reporting date stipulated in the partnership contract.

#### **(d) Inventories**

The Company and its consolidated subsidiaries apply the cost method based on the methods mentioned below, which determines the amount of inventories shown in the balance sheet by writing them down based on the decrease in their profitability.

- (1) Work in process is stated at cost, which is determined by the specific cost method.
- (2) Raw materials are stated at cost, which is determined by the periodic average method.
- (3) Supplies are stated at cost, which is determined by the moving-average method.

#### **(e) Property, Plant and Equipment Excluding Lease Assets**

Property, plant and equipment are carried at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is principally computed by the declining balance method over the estimated useful lives of the assets, while the straight-line method is applied to buildings placed in service after April 1, 1998 (excluding facilities attached to buildings), facilities attached to buildings and structures acquired after April 1, 2016, power generating equipment and property, plant and equipment of foreign subsidiaries.

The range of useful lives is from 3 to 60 years for buildings and structures, and from 2 to 20 years for machinery and equipment.

#### **(f) Lease Assets**

Depreciation of assets on finance leases that do not transfer ownership of the leased assets to the lessee are calculated by the straight-line method over the lease period with their residual value zero.

#### **(g) Allowance for Doubtful Accounts**

The allowance for doubtful accounts is provided for in an amount sufficient to cover possible losses on collection. It consists of the estimated uncollectible amount with respect to identified doubtful receivables and an amount calculated on the historical loss experience with respect to remaining receivables.

#### **(h) Accrued Warranty**

The accrued warranty is provided for based on amounts determined as a certain percentage (which is distinguished between domestic and overseas construction) of the amount of completed construction contracts for the year, which is computed as a ratio of the actual repair costs incurred under the warranty against the amounts of completed construction contracts during the past years.

In addition, the estimated repair costs for identified individual construction contracts are provided.

#### **(i) Reserve for Losses on Contracts**

A reserve for losses on contracts is provided for an estimated amount of probable losses to be incurred in future years in respect of construction projects in progress.

#### **(j) Provision for demolition and removal**

A provision for demolition and removal is provided for reasonably estimated amount of demolition and removal for existing buildings and other assets.

**(k) Net Defined Benefit Liability**

The benefit formula basis is applied as the method for attributing the expected retirement benefit to periods of service for the calculation of the retirement benefit obligation.

Actuarial differences are amortized over a seven-year period, which is within the average remaining service period of employees, using the straight-line method from the fiscal year following the respective fiscal year of recognition.

Prior service cost is amortized as incurred over a eleven-year or a fourteen-year period, which is within the average remaining service period of employees, using the straight-line method from the time when the prior service cost was generated.

Certain consolidated subsidiaries use the simplified method for the calculation of projected benefit obligations.

**(l) Reserve for Retirement Payments to Officers**

Certain of the Company's consolidated subsidiaries have provided for reserve for retirement payments to officers under the retirement benefits plan, which are calculated by the estimated amount to be paid if all officers retired at the balance sheet date.

With respect to officers' resignations, the retirement payments calculated under the retirement benefits plan are normally paid subject to approval of the shareholders. The retirement payments to officers should be provided for when such costs can be reasonably estimated.

**(m) Income Taxes**

The Company and its consolidated subsidiaries have adopted the asset-liability method of tax effect accounting to recognize the effect of all temporary differences in the recognition of the tax basis assets and liabilities and their financial reporting amounts.

**(n) Translation of Foreign Currency Financial Statements of Foreign Subsidiaries**

In translating the financial statements of foreign subsidiaries into Japanese yen, all assets and liabilities are translated into yen at current exchange rates while capital accounts and retained earnings are translated at historical rates, and revenue and expense items are translated at the average exchange rates during the year. The resulting translation adjustments are shown as "Foreign currency translation adjustment" in the accompanying consolidated balance sheets as of March 31, 2020 and 2019.

**(o) Research and Development Costs**

Research and development costs are charged to income as incurred.

**(p) Recognition of Contract Revenue**

The Company and its consolidated subsidiaries apply the percentage-of-completion method for the construction contracts that fulfill the conditions that the outcome of the construction activity is deemed certain during the course of the activity. Otherwise, the Company and its consolidated subsidiaries apply the completed-contract method.

**(q) Goodwill**

Any difference between the cost of an investment in a subsidiary and the amount of underlying equity in net assets of the subsidiary is treated as an asset, as the case may be, and amortized over a period of 10 years using the straight-line method.

**(r) Cash Equivalents**

For the purpose of the consolidated statements of cash flows, cash and cash equivalents include cash on hand, at-call deposits with banks, and highly liquid investments that can be withdrawn without any restriction and with minimum market risk.

**(s) Derivative Financial Instruments**

The Company and certain consolidated subsidiaries use derivative financial instruments to manage their exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts, interest rate swap contracts and interest rate and currency swap contracts are utilized by the Company and certain consolidated subsidiaries to reduce foreign currency exchange risks and interest rate risks.

Derivatives are carried at fair value with gains or losses recognized in the consolidated statements of income. For derivatives used for hedging purposes, if derivatives meet the requirements for hedge accounting, gains or losses on derivatives are deferred until recognition of the hedged transactions.

If foreign exchange forward contracts are used as a hedge and meet certain criteria, the exchange forward contracts are not stated at fair value, and instead the amount to be received under the exchange forward contract is added to or deducted from the assets or liabilities for which the exchange forward contract was executed ("Designation accounting").

If interest rate swap contracts are used as a hedge and meet certain hedging criteria, the interest rate swaps are not stated at fair value, and instead the amount to be received under the interest rate swap contract is added to or deducted from the interest on the liabilities for which the swap contract was executed ("Short-cut method").

If interest rate and currency swap contracts are used as a hedge and meet certain hedging criteria, the interest rate and currency swap contracts are not stated at fair value, and instead the amount to be received under the interest rate and currency swap contracts is added to or deducted from the interest on the liabilities for which the swap contracts were executed, and the liabilities denominated in foreign currencies, for which the interest rate and currency swap contracts were executed, are translated at the contracted rate ("Integral method").

The Company and certain consolidated subsidiaries do not enter into derivatives for trading or speculative purposes.

### 3. Additional Information

#### (Trust Type Employee Stock Ownership Incentive Plan)

To enhance employee benefits and welfare, the Company delivers its own stock through a trust to the employee shareholding association.

##### (1) Overview

The Company has introduced an employee shareholding incentive plan through a trust (E-Ship, "the Plan"). The purpose of the Plan is to provide an incentive for the Company's employees to help enhance the Company's enterprise value in the medium to long term, to expand employee benefits and welfare, and to encourage the continuous development of the Company by boosting employees' morale through their capital participation as shareholders.

The Plan is an incentive plan for all employees who are members of the Tsukishima Kikai Employee Shareholding Association ("the Shareholding Association"). In the Plan the Company has set up a trust exclusively for the Shareholding Association ("the E-Ship Trust") at a trust bank. The E-Ship Trust acquires shares of the Company that it anticipates the Shareholding Association will acquire in three years using borrowed money.

Subsequently, the E-Ship Trust regularly sells shares of the Company to the Shareholding Association. If the equivalent of gains on sale of shares is accumulated upon termination of the trust, it will be distributed to qualified beneficiaries as residual assets. The Company provides loan guarantees for the E-Ship's borrowings to purchase shares of the Company, and if the E-Ship has outstanding debts equivalent to losses on sale of shares upon termination of the trust, the Company will repay the outstanding debts under the guarantee agreement.

##### (2) The Company's shares remaining in the trust

The Company posts the book value of shares of the Company that are not sold to the Shareholding Association and, therefore, remaining in the trust (excluding incidental expenses), as treasury stock in net assets. The book value and the number of shares of treasury stock were ¥734 million (\$6,744 thousand) and 581 thousand shares, for the year ended March 31, 2020 and ¥0 million and 0 thousand shares, for the year ended March 31, 2019.

##### (3) The book value of borrowings posted using the "Gross method"

¥700 million (\$6,432 thousand) and ¥52 million for the years ended March 31, 2020 and 2019, respectively.

#### (Sales of Fix Assets and Extra Ordinary Profit)

As the Company announced on February 27, 2019, the Company decided to jointly develop the site of Ichikawa factory and Research & Development center after their relocation, into a logistic center, together with Mitsui Fudosan Co., Ltd. For this purpose, the Company setting up the trust beneficiary rights to its land and partially selling in the fiscal year ending March 2019 and 2022 (at the completion of the logistic center).

The profit from the selling of the trust beneficiary rights presents in "Gain on sales of property, plant and equipment" under other income (expenses) and the amounts are ¥2,719 million yen and around ¥5,300 million yen for the fiscal year ending March 2019, and 2022, respectively.

(1) Buyer	Mitsui Fudosan Co., Ltd.
(2) Location of the land	Shiohama Ichikawa city, Chiba
(3) Area of the land	82,616m <sup>2</sup>
(4) Usage of the land after sales	Logistic center

In addition, the sales price and the selling area of the land are not disclosed due to the confidential duty and the requirement from the buyer.

#### (Accounting Estimates Related to the Spread of COVID-19)

The Company is considering that the spread of COVID -19 is an event with high uncertainty however, the Company made accounting estimates based on information which were available at the end of the fiscal year.

#### 4. Other Comprehensive Income

Reclassification adjustments and tax effects of each component of other comprehensive income for the fiscal year ended March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Net unrealized gains or losses on available-for-sale securities			
Amount arising during the year .....	<b>¥(4,406)</b>	¥(1,779)	<b>\$(40,485)</b>
Reclassification adjustments .....	<b>(1,838)</b>	521	<b>(16,888)</b>
Net unrealized gains or losses on available-for-sale securities before tax effect....	<b>(6,244)</b>	(1,257)	<b>(57,373)</b>
Tax effect .....	<b>1,905</b>	383	<b>17,504</b>
Net unrealized gains or losses on available-for-sale securities .....	<b>(4,338)</b>	(874)	<b>(39,860)</b>
Deferred gains or losses on hedges			
Amount arising during the year .....	<b>7</b>	(31)	<b>64</b>
Reclassification adjustments .....	<b>3</b>	3	<b>27</b>
Deferred gains or losses on hedges before tax effect .....	<b>10</b>	(28)	<b>91</b>
Tax effect .....	<b>(3)</b>	8	<b>(27)</b>
Deferred gains or losses on hedges .....	<b>7</b>	(19)	<b>64</b>
Foreign currency translation adjustment			
Amount arising during the year .....	<b>90</b>	63	<b>826</b>
Tax effect .....	<b>—</b>	—	<b>—</b>
Foreign currency translation adjustment .....	<b>90</b>	63	<b>826</b>
Remeasurements of defined benefit plans			
Amount arising during the year .....	<b>(489)</b>	(1,147)	<b>(4,493)</b>
Reclassification adjustments .....	<b>368</b>	206	<b>3,381</b>
Remeasurements of defined benefit plans before tax effect .....	<b>(121)</b>	(940)	<b>(1,111)</b>
Tax effect .....	<b>37</b>	288	<b>339</b>
Remeasurements of defined benefit plans .....	<b>(84)</b>	(652)	<b>(771)</b>
Share of other comprehensive income of associates accounted for using equity method			
Amount arising during the year .....	<b>0</b>	(1)	<b>0</b>
Reclassification adjustments .....	<b>0</b>	0	<b>0</b>
Share of other comprehensive income of associates accounted for using equity method .....	<b>1</b>	(0)	<b>9</b>
Total other comprehensive income .....	<b>¥(4,323)</b>	¥(1,611)	<b>\$(39,722)</b>

## 5. Cash Flow Statements

### Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Cash and time deposits.....	<b>¥23,022</b>	¥22,215	<b>\$211,540</b>
Marketable securities.....	<b>11</b>	6,008	<b>101</b>
Less: time deposits that mature or become due over three months after the date of acquisition.....	<b>(2,177)</b>	(85)	<b>(20,003)</b>
Cash and cash equivalents.....	<b>¥20,856</b>	¥28,139	<b>\$191,638</b>

## 6. Financial Instruments

Amounts on the consolidated balance sheets as of March 31, 2020 and 2019, fair value and variance were as follows:

	Millions of yen		
	2020		
	Amounts on the consolidated Balance Sheets	Fair value	Variance
(1) Cash and time deposits.....	<b>¥23,022</b>	<b>¥23,022</b>	<b>¥ —</b>
(2) Notes and accounts receivable.....	<b>41,653</b>	<b>41,635</b>	<b>(18)</b>
(3) Electronically recorded monetary claims-operating.....	<b>3,607</b>	<b>3,607</b>	<b>—</b>
(4) Marketable securities and Investments in securities.....			
Held to maturity securities.....	<b>1,038</b>	<b>1,071</b>	<b>32</b>
Other securities.....	<b>11,956</b>	<b>11,956</b>	<b>—</b>
Total.....	<b>81,277</b>	<b>81,291</b>	<b>14</b>
(5) Notes and accounts payable-trade.....	<b>15,745</b>	<b>15,745</b>	<b>—</b>
(6) Electronically recorded obligations.....	<b>5,693</b>	<b>5,693</b>	<b>—</b>
(7) Short-term loans payable.....	<b>122</b>	<b>122</b>	<b>—</b>
(8) Bonds payables.....	<b>5,000</b>	<b>5,024</b>	<b>24</b>
(9) Long-term loans payable (Include portion due within one year).....	<b>7,575</b>	<b>7,604</b>	<b>29</b>
Total.....	<b>34,136</b>	<b>34,189</b>	<b>53</b>
(10) Derivative transactions*.....	<b>¥(3)</b>	<b>¥(3)</b>	<b>¥ —</b>

	Millions of yen		
	2019		
	Amounts on the consolidated Balance Sheets	Fair value	Variance
(1) Cash and time deposits.....	¥22,215	¥22,215	¥ —
(2) Notes and accounts receivable.....	41,320	41,300	(19)
(3) Electronically recorded monetary claims-operating.....	1,847	1,847	—
(4) Marketable securities and Investments in securities.....			
Held to maturity securities.....	1,096	1,149	52
Other securities.....	23,746	23,746	—
Total.....	90,226	90,258	32
(5) Notes and accounts payable-trade.....	17,361	17,361	—
(6) Electronically recorded obligations.....	5,387	5,387	—
(7) Short-term loans payable.....	215	215	—
(8) Bonds payables.....	5,000	5,080	80
(9) Long-term loans payable (Include portion due within one year).....	7,698	7,716	18
Total.....	35,663	35,761	98
(10) Derivative transactions*.....	¥ (13)	¥ (13)	¥ 0

	Thousands of U.S. dollars		
	2020		
	Amounts on the consolidated Balance Sheets	Fair value	Variance
(1) Cash and time deposits.....	<b>\$211,540</b>	<b>\$211,540</b>	<b>\$ —</b>
(2) Notes and accounts receivable.....	<b>382,734</b>	<b>382,569</b>	<b>(165)</b>
(3) Electronically recorded monetary claims-operating.....	<b>33,143</b>	<b>33,143</b>	—
(4) Marketable securities and Investments in securities.....			
Held to maturity securities.....	<b>9,537</b>	<b>9,841</b>	<b>294</b>
Other securities.....	<b>109,859</b>	<b>109,859</b>	—
Total.....	<b>746,825</b>	<b>746,953</b>	<b>128</b>
(5) Notes and accounts payable-trade.....	<b>144,675</b>	<b>145,594</b>	—
(6) Electronically recorded obligations.....	<b>52,310</b>	<b>52,310</b>	—
(7) Short-term loans payable.....	<b>1,121</b>	<b>1,121</b>	—
(8) Bonds payables.....	<b>45,943</b>	<b>46,163</b>	<b>220</b>
(9) Long-term loans payable (Include portion due within one year).....	<b>69,603</b>	<b>69,870</b>	<b>266</b>
Total.....	<b>313,663</b>	<b>314,150</b>	<b>486</b>
(10) Derivative transactions*.....	<b>\$ (27)</b>	<b>\$ (27)</b>	<b>\$ —</b>

\*Receivables and payables arising from derivative transactions are presented on a net basis, and if the total represents a liability, it is indicated in parentheses.

Notes a. Method of measurement of fair values of financial instruments and matters concerning securities and derivative transactions

(1) Cash and time deposits

As these items are settled in a short period of time and the fair value is almost equal to the book value, their book value is presented.

(2) Notes and accounts receivable

As these items are settled in a short period of time and the fair value is almost equal to the book value, their book value is presented.

However, the fair value of accounts receivable-installment is measured by taking the debtor's financial position into consideration due to the long-term repayment period, and discounted at the interest rate determined by the debtor's financial position.

- (3) Electronically recorded monetary claims-operating  
As these items are settled in a short period of time and the fair value is almost equal to the book value, their book value is presented.
- (4) Marketable securities and Investments in securities  
Marketable securities are negotiable certificate of deposit etc. and settled in a short period of time and the fair value is almost equal to the book value, their book value is presented.  
Debt securities are valued based on the prices provided by correspondent financial institutions.  
Marketable securities and investment securities are valued at the exchange trading price.
- (5) Notes and accounts payable-trade  
As these items are settled in a short period of time and the fair value is almost equal to the book value, their book value is presented.
- (6) Electronically recorded obligations  
As these items are settled in a short period of time and the fair value is almost equal to the book value, their book value is presented.
- (7) Short-term loans payable  
As these items are settled in a short period of time and the fair value is almost equal to the book value, their book value is presented.
- (8) Bonds payables  
The fair value of bonds payables is measured at market price.
- (9) Long-term loans payable(Include portion due within one year)  
The fair values of long-term loans payable are determined by discounting the aggregate amount of the principal and interest at the rate assumed based on interest rates on government securities and credit risk.  
For long-term loans payable bearing variable interest rates, in cases subject to the short-cut method with interest rate swaps and the integral method with interest rate and currency swaps, the fair value is estimated based on the total of principal and interest those are integrated with interest rate swaps and interest rate and currency swaps, discounted by the interest rate that would be applied if similar new loans payable were entered into.  
For other long-term loans payable bearing variable interest rates, book value is used as fair value, as this is deemed to reflect market interest rates within a short term.
- (10) Derivative transactions  
The fair values of derivative transactions qualifying for hedge accounting are the forward quotation or the price presented by correspondent financial institutions.  
The fair value of interest rate swaps accounted for by the short-cut method and interest rate and currency swaps accounted for integral method is included in the fair value of long-term loans payable which is designated as the hedged item.

b. The following table summarizes financial instruments whose fair value is extremely difficult to estimate.

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Non-listed stocks.....	¥729	¥724	\$6,698
Non-consolidated subsidiary and associated company stocks.....	322	280	2,958
Investments in silent partnership.....	206	206	1,892
Investments in limited liability company.....	¥ 2	¥ 2	\$ 18

c. The aggregate maturities of monetary claims and securities with maturity outstanding as of March 31, 2020 and 2019 were as follows:

	Millions of yen			
	2020			
	Within 1 year	Over 1 year Within 5 years	Over 5 years Within 10 years	Over 10 years
Cash and time deposits.....	¥23,022	¥ —	¥ —	¥ —
Notes and accounts receivable.....	39,882	1,304	465	—
Electronically recorded monetary claims-operating.....	3,607	—	—	—
Marketable securities and Investments in securities				
Held to maturity securities.....	—	208	310	505
Other securities.....	11	—	—	—
Total.....	¥66,523	¥1,513	¥776	¥505

	Millions of yen			
	2019			
	Within 1 year	Over 1 year Within 5 years	Over 5 years Within 10 years	Over 10 years
Cash and time deposits.....	¥22,215	¥ —	¥ —	¥ —
Notes and accounts receivable.....	39,203	1,326	790	—
Electronically recorded monetary claims-operating.....	1,847	—	—	—
Marketable securities and Investments in securities				
Held to maturity securities.....	50	210	311	505
Other securities.....	6,008	—	—	—
<b>Total.....</b>	<b>¥69,235</b>	<b>¥1,537</b>	<b>¥1,101</b>	<b>¥505</b>

	Thousands of U.S. dollars			
	2020			
	Within 1 year	Over 1 year Within 5 years	Over 5 years Within 10 years	Over 10 years
Cash and time deposits.....	\$211,540	\$ —	\$ —	\$ —
Notes and accounts receivable.....	366,461	11,981	4,272	—
Electronically recorded monetary claims-operating.....	33,143	—	—	—
Marketable securities and Investments in securities				
Held to maturity securities.....	—	1,911	2,848	4,640
Other securities.....	101	—	—	—
<b>Total.....</b>	<b>\$611,256</b>	<b>\$13,902</b>	<b>\$7,130</b>	<b>\$4,640</b>

d. The aggregate maturities of long-term loans payable outstanding as of March 31, 2020 and 2019 were as follows:

	Millions of yen					
	2020					
	Within 1 year	Over 1 year Within 2 years	Over 2 years Within 3 years	Over 3 years Within 4 years	Over 4 years Within 5 years	Over 5 years
Short-term loans payable.....	¥122	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds payables.....	—	—	—	—	—	5,000
Long-term loans payable (Include portion due within one year)...	766	747	1,447	751	756	3,106
<b>Total.....</b>	<b>¥888</b>	<b>¥747</b>	<b>¥1,447</b>	<b>¥751</b>	<b>¥756</b>	<b>¥8,106</b>

	Millions of yen					
	2019					
	Within 1 year	Over 1 year Within 2 years	Over 2 years Within 3 years	Over 3 years Within 4 years	Over 4 years Within 5 years	Over 5 years
Short-term loans payable.....	¥215	¥ —	¥ —	¥ —	¥ —	¥ —
Bonds payables.....	—	—	—	—	—	5,000
Long-term loans payable (Include portion due within one year)...	770	819	747	747	751	3,862
<b>Total.....</b>	<b>¥986</b>	<b>¥819</b>	<b>¥747</b>	<b>¥747</b>	<b>¥751</b>	<b>¥8,862</b>

	Thousands of U.S. dollars					
	2020					
	Within 1 year	Over 1 year Within 2 years	Over 2 years Within 3 years	Over 3 years Within 4 years	Over 4 years Within 5 years	Over 5 years
Short-term loans payable.....	\$1,121	\$ —	\$ —	\$ —	\$ —	\$ —
Bonds payables.....	—	—	—	—	—	45,943
Long-term loans payable (Include portion due within one year)...	7,038	6,863	13,295	6,900	6,946	28,539
<b>Total.....</b>	<b>\$8,159</b>	<b>\$6,863</b>	<b>\$13,295</b>	<b>\$6,900</b>	<b>\$6,946</b>	<b>\$74,483</b>

## 7. Marketable Securities and Investments in Securities

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2020 and 2019 were as follows:

	Millions of yen			
	2020			
	Cost	Unrealized gains	Unrealized losses	Fair value
<b>Securities classified as:</b>				
Available-for-sale:				
Equity securities.....	¥10,197	¥3,279	¥(1,532)	¥11,944
Others.....	11	—	—	11
	<b>¥10,208</b>	<b>¥3,279</b>	<b>¥(1,532)</b>	<b>¥11,956</b>
Held-to-maturity securities.....	¥ 1,038	¥ 44	¥ (12)	¥ 1,071

	Millions of yen			
	2019			
	Cost	Unrealized gains	Unrealized losses	Fair value
<b>Securities classified as:</b>				
Available-for-sale:				
Equity securities.....	¥ 9,683	¥8,332	¥(279)	¥17,737
Others.....	6,008	—	—	6,008
	¥15,692	¥8,332	¥(279)	¥23,746
Held-to-maturity securities.....	¥ 1,096	¥ 60	¥ (7)	¥ 1,149

	Thousands of U.S. dollars			
	2020			
	Cost	Unrealized gains	Unrealized losses	Fair value
<b>Securities classified as:</b>				
Available-for-sale:				
Equity securities.....	\$93,696	\$30,129	\$(14,077)	\$109,749
Others.....	101	—	—	101
	<b>\$93,797</b>	<b>\$30,129</b>	<b>\$(14,077)</b>	<b>\$109,859</b>
Held-to-maturity securities.....	\$ 9,537	\$ 404	\$ (110)	\$ 9,841

## 8. Derivative Transactions

Derivative financial instruments with fair value as of March 31, 2020 and 2019 were as follows:

### (a) Derivative transactions not qualifying for hedge accounting

There is not the matter.

### (b) Derivative transactions qualifying for hedge accounting

(1) Currency-rated

(Foreign exchange contracts and other derivative transactions qualifying for designation accounting)

		Millions of yen		
		<b>2020</b>		
		Contracts outstanding	Contracts outstanding (Over one year)	Fair value
<b>Forward foreign currency exchange contracts:</b>	<b>Principal items hedged:</b>			
Sell U.S. dollar, buy Japanese yen	Accounts receivable.....	¥ 50	¥—	¥ 0
Sell Chinese yuan, buy Japanese yen	.....	218	—	1
Buy U.S. dollar, sell Japanese yen	Accounts payable-trade.....	57	—	7
Buy Euro, sell Japanese yen	.....	13	—	(8)
Buy Swiss franc, sell Japanese yen	.....	—	—	—
Total.....		<b>¥340</b>	<b>¥—</b>	<b>¥ 0</b>

		Millions of yen		
		2019		
		Contracts outstanding	Contracts outstanding (Over one year)	Fair value
<b>Forward foreign currency exchange contracts:</b>	<b>Principal items hedged:</b>			
Sell U.S. dollar, buy Japanese yen	Accounts receivable.....	¥372	¥—	¥(3)
Sell Chinese yuan, buy Japanese yen	.....	—	—	—
Buy U.S. dollar, sell Japanese yen	Accounts payable-trade.....	83	—	0
Buy Euro, sell Japanese yen	.....	51	¥—	(1)
Buy Swiss franc, sell Japanese yen	.....	9	—	(0)
Total.....		¥516	¥—	¥(5)

		Thousands of U.S. dollar		
		<b>2020</b>		
		Contracts outstanding	Contracts outstanding (Over one year)	Fair value
<b>Forward foreign currency exchange contracts:</b>	<b>Principal items hedged:</b>			
Sell U.S. dollar, buy Japanese yen	Accounts receivable.....	<b>\$ 459</b>	<b>\$—</b>	<b>\$ 0</b>
Sell Chinese yuan, buy Japanese yen	.....	<b>2,003</b>	<b>—</b>	<b>9</b>
Buy U.S. dollar, sell Japanese yen	Accounts payable-trade.....	<b>523</b>	<b>—</b>	<b>64</b>
Buy Euro, sell Japanese yen	.....	<b>119</b>	<b>—</b>	<b>(73)</b>
Buy Swiss franc, sell Japanese yen	.....	<b>—</b>	<b>—</b>	<b>—</b>
Total.....		<b>\$3,124</b>	<b>\$—</b>	<b>\$ 0</b>

(2) Interest rate-related  
(Derivative transactions qualifying for principle method or integral method)

		Millions of yen		
		<b>2020</b>		
		Contracts outstanding	Contracts outstanding (Over one year)	Fair value
<b>Interest rate swaps:</b>	<b>Principal items hedged:</b>			
(Principle method)				
Receive floating, pay fixed	Long-term loans payable .....	<b>¥1,650</b>	<b>¥1,381</b>	<b>¥(3)</b>
<b>Interest rate and currency swaps:</b>				
(Integral method)				
Receive floating U.S. dollar, pay fixed Japanese yen	Long-term loans payable .....	<b>1,170</b>	<b>990</b>	<b>Notes b.</b>
Total.....		<b>¥2,820</b>	<b>¥2,371</b>	<b>¥(3)</b>

		Millions of yen		
		2019		
		Contracts outstanding	Contracts outstanding (Over one year)	Fair value
<b>Interest rate swaps :</b>	<b>Principal items hedged:</b>			
(Principle method)				
Receive floating, pay fixed	Long-term loans payable .....	¥1,916	¥1,650	¥(8)
<b>Interest rate and currency swaps :</b>				
(Integral method)				
Receive floating U.S. dollar, pay fixed Japanese yen	Long-term loans payable .....	1,350	1,170	Notes b.
Total.....		¥3,266	¥2,820	¥(8)

		Thousands of U.S. dollar		
		<b>2020</b>		
		Contracts outstanding	Contracts outstanding (Over one year)	Fair value
<b>Interest rate swaps:</b>	<b>Principal items hedged:</b>			
(Principle method)				
Receive floating, pay fixed	Long-term loans payable .....	<b>\$15,161</b>	<b>\$12,689</b>	<b>\$(27)</b>
<b>Interest rate and currency swaps:</b>				
(Integral method)				
Receive floating U.S. dollar, pay fixed Japanese yen	Long-term loans payable .....	<b>10,750</b>	<b>9,096</b>	<b>Notes b.</b>
Total.....		<b>\$25,911</b>	<b>\$21,786</b>	<b>\$(27)</b>

Notes a. The fair value is the price presented by correspondent financial institutions.

b. The fair value of interest rate and currency swaps accounted for by the integral method is included in the fair value of long-term loans payable which is designated as the hedged item.

## 9. Short-term Loans Payable, Long-term Loans Payable, Bonds payable and Lease Obligations

Short-term loans payable are represented by 12-month notes, and the weighted average interest rate applicable to such loans payable as of March 31, 2020 was approximately 0.6 percent.

The weighted average interest rates of long-term loans payable as of March 31, 2020 and 2019 was approximately 0.6 percent.

The interest rate of bonds payables as of March 31, 2020 and 2019 was 0.61 percent.

Long-term loans payable as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	<b>2020</b>	2019	<b>2020</b>
Loans payable, due 2037 .....	<b>¥7,575</b>	¥7,698	<b>\$69,603</b>
Less: portion due within one year .....	<b>(766)</b>	(770)	<b>(7,038)</b>
	<b>¥6,808</b>	¥6,927	<b>\$62,556</b>

Bonds payable as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	<b>2020</b>	2019	<b>2020</b>
Bonds payable, due 2028 .....	<b>¥5,000</b>	¥5,000	<b>\$45,943</b>
	<b>¥5,000</b>	¥5,000	<b>\$45,943</b>

Lease obligations as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	<b>2020</b>	2019	<b>2020</b>
Current.....	<b>¥ 551</b>	¥272	<b>\$ 5,062</b>
Non-current.....	<b>893</b>	642	<b>8,205</b>
	<b>¥1,445</b>	¥915	<b>\$13,277</b>

The following assets were pledged as collateral for the long-term loans payable of ¥4,915 million (\$45,162 thousand) and ¥5,368 million for the years ended March 31, 2020 and 2019, respectively.

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Deposit .....	<b>¥658</b>	¥601	<b>\$6,046</b>
Account receivable.....	<b>224</b>	332	<b>2,058</b>
Accounts receivable—other.....	<b>5</b>	5	<b>45</b>
	<b>¥940</b>	¥940	<b>\$8,637</b>

The following assets were pledged as collateral for the long-term loans payable at affiliated companies and others of ¥5,819 million (\$53,468 thousand) and ¥6,104million for the years ended March 31, 2020 and 2019, respectively.

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Short-terms loans receivable.....	<b>¥ 12</b>	¥ 12	<b>\$ 110</b>
Investment in securities.....	<b>76</b>	56	<b>698</b>
Long-term loans receivable.....	<b>160</b>	173	<b>1,470</b>
	<b>¥241</b>	¥241	<b>\$2,214</b>

\*Other than above collateral assets, investment security was deposited with Osaka city as the contract guarantee for electric power generating business. The value of deposited investment security was ¥172 million (\$1,580 thousand) and ¥170 million for the years ended March 31, 2020 and 2019 respectively.

## 10. Net Defined Benefit Liability

### Outline of net defined benefit liability

The Company has defined benefit corporate pension plans (all funded plans), retirement lump-sum plans (which is funded plans as a result of setting up employee pension trust), and defined contribution pension plan.

The consolidated subsidiaries have retirement lump-sum plans (which include unfunded plans and funded plans as a result of setting up employee pension trust).

Certain consolidated subsidiaries use the simplified method for the calculation of projected benefit of obligations.

The reconciliation of the beginning and ending balances of defined benefit obligation were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Balance at beginning of year.....	<b>¥8,458</b>	¥8,269	<b>\$77,717</b>
Service costs.....	<b>529</b>	514	<b>4,860</b>
Interest costs.....	<b>33</b>	44	<b>303</b>
Actuarial differences.....	<b>(155)</b>	188	<b>(1,424)</b>
Benefit paid.....	<b>(434)</b>	(558)	<b>(3,987)</b>
Balance at end of year.....	<b>¥8,431</b>	¥8,458	<b>\$77,469</b>

The reconciliation of the beginning and ending balances of pension assets were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Balance at beginning of year .....	<b>¥4,355</b>	¥5,324	<b>\$40,016</b>
Expected return on pension assets .....	<b>21</b>	21	<b>192</b>
Actuarial differences .....	<b>(645)</b>	(958)	<b>(5,926)</b>
Contribution by the employer .....	<b>72</b>	75	<b>661</b>
Benefit paid .....	<b>(71)</b>	(108)	<b>(652)</b>
Balance at end of year .....	<b>¥3,732</b>	¥4,355	<b>\$34,292</b>

The reconciliation of the beginning and ending balances of net defined benefit liability accounted for by the simplified method were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Balance at beginning of year .....	<b>¥676</b>	¥656	<b>\$6,211</b>
Retirement benefit expenses .....	<b>110</b>	63	<b>1,010</b>
Benefit paid .....	<b>(62)</b>	(42)	<b>(569)</b>
Other .....	<b>1</b>	(0)	<b>(9)</b>
Balance at end of year .....	<b>¥726</b>	¥676	<b>\$6,670</b>

The reconciliation of the defined benefit obligations and pension assets to net defined benefit liability recognized in the consolidated balance sheet as of March 31, 2020 and 2019, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Funded defined benefit obligations .....	<b>¥ 8,431</b>	¥ 8,458	<b>\$ 77,469</b>
Pension assets .....	<b>(3,732)</b>	(4,355)	<b>(34,292)</b>
	<b>4,699</b>	4,103	<b>43,177</b>
Unfunded defined benefit obligations .....	<b>726</b>	676	<b>6,670</b>
Net amount of liability and assets recognized in the consolidated balance sheet .....	<b>5,426</b>	4,780	<b>49,857</b>
Net defined benefit liability .....	<b>5,426</b>	4,780	<b>49,857</b>
Net defined benefit asset .....	—	—	—

Retirement benefit expenses for the years ended March 31, 2020 and 2019 consisted of the followings:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Service costs .....	¥ 529	¥514	\$4,860
Interest costs .....	33	44	303
Expected return on pension assets .....	(21)	(21)	(192)
Actuarial differences recognized in the year .....	354	199	3,252
Prior service cost recognized in the year .....	14	6	128
Retirement benefit expenses accounted for by the simplified method .....	110	63	1,010
Retirement benefit expenses for the defined retirement benefit plan .....	¥1,020	¥806	\$9,372

The breakdown of remeasurements of defined benefit plans in other comprehensive income (before tax effects) for the years ended March 31, 2020 and 2019, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Prior service cost .....	¥ 14	¥ 6	\$ 128
Actuarial differences .....	(135)	(947)	(1,240)
	¥(121)	¥(940)	\$(1,111)

The breakdown of remeasurements of defined benefit plans in accumulated other comprehensive income (before tax effects) as of March 31, 2020 and 2019, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Unrecognized prior service cost .....	¥ 57	¥ 71	\$ 523
Unrecognized actuarial differences .....	1,880	1,744	17,274
	¥1,938	¥1,816	\$17,807

The breakdown of pension assets by major category as of March 31, 2020 and 2019, were as follows:

	2020	2019
Bonds .....	40.0%	34.7%
Stocks .....	44.2	51.3
Cash and cash equivalent .....	0.0	0.0
Insurance company general accounts .....	7.6	6.5
Alternative investments .....	7.0	6.6
Other .....	1.2	0.9
Total .....	100.0%	100.0%

- Notes
1. Alternative investments are mainly investments of hedge funds.
  2. 63.0% and 67.0% as of March 31, 2020 and 2019, respectively, of the total plan assets are assets contributed to a retirement benefit trust for retirement lump-sum plans.

Major actuarial assumptions as of March 31, 2020 and 2019, were as follows:

	<b>2020</b>	2019
Discount rate.....	<b>0.5%</b>	0.4%
Expected rate of return on pension assets.....	<b>1.5%</b>	1.5%

**Defined contribution pension plan**

The amount of contribution required for the defined contribution pension plan paid by the Company and its consolidated subsidiaries, including the expense for small and medium enterprises retirement benefit mutual aid schemes, were ¥94 million (\$863 thousand) and ¥95 million for the years ended March 31, 2020 and 2019, respectively.

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**11. Research and Development Costs**

Research and development costs charged to income for the years ended March 31, 2020 and 2019 amounted to ¥1,126 million (\$10,346 thousand) and ¥1,086 million, respectively.

## 12. Income Taxes

Income tax applicable to the Company and its consolidated subsidiaries consists of corporate income tax, enterprise taxes and corporate inhabitants' taxes.

Deferred tax assets and liabilities at March 31, 2020 and 2019 were composed of the following:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
<b>Deferred tax assets:</b>			
Accrued cost of sales.....	¥ 289	¥ 301	\$ 2,655
Accrued enterprise taxes.....	98	113	900
Reserve for losses on contracts.....	161	184	1,479
Accrued warranty.....	286	335	2,627
Net defined benefit liability.....	2,908	2,701	26,720
Unrealized profit.....	49	37	450
Accrued bonus to employees.....	759	769	6,974
Provision for demolition and removal.....	181	—	1,663
Tax loss carryforward.....	—	0	—
Allowance for doubtful accounts.....	318	319	2,921
Long-term accounts payable-other.....	42	43	385
Impairment loss.....	8	480	73
Others.....	804	975	7,387
Less: valuation allowance.....	(813)	(918)	(7,470)
Total deferred tax assets.....	¥ 5,095	¥ 5,344	\$ 46,816
<b>Deferred tax liabilities:</b>			
Reserve for deferred gains on sales of fixed assets for tax purposes.....	¥(1,435)	¥(1,523)	\$(13,185)
Net unrealized gains on available-for-sale securities.....	(562)	(2,468)	(5,164)
Gain on contribution of securities to retirement benefits trust.....	(666)	(666)	(6,119)
Others.....	(535)	(523)	(4,915)
Total deferred tax liabilities.....	(3,200)	(5,182)	(29,403)
Net deferred tax assets (liabilities).....	¥ 1,894	¥ 162	\$ 17,403

The notes of the reconciliation between the statutory tax rate and the effective income tax rate after applying deferred tax accounting are omitted because the difference between the statutory tax rate and effective tax rate is less than 5% of the statutory tax rate, in the year ended March 31, 2020 and 2019.

## 13. Contingent Liability

The Company and its consolidated subsidiaries were contingently liable for the following items:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Guarantees for indebtedness and employees.....	¥—	¥ 0	\$—
Notes receivable endorsed.....	—	31	—
	¥—	¥31	\$—

**14. Other Income/  
(Expenses)—  
Other, net**

Other income/(expenses)—other, net consisted of the following items:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Exchange gain (loss) .....	¥(22)	¥ 7	\$(202)
Reversal of allowance for doubtful accounts .....	16	—	147
Guarantee expenses .....	(25)	(34)	(229)
Other, net.....	18	(64)	165
	¥(13)	¥(91)	\$(119)

**15. Subsequent Events****(a) Appropriation of Retained Earnings**

The following appropriation of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2020 was approved at the Board of Directors meeting held on May 28, 2020

	Millions of yen	Thousands of U.S. dollars
Year-end dividends of ¥13.00 (\$0.12) per share .....	¥570	\$5,237

**(b) Business combination**

The Company resolved to acquire shares of PRIMIX HOLDINGS, Inc. at a Board of Directors' meeting on March 26, 2020, contracted share transfer agreement on April 1, 2020 and completed to acquire shares on May 15, 2020.

**1. Outline of the business combination**

(1) Name and business of the acquired entity

Name of the acquired entity: PRIMIX HOLDINGS, Inc.

Business: Holding company

(The Company acquired 4 subsidiaries of PRIMIX HOLDINGS, Inc.)

(2) Main reasons for the business combination

PRIMIX HOLDINGS, Inc. is a holding company of PRIMIX Corporation.

Introduce of PRIMIX Corporation to our Group, we are able to obtain new technology as "Dispersion", improve and enhances the strong competitiveness of "Crystalizing" technology, expand the technology field of medical and cosmetic industry and accumulate know-how and alliance of sales activity for the secondary battery field.

(3) Business combination date

May 15, 2020

(4) Legal form of the business combination

Stock acquisition

(5) Name of the entity after the business combination

No change

(6) Percentage of voting rights acquired

100%

(7) Main grounds for determining the acquiring entity

The Company acquired shares of PRIMIX HOLDINGS, Inc. with cash.

## 2. Acquisition cost of the acquired entity and breakdown of the amount by type of consideration

	Millions of yen	Thousands of U.S. dollars
	<b>2020</b>	<b>2020</b>
Consideration for acquisition (Cash) .....	<b>¥2,695</b>	<b>\$24,763</b>
Acquisition cost.....	<b>¥2,695</b>	<b>\$24,763</b>

The Company obtained finance for the acquisition costs and existing debt of the acquired company from financial institution.

### 3. Details and amounts of major acquisition related expenses

Due diligence expenses, etc.: ¥61 million (US\$560 thousand)

### 4. Amount of goodwill generated, reason for the goodwill and method and period of amortization

Not determined yet.

### 5. Amounts of assets acquired and liabilities assumed on the business combination date and breakdown by major items

Not determined yet.

## 16. Finance Leases

### 1. Finance leases (Lessee)

Finance leases which do not transfer ownership

#### (1) Leased assets

- (i) Tangible assets: Mainly system server, office equipment and communication equipment.
- (ii) Intangible assets: Software

#### (2) Depreciation method for lease assets

Refer to Note 2. "Summary of Significant Accounting Policies."

### 2. Operating lease (Lessee)

Future lease payments for the non-cancelable portion of the Company and its subsidiaries' operating leases at March 31, 2020 and 2019, were as follows:

	Millions of yen		Thousands of U.S. dollars
	<b>2020</b>	2019	<b>2020</b>
Due within one year.....	<b>¥24</b>	¥23	<b>\$220</b>
Due after one year.....	<b>28</b>	37	<b>257</b>
Total.....	<b>¥52</b>	¥60	<b>\$477</b>

## 17. Segment Information

### (a) Description of reportable segments

The Tsukishima Kikai Group's reportable segments are those for which separately financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Tsukishima Kikai Group.

The Tsukishima Kikai Group conducts Water environmental business and Industrial business mainly.

Therefore, these 2 business are specified as reportable segments.

#### Water environmental business:

- 1) Design and construction of water purification plants and wastewater treatment plants
- 2) Design, manufacture and sales of equipment and machinery used in the above plants
- 3) PFI and DBO business of water purification plants and wastewater treatment plants
- 4) Operation and maintenance of water purification plants and wastewater treatment plants
- 5) Electric power generating business in wastewater treatment plants

#### Industrial business:

- 1) Design and construction of chemical plants, iron and steel plants and food plants
- 2) Design and construction of waste liquid plants, wastewater plants, solid waste treatment plants, etc.
- 3) Design, manufacture and sales of process equipment used in the above plants
- 4) Industrial general waste treatment business

### (b) Methods of measurement for the amounts of sales, income, assets, liabilities and other items of reportable segments

The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies."

Segment income is based on operating income. The same or similar general business conditions are applied to "Sales to external customers" and "Intersegment sales or transfers." Assets are not allocated in the reportable segments.

### (c) Information regarding income (loss) and others of reportable segments

Year ended March 31, 2020	Millions of yen						Consolidated financial statements
	Reporting segments			Other	Total	Adjustment	
	Water environmental business	Industrial business	Subtotal				
<b>Sales</b>							
Sales to external customers.....	¥52,227	¥48,029	¥100,257	¥ 76	¥100,333	¥ —	¥100,333
Inter-segment sales or transfers .....	81	14	96	287	383	(383)	—
Total .....	52,309	48,044	100,353	364	100,717	(383)	100,333
Segment income (loss) ...	4,239	3,760	7,999	52	8,051	—	8,051
Depreciation and amortization .....	973	671	1,644	1	1,645	—	1,645
Amortization of goodwill .....	¥ —	¥ 86	¥ 86	¥ —	¥ 86	¥ —	¥ 86

Year ended March 31, 2019		Millions of yen					
	Reporting segments			Other	Total	Adjustment	Consolidated financial statements
	Water environmental business	Industrial business	Subtotal				
<b>Sales</b>							
Sales to external customers.....	¥54,322	¥43,369	¥97,692	¥ 76	¥97,768	¥ —	¥97,768
Inter-segment sales or transfers .....	77	3	81	302	384	(384)	—
Total.....	54,400	43,373	97,774	378	98,152	(384)	97,768
Segment income (loss)....	3,734	3,996	7,730	66	7,796	—	7,796
Depreciation and amortization .....	828	568	1,396	1	1,397	—	1,397
Amortization of goodwill.....	¥ —	¥ 86	¥ 86	¥ —	¥ 86	¥ —	¥ 86

Year ended March 31, 2020		Thousands of U.S. dollars					
	Reporting segments			Other	Total	Adjustment	Consolidated financial statements
	Water environmental business	Industrial business	Subtotal				
<b>Sales</b>							
Sales to external customers.....	<b>\$479,895</b>	<b>\$441,321</b>	<b>\$921,225</b>	<b>\$ 698</b>	<b>\$921,924</b>	<b>\$ —</b>	<b>\$921,924</b>
Inter-segment sales or transfers .....	<b>744</b>	<b>128</b>	<b>882</b>	<b>2,637</b>	<b>3,519</b>	<b>(3,519)</b>	<b>—</b>
Total.....	<b>480,648</b>	<b>441,459</b>	<b>922,107</b>	<b>3,344</b>	<b>925,452</b>	<b>(3,519)</b>	<b>921,924</b>
Segment income (loss) ...	<b>38,950</b>	<b>34,549</b>	<b>73,499</b>	<b>477</b>	<b>73,977</b>	<b>—</b>	<b>73,977</b>
Depreciation and amortization .....	<b>8,940</b>	<b>6,165</b>	<b>15,106</b>	<b>9</b>	<b>15,115</b>	<b>—</b>	<b>15,115</b>
Amortization of goodwill.....	<b>\$ —</b>	<b>\$ 790</b>	<b>\$ 790</b>	<b>\$ —</b>	<b>\$ 790</b>	<b>\$ —</b>	<b>\$ 790</b>

**(d) Related Information**  
**Information by geographical segment**

(1) Net Sales

Area:	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Japan.....	<b>¥ 87,701</b>	¥83,163	<b>\$805,853</b>
Asia.....	<b>9,214</b>	12,214	<b>84,664</b>
Other.....	<b>3,417</b>	2,390	<b>31,397</b>
	<b>¥100,333</b>	¥97,768	<b>\$921,924</b>

(2) Property, plant and equipment

Geographical segment information is not presented as the amount of property, plant and equipment in Japan exceeded 90% of total of property, plant and equipment at March 31, 2020 and 2019 for both years.

**(e) Information regarding impairment loss of fix assets**

Fiscal year ended March 31, 2020

Not applicable

Fiscal year ended March 31, 2019

	Millions of yen				
	2019				
	Water environment business	Industrial business	Others	Elimination or common assets	Total
Impairment loss* .....	¥—	¥—	¥—	¥1,060	¥1,060

\*Impairment loss is related to the decision for the disposal of fix assets that are caused by the transfer of Ichikawa factory and research & development center.

**(f) Information regarding amortization of goodwill and unamortized balance**

	Millions of yen				
	2020				
	Water environment business	Industrial business	Others	Elimination or common assets	Total
Amortization of goodwill .....	¥—	¥ 86	¥—	¥—	¥ 86
Unamortized balance .....	¥—	¥184	¥—	¥—	¥184

	Millions of yen				
	2019				
	Water environment business	Industrial business	Others	Elimination or common assets	Total
Amortization of goodwill .....	¥—	¥ 86	¥—	¥—	¥ 86
Unamortized balance .....	¥—	¥271	¥—	¥—	¥271

	Thousands of U.S. dollars				
	2020				
	Water environment business	Industrial business	Others	Elimination or common assets	Total
Amortization of goodwill .....	\$—	\$ 790	\$—	\$—	\$ 790
Unamortized balance .....	\$—	\$1,690	\$—	\$—	\$1,690

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Tsukishima Kikai Co., Ltd.

### **Opinion**

We have audited the consolidated financial statements of Tsukishima Kikai Co., Ltd. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 15 Subsequent Events (b) to the consolidated financial statements, the Company completed to acquire shares of PRIMIX Holdings, Inc. on May 15, 2020.

### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

### **Responsibilities of Management and Audit & Supervisory Board Members, and the Audit & Supervisory Board for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, including whether the use of the disclosing, as applicable, matters related to going concern and using the going concern basis of accounting

unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company (and its consolidated subsidiaries) which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

*Inoue Audit Corporation*  
INOUE AUDIT CORPORATION  
Tokyo, Japan

August 20, 2020

**Note to Readers:**

This report has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

## CORPORATE HISTORY

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<b>1905</b>	<b>August</b>	Densaku Kuroita founded Tokyo Tsukishima Kikai Seisakusho.
<b>1917</b>	<b>May</b>	Tsukishima Kikai Co., Ltd. incorporated.
<b>1937</b>	<b>December</b>	Daini Tsukishima Kikai, Co., Ltd. in Tsurumi-ku, Yokohama City, merged.
<b>1944</b>	<b>March</b>	The Company merged with Tsukishima Kikai Chuko Co., Ltd.
<b>1949</b>	<b>May</b>	Stock listed on the Tokyo Stock Exchange.
<b>1961</b>	<b>October</b>	Stock listed on the Second Section of the Osaka Securities Exchange. A laboratory built within the Tsukudajima Factory to strengthen research and development.
<b>1962</b>	<b>April</b>	Tsukishima Kikai Engineer Training Center created.
<b>1976</b>	<b>January</b>	The Ichikawa Factory began its operations.
<b>1977</b>	<b>July</b>	The Ichikawa Factory acquired the ASME (American Society of Mechanical Engineers) certificate.
<b>1991</b>	<b>February</b>	TSK Engineering Malaysia Sdn. Bhd. was founded.
<b>1993</b>	<b>April</b>	TSK Engineering (Thailand) Co., Ltd. was founded.
<b>1994</b>	<b>November</b>	TSK Engineering Taiwan Co., Ltd. was founded.
<b>1996</b>	<b>October</b>	The Company acquired ISO 9001.
<b>2000</b>	<b>June</b>	The Company acquired ISO 14001.
	<b>November</b>	Tsukishima Technology Maintenance Service Co., Ltd. was formed as the result of the merger of Tsukishima Maintenance Co., Ltd. and Tsukishima Plant Koji Co., Ltd.
<b>2001</b>	<b>December</b>	Tsukishima Techno Machinery Co., Ltd. was founded.
<b>2003</b>	<b>December</b>	Tsukishima Techno Solution Co., Ltd. was founded.
<b>2004</b>	<b>January</b>	Kanuma Kankyo Bika Center changed its name to SUN ECO THERMAL Co., Ltd.
<b>2005</b>	<b>March</b>	The Company acquired the management rights of Nittetsu Chemical Engineering Ltd.
<b>2006</b>	<b>April</b>	Nittetsu Chemical Engineering Ltd. changed its name to Tsukishima Kankyo Engineering Ltd.
<b>2008</b>	<b>December</b>	The Company absorbed Tsukishima Real Estate Co., Ltd., formerly a non-consolidated subsidiary.
<b>2011</b>	<b>March</b>	TSK Engineering China Co., Ltd. was founded as a business base in China.
<b>2012</b>	<b>July</b>	Tsukishima Techno Solution Co., Ltd. acquired the Industrial Machinery Business from Tsukishima Techno Machinery Co., Ltd. and changed its name to Tsukishima Machine Sales Co., Ltd. Tsukishima Kikai Co., Ltd. merged with Tsukishima Techno Machinery Co., Ltd. in an absorption type merger.
<b>2013</b>	<b>December</b>	Head Office was relocated to the current location.
<b>2014</b>	<b>October</b>	The Company acquired the management authority of DAIDO CHEMICAL ENGINEERING CORP.
	<b>December</b>	The Company acquired the management authority of BOKELA GmbH.
<b>2017</b>	<b>July</b>	The Company acquired the management authority of SANSHIN KOGYO Co., Ltd.
<b>2019</b>	<b>April</b>	The Muroran Factory was opened.
<b>2020</b>	<b>January</b>	The R&D Center was opened in Yachiyo-city, Chiba. The Ichikawa Operation Center was closed.
	<b>May</b>	The Company acquired the issued share capital of PRIMIX HOLDINGS, Inc., making its operating company, PRIMIX Corporation, a subsidiary.

## CORPORATE DATA (As of April 1, 2020)

<b>Company name</b>	TSUKISHIMA KIKAI CO., LTD.
<b>Address of Head Office</b>	3-5-1, Harumi, Chuo-ku, Tokyo 104-0053, Japan
<b>President &amp; CEO</b>	Yoshiyuki Fukuzawa
<b>Established</b>	August, 1905
<b>Capital stock</b>	¥6,646 million
<b>Number of employee</b>	2,556 (consolidated) 592 (non-consolidated)

## STOCK INFORMATION (As of March 31, 2020)

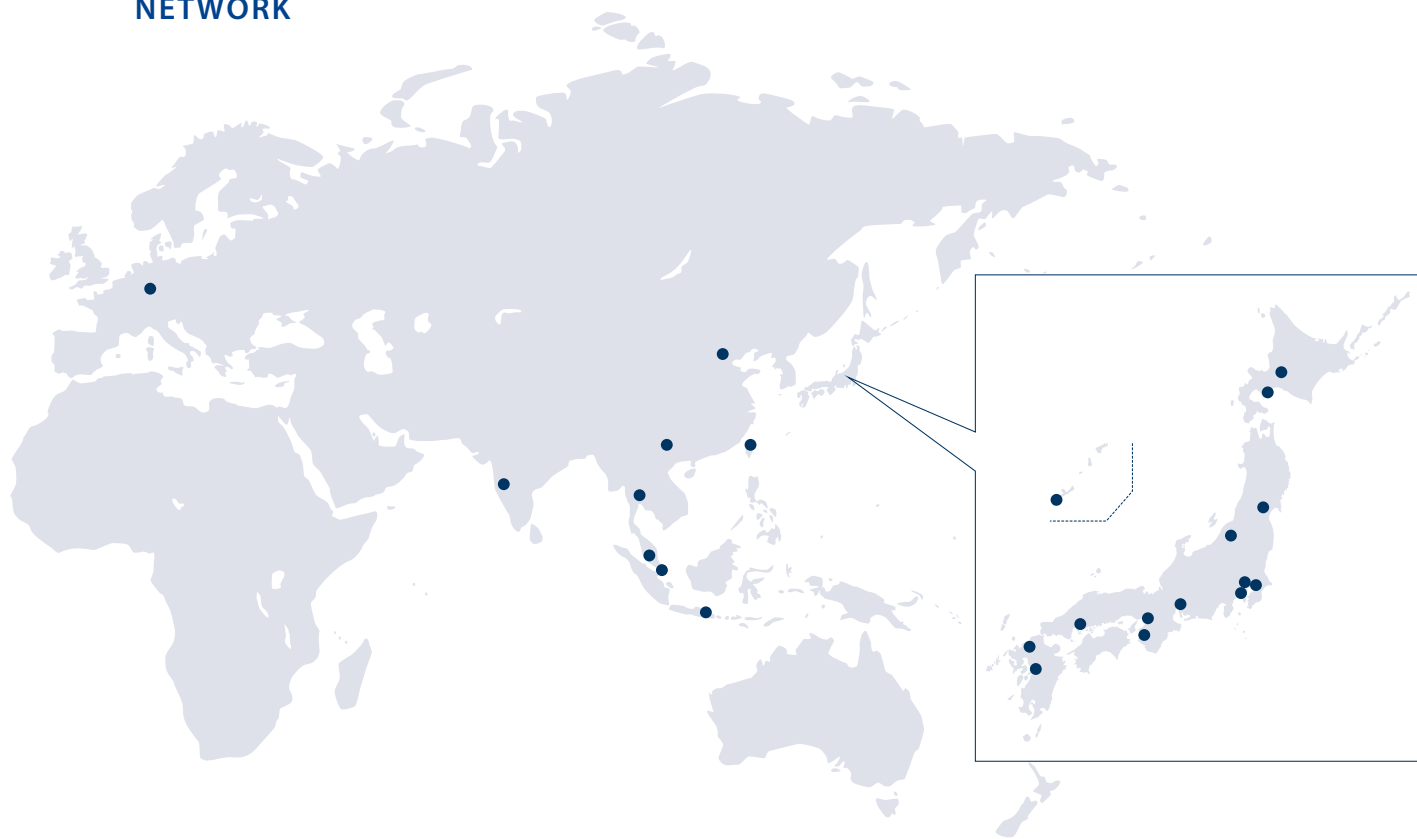
<b>Stock listing(Code)</b>	Tokyo Stock Exchange(6332)
<b>Common stock</b>	Authorized: 180,000,000 shares Issued: 45,625,800 shares
<b>Number of shares per unit</b>	100
<b>Number of shareholders</b>	4,473
<b>Transfer agent</b>	Mitsubishi UFJ Trust and Banking Corporation 1-1, Nikkocho, Fuchu-city, Tokyo 183-0044, Japan
<b>Fiscal year</b>	From April 1 to March 31
<b>Regular general meeting of shareholders</b>	Within three months after the end of fiscal year

### Major Shareholders

Name/ Title	Number of shares held (thousands)	Percentage of outstanding shares
The Japan Steel Works, Ltd.	2,476	5.64
Daido Life Insurance Company	2,115	4.82
The Master Trust Bank of Japan, Ltd. (trust account)	2,017	4.60
Taiyo Life Insurance Company	1,885	4.29
Tokyo Century Corporation	1,757	4.00
MUFG Bank, Ltd.	1,344	3.06
Japan Trustee Services Bank, Ltd. (trust account)	1,341	3.05
GOVERNMENT OF NORWAY	1,222	2.78
Tsukishima Kikai Client Stock Ownership	1,180	2.69
Tsukishima Kikai Employee Stock Ownership	1,061	2.42

Note: The above table excludes treasury stock of 1,755,666 Company-held shares.

## NETWORK



### JAPAN

#### Offices

Head Office  
Tokyo Branch  
Osaka Branch  
Sapporo Sales Branch  
Sendai Sales Branch  
Yokohama Sales Branch  
Nagoya Sales Branch  
Hiroshima Sales Branch  
Fukuoka Sales Branch  
Okinawa Sales Office  
Kansai Office (Industrial Sales Dept., Industrial Business Division)  
Niigata Sales Office, Wakayama Sales Office  
Kumamoto Sales Office, Chiba Sales Office

#### Factory and Laboratory

Muroran Factory  
Yachiyo Technical Center (R&D Center)

#### Group Companies

Tsukishima Technology Maintenance Service Co., Ltd.\*  
SUN ECO THERMAL Co., Ltd.\*  
Tsukishima Kankyo Engineering Ltd.\*  
Samukawa Water Service Co., Ltd.\*  
Tsukishima Machine Sales Co., Ltd.\*  
Tsukishima Business Support Co., Ltd.\*  
DAIDO CHEMICAL ENGINEERING CORP.\*  
Owari Water & Energy Co., Ltd.\*  
SANSHIN KOGYO Co., Ltd.\*  
PRIMIX Corporation\*

### OVERSEAS

#### Offices

Hanoi Representative Office  
Jakarta Representative Office  
Europe Representative Office  
Mumbai Representative Office

#### Group Companies

TSK Engineering (Thailand) Co., Ltd.\*  
TSK Engineering China Co., Ltd.\*  
BOKELA GmbH\*  
Tsukishima Engineering Malaysia Sdn. Bhd.  
Tsukishima Engineering Singapore Pte. Ltd.  
TSK Engineering Taiwan Co., Ltd.

\* Consolidated subsidiary

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