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Consolidated Financial Results for the Three Months Ended June 30, 2023 (Under Japanese GAAP)



August 2, 2023

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 Listing: Tokyo Stock Exchange
 Securities code: 6809
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 Scheduled date to file quarterly securities report: August 10, 2023
 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, 2023 (from April 1, 2023 to June 30, 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	%
Three months ended								
June 30, 2023	10,042	10.5	(114)	–	169	–	(63)	–
June 30, 2022	9,084	9.8	(302)	–	(37)	–	267	–

Note: Comprehensive income For the three months ended June 30, 2023: ¥1,204 million [10.5%]
 For the three months ended June 30, 2022: ¥1,090 million [(8.3)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	(1.96)	–
June 30, 2022	8.20	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2023	63,895	49,178	72.6
March 31, 2023	63,905	48,764	72.4

Reference: Equity
 As of June 30, 2023: ¥46,404 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	–				
Fiscal year ending March 31, 2024 (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, 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	48,000	6.4	2,500	45.9	2,600	23.5	1,550	(12.2)	48.19

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, 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 June 30, 2023	1,970,724 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)

Three months ended June 30, 2023	32,165,980 shares
Three months ended June 30, 2022	32,545,988 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.

o Table of Contents of Attached Materials

Index

1. Qualitative Information on Quarterly Financial Results for the Period Under Review.....	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information .	3
2. Quarterly Consolidated Financial Statements and Significant Notes Thereto	4
(1) Quarterly consolidated balance sheet	4
(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income	6
Quarterly consolidated statement of income (cumulative).....	6
Quarterly consolidated statement of comprehensive income (cumulative).....	7
(3) Notes to the Quarterly Consolidated Financial Statements	8
(Notes on going concern assumption)	8
(Notes in the case of significant changes in shareholders' equity)	8
(Accounting policies adopted specially for the preparation of quarterly consolidated financial	
statements).....	8
(Segment information, etc.).....	9

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

(1) Explanation of Operating Results

During the three months ended June 30, 2023, in the environment surrounding TOA Corporation (hereinafter “the Company”) and its subsidiaries (collectively, the “Group”) in Japan, due to various developments 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, and 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, primarily related to prolongation of the situation in Ukraine, as well as rapid fluctuations in foreign exchange markets, increase in interest rates 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 three months ended June 30, 2023, in Japan, we started to provide the beta version service of “YUTTE,” which allows simple-to-use voice generation for broadcast announcements that works by inputting text on a PC. We have introduced this service on a trial basis at tourist facilities and public transport facilities, and it is enabling users to easily announce timely information in ways suited to a variety of locations and uses.

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 continuing initiatives to achieve higher user satisfaction through services tailored to each market environment.

In these circumstances, net sales during the three months ended June 30, 2023 were ¥10,042 million (up ¥958 million, or 10.5%, year on year). In terms of profits, operating expenses increased but operating profit was negative ¥114 million (up ¥188 million year on year), ordinary profit was ¥169 million (up ¥207 million year on year), and profit attributable to owners of parent was negative ¥63 million (down ¥330 million year on year). Profit attributable to owners of parent decreased mainly because a gain on sale of land was recorded in the same period of the previous fiscal year.

Performance by segment is as follows.

(Japan)

Net sales amounted to ¥4,770 million (down ¥24 million, or 0.5%, year on year), and segment profit (operating profit) was ¥493 million (up ¥41 million, or 9.3%, year on year).

Sales of products for hospitals, factories, the transport market and the educational market grew, but net sales for the entire segment fell due to a decrease in sales of products for railway cars in North America.

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

(Asia & Pacific)

Net sales amounted to ¥2,646 million (up ¥538 million, or 25.6%, year on year), and segment profit (operating profit) was ¥555 million (up ¥274 million, or 97.9%, year on year).

In the Islamic world, such as Indonesia and Malaysia, 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 large-scale urban development projects in Vietnam. 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 ¥1,473 million (up ¥288 million, or 24.3%, year on year), and segment profit (operating profit) was ¥146 million (down ¥17 million, or 10.6%, year on year).

Sales were solid in Europe, and progress was made on deliveries to religious facilities in Saudi Arabia and to hospitals in South Africa. This and other factors caused net sales for the entire segment to increase.

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

(The Americas)

Net sales amounted to ¥652 million (up ¥120 million, or 22.6%, year on year), and segment profit (operating profit) was ¥54 million (up ¥60 million year on year).

Progress was made on deliveries to government agencies in the United States and to hospitals 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 ¥498 million (up ¥35 million, or 7.7%, year on year), and segment profit (operating profit) was ¥46 million (down ¥8 million, or 16.1%, year on year).

Sales were solid in Hong Kong due to market recovery, and progress was made on deliveries to semiconductor and other manufacturing factories in Taiwan. This and other factors caused net sales for the entire segment to increase.

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

(2) Explanation of Financial Position

Total assets at the end of the three months ended June 30, 2023 decreased ¥9 million from the end of the previous fiscal year to ¥63,895 million. Assets decreased due mainly to decreases in cash and deposits and trade receivables, despite increases in inventories and investment securities, etc. Liabilities and net assets decreased due mainly to a decline in retained earnings mainly resulting from the payment of dividends and a decline in short-term borrowings, despite an increase in 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, 2024 has not been revised from the initial forecast announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2023.”

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	16,938	15,700
Notes and accounts receivable - trade, and contract assets	10,223	8,216
Merchandise and finished goods	8,423	9,717
Work in process	827	844
Raw materials and supplies	5,542	5,598
Other	979	1,495
Allowance for doubtful accounts	(81)	(78)
Total current assets	42,853	41,495
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,170	6,093
Other	4,523	4,529
Total property, plant and equipment	10,693	10,622
Intangible assets	1,859	1,806
Investments and other assets		
Investment securities	7,256	8,703
Other	1,242	1,266
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	8,498	9,970
Total non-current assets	21,051	22,399
Total assets	63,905	63,895

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,483	3,734
Short-term borrowings	2,706	2,087
Income taxes payable	641	192
Provisions	359	332
Other	2,604	2,679
Total current liabilities	9,796	9,026
Non-current liabilities		
Retirement benefit liability	2,924	2,986
Other	2,419	2,704
Total non-current liabilities	5,343	5,690
Total liabilities	15,140	14,717
Net assets		
Shareholders' equity		
Share capital	5,279	5,279
Capital surplus	5,045	5,045
Retained earnings	32,152	31,445
Treasury shares	(1,373)	(1,373)
Total shareholders' equity	41,103	40,397
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,444	5,173
Foreign currency translation adjustment	865	1,003
Remeasurements of defined benefit plans	(171)	(169)
Total accumulated other comprehensive income	5,138	6,006
Non-controlling interests	2,522	2,773
Total net assets	48,764	49,178
Total liabilities and net assets	63,905	63,895

(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, 2022	Three months ended June 30, 2023
Net sales	9,084	10,042
Cost of sales	5,573	5,973
Gross profit	3,510	4,069
Selling, general and administrative expenses	3,812	4,183
Operating loss	(302)	(114)
Non-operating income		
Interest income	2	13
Dividend income	57	63
Foreign exchange gains	164	201
Share of profit of entities accounted for using equity method	–	1
Other	54	34
Total non-operating income	278	313
Non-operating expenses		
Interest expenses	10	22
Share of loss of entities accounted for using equity method	0	–
Other	2	5
Total non-operating expenses	13	28
Ordinary profit (loss)	(37)	169
Extraordinary income		
Gain on sale of land	522	–
Total extraordinary income	522	–
Profit before income taxes	485	169
Income taxes	131	145
Profit	353	23
Profit attributable to non-controlling interests	86	87
Profit (loss) attributable to owners of parent	267	(63)

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	353	23
Other comprehensive income		
Valuation difference on available-for-sale securities	(317)	729
Foreign currency translation adjustment	1,061	449
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Remeasurements of defined benefit plans, net of tax	(7)	0
Total other comprehensive income	736	1,180
Comprehensive income	1,090	1,204
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	752	805
Comprehensive income attributable to non-controlling interests	337	399

**(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 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.

II. For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 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	4,770	2,646	1,473	652	498	10,042	–	10,042
Inter-segment net sales or transfers	1,361	31	7	6	4	1,411	(1,411)	–
Total	6,132	2,678	1,481	659	502	11,453	(1,411)	10,042
Segment profit (loss)	493	555	146	54	46	1,296	(1,410)	(114)

(Notes) 1. The adjustment for segment profit of negative ¥1,410 million includes elimination of inter-segment transactions of negative ¥37 million and corporate expenses in the amount of negative ¥1,373 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.