

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Results for the Six Months Ended September 30, 2022 (Under Japanese GAAP)



November 1, 2022

Company name: TOA Corporation
 Listing: Tokyo Stock Exchange
 Securities code: 6809
 URL: <https://www.toa.jp/>
 Representative: TAKEUCHI Kazuhiro, President, CEO
 Inquiries: YOSHIDA Keigo, General Manager of Accounting & Financial Department
 Telephone: +81-78-303-5620
 Scheduled date to file quarterly securities report: November 14, 2022
 Scheduled date to commence dividend payments: December 2, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly 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, 2022 (from April 1, 2022 to September 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	%
Six months ended								
September 30, 2022	20,307	7.2	45	(93.9)	456	(44.4)	629	36.6
September 30, 2021	18,937	7.2	748	–	822	–	460	–

Note: Comprehensive income For the six months ended September 30, 2022: ¥2,450 million [8.1%]
 For the six months ended September 30, 2021: ¥2,267 million [297.5%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	19.32	–
September 30, 2021	14.15	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2022	63,065	48,939	73.4
March 31, 2022	60,688	46,939	73.7

Reference: Equity
 As of September 30, 2022: ¥46,281 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	–	20.00			
Fiscal year ending March 31, 2023 (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, 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	69.46

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 September 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 September 30, 2022	1,970,502 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)

Six months ended September 30, 2022	32,552,711 shares
Six months ended September 30, 2021	32,528,522 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 Company plans to hold a financial results briefing session for institutional investors (through a live video link) on November 25, 2022. The video and the materials distributed at the session are scheduled to be posted on our website after the session.

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 .	4
2. Quarterly Consolidated Financial Statements and Significant Notes Thereto	5
(1) Quarterly consolidated balance sheet	5
(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income	7
Quarterly consolidated statement of income (cumulative).....	7
Quarterly consolidated statement of comprehensive income (cumulative).....	8
(3) Quarterly consolidated statement of cash flows	9
(4) Notes to the Quarterly Consolidated Financial Statements	10
(Notes on going concern assumption)	10
(Notes in the case of significant changes in shareholders' equity)	10
(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements).....	10
(Segment information, etc.).....	11

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

(1) Explanation of Operating Results

During the six months ended September 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 and the easing of restrictions on movement, concerns over 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 prolongation of the situation in Ukraine, as well as rapid depreciation of the yen in foreign exchange markets 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 sound experiences” that customers choose.

Specifically, in order to establish a “connected business” that provides value at various points of contact with customers, in addition to offering a “Remote Maintenance Service” that supports stable operation of broadcasting through early response to equipment malfunctions and centralized management of facilities, we have expanded and launched the “IP Audio Series,” which can be linked to various systems on a network and perform automatic broadcasting linked to IoT sensors and AI-based sensing. Furthermore, we will deepen cooperation with local government entities and different industries to provide new value, and contribute to the promotion of sustainable urban development through demonstration test projects using audio and video.

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 six months ended September 30, 2022 were ¥20,307 million (up ¥1,369 million, or 7.2%, year on year). Profit suffered from soaring costs of raw materials and an increase in shipping costs and other operating expenses. Operating profit was ¥45 million (down ¥702 million, or 93.9%, year on year), ordinary profit was ¥456 million (down ¥365 million, or 44.4%, year on year), and profit attributable to owners of parent was ¥629 million (up ¥168 million, or 36.6%, year on year), partly as a result of gain on sale of land.

Performance by segment is as follows.

(Japan)

Net sales amounted to ¥11,387 million (down ¥156 million, or 1.4%, year on year), and segment profit (operating profit) to ¥1,762 million (down ¥461 million, or 20.7%, year on year).

Sales of products for factories and railway cars grew, but sales to airport facilities 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 ¥4,172 million (up ¥986 million, or 31.0%, year on year), and segment profit (operating profit) to ¥648 million (up ¥139 million, or 27.4%, 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, etc. In addition, in Thailand and Malaysia, progress

was made on deliveries to commercial facilities. As a result, net sales for the entire segment increased, and segment profit rose.

(Europe, Middle East & Africa)

Net sales amounted to ¥2,586 million (up ¥433 million, or 20.1%, year on year), and segment profit (operating profit) to ¥215 million (down ¥75 million, or 25.8%, year on year).

In the United Kingdom, progress was made on deliveries to office building complexes, in South Africa, progress was made on deliveries to factories, and in the Middle East, sales were also solid, causing 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 ¥1,155 million (up ¥72 million, or 6.7%, year on year), and segment profit (operating profit) to negative ¥10 million (down ¥108 million year on year).

Despite factors such as a decrease in sales in the United States due to product supply delays caused by the impact of container shortages, etc. and a decrease in sales to the educational market in Canada, net sales for the entire segment increased, partly as a result of the impact of currency fluctuations.

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

(China & East Asia)

Net sales amounted to ¥1,004 million (up ¥32 million, or 3.4%, year on year), and segment profit (operating profit) to ¥87 million (down ¥43 million, or 33.2%, year on year).

In China, 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. As a result of these and other factors, sales increased. Net sales for the entire segment increased, partly as a result of the impact of currency fluctuations.

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

(2) Explanation of Financial Position

(i) Assets, Liabilities and Net Assets

Total assets at the end of the six months ended September 30, 2022 increased ¥2,377 million from the end of the previous fiscal year to ¥63,065 million. Assets increased due mainly to an increase in inventories, despite a decrease due to revaluation of investment securities, etc. Liabilities and net assets increased due mainly to an increase in foreign currency translation adjustment.

(ii) Cash Flows

As of September 30, 2022, cash and cash equivalents (hereinafter “net cash”) decreased by ¥1,509 million from the end of the previous fiscal year to ¥15,755 million. Net cash used in operating activities amounted to ¥748 million, net cash used in investing activities amounted to ¥1,301 million, and net cash used in financing activities amounted to ¥526 million. Net cash also decreased due to the effect of exchange rate change on net cash. The status of cash flows and their contributing factors during the six months ended September 30, 2022 are as follows.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥748 million. This was mainly attributable to an increase of ¥1,904 million in inventories and ¥378 million in income taxes paid, despite factors such as profit before income taxes of ¥979 million, and depreciation of ¥714 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥1,301 million. This was mainly attributable to ¥1,247 million of payments into time deposits.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥526 million. This was mainly attributable to ¥324 million of dividends paid and ¥185 million of repayments of finance lease liabilities.

(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 September 30, 2022
Assets		
Current assets		
Cash and deposits	17,910	17,435
Notes and accounts receivable - trade, and contract assets	9,149	8,887
Merchandise and finished goods	6,931	8,905
Work in process	973	1,195
Raw materials and supplies	4,718	5,556
Other	804	921
Allowance for doubtful accounts	(77)	(66)
Total current assets	40,410	42,834
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,190	6,091
Other	4,096	4,513
Total property, plant and equipment	10,287	10,605
Intangible assets	1,709	1,993
Investments and other assets		
Investment securities	7,230	6,479
Other	1,051	1,153
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	8,280	7,631
Total non-current assets	20,277	20,230
Total assets	60,688	63,065

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,827	4,127
Short-term borrowings	2,161	2,456
Income taxes payable	384	398
Provisions	188	296
Other	2,503	2,283
Total current liabilities	9,065	9,561
Non-current liabilities		
Retirement benefit liability	2,558	2,538
Other	2,124	2,026
Total non-current liabilities	4,683	4,564
Total liabilities	13,749	14,126
Net assets		
Shareholders' equity		
Share capital	5,279	5,279
Capital surplus	5,065	5,068
Retained earnings	31,618	31,922
Treasury shares	(1,352)	(1,339)
Total shareholders' equity	40,611	40,931
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,426	3,907
Foreign currency translation adjustment	(306)	1,463
Remeasurements of defined benefit plans	(12)	(21)
Total accumulated other comprehensive income	4,108	5,350
Non-controlling interests	2,219	2,657
Total net assets	46,939	48,939
Total liabilities and net assets	60,688	63,065

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

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	18,937	20,307
Cost of sales	10,823	12,470
Gross profit	8,114	7,836
Selling, general and administrative expenses	7,365	7,790
Operating profit	748	45
Non-operating income		
Interest income	7	9
Dividend income	51	57
Foreign exchange gains	–	270
Share of profit of entities accounted for using equity method	2	0
Other	64	103
Total non-operating income	126	440
Non-operating expenses		
Interest expenses	21	26
Foreign exchange losses	23	–
Other	7	3
Total non-operating expenses	52	29
Ordinary profit	822	456
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	841	979
Income taxes	298	247
Profit	543	732
Profit attributable to non-controlling interests	82	103
Profit attributable to owners of parent	460	629

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	543	732
Other comprehensive income		
Valuation difference on available-for-sale securities	952	(519)
Foreign currency translation adjustment	784	2,245
Share of other comprehensive income of entities accounted for using equity method	0	0
Remeasurements of defined benefit plans, net of tax	(12)	(7)
Total other comprehensive income	1,724	1,718
Comprehensive income	2,267	2,450
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,091	1,870
Comprehensive income attributable to non-controlling interests	175	579

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	841	979
Depreciation	699	714
Increase (decrease) in retirement benefit liability	(21)	(87)
Interest and dividend income	(59)	(66)
Foreign exchange losses (gains)	(47)	23
Share of loss (profit) of entities accounted for using equity method	(2)	(0)
Interest expenses	21	26
Gain on reversal of foreign currency translation adjustment	(19)	–
Loss (gain) on sale of non-current assets	–	(522)
Decrease (increase) in trade receivables	1,089	592
Decrease (increase) in inventories	(173)	(1,904)
Increase (decrease) in trade payables	69	84
Increase (decrease) in accounts payable - other	(509)	(110)
Other, net	186	(133)
Subtotal	2,076	(404)
Interest and dividends received	59	64
Interest paid	(20)	(29)
Income taxes refund (paid)	(178)	(378)
Net cash provided by (used in) operating activities	1,937	(748)
Cash flows from investing activities		
Payments into time deposits	(874)	(1,247)
Proceeds from withdrawal of time deposits	331	345
Purchase of property, plant and equipment	(124)	(379)
Proceeds from sale of property, plant and equipment	0	490
Purchase of intangible assets	(96)	(488)
Other, net	(12)	(21)
Net cash provided by (used in) investing activities	(776)	(1,301)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	37	93
Purchase of treasury shares	(0)	(0)
Repayments of finance lease liabilities	(251)	(185)
Dividends paid	(324)	(324)
Dividends paid to non-controlling interests	(98)	(109)
Repayments to non-controlling shareholders	(142)	–
Net cash provided by (used in) financing activities	(779)	(526)
Effect of exchange rate change on cash and cash equivalents	418	1,067
Net increase (decrease) in cash and cash equivalents	800	(1,509)
Cash and cash equivalents at beginning of period	16,268	17,264
Cash and cash equivalents at end of period	17,069	15,755

**(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)

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 six months ended September 30, 2021 (from April 1, 2021 to September 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	11,543	3,186	2,153	1,082	971	18,937	–	18,937
Inter-segment net sales or transfers	1,603	50	9	7	13	1,683	(1,683)	–
Total	13,147	3,237	2,162	1,089	984	20,621	(1,683)	18,937
Segment profit (loss)	2,224	508	290	98	130	3,252	(2,503)	748

- (Notes) 1. The adjustment for segment profit of negative ¥2,503 million includes elimination of inter-segment transactions of ¥20 million and corporate expenses in the amount of negative ¥2,524 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, 2022 (from April 1, 2022 to September 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	11,387	4,172	2,586	1,155	1,004	20,307	–	20,307
Inter-segment net sales or transfers	2,335	68	11	5	16	2,437	(2,437)	–
Total	13,723	4,241	2,598	1,161	1,021	22,744	(2,437)	20,307
Segment profit (loss)	1,762	648	215	(10)	87	2,703	(2,657)	45

- (Notes) 1. The adjustment for segment profit of negative ¥2,657 million includes elimination of inter-segment transactions of negative ¥9 million and corporate expenses in the amount of negative ¥2,648 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.