



Smiles for the Public

Financial Results Briefing for the Second Quarter of Fiscal Year
Ended March 31, 2023



TOA Corporation

Securities Code 6809

Future Outlook

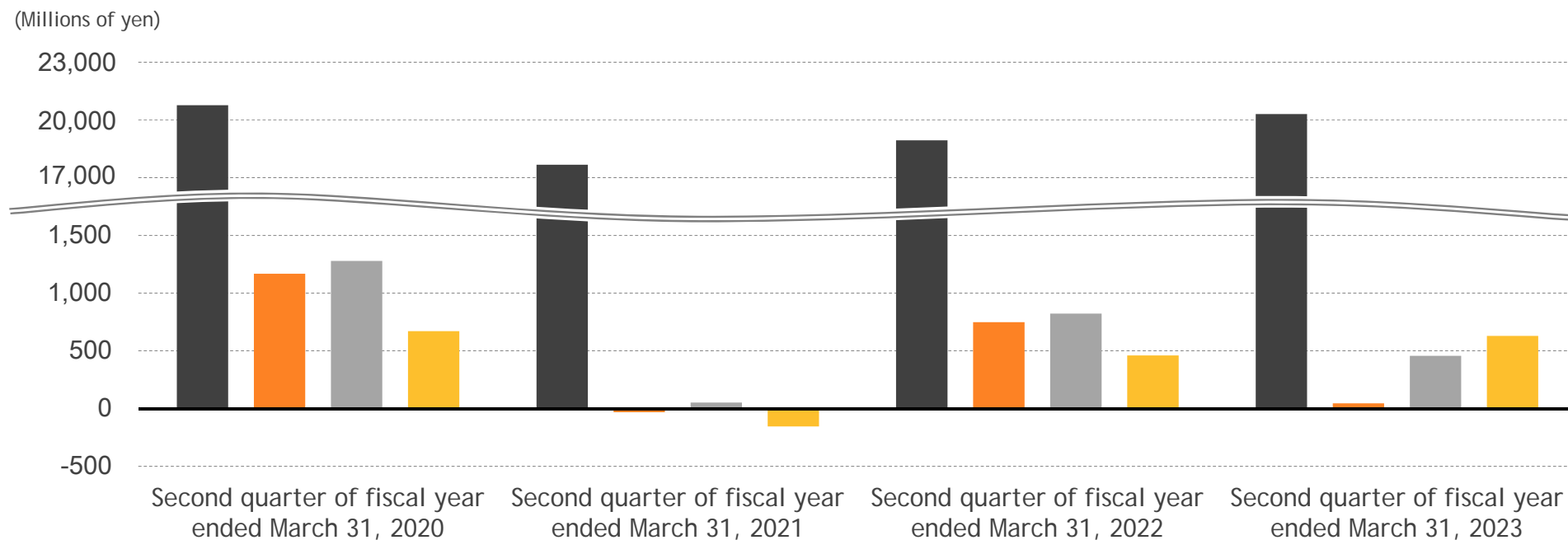
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Financial Results for the Second Quarter of Fiscal Year Ended March 31, 2023

Overview

- Cumulative second quarter results showed an increase in revenues and a decrease in profits.
While sales exceeded initial expectations, profit fell short despite price revisions due to higher raw material prices and operating expenses such as transportation costs, which exceeded price revisions.
- In the Japan segment, while sales grew in the factory market and railway cars business, sales of audio equipment for the airport facilities and disaster reduction and prevention markets was stagnant, resulting in a decrease in revenues and profits.
- Overseas, in addition to the recovery of economic activities, there was a foreign exchange impact, and revenue increased in each segment.
However, due to higher operating expenses, profit decreased except in the Asia-Pacific segment.
- Net profit increased year-on-year with gains on the sale of land.
- The performance forecast for the full business year remains unchanged from the numerical plan announced in May of this year.
Profit will recover in the second half of the fiscal year by passing on costs to sales prices and examining investment priorities.

Performance for Second Quarter of FY Ended March 31, 2023 (Consolidated)

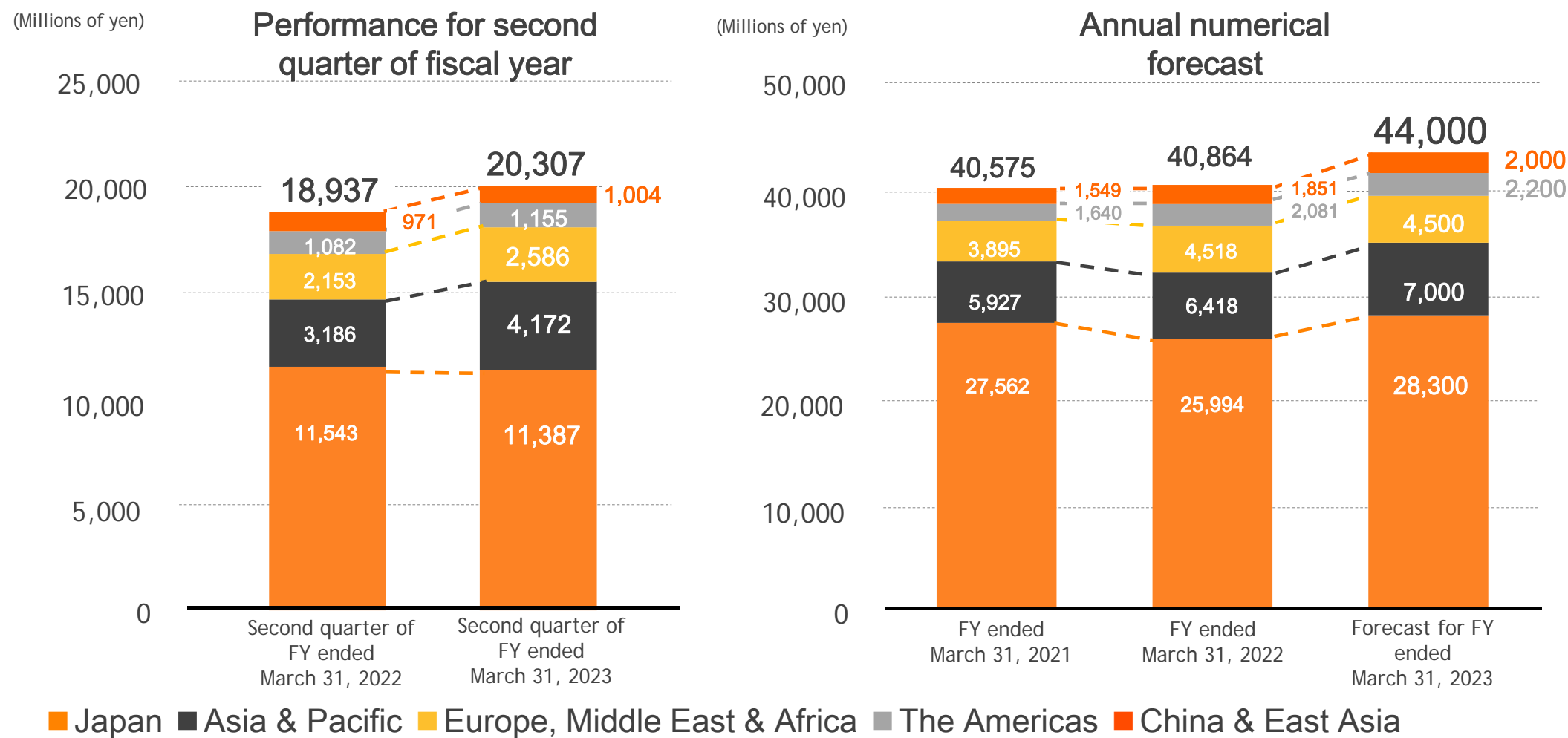


■ Net sales	20,766	17,666	18,937	20,307	(7.2%)
■ Operating profit	1,167	-32	748	45	(-93.9%)
■ Ordinary profit	1,278	53	822	456	(-44.4%)
■ Net profit*	670	-155	460	629	(36.6%)

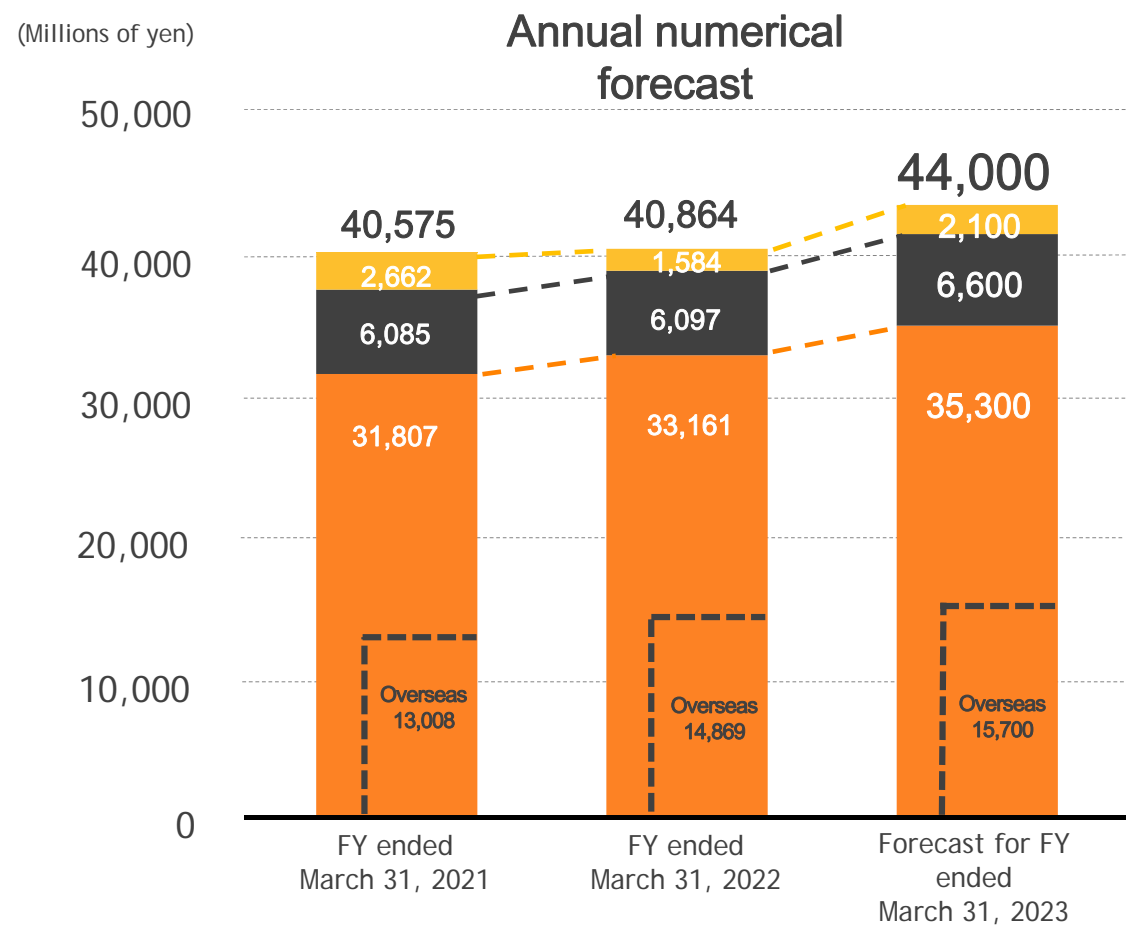
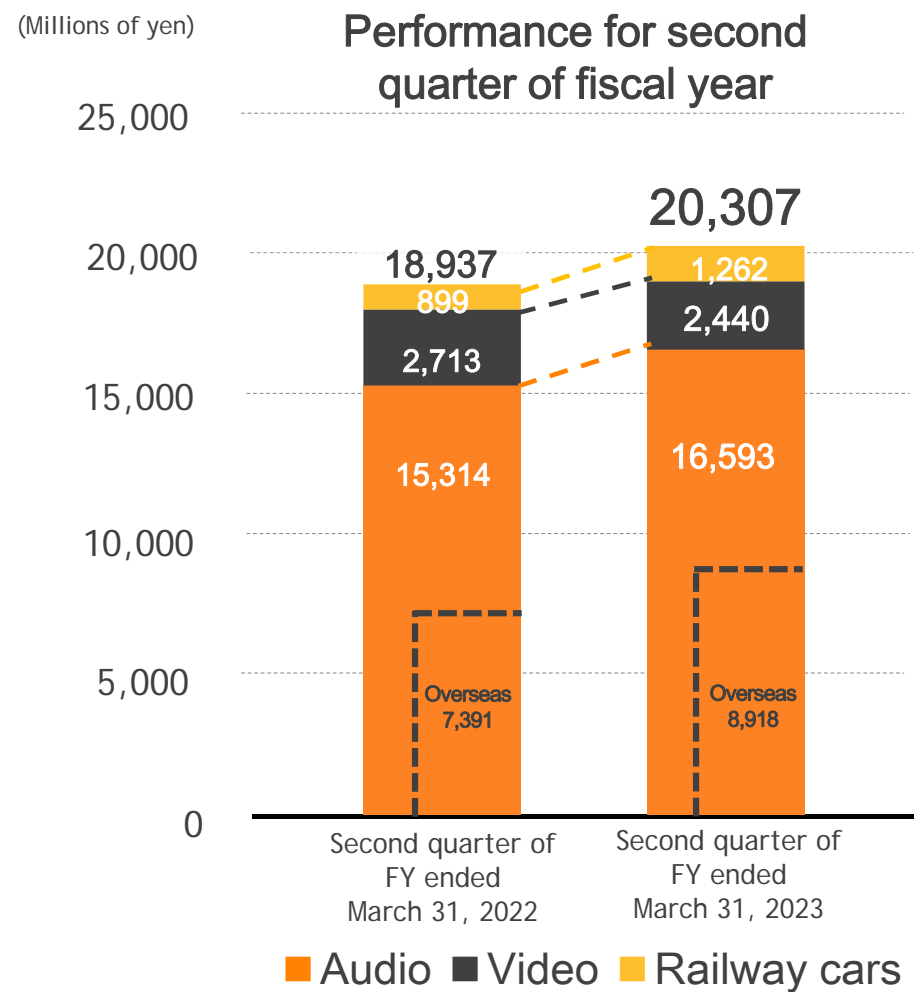
*: Quarterly profit attributable to owners of parent

*Percentages indicate year-on-year change.

Performance for Second Quarter of FY Ended March 31, 2023 (by Regional Segment)



Performance for Second Quarter of FY Ended March 31, 2023 (by Product Category)



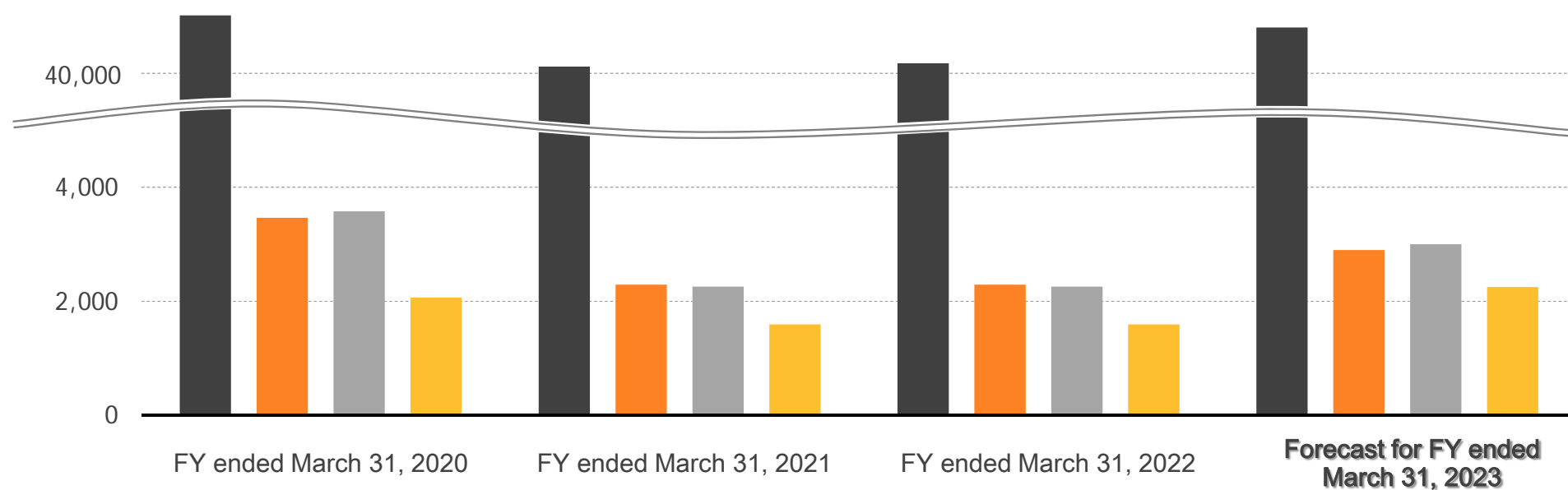
Change in R&D Expenses, Capital Investment and Depreciation Expenses (Consolidated)

(Millions of yen)	Second quarter of fiscal year ended March 31, 2022	Second quarter of fiscal year ended March 31, 2023	Change (year-on-year)
R&D expenses	1,313	1,413	+100
Capital investment	462	922	+460
Depreciation expenses	699	714	+15

- The increase in capital investment is due to maintenance of the information system infrastructure, expansion of factories, and introduction of mechanical equipment.

Numerical Plan (Consolidated)

(Millions of yen) 50,000

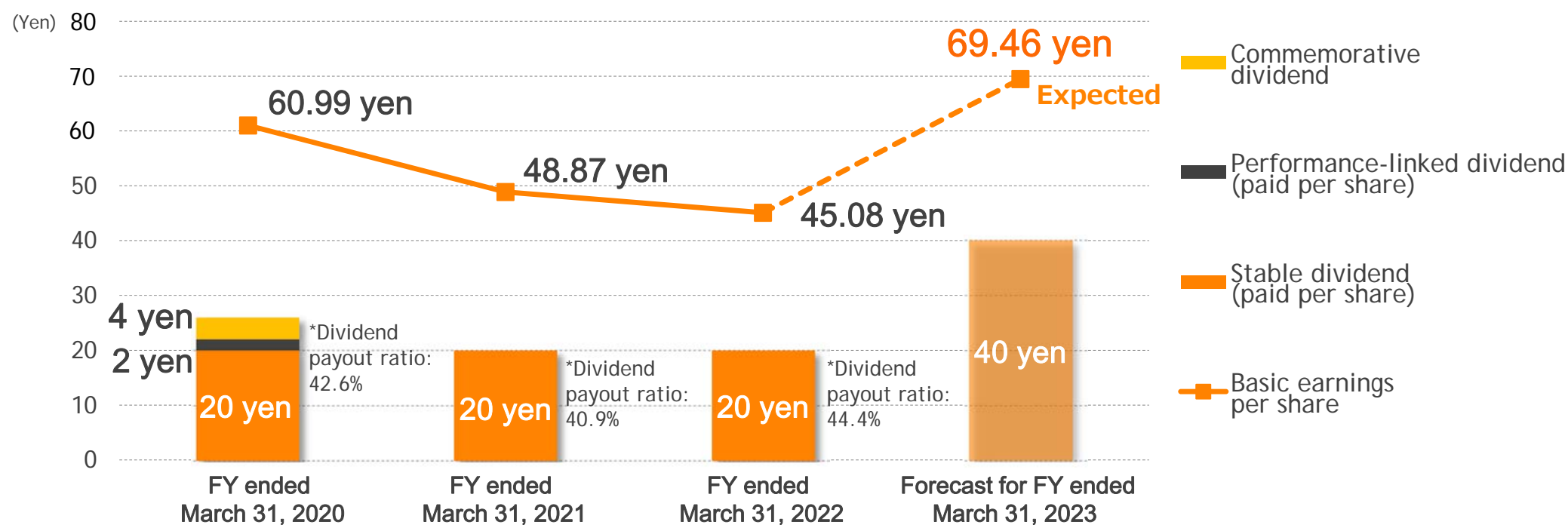


Net sales	45,068	40,575	40,864	44,000
Operating profit	3,465	2,293	2,159	2,900
Ordinary profit	3,577	2,558	2,407	3,000
Net profit*	2,065	1,596	1,466	2,250

*: Profit attributable to owners of parent

Dividend Forecast for FY Ended March 31, 2023

Determined a target consolidated dividend payout ratio of 45%, taking into account performance and a stable dividend of 40 yen



Our policy is to determine dividends by comprehensively considering the following matters:

- Maintain annual dividend of 40 yen (20 yen interim dividend, 20 yen year-end dividend).
- Determine a performance-linked dividend with a target consolidated dividend payout ratio of 45% and a minimum amount of 40 yen per share.
- Consider a balance with retained earnings to enable sustainable growth.

Overview of Second Quarter of Fiscal Year Ended March 31, 2023 and Future Prospects for 5 Region Segments

Japan segment

Overview

- **Education facilities**

There was a reactionary decline from the strong performance in the same period the previous year, and we captured demand for wireless microphone systems.

- **Plants**

Demand for capital investment is recovering, and sales increased year-on-year.

- **Warehouse and logistics center**

Demand for equipment increased with a growth in e-commerce use and an improvement of arterial roads. Sales of network camera systems monitoring vehicles operating inside facilities were steady.

- **Transportation infrastructure facilities**

There was a reactionary decline from the same period last year due to the impact of a round of projects in the large-scale airport market.

- **Disaster reduction & prevention**

Demand continues to be sluggish this year and last year, since the demand period of the year before last.

There was a significant increase in project inquiries for projects to be ordered next fiscal year and beyond.

- **Railway cars for overseas**

Vehicle equipment for Bangladesh and the U.S. was delivered.

(Millions of yen)	Second quarter of FY ended March 31, 2023	Change (year-on-year)
Net sales	11,387	-156
Operating profit	1,762	-461



At the warehouse and logistics center, sales of network camera systems monitoring vehicles operating inside facilities were strong.

Japan segment

Topic

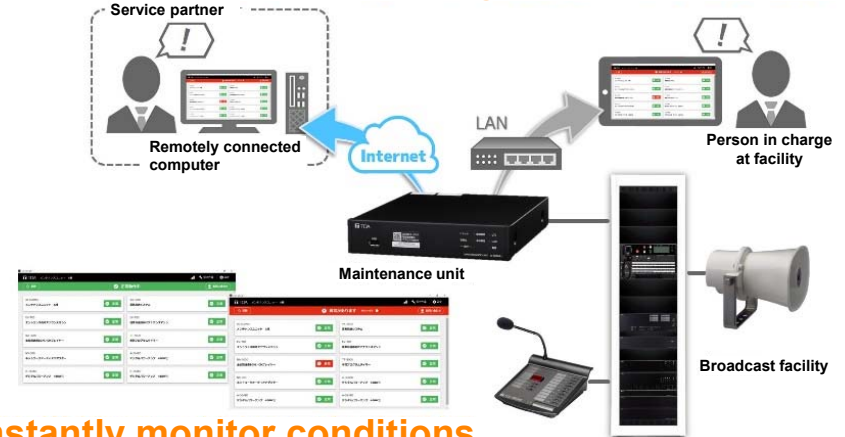
- Developing connected businesses by providing network-based solutions



- Captured demand for security cameras for school routes and downtown areas
- Monitor camera status via network and support long-term warranty
- **Achieving peace of mind even during operations**

Remote maintenance service

Troubleshooting conditions remotely



Constantly monitor conditions of equipment and devices

- Constantly visualize equipment operating status and solve problems at an early stage
- Contributes to stable operation of broadcasting facilities and reduced workload for customers
- **Support audio maintenance needed for safety and security**

Japan segment

Topic

- Sale of new products that will change industry norms

Emergency broadcast systems for very large-scale fire prevention structures

FS-A2500EP Emergency Control Panel



- Solves issues of evacuation guidance in high-rise buildings and complexes
- Stepped ringing function: Expands the broadcast area according to the level of danger to prevent congestion
- Multimodal emergency broadcast function: Provides accurate evacuation route guidance for each area
- **Contributes to safer evacuation and more reliable guidance**

IP Audio Series



Integrating networks and sound for new value

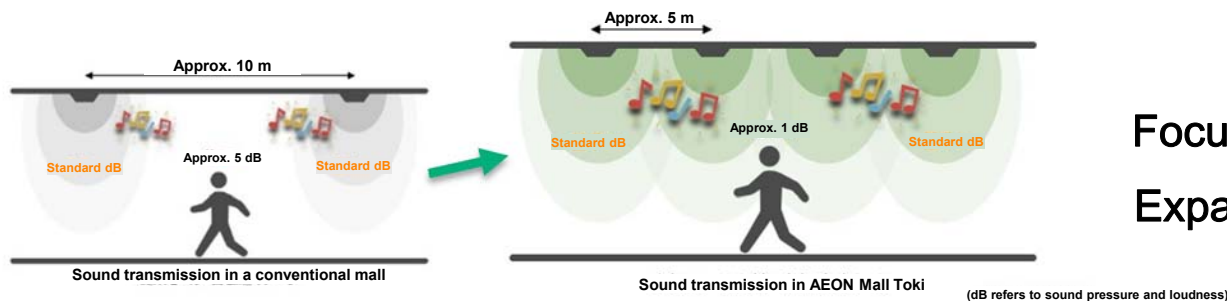
- Automatic broadcasts linked to various network data, such as information from IoT devices and image recognition results from AI cameras
- Able to build flexible and expandable audio guidance and alarm systems
- **Realize new means of communication using sound**

Japan segment

Topic

AE (良い) ON (音)

- “Good Sound” project at AEON Mall Toki



- Significantly improve the sound environment of large-scale spaces by optimizing speaker placement and automatically adjusting the volume based on the noise level to make BGM and announcements easier to hear
- At the entrance, create a comfortable space that accompanies customers with natural sounds in harmony with abundant nature on the terrace with welcoming sound
- Using added value with sound to contribute to improving the attractiveness of facilities

Focus on solution proposals leveraging our strengths
Expanding sales for the second half of the fiscal year

Asia & Pacific segment

Overview

- **Indonesia**

Sales increased mainly in broadcasting equipment in the religious sector, and demand increased before a tax hike.

- **Malaysia and Thailand**

General-purpose broadcast systems with excellent scalability for commercial complexes were delivered.

- **Vietnam**

Delivery progressed for projects including network broadcast systems for schools and conference microphone systems for local government.

Topic

- **Education facilities**

Proactive proposal activities and demonstrations were implemented as sales measures.

Amplifiers for the educational market created in Thailand penetrated the market and are being expanded to other countries as well.

- **Transportation infrastructure market**

Focus on solution proposals for orders received from airports and railway station buildings

(Millions of yen)	Second quarter of FY ended March 31, 2023	Change (year-on-year)
Net sales	4,172	+986
Operating profit	648	+139



Sales of amplifiers for the educational market are expected to increase.

Europe, Middle East & Africa segment

Overview

- **UK**
Sales of emergency broadcast systems were steady due to ongoing activities to acquire new customers.
- **South Africa**
Received orders of broadcasting systems for large factories. Sales were strong due to a focus on sales activities in the religious market.
- **African Countries**
Sales increased in newly developed areas with orders of large-scale projects including broadcast systems for religious facilities and audio equipment for sports facilities.

Topic

- **Commercial facilities**
Started sales of remote maintenance for emergency broadcast systems. Proposed mainly to chain stores to remotely monitor facility conditions and detect equipment malfunctions at an early stage.
- **Development of new distribution**
We aim to increase sales by expanding the IP Audio Series lineup and develop new distribution

(Millions of yen)	Second quarter of FY ended March 31, 2023	Change (year-on-year)
Net sales	2,586	+433
Operating profit	215	-75



Popular IP Audio Series focusing
on security applications
Expand lineup and expand applications
this fiscal year

The Americas segment

Overview

- **U.S.**
Supply of BGM equipment products mainly for stores had delays due to logistics disruptions, but orders were strong, and the market is recovering.
- **Canada**
Annual sales plan for education facilities shows steady progress.
Sales of wireless microphone systems mainly for school classrooms remained high despite a reactionary decline due to special demand in the previous fiscal year.

Topic

- **Education facilities and crime prevention**
We proposed signage solutions together with local companies for education facilities at the InfoComm 2022 exhibit held in June.
Supports hourly alarms and calls during normal operation and emergency notifications when malfunctions occurs

(Millions of yen)	Second quarter of FY ended March 31, 2023	Change (year-on-year)
Net sales	1,155	+72
Operating profit	-10	-108



U.S.: Proposed signage solutions for education facilities together with local companies at an exhibit.

China & East Asia segment

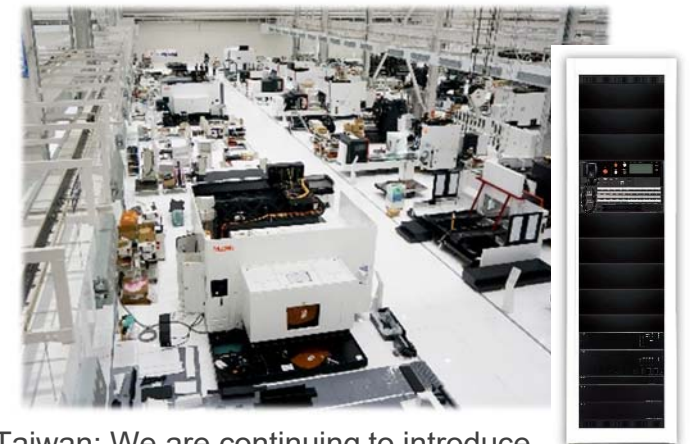
Overview

- **China**
Economic activity was stagnant and sales declined due to lockdowns in Shanghai.
- **Taiwan**
Sales were strong again this fiscal year mainly in plant projects focused on semiconductors.
Orders were also received for audio systems for large sports facilities.
- **Hong Kong**
Restrictions related to COVID-19 were lifted, and there are signs of recovery.
We delivered network broadcast systems for fire departments.

Topic

- **Education facilities**
We focused on proposing network broadcast systems to meet the needs of the community.
- **Medical facilities**
We proposed communication systems that contribute to smarter healthcare.

(Millions of yen)	Second quarter of FY ended March 31, 2023	Change (year-on-year)
Net sales	1,004	+32
Operating profit	87	-43



Taiwan: We are continuing to introduce to the market the FS-2500 Series emergency broadcast system deployed in Japan.

Supply Chain Management Initiatives

Purchasing

- ▶ Since the end of last year, costs have continued to increase due to rising costs of raw materials prices and the difficulty of purchasing parts.
- ▶ We are pursuing optimization by integrating commercial distribution of parts purchasing and considering the use of alternative parts.
- ▶ We will strengthen relations with parts manufacturers and look into hiring new employees.

Logistics

- ▶ Rising labor costs in Japan coupled with rising fuel costs due to the depreciation of the yen and geopolitical issues overseas have impacted transportation costs.
- ▶ We continue to improve loading efficiency and optimize transportation methods
We are creating a more stable logistics system through regular consultations with logistics companies.
We plan to adjust transportation volumes according to the inventory status at each warehouse and reduce distribution costs.

Production

- ▶ We continue to improve productivity via mechanization and automation, expand production capacity, and standardize the production control system.
- ▶ We continue production and sales plans based on close cooperation with the sales department.

Sales

- ▶ The peak has passed, but delivery of some products has to be adjusted.
- ▶ To ensure stable supply of products to customers, we maintain a large inventory of key products.

- ▶ We plan to reduce costs and increase profits by more closely coordinating the purchasing, production, logistics, and sales functions.

