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Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)



November 1, 2024

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 Listing: Tokyo Stock Exchange
 Securities code: 6809
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 Scheduled date to file semi-annual securities report: November 14, 2024
 Scheduled date to commence dividend payments: December 3, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(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	%
Six months ended								
September 30, 2024	22,769	4.0	704	1.6	766	(35.7)	139	(81.2)
September 30, 2023	21,891	7.8	693	–	1,191	161.0	739	17.5

Note: Comprehensive income For the six months ended September 30, 2024: ¥2,434 million [1.3%]
 For the six months ended September 30, 2023: ¥2,402 million [(1.9)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	4.63	–
September 30, 2023	22.98	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	64,871	50,883	74.1
March 31, 2024	64,734	49,239	72.0

Reference: Equity

As of September 30, 2024: ¥48,088 million
 As of March 31, 2024: ¥46,583 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, 2024	–	20.00	–	20.00	40.00
Fiscal year ending March 31, 2025	–	20.00			
Fiscal year ending March 31, 2025 (Forecast)			–	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, 2024: Stable dividend ¥40

Dividends for the fiscal year ending March 31, 2025 (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, 2024” on May 2, 2024.

3. Consolidated financial results forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2025	52,000	6.5	3,700	22.2	3,900	5.1	2,400	20.1	79.85

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

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual 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: Yes
 - (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 September 30, 2024	34,136,635 shares
As of March 31, 2024	34,136,635 shares

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

As of September 30, 2024	4,066,592 shares
As of March 31, 2024	4,080,281 shares

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

Six months ended September 30, 2024	30,060,974 shares
Six months ended September 30, 2023	32,171,126 shares

* Semi-annual financial results reports are exempt from 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 Company plans to hold a financial results briefing session for institutional investors (through a live video link) on November 26, 2024. The video and the materials distributed at the session are scheduled to be posted on our website promptly after the session.

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1. Overview of Operating Results, Etc.

(1) Overview of Operating Results for the Period Under Review

During the six months ended September 30, 2024, in the environment surrounding TOA Corporation (hereinafter “the Company”) and its subsidiaries (collectively, the “Group”), an increasing appetite for capital investment, an improvement in labor and income environment and other factors have led to a trend of recovery in the business economy in Japan. However, remaining high prices of raw materials and the effects of inflation, geopolitical risks caused by the unstable international situation, as well as rapid fluctuations in foreign exchange markets and other factors mean that the outlook for the global economy 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 experiences through sound that customers choose.

During the six months ended September 30, 2024, we enhanced the PTZ camera in the network camera system TRIFORA Series. By equipping the camera with the new feature “Color Night Mode” through the adoption of the latest imaging sensor, we improved the camera’s visual recognition capabilities in dark locations compared with prior models. The camera can solve social issues as it is now suitable to be used for intruder prevention in high-level security facilities, or to be adopted as part of measures against suspicious persons in outdoor facilities.

In addition, we enhanced the high-impedance model, low- and high-impedance weather-proof model, and subwoofer lineup in the F-Box Series Surface Mount Speaker, which underwent renewal in 2023. We realized simple design that fits in harmony with the installation space and smooth constructability. By offering sound reproduction with flat acoustic characteristics, it contributes to spatial production that aligns with specific usage scenarios, such as BGM or announcement systems at various facilities.

Furthermore, we held an event at our own facilities titled “TOA NEXT COMMUNICATION” centered on the theme of “next communication for future urban environments” in September 2024 as part of our 90th anniversary celebrations, and based on the concept conceived by the Company of a “city in the near future,” where digital technologies interconnect people and facilities, we engaged in a co-creation of ideas aimed at realizing a better future society.

In these circumstances, net sales during the six months ended September 30, 2024 were ¥22,769 million (up ¥878 million, or 4.0%, year on year). In terms of profits, operating expenses increased but operating profit was ¥704 million (up ¥10 million, or 1.6%, year on year), and partly as a result of the impact of currency fluctuations, ordinary profit was ¥766 million (down ¥425 million, or 35.7%, year on year), and profit attributable to owners of parent was ¥139 million (down ¥600 million, or 81.2%, year on year).

Performance by segment is as follows.

(Japan)

Net sales amounted to ¥12,366 million (up ¥553 million, or 4.7%, year on year), and segment profit (operating profit) was ¥1,922 million (down ¥165 million, or 7.9%, year on year).

Sales of products for the transport market, such as roads and railways, for office buildings and for the educational market grew, causing net sales for the entire segment to increase. Although net sales increased, the increase in operating expenses caused segment profit to decrease.

(Asia & Pacific)

Net sales amounted to ¥5,033 million (up ¥394 million, or 8.5%, year on year), and segment profit (operating profit) was ¥1,009 million (up ¥191 million, or 23.4%, year on year).

In Vietnam, progress was made on deliveries to large-scale urban development projects and government agencies, and net sales increased. Progress was made on deliveries to sports facilities in Indonesia and to railway facilities, the educational market and commercial facilities in Thailand. Net sales for the entire segment increased and segment profit also increased, partly as a result of the impact of currency fluctuations.

(Europe, Middle East & Africa)

Net sales amounted to ¥3,141 million (up ¥22 million, or 0.7%, year on year), and segment profit (operating profit) was ¥401 million (down ¥3 million, or 0.8%, year on year).

Progress was made on deliveries to railway facilities in the UK, to government agencies in the Middle East, and to office buildings and sports facilities in Africa. There was a lull in activity in European markets, such as Germany, but with the contribution from the impact from currency fluctuations, net sales increased for the segment as a whole. Although net sales increased, the increase in operating expenses caused segment profit to decrease.

(The Americas)

Net sales amounted to ¥1,397 million (up ¥110 million, or 8.6%, year on year), and segment profit (operating profit) was ¥155 million (up ¥72 million, or 86.3%, year on year).

Progress was made on deliveries to retail stores in the United States, and to hospitals in Canada. Net sales for the entire segment increased and segment profit also increased, partly as a result of the impact of currency fluctuations.

(China & East Asia)

Net sales amounted to ¥831 million (down ¥202 million, or 19.6%, year on year), and segment profit (operating profit) to ¥22 million (down ¥67 million, or 75.4%, year on year).

Progress was made to government agencies in Hong Kong. Progress also continued to be made on deliveries to factories, particularly for semiconductors, in Taiwan. However, as a result of the reactive lull caused by the large revenue related to deliveries in the six months ended September 30, 2023, net sales declined. Net sales for the entire segment decreased and segment profit also decreased, partly as a result of the impact of the slowing pace of sales due to doldrums in real estate market in China.

(2) Overview of Financial Position for the Period Under Review

(i) Assets, Liabilities and Net Assets

Total assets at the end of the six months ended September 30, 2024 increased by ¥136 million from the end of the previous fiscal year to ¥64,871 million. Assets increased due mainly to increases in cash and deposits, inventories and investment securities, despite decreases in trade receivables, etc. Liabilities and net assets increased due mainly to an increase in foreign currency translation adjustment, despite a decrease in trade payables, a decrease in retained earnings due to payment of dividends and a decrease in income taxes payable, etc.

(ii) Cash Flows

As of September 30, 2024, cash and cash equivalents (hereinafter “net cash”) increased by ¥410 million from the end of the previous fiscal year to ¥14,501 million. Net cash provided by operating activities amounted to ¥1,130 million, net cash used in investing activities amounted to ¥491 million, and net cash used in financing activities amounted to ¥1,146 million. Net cash also increased due to the effect of exchange rate change on cash and cash equivalents. The status of cash flows and their contributing factors during the six months ended September 30, 2024 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities increased by ¥1,130 million due to the decrease in trade receivables of ¥1,811 million, despite the decrease in trade payables of ¥854 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥491 million. This was mainly attributable to ¥349 million in purchase of non-current assets including production facilities and an IT infrastructure platform, and an outflow of ¥125 million from the net of payment into and withdrawal from time deposits.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥1,146 million. This was mainly attributable to ¥600 million of dividends paid, ¥241 million of repayments of finance lease liabilities, and a ¥213 million decrease in short-term borrowings.

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

The financial results forecast for the fiscal year ending March 31, 2025 has not been revised from the initial forecast announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2024.”

2. Semi-annual Consolidated Financial Statements and Significant Notes Thereto

(1) Semi-annual consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	16,350	17,096
Notes and accounts receivable - trade, and contract assets	10,476	8,970
Merchandise and finished goods	8,937	9,301
Work in process	789	904
Raw materials and supplies	5,126	5,270
Other	1,048	1,178
Allowance for doubtful accounts	(95)	(99)
Total current assets	42,633	42,622
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,933	5,840
Other	4,714	4,721
Total property, plant and equipment	10,648	10,561
Intangible assets	1,669	1,582
Investments and other assets		
Investment securities	8,170	8,425
Other	1,614	1,679
Allowance for doubtful accounts	(0)	-
Total investments and other assets	9,784	10,104
Total non-current assets	22,101	22,248
Total assets	64,734	64,871

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,554	2,811
Short-term borrowings	1,836	1,681
Income taxes payable	579	276
Provisions	271	244
Other	3,336	2,842
Total current liabilities	9,578	7,856
Non-current liabilities		
Retirement benefit liability	3,089	3,180
Other	2,827	2,950
Total non-current liabilities	5,917	6,131
Total liabilities	15,495	13,987
Net assets		
Shareholders' equity		
Share capital	5,279	5,279
Capital surplus	5,048	5,051
Retained earnings	32,863	32,401
Treasury shares	(3,679)	(3,666)
Total shareholders' equity	39,512	39,065
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,807	4,983
Foreign currency translation adjustment	2,321	4,090
Remeasurements of defined benefit plans	(58)	(52)
Total accumulated other comprehensive income	7,070	9,022
Non-controlling interests	2,655	2,795
Total net assets	49,239	50,883
Total liabilities and net assets	64,734	64,871

(2) Semi-annual consolidated statement of income and consolidated statement of comprehensive income**Semi-annual consolidated statement of income**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	21,891	22,769
Cost of sales	12,793	12,997
Gross profit	9,098	9,772
Selling, general and administrative expenses	8,404	9,067
Operating profit	693	704
Non-operating income		
Interest income	46	77
Dividend income	64	69
Foreign exchange gains	343	–
Share of profit of entities accounted for using equity method	6	–
Other	77	119
Total non-operating income	538	265
Non-operating expenses		
Interest expenses	31	43
Foreign exchange losses	–	150
Share of loss of entities accounted for using equity method	–	1
Other	8	8
Total non-operating expenses	40	203
Ordinary profit	1,191	766
Profit before income taxes	1,191	766
Income taxes	302	453
Profit	889	312
Profit attributable to non-controlling interests	149	173
Profit attributable to owners of parent	739	139

Semi-annual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	889	312
Other comprehensive income		
Valuation difference on available-for-sale securities	(313)	176
Foreign currency translation adjustment	1,825	1,940
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Remeasurements of defined benefit plans, net of tax	1	5
Total other comprehensive income	1,513	2,122
Comprehensive income	2,402	2,434
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,728	2,090
Comprehensive income attributable to non-controlling interests	674	344

(3) Semi-annual consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,191	766
Depreciation	777	814
Increase (decrease) in retirement benefit liability	99	58
Decrease (increase) in retirement benefit asset	(53)	(65)
Interest and dividend income	(110)	(146)
Foreign exchange losses (gains)	83	(75)
Share of loss (profit) of entities accounted for using equity method	(6)	1
Interest expenses	31	43
Decrease (increase) in trade receivables	1,395	1,811
Decrease (increase) in inventories	(1,138)	342
Increase (decrease) in trade payables	29	(854)
Increase (decrease) in accounts payable - other	(107)	(363)
Other, net	(201)	(742)
Subtotal	1,992	1,590
Interest and dividends received	107	138
Interest paid	(35)	(41)
Income taxes refund (paid)	(735)	(555)
Net cash provided by (used in) operating activities	1,328	1,130
Cash flows from investing activities		
Payments into time deposits	(419)	(2,191)
Proceeds from withdrawal of time deposits	1,390	2,066
Purchase of property, plant and equipment	(280)	(244)
Purchase of intangible assets	(166)	(105)
Purchase of shares of subsidiaries and associates	(400)	-
Other, net	(18)	(16)
Net cash provided by (used in) investing activities	105	(491)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,038)	(213)
Purchase of treasury shares	(0)	(0)
Repayments of finance lease liabilities	(243)	(241)
Dividends paid	(642)	(600)
Dividends paid to non-controlling interests	(129)	(94)
Other, net	(0)	3
Net cash provided by (used in) financing activities	(2,053)	(1,146)
Effect of exchange rate change on cash and cash equivalents	899	917
Net increase (decrease) in cash and cash equivalents	280	410
Cash and cash equivalents at beginning of period	14,399	14,091
Cash and cash equivalents at end of period	14,679	14,501

(4) Notes to the Semi-annual 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 semi-annual 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.

(Notes on change in accounting policy)

(Application of the “Accounting Standard for Current Income Taxes” and other relevant ASBJ regulations)

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the six months ended September 30, 2024.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the “Revised Application Guidance of 2022”). There is no impact on semi-annual consolidated financial statements as a result of this change in accounting policy.

In addition, for revisions related to the review of the treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Company has applied the Revised Application Guidance of 2022 from the beginning of the six months ended September 30, 2024. There is no impact on the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year as a result of this change in accounting policy.

(Notes on segment information, etc.)

[Segment information]

I. For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

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

(Millions of yen)

	Reportable segment						Adjustment (Note) 1	Amount recorded in Semi-annual 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	11,812	4,638	3,119	1,287	1,033	21,891	–	21,891
Inter-segment net sales or transfers	2,491	67	12	11	10	2,593	(2,593)	–
Total	14,303	4,706	3,131	1,298	1,044	24,485	(2,593)	21,891
Segment profit	2,087	818	404	83	89	3,483	(2,789)	693

- (Notes) 1. The adjustment for segment profit of negative ¥2,789 million includes elimination of inter-segment transactions of negative ¥31 million and corporate expenses in the amount of negative ¥2,758 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 semi-annual consolidated statements of income.

II. For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

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

(Millions of yen)

	Reportable segment						Adjustment (Note) 1	Amount recorded in Semi-annual 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	12,366	5,033	3,141	1,397	831	22,769	–	22,769
Inter-segment net sales or transfers	2,081	64	7	8	21	2,183	(2,183)	–
Total	14,448	5,097	3,148	1,406	853	24,953	(2,183)	22,769
Segment profit	1,922	1,009	401	155	22	3,511	(2,806)	704

- (Notes) 1. The adjustment for segment profit of negative ¥2,806 million includes elimination of inter-segment transactions of ¥58 million and corporate expenses in the amount of negative ¥2,864 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 semi-annual consolidated statements of income.