

# Consolidated Financial Results for the Three Months Ended June 30, 2021 [Japanese GAAP]



August 3, 2021

Company name: TOA Corporation  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 6809  
 URL: <https://www.toa.jp/>  
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 Scheduled date of filing quarterly securities report: August 6, 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 Three Months Ended June 30, 2021 (April 1, 2021 to June 30, 2021)

(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	%
Three months ended June 30, 2021	8,275	(2.2)	(52)	-	(19)	-	(104)	-
June 30, 2020	8,460	(6.8)	(286)	-	(313)	-	(378)	-

(Note) Comprehensive income: Three months ended June 30, 2021: ¥1,188 million [- %]

Three months ended June 30, 2020: ¥(803) million [- %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2021	(3.21)	-
June 30, 2020	(11.41)	-

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2021	59,064	46,996	76.3
As of March 31, 2021	58,572	46,365	75.8

(Reference) Equity: As of June 30, 2021: ¥45,066 million

As of March 31, 2021: ¥44,402 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2021	yen	yen	yen	yen	yen
Fiscal year ending March 31, 2021	-	10.00	-	10.00	20.00
Fiscal year ending March 31, 2022 (Forecast)	-	10.00	-	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, 2021: Stable dividend ¥20  
 Dividends for the fiscal year ending March 31, 2022 (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, 2021” on May 7, 2021.

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% 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	42,000	3.5	2,550	11.2	2,600	1.6	1,700	6.5	52.23

(Note) Revision to the financial results forecast announced most recently: No

#### \* 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: Yes

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes,

(3) Notes to the Quarterly Consolidated Financial Statements (Changes in accounting policies)” on page 10 of the attached.

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

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

June 30, 2021: 34,536,635 shares

March 31, 2021: 34,536,635 shares

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

June 30, 2021: 2,017,385 shares

March 31, 2021: 2,017,212 shares

3) Average number of shares during the period:

Three months ended June 30, 2021: 32,519,361 shares

Three months ended June 30, 2020: 33,146,326 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.
- The Company plans to post a supplementary briefing material on quarterly financial results on its website.

## 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
(Changes in accounting policies) .....	10
(Segment information) .....	12

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

### (1) Explanation of Operating Results

During the three months ended June 30, 2021, although the environment surrounding TOA Corporation (hereinafter “the Company”) and its subsidiaries (collectively, the “Group”) remains severe due to the spread of coronavirus disease (hereinafter “COVID-19”), the global economy continued on a recovery track despite difficulties. However, another surge in COVID-19 cases with the spread of variants continues to suppress socio-economic activities, causing some weakness in the economy.

In such an environment, in an effort to realize our corporate value “Smiles for the Public,” we formulated a new management vision targeting 2030, “Dr. Sound—becoming a professional organization that improves sound in society.” We will aim to create the value of reassurance, reliability, and emotion as a reliable partner that will realize along with our customers a cycle of identifying, solving, and improving social issues through the continuous provision of “good sound experiences” that customers will choose. In the domestic market, we launched *Announcement Creator*, a service that creates announcer voice sources from text, which will contribute to streamlining broadcasting operations and reducing the cost of updating announcement voice sources at commercial facilities, factories, public facilities, etc. We also launched operations of an IT system platform to improve the efficiency of our marketing activities in five regions around the world, as part of our initiatives to achieve higher user satisfaction through services tailored to each market environment. Even in the environment affected by the spread of COVID-19, we are promoting ongoing business activities with higher efficiency through enabling various work styles and investing in digital tools.

As a result, net sales during the three months ended June 30, 2021 were ¥8,275 million (down ¥185 million, or 2.2%, year on year). Profits showed year-on-year improvement at all levels due to an improvement in the cost ratio and a decrease in selling, general and administrative expenses. Operating profit was negative ¥52 million (up ¥234 million year on year), ordinary profit was negative ¥19 million (up ¥294 million year on year), and profit attributable to owners of parent was negative ¥104 million (up ¥273 million year on year).

Performance by segment is as follows.

#### (Japan)

Net sales amounted to ¥4,824 million (down ¥277 million, or 5.4%, year on year), and segment profit (operating profit) to ¥678 million (down ¥31 million, or 4.4%, year on year).

Net sales of the entire segment decreased due to a decrease in sales of products for railway cars, despite increases in sales to the education market and sales of products for commercial facilities.

Segment profit declined due to the decrease in net sales.

#### (Asia & Pacific)

Net sales amounted to ¥1,486 million (down ¥160 million, or 9.7%, year on year), and segment profit (operating profit) to ¥266 million (up ¥40 million, or 18.0%, year on year).

Deliveries of large-scale projects for public offices progressed in Vietnam, and sales grew in Malaysia as well. On the other hand, sales were sluggish in Indonesia despite delivering multiple large-scale projects, as well as in Thailand where delivery dates of properties were changed due to the impact of the spread of COVID-19. Consequently, net sales declined.

Due to an improvement in the cost ratio and a decrease in selling, general and administrative expenses, segment profit increased.

#### (Europe, Middle East & Africa)

Net sales amounted to ¥1,017 million (up ¥41 million, or 4.3%, year on year), and segment profit

(operating profit) to ¥123 million (up ¥58 million, or 90.6%, year on year).

Net sales increased due mainly to progress in delivering large-scale projects in the United Kingdom and South Africa and the impact of yen depreciation.

Segment profit increased due to a decrease in selling, general and administrative expenses.

(The Americas)

Net sales amounted to ¥487 million (up ¥52 million, or 12.2%, year on year), and segment profit (operating profit) to ¥31 million (up ¥14 million, or 86.0%, year on year).

In the United States, net sales increased despite changes in delivery dates of large-scale projects as the spread of COVID-19 peaked and economic activities showed signs of recovery. In Canada, net sales increased as sales to the education market grew.

Segment profit increased due to the increase in net sales.

(China & East Asia)

Net sales amounted to ¥459 million (up ¥157 million, or 52.2%, year on year), and segment profit (operating profit) to ¥54 million (up ¥52 million year on year).

Net sales increased due mainly to progress in delivering multiple large-scale projects in China and Taiwan as the spread of COVID-19 slowed down.

Segment profit increased due to the increase in net sales despite an increase in selling, general and administrative expenses.

## (2) Explanation of Financial Position

Total assets at the end of the three months ended June 30, 2021 increased by ¥491 million from the end of the previous fiscal year to ¥59,064 million. Assets increased due mainly to increases in cash and deposits and inventories as well as revaluation of investment securities, despite a decrease in notes and accounts receivable - trade. The increase in liabilities and net assets is mainly attributable to increases in foreign currency translation adjustment and valuation difference on available-for-sale securities, despite a decrease in retained earnings due to cash dividends paid.

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

The financial results forecast for the fiscal year ending March 31, 2022 has not been revised from the initial forecast announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2021.”

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2021	As of June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	16,838	17,562
Notes and accounts receivable - trade	9,095	-
Notes and accounts receivable - trade, and contract assets	-	7,240
Merchandise and finished goods	6,242	6,398
Work in process	554	729
Raw materials and supplies	2,916	3,111
Other	728	1,125
Allowance for doubtful accounts	(53)	(50)
<b>Total current assets</b>	<b>36,322</b>	<b>36,118</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,443	6,385
Other	4,305	4,272
<b>Total property, plant and equipment</b>	<b>10,749</b>	<b>10,658</b>
Intangible assets	1,347	1,345
Investments and other assets		
Investment securities	9,073	9,863
Other	1,081	1,079
Allowance for doubtful accounts	(0)	(0)
<b>Total investments and other assets</b>	<b>10,154</b>	<b>10,941</b>
<b>Total non-current assets</b>	<b>22,250</b>	<b>22,945</b>
<b>Total assets</b>	<b>58,572</b>	<b>59,064</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,704	2,743
Short-term borrowings	1,271	1,223
Income taxes payable	261	165
Provisions	187	168
Other	2,335	2,088
<b>Total current liabilities</b>	<b>6,759</b>	<b>6,389</b>
Non-current liabilities		
Retirement benefit liability	2,504	2,522
Other	2,943	3,155
<b>Total non-current liabilities</b>	<b>5,447</b>	<b>5,678</b>
<b>Total liabilities</b>	<b>12,207</b>	<b>12,067</b>

(Million yen)

	As of March 31, 2021	As of June 30, 2021
Net assets		
Shareholders' equity		
Share capital	5,279	5,279
Capital surplus	5,061	5,061
Retained earnings	30,819	30,364
Treasury shares	(1,370)	(1,370)
Total shareholders' equity	39,790	39,335
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,708	6,254
Foreign currency translation adjustment	(1,168)	(588)
Remeasurements of defined benefit plans	72	65
Total accumulated other comprehensive income	4,611	5,731
Non-controlling interests	1,962	1,930
Total net assets	46,365	46,996
Total liabilities and net assets	58,572	59,064

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2020	For the three months ended June 30, 2021
Net sales	8,460	8,275
Cost of sales	5,001	4,691
Gross profit	3,458	3,583
Selling, general and administrative expenses	3,745	3,635
Operating loss	(286)	(52)
Non-operating income		
Interest income	3	2
Dividend income	50	51
Share of profit of entities accounted for using equity method	-	0
Other	41	15
Total non-operating income	94	69
Non-operating expenses		
Interest expenses	18	11
Foreign exchange losses	95	22
Share of loss of entities accounted for using equity method	0	-
Other	6	4
Total non-operating expenses	121	37
Ordinary loss	(313)	(19)
Extraordinary income		
Reversal of foreign currency translation adjustment	-	19
Total extraordinary income	-	19
Extraordinary losses		
Dismantlement expenses	11	-
Total extraordinary losses	11	-
Profit (loss) before income taxes	(324)	0
Income taxes	49	87
Loss	(373)	(87)
Profit attributable to non-controlling interests	4	17
Loss attributable to owners of parent	(378)	(104)



Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2020	For the three months ended June 30, 2021
Loss	(373)	(87)
Other comprehensive income		
Valuation difference on available-for-sale securities	215	546
Foreign currency translation adjustment	(648)	736
Share of other comprehensive income of entities accounted for using equity method	0	0
Remeasurements of defined benefit plans, net of tax	3	(6)
Total other comprehensive income	(429)	1,275
Comprehensive income	(803)	1,188
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(631)	1,015
Comprehensive income attributable to non-controlling interests	(171)	173

### (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 fiscal year under review.

(Changes in accounting policies)

(Adoption of the Accounting Standard for Revenue Recognition, etc.)

The Company adopted the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan ("ASBJ") Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard") and other standards from the beginning of the three months ended June 30, 2021. Accordingly, the Company now recognizes revenue at an amount expected to be received in exchange for a promised good or service at a time when control over such good or service was transferred to a customer. Main changes attributable to the adoption are as follows:

(1) Consideration payable to a customer

The Company had previously accounted for consideration payable to a customer as selling, general and administrative expenses, but after the change, the Company treats it as a reduction from the transaction price.

(2) Performance obligation satisfied over time

With regard to contracts for which the Company had recognized revenue at a point in time, for contracts whose control over an asset is transferred to a customer over time, the Company changed the method and now recognizes revenue over time as a performance obligation to transfer control to a customer is satisfied. Progress in satisfying a performance obligation is measured based on the ratio of costs incurred by the end of each reporting period to total costs expected.

In adopting the Revenue Recognition Accounting Standard, etc., the Company followed the transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. Accordingly, the cumulative effect in the case the new accounting policy was retrospectively applied prior to the beginning of the three months ended June 30, 2021 was adjusted in the balance of retained earnings at the beginning of the period, when the Company applied the new accounting policy. However, pursuant to the method prescribed in Paragraph 86 of the Revenue Recognition Accounting Standard, the Company did not retrospectively apply the new accounting policy to contracts for which almost all revenue had already been

recognized before the beginning of the three months ended June 30, 2021 according to the previous treatment. In addition, pursuant to the method prescribed in proviso (1) of Paragraph 86 of the Revenue Recognition Accounting Standard, the Company accounted for changes in contracts made prior to the beginning of the three months ended June 30, 2021 based on contract terms that reflect all changes and adjusted the cumulative effect in retained earnings at the beginning of the three months ended June 30, 2021.

As a result, net sales during the three months ended June 30, 2021 increased by ¥202 million, cost of sales increased by ¥127 million, while selling, general and administrative expenses decreased by ¥32 million, and operating profit, ordinary profit, and profit before income taxes each increased by ¥108 million, respectively. In addition, the balance of retained earnings as of the beginning of the period decreased by ¥17 million.

As the Company adopted the Revenue Recognition Accounting Standard, etc., notes and accounts receivable - trade, that had been presented under current liabilities in the consolidated balance sheets as of March 31, 2021, have been included in notes and accounts receivable – trade, and contract assets from the three months ended June 30, 2021. Pursuant to the transitional treatment specified in Paragraph 89-2 of the Revenue Recognition Accounting Standard, the Company has not reclassified the figures for the fiscal year ended March 31, 2021 according to the new presentation method.

(Adoption of the Accounting Standard for Fair Value Measurement, etc.)

The Company adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter the “Fair Value Measurement Accounting Standard”) and other standards from the beginning of the three months ended June 30, 2021. Pursuant to the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the Company will prospectively apply the new accounting policies set forth by the Fair Value Measurement Accounting Standard, etc. There is no impact on the quarterly consolidated financial statements.

(Segment information)

[Segment information]

I. For the three months ended June 30, 2020

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

(Million 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	5,102	1,646	975	434	302	8,460	-	8,460
Inter-segment net sales or transfers	861	17	5	0	4	888	(888)	-
Total	5,963	1,664	981	434	306	9,349	(888)	8,460
Segment profit	709	225	64	17	2	1,019	(1,306)	(286)

(Notes) 1. The adjustment for segment profit of negative ¥1,306 million includes elimination of inter-segment transactions of negative ¥40 million and corporate expenses in the amount of negative ¥1,266 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 the quarterly consolidated statements of income.

II. For the three months ended June 30, 2021

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

(Million 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	4,824	1,486	1,017	487	459	8,275	-	8,275
Inter-segment net sales or transfers	782	26	4	3	5	821	(821)	-
Total	5,606	1,512	1,021	490	464	9,096	(821)	8,275
Segment profit	678	266	123	31	54	1,153	(1,205)	(52)

(Notes) 1. The adjustment for segment profit of negative ¥1,205 million includes elimination of inter-segment transactions of ¥19 million and corporate expenses in the amount of negative ¥1,225 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 loss in the quarterly consolidated statements of income.

3. Changes in reportable segment, etc.

As stated in “Changes in accounting policies,” the Company adopted the Revenue Recognition Accounting Standard, etc. from the beginning of the three months ended June 30, 2021 and changed the accounting methods related to revenue recognition. The Company therefore changed the method of measuring profit or loss of business segments.

As a result of this change, net sales and segment profit in the Japan segment during the three months ended June 30, 2021 increased by ¥202 million and ¥108 million, respectively, compared to the figures that would have been obtained with the former method.