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Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Under Japanese GAAP)



February 2, 2024

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 Listing: Tokyo Stock Exchange
 Securities code: 6809
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 Scheduled date to file quarterly securities report: February 14, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2023	34,389	9.0	1,990	225.1	2,438	181.2	1,558	77.0
December 31, 2022	31,554	8.3	612	(46.7)	867	(33.0)	880	9.5

Note: Comprehensive income For the nine months ended December 31, 2023: ¥3,723 million [17.5%]
 For the nine months ended December 31, 2022: ¥3,169 million [(4.2)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	48.43	–
December 31, 2022	27.11	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2023	65,315	51,068	74.2
March 31, 2023	63,905	48,764	72.4

Reference: Equity
 As of December 31, 2023: ¥48,457 million
 As of March 31, 2023: ¥46,242 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	20.00	–	20.00	40.00
Fiscal year ending March 31, 2024	–	20.00	–		
Fiscal year ending March 31, 2024 (Forecast)				20.00	40.00

Note: Revisions to the forecast of cash dividends most recently announced: None

Breakdown of the dividends for the fiscal year ended March 31, 2023: Stable dividend ¥40

Dividends for the fiscal year ending March 31, 2024 (Forecast) will be determined by taking into account the performances on stable dividend of ¥40, aiming at a consolidated dividend payout ratio of 45%, as announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2023” on May 2, 2023.

3. Consolidated financial results forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2024	49,000	8.6	3,200	86.8	3,700	75.8	1,800	1.9	55.94

Note: Revisions to the consolidated financial results forecasts most recently announced: Yes

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2023	34,136,635 shares
As of March 31, 2023	34,136,635 shares

- (ii) Number of treasury shares at the end of the period

As of December 31, 2023	1,954,948 shares
As of March 31, 2023	1,970,633 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	32,174,661 shares
Nine months ended December 31, 2022	32,469,900 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

- Forecasts presented herein are the current prospects based on information currently available and contain elements of uncertainty. Actual results may therefore differ from the forecasts due to subsequent changes in the circumstances.

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1. Qualitative Information on Quarterly Financial Results for the Period Under Review

(1) Explanation of Operating Results

During the nine months ended December 31, 2023, in the environment surrounding TOA Corporation (hereinafter “the Company”) and its subsidiaries (collectively, the “Group”), due to various developments in Japan such as the Government changing the category of COVID-19 under the Infectious Diseases Control Act to Category 5, social and economic activities proceeded to go back to normal. In addition, the recovery in inbound demand, an increasing appetite for capital investment and other factors have led to a trend of moderate recovery in the business economy. On the other hand, rising prices of raw materials and increase in the price of goods, geopolitical risk caused by the unstable international situation, as well as rapid fluctuations in foreign exchange markets, slowdown in economic growth of China and other factors mean that the outlook for the global economy still continues to be uncertain.

In such an environment, in order to achieve “Smiles for the Public,” which is our corporate value, we have set forth our management vision targeting 2030, “Dr. Sound—becoming a professional organization that improves sound in society.” We aim to create the value of reassurance, reliability, and emotion as a reliable partner that realizes, along with our customers, a cycle of identifying, solving, and improving social issues through the continuous provision of good experience through sound that customers choose.

During the nine months ended December 31, 2023, we promoted the development of our “connected business” that provides value at various points of contact with customers, such as by starting to provide the beta version service of “YUTTE” (won the GOOD DESIGN AWARD 2023), which allows simple-to-use voice generation for broadcast announcements that works by inputting text on a PC, and expanding the lineup of the “IP Audio Series,” which is a broadcast system that can be linked to various systems and controlled on a network.

The Company also started supporting EXPO2025 Osaka, Kansai in Japan as a Bronze Partner of Expo site operation participation. TOA perceives the World EXPO as a “City of the Future”, and has joined with the aim of creating and disseminating new forms of information transmission and communication through this endeavor. We are dedicated to taking on the challenge of implementing these innovations as part of future societies.

In these circumstances, net sales during the nine months ended December 31, 2023 were ¥34,389 million (up ¥2,835 million, or 9.0%, year on year). In terms of profits, operating profit was ¥1,990 million (up ¥1,378 million, or 225.1%, year on year), ordinary profit was ¥2,438 million (up ¥1,571 million, or 181.2%, year on year), and profit attributable to owners of parent was ¥1,558 million (up ¥677 million, or 77.0%, year on year), partly as a result of the improvement of profitability with the growth of sales in Japan.

Performance by segment is as follows.

(Japan)

Net sales amounted to ¥19,303 million (up ¥1,232 million, or 6.8%, year on year), and segment profit (operating profit) was ¥3,909 million (up ¥881 million, or 29.1%, year on year).

Sales of products for factories, hospitals, and the transport market in Japan grew. Although sales of products for railway cars in North America declined, net sales for the entire segment increased, and segment profit rose.

(Asia & Pacific)

Net sales amounted to ¥6,838 million (up ¥681 million, or 11.1%, year on year), and segment profit (operating profit) was ¥1,319 million (up ¥231 million, or 21.3%, year on year).

In the Islamic world, sales to the religious market grew as a result of efforts to capture demand related to Ramadan. In addition, progress was made on deliveries to government agencies and large-scale urban development projects in Vietnam, and to the educational market in Thailand. As a result of that and other factors, net sales for the entire segment increased, and segment profit rose.

(Europe, Middle East & Africa)

Net sales amounted to ¥4,757 million (up ¥796 million, or 20.1%, year on year), and segment profit (operating profit) was ¥672 million (up ¥300 million, or 81.1%, year on year).

Sales were solid in Europe, and progress was made on deliveries to a national library in the UK, and to hospitals in Southern Africa. This and other factors caused net sales for the entire segment and segment profit to increase.

(The Americas)

Net sales amounted to ¥1,992 million (up ¥157 million, or 8.6%, year on year), and segment profit (operating profit) was ¥143 million (up ¥75 million, or 110.0%, year on year).

Progress was made on deliveries to government agencies and the educational market in the United States, and to hospitals and the educational market in Canada. As a result of that and other factors, net sales for the entire segment increased, and segment profit rose.

(China & East Asia)

Net sales amounted to ¥1,498 million (down ¥32 million, or 2.1%, year on year), and segment profit (operating profit) was ¥135 million (up ¥9 million, or 7.6%, year on year).

Sales were solid in China and Hong Kong due to market recovery, and progress was made on deliveries to museums and the educational market in China. This and other factors caused net sales to increase. Progress was made on deliveries to factories, particularly for semiconductors, in Taiwan. However, as a result of the reactive lull caused by deliveries to major sports facilities in the nine months ended December 31, 2022, net sales and net sales for the entire segment declined.

Although net sales decreased, the decrease in operating expenses caused segment profit to increase.

(2) Explanation of Financial Position

Total assets at the end of the nine months ended December 31, 2023 increased by ¥1,410 million from the end of the previous fiscal year to ¥65,315 million. Assets increased due mainly to an increase in inventories, despite a decrease in trade receivables, etc. Liabilities and net assets increased due mainly to an increase in foreign currency translation adjustment.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	16,938	16,188
Notes and accounts receivable - trade, and contract assets	10,223	9,471
Merchandise and finished goods	8,423	10,242
Work in process	827	941
Raw materials and supplies	5,542	5,524
Other	979	1,339
Allowance for doubtful accounts	(81)	(90)
Total current assets	42,853	43,617
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,170	6,012
Other	4,523	4,818
Total property, plant and equipment	10,693	10,830
Intangible assets	1,859	1,733
Investments and other assets		
Investment securities	7,256	7,690
Other	1,242	1,443
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	8,498	9,133
Total non-current assets	21,051	21,697
Total assets	63,905	65,315

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,483	3,113
Short-term borrowings	2,706	1,820
Income taxes payable	641	263
Provisions	359	372
Other	2,604	3,039
Total current liabilities	9,796	8,608
Non-current liabilities		
Retirement benefit liability	2,924	3,081
Other	2,419	2,556
Total non-current liabilities	5,343	5,637
Total liabilities	15,140	14,246
Net assets		
Shareholders' equity		
Share capital	5,279	5,279
Capital surplus	5,045	5,048
Retained earnings	32,152	32,423
Treasury shares	(1,373)	(1,362)
Total shareholders' equity	41,103	41,389
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,444	4,473
Foreign currency translation adjustment	865	2,759
Remeasurements of defined benefit plans	(171)	(166)
Total accumulated other comprehensive income	5,138	7,067
Non-controlling interests	2,522	2,611
Total net assets	48,764	51,068
Total liabilities and net assets	63,905	65,315

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income
Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	31,554	34,389
Cost of sales	19,029	19,656
Gross profit	12,525	14,733
Selling, general and administrative expenses	11,912	12,742
Operating profit	612	1,990
Non-operating income		
Interest income	10	79
Dividend income	112	128
Foreign exchange gains	63	218
Share of profit of entities accounted for using equity method	1	5
Other	140	121
Total non-operating income	328	554
Non-operating expenses		
Interest expenses	41	67
Loss on tax purpose reduction entry of non-current assets	-	25
Other	32	12
Total non-operating expenses	74	106
Ordinary profit	867	2,438
Extraordinary income		
Gain on sale of land	522	-
Total extraordinary income	522	-
Profit before income taxes	1,390	2,438
Income taxes	380	661
Profit	1,009	1,776
Profit attributable to non-controlling interests	128	218
Profit attributable to owners of parent	880	1,558

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	1,009	1,776
Other comprehensive income		
Valuation difference on available-for-sale securities	(281)	29
Foreign currency translation adjustment	2,454	1,912
Share of other comprehensive income of entities accounted for using equity method	0	0
Remeasurements of defined benefit plans, net of tax	(13)	4
Total other comprehensive income	2,159	1,946
Comprehensive income	3,169	3,723
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,607	3,487
Comprehensive income attributable to non-controlling interests	561	236

**(3) Notes to the Quarterly Consolidated Financial Statements
(Notes on going concern assumption)**

There is no relevant information.

(Notes in the case of significant changes in shareholders' equity)

There is no relevant information.

(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)

Calculation of tax expense

The Company calculates tax expense by multiplying profit before income taxes by an effective tax rate that was reasonably estimated by applying tax effect accounting to profit before income taxes for the current fiscal year.

(Segment information, etc.)

[Segment information]

I. For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

Information on net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment						Adjustment (Note) 1	Amount recorded in Quarterly Consolidated Statements of Income (Note) 2
	Japan	Asia & Pacific	Europe, Middle East & Africa	The Americas	China & East Asia	Total		
Net sales								
Net sales to outside customers	18,070	6,157	3,961	1,834	1,530	31,554	–	31,554
Inter-segment net sales or transfers	3,595	145	16	10	22	3,790	(3,790)	–
Total	21,666	6,302	3,978	1,844	1,553	35,345	(3,790)	31,554
Segment profit	3,027	1,088	371	68	126	4,681	(4,069)	612

- (Notes) 1. The adjustment for segment profit of negative ¥4,069 million includes elimination of inter-segment transactions of negative ¥33 million and corporate expenses in the amount of negative ¥4,035 million not previously allocated to the reportable segments. The relevant corporate expenses are mainly costs relating to the headquarters divisions which are not attributable to a reportable segment.
2. Segment profit has been adjusted with operating profit in quarterly consolidated statements of income.

II. For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

Information on net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment						Adjustment (Note) 1	Amount recorded in Quarterly Consolidated Statements of Income (Note) 2
	Japan	Asia & Pacific	Europe, Middle East & Africa	The Americas	China & East Asia	Total		
Net sales								
Net sales to outside customers	19,303	6,838	4,757	1,992	1,498	34,389	–	34,389
Inter-segment net sales or transfers	3,512	105	17	15	13	3,663	(3,663)	–
Total	22,815	6,943	4,774	2,008	1,511	38,053	(3,663)	34,389
Segment profit	3,909	1,319	672	143	135	6,180	(4,189)	1,990

- (Notes) 1. The adjustment for segment profit of negative ¥4,189 million includes elimination of inter-segment transactions of negative ¥48 million and corporate expenses in the amount of negative ¥4,141 million not previously allocated to the reportable segments. The relevant corporate expenses are mainly costs relating to the headquarters divisions which are not attributable to a reportable segment.
2. Segment profit has been adjusted with operating profit in quarterly consolidated statements of income.