

# Message to Shareholders and Investors



*M. Taniguchi*

The Company is currently proceeding with the Medium-term Management Plan (from the fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2026). The past fiscal year saw us embark on PHASE 2. During this phase, we will accelerate our growth by deploying digital technology to create products and services that are useful to society, building on the foundation established in PHASE 1.

Looking at the economic environment currently surrounding the Company, we can see that socioeconomic activities are returning to normal around the globe, while the Japanese economy is seeing moderate recovery, with a pickup in inbound demand and rise in capital investment. Meanwhile, the outlook for the global economy remains uncertain due to the soaring costs of raw materials and a general rise in prices, geopolitical risks due to international instability, as well as rapid fluctuations in exchange rates and sluggish economic growth in China.

Against this backdrop, consolidated net sales for the fiscal year ended March 31, 2024 increased 8.2% year-on-year to a record high of 48,814 million yen as earnings were strong in Japan and all four regions overseas, while operating profit rose 76.8% to 3,028 million yen, an increase in both revenue and profit.

Our initiatives for growth in PHASE 2 include working with each overseas region to develop the engineering capabilities needed to meet the demand for onsite advanced technical expertise like what we have previously built up in Japan, and continuing to strengthen our technical capabilities globally. We will add a text creation function using embedded generative AI to the beta version of the YUTTE service for generating broadcast announcements, which we released during the fiscal year ended March 31, 2024, and explore possibilities to expand opportunities to use announcement broadcasts. We have also started supporting Expo 2025 Osaka, Kansai in Japan as a Bronze Partner in Expo site operation. We view the entire World Expo site as a City of the Future, and by participating, we are taking on the challenge of implementing new forms of information transmission and communication as a part of future societies. In January 2024, our new supply chain planning system went into operation to link production, sales, and inventory, as a part of our efforts to promote digital transformation of our business.

In order to effectively and steadily drive forward these initiatives, we are focusing on developing human resources that can utilize digital technology. We are also working on understanding and assessing the digital skills of each employee, and improving those skills through skills-based e-learning courses.

As we move forward with our initiatives for growth, our business targets for the fiscal year ending March 2026 include consolidated net sales of 52 billion yen, consolidated operating profit of 4.5 billion yen, and achieving a ROIC in the 6 to 7% range. I also hope that we will be able to raise our P/B ratio above 1.0 as quickly as possible.

We appreciate your generous and continuing understanding and support.

TANIGUCHI Masahiro, TOA President, CEO