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Consolidated Financial Results for the Three Months Ended June 30, 2022 (Under Japanese GAAP)



August 2, 2022

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 Listing: Tokyo Stock Exchange
 Securities code: 6809
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 Scheduled date to file quarterly securities report: August 10, 2022
 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 three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(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	%
Three months ended								
June 30, 2022	9,084	9.8	(302)	–	(37)	–	267	–
June 30, 2021	8,275	(2.2)	(52)	–	(19)	–	(104)	–

Note: Comprehensive income For the three months ended June 30, 2022: ¥1,090 million [(8.3)%]
 For the three months ended June 30, 2021: ¥1,188 million [–%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2022	8.20	–
June 30, 2021	(3.21)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2022	61,230	47,563	73.7
March 31, 2022	60,688	46,939	73.7

Reference: Equity
 As of June 30, 2022: ¥45,147 million
 As of March 31, 2022: ¥44,720 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, 2022	–	10.00	–	10.00	20.00
Fiscal year ending March 31, 2023	–				
Fiscal year ending March 31, 2023 (Forecast)		20.00	–	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, 2022: Stable dividend ¥20

Dividends for the fiscal year ending March 31, 2023 (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, 2022” on May 2, 2022.

3. Consolidated financial results forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	44,000	7.7	2,900	34.3	3,000	24.6	2,250	53.4	69.13

Note: Revisions to the consolidated financial results forecasts most recently announced: None

*** 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 June 30, 2022	34,536,635 shares
As of March 31, 2022	34,536,635 shares

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

As of June 30, 2022	1,990,647 shares
As of March 31, 2022	1,990,647 shares

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

Three months ended June 30, 2022	32,545,988 shares
Three months ended June 30, 2021	32,519,361 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.
- The supplementary materials on quarterly financial results are scheduled to be posted on our website.

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

(1) Explanation of Operating Results

During the three months ended June 30, 2022, in the environment surrounding TOA Corporation (hereinafter “the Company”) and its subsidiaries (collectively, the “Group”), although the normalization of social and economic activities proceeded, partly due to widespread vaccination against COVID-19, concerns over another surge in COVID-19 cases in certain regions, soaring costs of raw materials and components such as crude oil, natural gas, steel, and semiconductors, rises in shipping costs, and rising geopolitical risk, primarily related to the situation in Ukraine, as well as rapid depreciation of the yen in foreign exchange markets and other factors mean that close attention must continue to be paid with regard to the outlook for the global economy.

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 sound experiences” that customers choose.

Specifically, in Japan, as part of our aim to establish a “connected business” that delivers value to customers in a broad range of settings, we have begun offering the “remote maintenance service,” in which we support stable broadcasting operations through our quick response to any abnormalities with equipment and integrated management of facilities. 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.

As a result, net sales during the three months ended June 30, 2022 were ¥9,084 million (up ¥808 million, or 9.8%, year on year). Profit suffered from soaring costs of raw materials and an increase in shipping costs and other operating expenses. Operating profit was negative ¥302 million (down ¥250 million year on year), ordinary profit was negative ¥37 million (down ¥18 million year on year), and profit attributable to owners of parent was ¥267 million (up ¥371 million year on year), partly as a result of gain on sale of land.

Performance by segment is as follows.

(Japan)

Net sales amounted to ¥4,795 million (down ¥29 million, or 0.6%, year on year), and segment profit (operating profit) to ¥451 million (down ¥226 million, or 33.5%, year on year).

Sales of products for factories and railway cars grew. Further, sales of visual equipment also increased by capturing the demand for street crime prevention, etc., but sales to the educational market and the disaster reduction and prevention markets fell, and net sales of the entire segment decreased.

Segment profit decreased due to soaring costs of raw materials and an increase in shipping costs and other operating expenses, as well as the decrease in net sales.

(Asia & Pacific)

Net sales amounted to ¥2,108 million (up ¥621 million, or 41.8%, year on year), and segment profit (operating profit) to ¥280 million (up ¥14 million, or 5.5%, year on year).

In the Islamic world, particularly in Indonesia, sales to the religious market grew as a result of efforts to capture demand related to Ramadan. In addition, in Thailand, progress was made on deliveries to newly opened commercial facilities. As a result, net sales for the entire segment increased, and segment profit rose.

(Europe, Middle East & Africa)

Net sales amounted to ¥1,185 million (up ¥168 million, or 16.5%, year on year), and segment profit (operating profit) to ¥163 million (up ¥40 million, or 32.8%, year on year).

In the United Kingdom, progress was made on deliveries to office building complexes, and in Europe and the Middle East, sales were also solid, causing net sales for the entire segment to increase, and segment profit to rise.

(The Americas)

Net sales amounted to ¥532 million (up ¥45 million, or 9.2%, year on year), and segment profit (operating profit) to negative ¥5 million (down ¥37 million year on year).

In the United States, despite factors such as product supply delays caused by the impact of container shortages, etc., net sales increased, partly as a result of the impact of currency fluctuations. In Canada, progress was made on deliveries to the educational market. As a result, net sales for the entire segment increased.

Net sales increased, but segment profit decreased due to soaring costs of raw materials and an increase in shipping costs and other operating expenses.

(China & East Asia)

Net sales amounted to ¥463 million (up ¥3 million, or 0.7%, year on year), and segment profit (operating profit) to ¥55 million (up ¥1 million, or 2.1%, year on year).

In China, net sales decreased owing to the impact of lockdowns caused by another surge in COVID-19 cases, but progress was made on deliveries to major sports facilities and factories, particularly for semiconductors, in Taiwan and fire departments and other public offices in Hong Kong. As a result of these and other factors, net sales for the entire segment increased, and segment profit rose.

(2) Explanation of Financial Position

Total assets at the end of the three months ended June 30, 2022 increased ¥541 million from the end of the previous fiscal year to ¥61,230 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 increases in short-term borrowings and foreign currency translation adjustment, despite decreases in trade payables and valuation difference on available-for-sale securities, etc.

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

The financial results forecast for the fiscal year ending March 31, 2023 has not been revised from the initial forecast announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2022.”

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	17,910	17,844
Notes and accounts receivable - trade, and contract assets	9,149	7,930
Merchandise and finished goods	6,931	7,903
Work in process	973	1,058
Raw materials and supplies	4,718	5,255
Other	804	1,251
Allowance for doubtful accounts	(77)	(58)
Total current assets	40,410	41,185
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,190	6,127
Other	4,096	4,252
Total property, plant and equipment	10,287	10,379
Intangible assets	1,709	1,830
Investments and other assets		
Investment securities	7,230	6,772
Other	1,051	1,062
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	8,280	7,834
Total non-current assets	20,277	20,044
Total assets	60,688	61,230

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,827	3,459
Short-term borrowings	2,161	2,624
Income taxes payable	384	277
Provisions	188	220
Other	2,503	2,418
Total current liabilities	9,065	8,999
Non-current liabilities		
Retirement benefit liability	2,558	2,562
Other	2,124	2,104
Total non-current liabilities	4,683	4,667
Total liabilities	13,749	13,666
Net assets		
Shareholders' equity		
Share capital	5,279	5,279
Capital surplus	5,065	5,065
Retained earnings	31,618	31,560
Treasury shares	(1,352)	(1,352)
Total shareholders' equity	40,611	40,553
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,426	4,109
Foreign currency translation adjustment	(306)	503
Remeasurements of defined benefit plans	(12)	(18)
Total accumulated other comprehensive income	4,108	4,593
Non-controlling interests	2,219	2,415
Total net assets	46,939	47,563
Total liabilities and net assets	60,688	61,230

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

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	8,275	9,084
Cost of sales	4,691	5,573
Gross profit	3,583	3,510
Selling, general and administrative expenses	3,635	3,812
Operating loss	(52)	(302)
Non-operating income		
Interest income	2	2
Dividend income	51	57
Foreign exchange gains	–	164
Share of profit of entities accounted for using equity method	0	–
Other	15	54
Total non-operating income	69	278
Non-operating expenses		
Interest expenses	11	10
Foreign exchange losses	22	–
Share of loss of entities accounted for using equity method	–	0
Other	4	2
Total non-operating expenses	37	13
Ordinary loss	(19)	(37)
Extraordinary income		
Gain on sale of land	–	522
Gain on reversal of foreign currency translation adjustment	19	–
Total extraordinary income	19	522
Profit before income taxes	0	485
Income taxes	87	131
Profit (loss)	(87)	353
Profit attributable to non-controlling interests	17	86
Profit (loss) attributable to owners of parent	(104)	267

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit (loss)	(87)	353
Other comprehensive income		
Valuation difference on available-for-sale securities	546	(317)
Foreign currency translation adjustment	736	1,061
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Remeasurements of defined benefit plans, net of tax	(6)	(7)
Total other comprehensive income	1,275	736
Comprehensive income	1,188	1,090
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,015	752
Comprehensive income attributable to non-controlling interests	173	337

**(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.

(Segment information, etc.)

[Segment information]

I. For the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

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	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 (loss)	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 quarterly consolidated statements of income.

II. For the three months ended June 30, 2022 (from April 1, 2022 to June 30, 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	4,795	2,108	1,185	532	463	9,084	–	9,084
Inter-segment net sales or transfers	1,246	34	4	2	7	1,295	(1,295)	–
Total	6,041	2,143	1,189	534	470	10,379	(1,295)	9,084
Segment profit (loss)	451	280	163	(5)	55	945	(1,248)	(302)

- (Notes) 1. The adjustment for segment profit of negative ¥1,248 million includes elimination of inter-segment transactions of ¥21 million and corporate expenses in the amount of negative ¥1,269 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 quarterly consolidated statements of income.