

Consolidated Financial Results for the Nine Months Ended December 31, 2020 [Japanese GAAP]



February 2, 2021

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 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6809
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 Scheduled date of filing quarterly securities report: February 12, 2021
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2020 (April 1, 2020 to December 31, 2020)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2020	28,074	(10.1)	868	(52.0)	980	(50.2)	514	(53.1)
December 31, 2019	31,229	(3.7)	1,807	(26.3)	1,968	(25.4)	1,095	(30.3)

(Note) Comprehensive income: Nine months ended December 31, 2020: ¥2,314 million [83.1%]

Nine months ended December 31, 2019: ¥1,264 million [-%]

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Nine months ended December 31, 2020	15.71	-	-	-
December 31, 2019	32.35	-	-	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2020	59,138	44,992	72.9
As of March 31, 2020	58,653	44,780	72.9

(Reference) Equity: As of December 31, 2020: ¥43,113 million

As of March 31, 2020: ¥42,756 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2020	yen	yen	yen	yen	yen
Fiscal year ending March 31, 2021	-	10.00	-	16.00	26.00
Fiscal year ending March 31, 2021 (Forecast)				10.00	20.00

(Note) Revision to the forecast for dividends announced most recently: No

Breakdown of the dividends for the fiscal year ended March 31, 2020: Stable dividend ¥20, Performance-based dividend ¥2, Commemorative dividend ¥4

Dividends for the fiscal year ending March 31, 2021 (Forecast) will be determined by taking into account the performances on stable dividend of ¥20, aiming at a consolidated dividend payout ratio of 35%, as announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2020” on May 13, 2020.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	40,500	(10.1)	1,800	(48.1)	1,850	(48.3)	1,100	(46.8)	33.67

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

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

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2020: 34,536,635 shares

March 31, 2020: 34,536,635 shares

2) Total number of treasury shares at the end of the period:

December 31, 2020: 2,017,212 shares

March 31, 2020: 657,114 shares

3) Average number of shares during the period:

Nine months ended December 31, 2020: 32,723,736 shares

Nine months ended December 31, 2019: 33,872,174 shares

* These quarterly financial results are outside the scope of quarterly review by a certified public accountant or an audit corporation.

* Explanation of the proper use of financial results forecast and other notes

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

Table of Contents

1. Qualitative Information on Quarterly Financial Results for the Period under Review.....	4
(1) Explanation of Operating Results.....	4
(2) Explanation of Financial Position	5
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information	5
2. Quarterly Consolidated Financial Statements and Primary Notes	6
(1) Quarterly Consolidated Balance Sheets	6
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	8
Quarterly Consolidated Statements of Income.....	8
Quarterly Consolidated Statements of Comprehensive Income.....	9
(3) Notes to the Quarterly Consolidated Financial Statements	10
(Notes on going concern assumption).....	10
(Notes in the case of significant changes in shareholders' equity).....	10
(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)	10
(Segment information)	11

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

(1) Explanation of Operating Results

During the nine months ended December 31, 2020, the Japanese economy showed signs of recovery from a significant decline in economic activities during the three months ended June 30, 2020 attributable to the global spread of the novel coronavirus (COVID-19). However, it maintains a moderate recovery trend due to factors including a resurgence in the number of newly infected people, and there is still a risk of economic downturn. In overseas economies, future outlook remains uncertain while the impact of COVID-19 on economic activities varies in each country or region.

In such an environment, we engage in activities to further strengthen our “connection with our customers” through interactions with both people and goods in order to realize our corporate value “Smiles for the Public.” On December 10, 2020, we had our grand opening of “Knowledge Square,” a new research and development base. We will utilize the base as a venue for “co-creation,” where a wide variety of people and information gather to create new value together. In the domestic market, we are providing value in line with social circumstances, including measures against natural disasters that require continued vigilance as well as work-style reforms that accommodate new forms of society and lifestyles. Specifically, we have started to provide a “congestion status distribution solution” that enables privacy protection with the use of AI cameras, in order to help people avoid congestion. We also introduced and launched a new system platform to improve the efficiency of our marketing activities in five regions around the world, and to further strengthen our connection with our customers, while pursuing initiatives to achieve user satisfaction at a higher level in accordance with each market environment. Even in the environment affected by the spread of COVID-19, we are promoting continued and more efficient business activities by utilizing various work styles and digital tools.

However, due to the impact of the stagnation of global economic activities, net sales during the nine months ended December 31, 2020 were ¥28,074 million (down ¥3,154 million, or 10.1%, year on year). In terms of profits, while selling, general and administrative expenses decreased, operating profit was ¥868 million (down ¥939 million, or 52.0%, year on year), ordinary profit was ¥980 million (down ¥988 million, or 50.2%, year on year), and profit attributable to owners of parent was ¥514 million (down ¥581 million, or 53.1%, year on year).

Performance by segment is as follows.

(Japan)

Net sales amounted to ¥18,703 million (down ¥907 million, or 4.6%, year on year), and segment profit (operating profit) to ¥3,714 million (down ¥268 million, or 6.7%, year on year).

Sales for disaster reduction and prevention markets grew, and sales for plant markets also remained robust. Net sales of the entire segment decreased due to sluggish sales attributable primarily to stagnant economic activities, despite an increase in the delivery of products for railway cars. Segment profit decreased due to lower revenues, despite a decrease in selling, general and administrative expenses.

(Asia & Pacific)

Net sales amounted to ¥4,225 million (down ¥1,231 million, or 22.6%, year on year), and segment profit (operating profit) to ¥685 million (down ¥310 million, or 31.2%, year on year).

Sales grew in Vietnam due mainly to progress in delivering large-scale projects for public offices. Net sales decreased in Indonesia due to the impact of stagnant economic activities, despite the delivery of large-scale projects for religious facilities. Net sales of the entire segment decreased due to sluggish sales in Thailand as well. Segment profit decreased due to lower revenues, despite a decrease in selling, general and administrative expenses.

(Europe, Middle East & Africa)

Net sales amounted to ¥2,836 million (down ¥481 million, or 14.5%, year on year), and segment profit (operating profit) to ¥183 million (down ¥256 million, or 58.3%, year on year).

Net sales and segment profit decreased due to the impact of stagnant economic activities across Europe.

(The Americas)

Net sales amounted to ¥1,232 million (down ¥339 million, or 21.6%, year on year), and segment profit (operating profit) to ¥26 million (down ¥61 million, or 69.6%, year on year).

Net sales decreased due mainly to sluggish sales of audio equipment for retailers, despite progress in delivering projects for public offices in the Americas. Segment profit decreased due to lower revenues, despite a decrease in selling, general and administrative expenses.

(China & East Asia)

Net sales amounted to ¥1,076 million (down ¥195 million, or 15.3%, year on year), and segment profit (operating profit) to ¥91 million (down ¥84 million, or 48.0%, year on year).

Net sales and segment profit decreased due to sluggish sales in China, despite sales growth in Hong Kong and Taiwan due to progress in delivering multiple large-scale projects.

(2) Explanation of Financial Position

Total assets at the end of the nine months ended December 31, 2020 increased ¥485 million from the end of the previous fiscal year to ¥59,138 million. Assets increased due mainly to revaluation of investment securities, despite a decrease in notes and accounts receivable – trade and others. Liabilities and net assets increased due mainly to an increase in valuation difference on available-for-sale securities, despite a decrease in trade payables and the purchase of treasury shares.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

The financial results forecast for the fiscal year ending March 31, 2021 has been revised from the initial forecast announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2020” in light of recent business trends. For details, please refer to “Notice Regarding Revision of Financial Results Forecasts” announced today (February 2, 2021).

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	15,610	16,108
Notes and accounts receivable - trade	10,312	7,845
Securities	1,200	—
Merchandise and finished goods	6,845	6,712
Work in process	1,045	815
Raw materials and supplies	3,065	3,662
Other	880	1,175
Allowance for doubtful accounts	(75)	(44)
Total current assets	38,885	36,276
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,237	6,580
Other	4,342	4,312
Total property, plant and equipment	10,579	10,892
Intangible assets	1,599	1,397
Investments and other assets		
Investment securities	6,163	9,223
Other	1,426	1,349
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	7,589	10,572
Total non-current assets	19,768	22,862
Total assets	58,653	59,138
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,409	2,807
Short-term borrowings	1,915	1,996
Income taxes payable	332	64
Provisions	176	143
Other	3,348	3,594
Total current liabilities	9,183	8,606
Non-current liabilities		
Retirement benefit liability	2,841	2,767
Other	1,848	2,772
Total non-current liabilities	4,689	5,539
Total liabilities	13,872	14,146

(Million yen)

	As of March 31, 2020	As of December 31, 2020
Net assets		
Shareholders' equity		
Share capital	5,279	5,279
Capital surplus	5,058	5,061
Retained earnings	30,236	29,737
Treasury shares	(385)	(1,370)
Total shareholders' equity	40,189	38,707
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,682	5,815
Foreign currency translation adjustment	(1,009)	(1,307)
Remeasurements of defined benefit plans	(104)	(101)
Total accumulated other comprehensive income	2,567	4,405
Non-controlling interests	2,024	1,878
Total net assets	44,780	44,992
Total liabilities and net assets	58,653	59,138

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020
Net sales	31,229	28,074
Cost of sales	17,272	16,078
Gross profit	13,956	11,996
Selling, general and administrative expenses	12,148	11,127
Operating profit	1,807	868
Non-operating income		
Interest income	29	16
Dividend income	95	99
Foreign exchange gains	5	—
Share of profit of entities accounted for using equity method	—	2
Subsidy income	—	113
Other	89	86
Total non-operating income	219	319
Non-operating expenses		
Interest expenses	50	51
Foreign exchange losses	—	142
Other	8	13
Total non-operating expenses	58	207
Ordinary profit	1,968	980
Extraordinary losses		
Dismantlement expenses	48	11
Total extraordinary losses	48	11
Profit before income taxes	1,919	969
Income taxes	562	372
Profit	1,357	596
Profit attributable to non-controlling interests	261	82
Profit attributable to owners of parent	1,095	514

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020
Profit	1,357	596
Other comprehensive income		
Valuation difference on available-for-sale securities	510	2,133
Foreign currency translation adjustment	(616)	(420)
Share of other comprehensive income of entities accounted for using equity method	—	0
Remeasurements of defined benefit plans, net of tax	13	5
Total other comprehensive income	(93)	1,718
Comprehensive income	1,264	2,314
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,093	2,352
Comprehensive income attributable to non-controlling interests	171	(37)

(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)

The Company acquired 1,390,000 treasury shares based on a resolution at the meeting of the Board of Directors held on May 13, 2020. As a result, due to an increase of ¥984 million in treasury shares in the nine months ended December 31, 2020, treasury shares amounted to ¥1,370 million as of December 31, 2020.

(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 fiscal year under review.

(Segment information)

[Segment information]

I. For the nine months ended December 31, 2019

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

(Million yen)

	Reportable segment						Adjustment (Note) 1	Amount recorded in Quarterly Consolidated Financial Statements (Note) 2
	Japan	Asia & Pacific	Europe, Middle East & Africa	The Americas	China & East Asia	Total		
Net sales								
Net sales to outside customers	19,611	5,456	3,317	1,571	1,271	31,229	-	31,229
Inter-segment net sales or transfers	2,988	84	11	7	26	3,118	(3,118)	-
Total	22,600	5,541	3,329	1,578	1,298	34,347	(3,118)	31,229
Segment profit	3,982	995	439	88	175	5,681	(3,874)	1,807

(Notes) 1. The adjustment for segment profit of negative ¥3,874 million includes elimination of inter-segment transactions of ¥44 million and corporate expenses in the amount of negative ¥3,918 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 financial statements.

II. For the nine months ended December 31, 2020

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

(Million yen)

	Reportable segment						Adjustment (Note) 1	Amount recorded in Quarterly Consolidated Financial Statements (Note) 2
	Japan	Asia & Pacific	Europe, Middle East & Africa	The Americas	China & East Asia	Total		
Net sales								
Net sales to outside customers	18,703	4,225	2,836	1,232	1,076	28,074	-	28,074
Inter-segment net sales or transfers	1,972	51	8	4	17	2,054	(2,054)	-
Total	20,676	4,277	2,844	1,236	1,094	30,128	(2,054)	28,074
Segment profit	3,714	685	183	26	91	4,700	(3,832)	868

(Notes) 1. The adjustment for segment profit of negative ¥3,832 million includes elimination of inter-segment transactions of ¥2 million and corporate expenses in the amount of negative ¥3,834 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 financial statements.