

# Consolidated Financial Results for the Six Months Ended September 30, 2020 [Japanese GAAP]



November 4, 2020

Company name: TOA Corporation  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 6809  
 URL: <https://www.toa.jp/>  
 Representative: Kazuhiro Takeuchi, President, CEO  
 Contact: Keigo Yoshida, General Manager of Accounting & Financial Department  
 Scheduled date of filing quarterly securities report: November 13, 2020  
 Scheduled date of commencing dividend payments: December 2, 2020  
 Availability of supplementary briefing material on quarterly financial results: Yes  
 Schedule of quarterly financial results briefing session: Yes (Only through video streaming)

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Six Months Ended September 30, 2020 (April 1, 2020 to September 30, 2020)

(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	%
Six months ended September 30, 2020	17,666	(14.9)	(32)	-	53	(95.8)	(155)	-
September 30, 2019	20,766	3.2	1,167	(1.2)	1,278	(6.2)	670	(5.6)

(Note) Comprehensive income: Six months ended September 30, 2020: ¥570 million [(30.6) %]

Six months ended September 30, 2019: ¥822 million [87.3%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2020	(4.74)	-
September 30, 2019	19.79	-

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2020	56,332	43,686	74.0
As of March 31, 2020	58,653	44,780	72.9

(Reference) Equity: As of September 30, 2020: ¥41,682 million

As of March 31, 2020: ¥42,756 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2020	-	10.00	-	16.00	26.00
Fiscal year ending March 31, 2021	-	10.00	-	-	-
Fiscal year ending March 31, 2021 (Forecast)	-	-	-	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, 2020: Stable dividend ¥20, Performance-based dividend ¥2, Commemorative dividend ¥4

Dividends for the fiscal year ending March 31, 2021 (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, 2020” on May 13, 2020.

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% 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	40,500	(10.1)	700	(79.8)	750	(79.0)	600	(71.0)	18.45

(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: No
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):
    - September 30, 2020: 34,536,635 shares
    - March 31, 2020: 34,536,635 shares
  - 2) Total number of treasury shares at the end of the period:
    - September 30, 2020: 2,017,172 shares
    - March 31, 2020: 657,114 shares
  - 3) Average number of shares during the period:
    - Six months ended September 30, 2020: 32,826,435 shares
    - Six months ended September 30, 2019: 33,868,428 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.

In order to prevent the spread of coronavirus disease (COVID-19), the Company plans to post a financial results briefing video and supplementary briefing materials on financial results on its website instead of holding a financial results briefing session for institutional investors as in the past.

## 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) Quarterly Consolidated Statements of Cash Flows .....	10
(4) Notes to the Quarterly Consolidated Financial Statements .....	11
(Notes on going concern assumption).....	11
(Notes in the case of significant changes in shareholders' equity).....	11
(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements) .....	11
(Segment information) .....	12

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

### (1) Explanation of Operating Results

During the six months ended September 30, 2020, the economy has escaped its worst period with the gradual easing of public health measures introduced as a way to combat the global spread of the novel coronavirus (COVID-19). However, it maintains a moderate recovery trend due to concerns over the resurgence of infections, and there is still a risk of economic downturn.

In such an environment, we engage in activities to further strengthen our “connection with our customers” through interactions with both people and goods in order to realize our corporate value “Smiles for the Public.” In the domestic market, we have provided value in line with the social circumstances, including preparation for natural disasters, against which continued precautions must be taken, and work style reform that accommodates new forms of society and lifestyles. Specifically, we renewed our broadcast amplifiers for business use to make them networkable, allowing users to remotely confirm operation status and adjust settings. In addition, we are proceeding with efforts to provide sounds that contribute to security and safety. These efforts include the release of IP horn speakers that realized alert broadcast automation to help avoid congestion with the use of monitoring cameras and linked sensors. We also introduced and launched a new system platform to improve the efficiency of our marketing activities in five regions around the world, and to further strengthen our connection with our customers, while pursuing initiatives to achieve user satisfaction at a higher level, according to each market environment.

However, as the entire Group was affected by the spread of COVID-19, net sales during the six months ended September 30, 2020 were ¥17,666 million (down ¥3,100 million, or 14.9%, year on year). In terms of profits, although selling, general and administrative expenses decreased, operating profit was negative ¥32 million (down ¥1,200 million year on year), ordinary profit was ¥53 million (down ¥1,225 million, or 95.8%, year on year), and profit attributable to owners of parent was negative ¥155 million (down ¥825 million year on year).

Performance by segment is as follows.

#### (Japan)

Net sales amounted to ¥11,538 million (down ¥1,216 million, or 9.5%, year on year), and segment profit (operating profit) to ¥1,898 million (down ¥659 million, or 25.8%, year on year).

Net sales and segment profit decreased due mainly to sluggish sales of audio equipment attributable primarily to stagnant economic activities, despite robust sales for disaster reduction and prevention markets and an increase in the delivery of products for railway cars.

#### (Asia & Pacific)

Net sales amounted to ¥2,794 million (down ¥1,018 million, or 26.7%, year on year), and segment profit (operating profit) to ¥428 million (down ¥283 million, or 39.9%, year on year).

Net sales and segment profit decreased due to sluggish sales in Indonesia and Thailand, despite robust sales in Vietnam including the progress in delivering large-scale projects for public offices.

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

Net sales amounted to ¥1,852 million (down ¥476 million, or 20.5%, year on year), and segment profit (operating profit) to ¥133 million (down ¥163 million, or 55.2%, year on year).

Net sales and segment profit decreased due to the impact of stagnant economic activities in the entire Europe.

#### (The Americas)

Net sales amounted to ¥787 million (down ¥264 million, or 25.2%, year on year), and segment profit (operating profit) to ¥4 million (down ¥57 million, or 92.3%, year on year).

Net sales and segment profit decreased due mainly to sluggish sales of audio equipment for retailers, despite progress in delivering projects for public offices in the Americas.

(China & East Asia)

Net sales amounted to ¥692 million (down ¥123 million, or 15.2%, year on year), and segment profit (operating profit) to ¥54 million (down ¥61 million, or 53.1%, year on year).

Net sales and segment profit decreased due to sluggish sales in China, despite robust sales in Hong Kong and Taiwan due to progress in delivering multiple large-scale projects.

## (2) Explanation of Financial Position

### (i) Assets, Liabilities and Net Assets

Total assets at the end of the six months ended September 30, 2020 decreased ¥2,321 million from the end of the previous fiscal year to ¥56,332 million. Assets decreased due mainly to decreases in notes and accounts receivable - trade as well as securities. The decrease in liabilities and net assets is mainly attributable to a decrease in trade payables and the purchase of treasury shares.

### (ii) Cash Flows

Cash and cash equivalents at the end of the six months ended September 30, 2020 (hereinafter “cash”) decreased by ¥975 million from the end of the previous fiscal year to ¥15,132 million. The status of cash flows and their contributing factors during the six months ended September 30, 2020 are as follows.

#### (Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥1,464 million. This was mainly attributable to a decrease of ¥3,137 million in trade receivables, and a decrease of ¥1,265 million in trade payables.

#### (Cash flows from investing activities)

Net cash used in investing activities amounted to ¥575 million. This was mainly attributable to the purchase of production and development equipment that amounted to ¥459 million.

#### (Cash flows from financing activities)

Net cash used in financing activities amounted to ¥1,719 million. This was mainly attributable to ¥1,004 million of purchase of treasury shares, and ¥682 million of 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, 2021 have not been revised from the initial forecast announced in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2020.”

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2020	As of September 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	15,610	15,793
Notes and accounts receivable - trade	10,312	7,120
Securities	1,200	—
Merchandise and finished goods	6,845	6,724
Work in process	1,045	707
Raw materials and supplies	3,065	3,654
Other	880	828
Allowance for doubtful accounts	(75)	(40)
Total current assets	38,885	34,788
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,237	6,114
Other	4,342	4,863
Total property, plant and equipment	10,579	10,978
Intangible assets	1,599	1,465
Investments and other assets		
Investment securities	6,163	7,680
Other	1,426	1,420
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	7,589	9,100
Total non-current assets	19,768	21,543
Total assets	58,653	56,332

(Million yen)

	As of March 31, 2020	As of September 30, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,409	2,068
Short-term borrowings	1,915	2,060
Income taxes payable	332	146
Provisions	176	161
Other	3,348	3,070
Total current liabilities	9,183	7,507
Non-current liabilities		
Retirement benefit liability	2,841	2,788
Other	1,848	2,349
Total non-current liabilities	4,689	5,138
Total liabilities	13,872	12,645
Net assets		
Shareholders' equity		
Share capital	5,279	5,279
Capital surplus	5,058	5,061
Retained earnings	30,236	29,397
Treasury shares	(385)	(1,370)
Total shareholders' equity	40,189	38,368
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,682	4,739
Foreign currency translation adjustment	(1,009)	(1,322)
Remeasurements of defined benefit plans	(104)	(102)
Total accumulated other comprehensive income	2,567	3,314
Non-controlling interests	2,024	2,004
Total net assets	44,780	43,686
Total liabilities and net assets	58,653	56,332

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Net sales	20,766	17,666
Cost of sales	11,525	10,288
Gross profit	9,240	7,377
Selling, general and administrative expenses	8,072	7,409
Operating profit (loss)	1,167	(32)
Non-operating income		
Interest income	24	14
Dividend income	45	50
Subsidy income	—	78
Other	84	75
Total non-operating income	154	218
Non-operating expenses		
Interest expenses	32	35
Foreign exchange losses	6	89
Share of loss of entities accounted for using equity method	—	3
Other	5	5
Total non-operating expenses	43	133
Ordinary profit	1,278	53
Extraordinary losses		
Dismantlement expenses	—	11
Total extraordinary losses	—	11
Profit before income taxes	1,278	42
Income taxes	380	163
Profit (loss)	898	(121)
Profit attributable to non-controlling interests	227	34
Profit (loss) attributable to owners of parent	670	(155)



Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
Profit (loss)	898	(121)
Other comprehensive income		
Valuation difference on available-for-sale securities	272	1,057
Foreign currency translation adjustment	(357)	(369)
Share of other comprehensive income of entities accounted for using equity method	—	0
Remeasurements of defined benefit plans, net of tax	8	4
Total other comprehensive income	(75)	691
Comprehensive income	822	570
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	637	590
Comprehensive income attributable to non-controlling interests	185	(20)

## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2019	For the six months ended September 30, 2020
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,278	42
Depreciation	668	704
Increase (decrease) in retirement benefit liability	21	(40)
Share of loss (profit) of entities accounted for using equity method	—	3
Interest and dividend income	(70)	(64)
Foreign exchange losses (gains)	20	(16)
Interest expenses	32	35
Subsidy income	—	(78)
Increase (decrease) in accounts payable – other	(249)	(206)
Decrease (increase) in trade receivables	2,240	3,137
Decrease (increase) in inventories	(1,158)	(266)
Increase (decrease) in trade payables	(1,111)	(1,265)
Other, net	(514)	(303)
Subtotal	1,158	1,680
Interest and dividends received	71	73
Interest paid	(33)	(33)
Proceeds from subsidy income	—	72
Income taxes (paid) refund	(537)	(327)
Net cash provided by (used in) operating activities	659	1,464
<b>Cash flows from investing activities</b>		
Payments into time deposits	(384)	(411)
Proceeds from withdrawal of time deposits	612	447
Purchase of property, plant and equipment	(1,619)	(459)
Proceeds from sales of property, plant and equipment	5	8
Purchase of intangible assets	(86)	(153)
Other, net	(23)	(7)
Net cash provided by (used in) investing activities	(1,496)	(575)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	413	162
Purchase of treasury shares	(0)	(1,004)
Repayments of finance lease obligations	(153)	(164)
Dividends paid	(541)	(682)
Dividends paid to non-controlling interests	(78)	(30)
Net cash provided by (used in) financing activities	(360)	(1,719)
Effect of exchange rate change on cash and cash equivalents	(193)	(145)
Net increase (decrease) in cash and cash equivalents	(1,391)	(975)
Cash and cash equivalents at beginning of period	19,660	16,108
Cash and cash equivalents at end of period	18,268	15,132

#### (4) 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)

The Company acquired 1,390,000 treasury shares based on a resolution at the meeting of the Board of Directors held on May 13, 2020. As a result, due to an increase of ¥984 million in treasury shares in the six months ended September 30, 2020, treasury shares amounted to ¥1,370 million as of September 30, 2020.

(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)

[Segment information]

I. For the six months ended September 30, 2019

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	12,754	3,812	2,329	1,052	816	20,766	-	20,766
Inter-segment net sales or transfers	2,149	57	5	2	15	2,231	(2,231)	-
Total	14,904	3,870	2,335	1,055	832	22,998	(2,231)	20,766
Segment profit	2,557	711	296	62	115	3,744	(2,576)	1,167

(Notes) 1. The adjustment for segment profit of negative ¥2,576 million includes elimination of inter-segment transactions of ¥40 million and corporate expenses in the amount of negative ¥2,616 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 quarterly consolidated statements of income.

II. For the six months ended September 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	11,538	2,794	1,852	787	692	17,666	-	17,666
Inter-segment net sales or transfers	1,410	33	9	2	12	1,468	(1,468)	-
Total	12,948	2,828	1,862	790	705	19,134	(1,468)	17,666
Segment profit	1,898	428	133	4	54	2,518	(2,550)	(32)

(Notes) 1. The adjustment for segment profit of negative ¥2,550 million includes elimination of inter-segment transactions of ¥0 million and corporate expenses in the amount of negative ¥2,551 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.