

LEAD

We at TOA are continuing to strive to further strengthen our Connections with Customers through the utilization of our unique engineering capabilities.

To begin with, I would like to thank all our stockholders and investors for their continuous support.

TOA's business achievements mostly changed according to plan for the fiscal year ending in March 2019 (FY 2018), the first year of the Medium-Term Management Plan that will be finishing up in FY 2020. We continue to offer new value to society not only by further strengthening our Connections with Customers through sales and engineering systems that stay in close touch with customer needs, but also by accelerating our solutions-type business in the three business domains of Public Safety, Public Communication and Public Space Design.



K. Takeuchi

Kazuhiro Takeuchi, President and CEO

Settlement for the Preceding Term (FY 2018)

- Could you please summarize the settlement for FY 2018 (which ended in March of 2019)?

FY 2018, the first year of our Mid-Term Plan, witnessed increases in both sales and profits at home and abroad. In Japan, security cameras sold especially well, while TOA's unique product lineups boosted sales overseas, contributing to steadily increasing profits.

Solutions for tourists visiting Japan, including multi-language broadcasting services directed toward public transportation and commercial facilities (which we have positioned as key fields in our mid-term plan) are increasingly being used by numerous facilities. Additionally, our emergency broadcast systems and the like have been selling well in European, Middle Eastern and African markets, which we have designated as important areas of focus. Also, in the Asia & Pacific region, which includes the Philippines and Australia, and which we have not fully developed for our products so far, we have seen excellent sales growth. Apart from this, our active human resources employment is covered in the mid-term plan, and we will continue to strive to secure excellent personnel.

The current term is the second year of the Mid-Term Plan. As a specialized manufacturer concentrating on the strengths of its audio notification capabilities, our aim is to realize the 5 TOAs of the World, each of which stands as a totally independent business entity, by enhancing marketing functions within each region and developing products that can best meet the needs of each market while expanding sales routes. Further, we are predicting increases in both sales and profits regarding our consolidated performance for FY 2019 (ending in March 2020).

Possibility by Demonstration Experiments

- Could you please share your thoughts about the possibilities of voice articulation, as we hear that TOA has been working on some demonstration experiments?

Since we've seen a slew of natural disasters of late, people have become increasingly conscious of the fact that critical broadcast announcements must be able to be clearly heard. One's ability to hear voices clearly differs depending on age. Our demonstration experiments on voice articulation technology, which were carried out in Tokyo's metropolitan subway system in October of 2018, represent just one of such efforts. By independently designing audio frequencies or differences in sound pressure, information can be delivered to as many people as possible in a manner that does not simply transmit voice announcements, but also enables even older people to hear these voices clearly. Also, we've found that an announcement can usually be heard clearly if it is made by a professional announcer. However, if the same announcement is made instead by an ordinary person, it tends to be harder to hear. Through these demonstration experiments, we're hoping to be able to convey ample information that these problems can be solved by the technology of "sound" in a way that is easy to understand. I believe that this effort will eventually lead to creating Smiles for the Public, one of our corporate mottos.



Transnational Strategy Department

- Could you please provide us with some more information on the goals for the establishment of the Transnational Strategy Department?

We established the Transnational Strategy Department within TOA's International Business Division with the aim of maintaining a continuous connection to our customers and system integrators that develop business globally. For example, if a certain company uses a TOA sound system in China, but a different TOA system is employed by the same company in the United States, when information needs to be simultaneously dispatched, they must be handled individually. Also, TOA



holds a sizeable market share in the field of sound systems for domestic airports. However, there are cases where they are not employed at all in some other countries. Our goal is to better utilize our expertise in airports which we've accumulated in Japan over the years. In this way, our plan is to accelerate deployment through two courses of activity: One being to promote global user development and the other to improve on the unevenness of individual markets.

Knowledge Square

- TOA's Knowledge Square is scheduled to be completed by the end of 2020 on the premises of our Takarazuka R&D Center, which is currently undergoing a complete redevelopment. What sorts of special features are being considered for this new building that will serve as a base for co-creation?

The main aim of our new Knowledge Square is to create a Place of Connections, not only with those involved in the actual development, but also users, clients and other stakeholders for the purpose of creating new value in collaboration with each of them. One of the features of the system we've developed to help achieve this purpose is a facility that enables visitors to actually see



TOA's manufacturing processes. The products we're planning to display in this facility will include an advanced evacuation guidance system that utilizes both audio and video technologies, as well as an office communications system that naturally picks up calls by simply pressing a button. This system will also allow conversations between people working separately in different offices and even different countries, automatically translating the contents of a conversation into each respective language before transmitting them to the other party. In addition, we've also designed the facility to allow easy viewing of our product inspection process, including a vibration test. In the future, TOA will not be able to achieve rapid product development entirely on its own. So, it is hoped that this facility will first and foremost become a place where various people can gather, and that collaboration and co-creation can blossom through such gatherings.

Investment for our Further Growth

- The terms “connected business” and “AI” seem to have become keywords for the investment area, and are expected to see major growth in the future. Could you please share with us your thoughts on this subject?

Over the years, TOA has been connected with many of our customers through the supply of emergency and general-purpose broadcast systems. It is important that we consider what kinds of services we can provide by making the most of our ability to stay closely connected to our customers. It is possible to check batteries and other consumable parts for deterioration, as well as entire systems for correct voice transmission. Over the long term, regular check-ups and maintenance can more significantly reduce both time loss and related costs than hurried visits to installation sites in order to solve problems after they occur. If our customers understand this, the chances for even more Connected Business will further expand.

The effective utilization of “AI” is also an important keyword. We’re currently conducting in-house training at TOA in the hopes of first having our employees master the basics of AI. I’m hoping that not only our engineers directly involved in development, but also people working with other indirect divisions will come to better know that AI can be used effectively to improve work efficiency.

TOA’s engineering capabilities as a specialized sound system manufacturer represent one of our most important strengths. We’re constantly trying to understand the types of systems our customers are seeking, and then propose systems after hearing their requirements. Further, we know very well how to operate and connect equipment to facilitate the use of the system as a whole. These advantages all combine to enable us to supply the most ideal systems to our customers. If it becomes possible for us to grasp a customer’s situation more precisely thanks to the evolution of both the Connected Business and AI, then we will be able to further enhance TOA’s innate strengths.

The Medium-Term Management Plan

- The mid-term plan defined three business domains. Could you please give us examples of the sort of value we can offer in each domain?

As the frequent occurrence of natural disasters has resulted in a significant rise in disaster prevention awareness, an increasing number of local governments in our Public Safety domain have begun using our disaster prevention administrative radio systems, as well as river and reservoir sluice gate surveillance systems. This seems to be attributable to the sales efforts we've made in order to maintain constant contact with local governments, with disaster prevention measures foremost in mind. Also, when Typhoon No. 21 (aka Typhoon Jebi) widely flooded the coastal areas of



Japan's central Kansai region in September of last year, we rushed to local facilities sooner than many other companies, and inspected their broadcast systems. As a result, many more systems were quickly restored to allow normal broadcasting operations.

In the Public Communication domain, there are strong indications that such transportation infrastructure as railways, commercial facilities and hotels have begun to use multi-language broadcasting systems aimed at assisting Japan's growing numbers of overseas tourists. It is widely assumed that the places these tourists visit will expand into the provinces in the future, and sales possibilities are expected to increase in proportion to this trend in tourism.

In the Public Space Design domain, we have reproduced the sound of bubbles and provided audio descriptions of scenes of swimming fish, from sardines to whale sharks, for visually impaired visitors to a local aquarium, which has pleased these special needs visitors very much. We also installed speakers for trial listening in one of the rooms of the Billboard Café in Hibiya, Tokyo. These speakers make it possible for listeners to distinguish even the slight differences of 1Hz in frequency or 1dB in sound pressure level, offering new ways to enjoy music.

In this way, I hope that in the future we can continue to realize our Smiles for the Public corporate values in these three important business domains.

Free Conversation

- Have you been going to a sports gym lately?

I have been troubled with the pain of a mild hernia for some time now, but this condition has taken a turn for the better since I had an outpatient operation. I also went to a golf training camp, which I continue to participate in every year with friends from my school days. After I've fully recovered from my health condition, then I think I'd like to look at going to the gym again in order to do something about my chronic lack of exercise (laugh).

