Financial Report

For the Fiscal Year ended March 31, 2021

Toshiba Corporation

FIVE-YEAR SUMMARY

Toshiba Corporation and Consolidated Subsidiaries
The Fiscal Years ended March 31

Millions of yen, except per share amounts and ratio

	2021	2020	2019	2018	2017
Net sales (Note 4)	**¥ 3,054,375**	¥ 3,389,871	¥ 3,693,539	¥ 3,947,596	¥ 4,043,736
Operating income (Note 5)	**104,402**	130,460	35,447	86,184	96,537
Income (loss) from continuing operations, before income taxes and noncontrolling interests	**153,488**	(47,539)	10,909	82,378	44,945
Net income (loss) attributable to shareholders of the Company	**113,981**	(114,633)	1,013,256	804,011	(965,663)
Comprehensive income (loss) attributable to shareholders of the Company	**242,267**	(138,915)	1,083,664	819,189	(844,585)
Equity attributable to shareholders of the Company	**1,164,534**	939,806	1,456,659	783,135	(552,947)
Total equity (Note 6)	**1,304,530**	1,076,426	1,699,045	1,010,734	(275,704)
Total assets	**3,500,636**	3,383,433	4,297,344	4,458,211	4,269,513
Per share of common stock: (Yen) (Notes 7 and 10)	**2,565.95**	2,071.98	2,691.21	1,201.78	(1,306.03)
Earnings (loss) per share attributable to shareholders of the Company (Yen) (Notes 8, 9 and 10)					
–Basic	**251.25**	(236.39)	1,641.85	1,628.88	(2,280.76)
–Diluted	**–**	–	–	–	–
Shareholders' equity ratio (%) (Note 7)	**33.3**	27.8	33.9	17.6	(13.0)
Return on equity ratio (%) (Notes 7 and 11)	**10.8**	(9.6)	90.5	698.6	–
Price-to-earnings ratio (PER) (Note 12)	**14.89**	–	2.15	1.89	–
Net cash provided by (used in) operating activities	**145,145**	(142,148)	124,855	37,367	134,163
Net cash provided by (used in) investing activities	**(106,671)**	(122,514)	1,305,434	(146,713)	(178,929)
Net cash provided by (used in) financing activities	**97,811**	(687,244)	(645,018)	(63,613)	(204,220)
Cash, cash equivalents and restricted cash at the end of the fiscal year	**525,456**	376,973	1,335,520	548,657	723,231
Number of employees (Note 13)	**117,300**	125,648	128,697	141,256	153,492

Notes:
1) The Group's Consolidated Financial Statements are based on US Generally Accepted Accounting Principles.
2) The Memory business (including its SSD business, but excluding its image sensor business) was classified as discontinued operations in accordance with Accounting Standards Codification ("ASC") No.205-20 "Presentation of Financial Statements - Discontinued Operations" in the fiscal year ended March 31, 2018. Results of the fiscal year ended March 31, 2018 have been revised to reflect these changes. The results of the Memory business were reported as discontinued operations for the first two months of the fiscal year ended March 31,2019, and the results of the rest of the year were accounted for using the equity method.
3) The Group adopted Accounting Standards Updates ("ASU") No. 2016-15 "Statement of Cash Flows Classification of Certain Cash Receipts and Cash Payments (a consensus of the FASB Emerging Issues Task Force)", ASU No. 2016-18 "Statement of Cash Flows Restricted Cash (a consensus of the FASB Emerging Issues Task Force)" and ASU No. 2017-07 "Compensation Retirement Benefits Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost" effective from the first quarter of the fiscal year ended March 31, 2019. Results of the prior years have been revised to reflect these changes.
4) Consumption tax is not included in the Net sales.
5) Operating income is derived by deducting the cost of sales, selling, general and administrative expenses and impairment loss on goodwill from net sales. This result is regularly reviewed to support decision-making in allocation of resources and to assess performance. Certain expenses such as restructuring charges and legal settlement costs are not charged to operating income.
6) Total equity is the sum of Equity attributable to shareholders of the Company and Equity attributable to noncontrolling interests.
7) The calculation of "Per share of common stock", "Shareholders' equity ratio" and "Return on equity ratio" is based on Equity attributable to shareholders of the Company in the consolidated balance sheets.
8) Basic earnings (loss) per share attributable to shareholders of the Company ("EPS") is computed based on the weighted-average number of shares of common stock outstanding during each period.
Diluted EPS assumes the dilution that could occur if convertible bonds were converted or stock acquisition rights were exercised to issue common stock, unless their inclusion would have an antidilutive effect.
9) Diluted net earnings per share attributable to shareholders of the Company has been omitted because the Company did not have potential common shares that were outstanding.
10) On October 1, 2018, the Company executed a share consolidation in a ratio of 10 shares to 1.
The results of before the fiscal years ended March 31, 2017 to March 31, 2018 have been revised to reflect these changes.
11) Return on equity ratio for the years ended on March 31, 2017 has been omitted because the average equity attributable to shareholders of the Company during the period was less than zero.
12) Price-to-earnings ratio ("PER") for the years ended on March 31, 2020, and 2017 have been omitted because of Net loss attributable to shareholders of the Company.
13) The number of employees is the sum of the regular and fixed-term employees who are expected to work or have worked over a year.

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Toshiba Corporation and Consolidated Subsidiaries
As at March 31, 2021 and 2020

Assets	Millions of yen 2021	2020	Thousands of US dollars (Note 1) 2021
Current assets:			
Cash and cash equivalents	**¥ 525,456**	¥ 376,973	**$ 4,733,838**
Notes, accounts receivable and contract assets (Notes 6 and 12):			
Notes receivable	**66,780**	71,591	**601,622**
Accounts receivable and contract assets	**851,900**	920,322	**7,674,775**
Allowance for doubtful notes, accounts receivable and contract assets	**(20,075)**	(21,119)	**(180,856)**
Inventories (Note 7)	**475,765**	482,327	**4,286,171**
Other receivables	**86,894**	70,664	**782,829**
Prepaid expenses and other current assets (Notes 4 and 20)	**144,188**	137,341	**1,298,990**
Total current assets	**2,130,908**	2,038,099	**19,197,369**
Long-term receivables and investments:			
Long-term receivables (Notes 6 and 12)	**4,231**	7,315	**38,117**
Investments in and advances to affiliates (Notes 3, 4, 5 and 8)	**450,454**	428,384	**4,058,144**
Marketable securities and other investments (Notes 4 and 5)	**79,343**	77,003	**714,802**
Total long-term receivables and investments	**534,028**	512,702	**4,811,063**
Property, plant and equipment (Notes 4, 16, and 21):			
Land	**40,649**	41,819	**366,207**
Buildings	**656,035**	644,571	**5,910,225**
Machinery and equipment	**1,282,570**	1,261,488	**11,554,685**
Construction in progress	**38,805**	35,368	**349,595**
	2,018,059	1,983,246	**18,180,712**
Accumulated depreciation	**(1,562,356)**	(1,562,949)	**(14,075,280)**
Total property, plant and equipment	**455,703**	420,297	**4,105,432**
Operating lease right-of-use assets (Note 21):			
Total operating lease right-of-use assets	**119,739**	155,513	**1,078,730**
Other assets:			
Goodwill and other intangible assets (Notes 4, 9, and 16)	**128,756**	119,677	**1,159,964**
Deferred tax assets (Note 17)	**79,585**	84,336	**716,982**
Other assets (Notes 4 and 20)	**51,917**	52,809	**467,721**
Total other assets	**260,258**	256,822	**2,344,667**
Total assets	**¥ 3,500,636**	¥ 3,383,433	**$ 31,537,261**

The accompanying notes are an integral part of these statements.

Toshiba Corporation and Consolidated Subsidiaries
As at March 31, 2021 and 2020

	Millions of yen		Thousands of US dollars (Note 1)
Liabilities and equity	**2021**	2020	**2021**
Current liabilities:			
Short-term borrowings (Notes 10 and 20)	**¥ 10,387**	¥ 13,339	**$ 93,577**
Current portion of long-term debt (Notes 10 and 20)	**5,601**	49,310	**50,459**
Notes and accounts payable	**481,877**	502,066	**4,341,234**
Other payables and accrued expenses (Notes 24, 26 and 30)	**249,945**	286,000	**2,251,757**
Current lease liabilities (Note 21)	**38,757**	44,529	**349,162**
Accrued income and other taxes (Note 17)	**48,699**	64,382	**438,730**
Advance payments received (Note 12)	**246,411**	266,129	**2,219,919**
Other current liabilities (Notes 4, 12, 20, 23 and 24)	**173,204**	172,162	**1,560,396**
Total current liabilities	**1,254,881**	1,397,917	**11,305,234**
Long-term liabilities:			
Long-term debt (Notes 10 and 20)	**378,440**	173,754	**3,409,369**
Accrued pension and severance costs (Note 11)	**295,442**	431,632	**2,661,640**
Non-current lease liabilities (Note 21)	**84,517**	114,219	**761,414**
Deferred tax liabilities (Note 17)	**55,051**	56,519	**495,955**
Other liabilities (Notes 4, 17, 20, 23, 24, 26 and 27)	**127,775**	132,966	**1,151,126**
Total long-term liabilities	**941,225**	909,090	**8,479,504**
Total liabilities	**¥ 2,196,106**	¥ 2,307,007	**$ 19,784,738**
Equity attributable to shareholders of the Company (Note 18):			
Common stock:			
Authorized–1,000,000,000 shares issued:			
2021–455,280,690 shares 2020–455,000,000 shares	**¥ 200,558**	¥ 200,175	**$ 1,806,829**
Additional paid-in capital	**207**	–	**1,865**
Retained earnings (accumulated deficit)	**1,127,130**	1,031,231	**10,154,324**
Accumulated other comprehensive loss	**(158,307)**	(286,593)	**(1,426,189)**
Treasury stock, at cost:			
2021–1,439,724 shares	**(5,054)**		**(45,532)**
2020–1,422,054 shares		(5,007)	
Total equity attributable to shareholders of the Company	**1,164,534**	939,806	**10,491,297**
Equity attributable to noncontrolling interests	**139,996**	136,620	**1,261,226**
Total equity	**¥ 1,304,530**	¥ 1,076,426	**$ 11,752,523**
Commitments and contingent liabilities (Notes 22, 23 and 24)			
Total liabilities and equity	**¥ 3,500,636**	¥ 3,383,433	**$ 31,537,261**

The accompanying notes are an integral part of these statements.

Toshiba Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2021 and 2020

	Millions of yen		Thousands of US dollars (Note 1)
	2021	2020	**2021**
Sales and other income:			
Net sales (Note 12)	**¥ 3,054,375**	¥ 3,389,871	**$ 27,516,892**
Interest and dividend income	**2,726**	4,245	**24,559**
Equity in earnings of affiliates (Notes 3 and 8)	**5,967**	–	**53,757**
Other income (Notes 4, 5, 15 ,20 and 24)	**86,181**	29,752	**776,405**
	3,149,249	3,423,868	**28,371,613**
Costs and expenses:			
Cost of sales (Notes 4, 9, 11, 13, 16, 21, 25 and 26)	**2,230,816**	2,472,002	**20,097,441**
Selling, general and administrative expenses (Notes 9, 11, 13, 14, 25 and 26)	**719,157**	787,409	**6,478,892**
Interest expenses	**4,549**	5,409	**40,982**
Equity in losses of affiliates (Notes 3 and 8)	**–**	58,957	**–**
Other expenses (Notes 4, 5, 6, 11, 15, 20, and 24)	**41,239**	147,630	**371,523**
	2,995,761	3,471,407	**26,988,838**
Income (loss) from continuing operations, before income taxes and noncontrolling interests	**153,488**	(47,539)	**1,382,775**
Income taxes (Note 17):	**22,244**	19,423	**200,396**
Current	**(8,485)**	15,697	**(76,441)**
Deferred	**13,759**	35,120	**123,955**
Income (loss) from continuing operations, before noncontrolling interests	**139,729**	(82,659)	**1,258,820**
Loss from discontinued operations, before noncontrolling interests (Notes 3 and 30)	**(7,728)**	(13,794)	**(69,622)**
Net income (loss) before noncontrolling interests	**132,001**	(96,453)	**1,189,198**
Less: Net income attributable to noncontrolling interests	**18,020**	18,180	**162,342**
Net income (loss) attributable to shareholders of the Company	**¥ 113,981**	¥ (114,633)	**$ 1,026,856**

Per Share Data

	Yen		US dollars (Note 1)
Basic net earnings (loss) per share attributable to shareholders of the Company (Note 19)			
Earnings (loss) from continuing operations	**¥ 268.29**	¥ (207.95)	**$ 2.42**
Loss from discontinued operations	**¥ (17.04)**	¥ (28.44)	**$ (0.16)**
Net earnings (loss)	**¥ 251.25**	¥ (236.39)	**$ 2.26**
Cash dividends per share	**¥ 80.00**	¥ 20.00	**$ 0.72**

The accompanying notes are an integral part of these statements.

Toshiba Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2021 and 2020

	Millions of yen		Thousands of US dollars (Note 1)
	2021	2020	**2021**
Net income (loss) before noncontrolling interests	**¥ 132,001**	¥ (96,453)	**$ 1,189,198**
Other comprehensive income (loss), net of tax (Note 18)			
Net unrealized gains and losses on securities (Note 5)	**(8)**	(28)	**(72)**
Foreign currency translation adjustments	**21,741**	(17,265)	**195,865**
Pension liability adjustments (Note 11)	**117,021**	(9,213)	**1,054,243**
Net unrealized gains and losses on derivative instruments (Note 20)	**(2,147)**	173	**(19,342)**
Total other comprehensive income (loss)	**136,607**	(26,333)	**1,230,694**
Comprehensive income (loss) before noncontrolling interests	**268,608**	(122,786)	**2,419,892**
Less:Comprehensive income attributable to noncontrolling interests	**26,341**	16,129	**237,306**
Comprehensive income (loss) attributable to shareholders of the Company	**¥ 242,267**	¥ (138,915)	**$ 2,182,586**

The accompanying notes are an integral part of these statements.

Toshiba Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2021 and 2020

	Millions of yen							
	Common stock	Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive loss	Treasury stock	Equity attributable to shareholders of the Company	Equity attributable to non controlling interests	Total equity
Balance at March 31, 2019	¥ 200,044	¥ –	¥ 1,528,463	¥ (262,311)	¥ (9,537)	¥ 1,456,659	¥ 242,386	¥ 1,699,045
Cumulative effect of application of ASU 2016-02			(446)			(446)	(22)	(468)
Transfer to retained earnings (accumulated deficit) from additional paid-in capital (Note 18)		67,213	(67,213)					
Change in ownership for noncontrolling interests and others	131	(1,120)				(989)	(2,208)	(3,197)
Change due to tender offer for shares of 3 listed subsidiaries (Note 18)		(66,093)				(66,093)	(108,229)	(174,322)
Dividends attributable to shareholders of the Company			(10,112)			(10,112)		(10,112)
Dividends attributable to noncontrolling interests							(11,436)	(11,436)
Comprehensive income (loss):								
Net income (loss)			(114,633)			(114,633)	18,180	(96,453)
Other comprehensive income (loss), net of tax (Note 18)								
Net unrealized gains and losses on securities (Note 5)				(8)		(8)	(20)	(28)
Foreign currency translation adjustments				(13,485)		(13,485)	(3,780)	(17,265)
Pension liability adjustments (Note 11)				(11,005)		(11,005)	1,792	(9,213)
Net unrealized gains and losses on derivative instruments (Note 20)				216		216	(43)	173
Total comprehensive income (loss)						(138,915)	16,129	(122,786)
Purchase, disposal and retirement of treasury stock, net, at cost			(304,828)		4,530	(300,298)		(300,298)
Balance at March 31, 2020	200,175	–	1,031,231	(286,593)	(5,007)	939,806	136,620	1,076,426
Transfer to retained earnings (accumulated deficit) from additional paid-in capital (Note 18)		**9,010**	**(9,010)**					
Change in ownership for noncontrolling interests and others	**383**	**22**				**405**	**(324)**	**81**
Change due to making NuFlare Technology, Inc. a wholly owned subsidiary (Note 18)		**(8,825)**				**(8,825)**	**(12,073)**	**(20,898)**
Dividends attributable to shareholders of the Company			**(9,072)**			**(9,072)**		**(9,072)**
Dividends attributable to noncontrolling interests							**(10,568)**	**(10,568)**
Comprehensive income (loss):								
Net income			**113,981**			**113,981**	**18,020**	**132,001**
Other comprehensive income (loss), net of tax (Note 18)								
Net unrealized gains and losses on securities (Note 5)				**(8)**		**(8)**		**(8)**
Foreign currency translation adjustments				**16,009**		**16,009**	**5,732**	**21,741**
Pension liability adjustments (Note 11)				**114,432**		**114,432**	**2,589**	**117,021**

Toshiba Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2021 and 2020

	Common stock	Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive loss	Treasury stock	Equity attributable to shareholders of the Company	Equity attributable to non controlling interests	Total equity
Net unrealized gains and losses on derivative instruments (Note 20)				**(2,147)**		**(2,147)**		**(2,147)**
Total comprehensive income						**242,267**	**26,341**	**268,608**
Purchase, disposal and retirement of treasury stock, net, at cost		**0**			**(47)**	**(47)**		**(47)**
Balance at March 31, 2021	**¥ 200,558**	**¥ 207**	**¥1,127,130**	**¥ (158,307)**	**¥ (5,054)**	**¥1,164,534**	**¥ 139,996**	**¥1,304,530**

The accompanying notes are an integral part of these statements.

Note: The impact on Other comprehensive income (loss), net of tax, due to making NuFlare Technology, Inc. a wholly owned subsidiary consists of Foreign currency translation adjustments of ¥15 million($135 thousand) and Pension liability adjustments of ¥(113) million($(1,018) thousand).
The tender offer for the shares of NuFlare Technology, Inc. a wholly owned subsidiaries is described in Note 18.

	Thousands of US dollars (Note 1)							
	Common stock	Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehen-sive loss	Treasury stock	Equity attributable to shareholders of the Company	Equity attributable to non controlling interests	Total equity
Balance at March 31, 2020	$ 1,803,379	$ –	$ 9,290,370	$ (2,581,919)	$ (45,109)	$ 8,466,721	$ 1,230,812	$ 9,697,533
Transfer to retained earnings (accumulated deficit) from additional paid-in capital (Note 18)		**81,172**	**(81,172)**					
Change in ownership for noncontrolling interests and others	**3,450**	**198**				**3,648**	**(2,919)**	**729**
Change due to making NuFlare Technology, Inc. a wholly owned subsidiary (Note 18)		**(79,505)**				**(79,505)**	**(108,766)**	**(188,271)**
Dividends attributable to shareholders of the Company			**(81,730)**			**(81,730)**		**(81,730)**
Dividends attributable to noncontrolling interests							**(95,207)**	**(95,207)**
Comprehensive income (loss):								
Net income			**1,026,856**			**1,026,856**	**162,342**	**1,189,198**
Other comprehensive income (loss), net of tax (Note 18):								
Net unrealized gains and losses on securities (Note 5)				**(72)**		**(72)**		**(72)**
Foreign currency translation adjustments				**144,225**		**144,225**	**51,640**	**195,865**
Pension liability adjustments (Note 11)				**1,030,919**		**1,030,919**	**23,324**	**1,054,243**
Net unrealized gains and losses on derivative instruments (Note 20)				**(19,342)**		**(19,342)**		**(19,342)**
Total comprehensive income						**2,182,586**	**237,306**	**2,419,892**
Purchase, disposal and retirement of treasury stock, net, at cost		**0**			**(423)**	**(423)**		**(423)**
Balance at March 31, 2021	**$ 1,806,829**	**$ 1,865**	**$10,154,324**	**$(1,426,189)**	**$ (45,532)**	**$10,491,297**	**$ 1,261,226**	**$11,752,523**

The accompanying notes are an integral part of these statements.

Toshiba Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2021 and 2020

	Millions of yen		Thousands of US dollars (Note 1)
	2021	2020	**2021**
Cash flows from operating activities			
Net income (loss) before noncontrolling interests	**¥ 132,001**	¥ (96,453)	**$ 1,189,198**
Adjustments to reconcile net income (loss) before noncontrolling interests to net cash provided by (used in) operating activities:			
Depreciation and amortization	**85,211**	79,615	**767,667**
Provisions for pension and severance costs, less payments	**436**	(13,725)	**3,928**
Deferred income taxes	**(8,485)**	15,697	**(76,441)**
Equity in losses of affiliates, net of dividends	**136**	67,318	**1,225**
Loss from sales, disposal and impairment of property, plant and equipment and intangible assets, net	**6,869**	6,871	**61,883**
(Gain) loss from sales and impairment of securities, net	**(25,367)**	484	**(228,532)**
Changes in operating assets and liabilities:			
Decrease in notes, accounts receivable and contract assets	**71,619**	38,891	**645,216**
(Increase) decrease in inventories	**11,414**	(20,049)	**102,829**
Decrease in notes and accounts payable, trade	**(9,796)**	(156,220)	**(88,252)**
Increase (decrease) in accrued income and other taxes	**(15,018)**	15,541	**(135,297)**
Decrease in advance payments received	**(20,769)**	(33,582)	**(187,108)**
Others	**(83,106)**	(46,536)	**(748,703)**
Net cash provided by (used in) operating activities	**145,145**	(142,148)	**1,307,613**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets	**4,060**	4,216	**36,577**
Proceeds from sale of securities	**12,679**	1,954	**114,225**
Acquisition of property, plant and equipment	**(117,461)**	(119,267)	**(1,058,207)**
Acquisition of intangible assets	**(21,692)**	(15,901)	**(195,423)**
Purchase of securities	**(3,304)**	(3,497)	**(29,766)**
(Increase) decrease in investments in affiliates	**(6,547)**	295	**(58,982)**
Others	**25,594**	9,686	**230,576**
Net cash used in investing activities	**(106,671)**	(122,514)	**(961,000)**
Cash flows from financing activities			
Proceeds from long-term debt	**204,622**	160,910	**1,843,441**
Repayment of long-term debt	**(49,223)**	(352,691)	**(443,450)**
Decrease in short-term borrowings, net	**(2,541)**	(13,377)	**(22,892)**
Dividends paid	**(21,293)**	(23,319)	**(191,829)**
Purchase of treasury stock, net	**(47)**	(300,886)	**(423)**
Payment of acquisition of 3 listed subsidiaries' shares to become wholly owned subsidiaries (Note)	**(33,573)**	(161,373)	**(302,459)**
Others	**(134)**	3,492	**(1,208)**
Net cash provided by (used in) financing activities	**97,811**	(687,244)	**881,180**
Effect of exchange rate changes on cash and cash equivalents	**12,198**	(6,641)	**109,892**
Net increase (decrease) in cash and cash equivalents	**148,483**	(958,547)	**1,337,685**
Cash and cash equivalents at the beginning of the fiscal year	**376,973**	1,335,520	**3,396,153**
Cash and cash equivalents at the end of the fiscal year	**¥ 525,456**	¥ 376,973	**$ 4,733,838**

Note: 3 listed subsidiaries are Toshiba Plant System & Services Corporation, NISHISHIBA ELECTRIC CO., LTD., and NuFlare Technology, Inc.

Toshiba Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2021 and 2020

Supplemental disclosure of cash flow information

	Millions of yen		Thousands of US dollars (Note 1)
	2021	2020	**2021**
Cash paid during the fiscal year:			
Interest	¥ **4,495**	¥ 5,571	$ **40,495**
Income taxes	**51,778**	21,478	**466,468**

The accompanying notes are an integral part of these statements.

1. PRINCIPLES AND PROCEDURES OF ACCOUNTING TREATMENT, AND PRESENTATION METHOD OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The Group issued American Depository Receipts in February 1962, and European Depository Receipts in February 1970. By doing so, the Group prepared and disclosed consolidated financial statements based on the terminology, forms and preparation methods required in connection with offering and placement of American Depository Receipts ("US GAAP Consolidated Financial Statements"). For this reason, the Group submitted an "Application for approval pursuant to handling guideline No. 86 for the Regulations of Consolidated Financial Statements" to the Minister of Finance on March 22, 1978, and obtained approval under the Ministry of Finance Certificate No. 494 on March 31 of the same year. Since then, the Group has prepared and disclosed US GAAP Consolidated Financial Statements.

The Group had been registered with the US Securities and Exchange Commission since the issuance of American Depositary Receipts in February 1962; however, it is no longer registered after the expiration of the deposit contract in November 1978.

Significant differences between the accounting principles and the presentation methods adopted by the Group for the consolidated financial statements compared to the ones in Japan, are described as follows:

As used in the notes accompanying the consolidated financial statements, "the Company" represents Toshiba Corporation and "the Group" represents Toshiba Corporation and its consolidated subsidiaries, unless the context otherwise requires.

1) Format of consolidated statements of operations
Consolidated statements of operations are prepared in a single-step income statement, under which profit or loss is presented by deducting total costs and expenses from total sales and other income.

2) Consolidation of variable interest entities
In accordance with Accounting Standards Codification ("ASC") No.810 "Consolidation" ("ASC No.810"), the consolidated financial statements include the accounts of the variable interest entities ("VIEs") for which the Group is the primary beneficiary as described in Note 28.

3) Goodwill and other intangible assets
In accordance with ASC No.350 "Intangibles – Goodwill and Other", the Group does not amortize goodwill and other intangible assets with indefinite useful lives but tests it for impairment at least annually.

4) Allowance for compensated absences
In accordance with ASC No.710 "Compensation-General", the Group accrues a liability for amounts to be paid as a result of employees' rights to compensated absences.

5) Accrued pension and severance costs
Accrued pension and severance costs are recorded in accordance with ASC No.715 "Compensation-Retirement Benefits". Settlements and curtailments of retirement benefit plans and the transfer to the Japanese government of the substitutional portion of employee pension are also accounted in accordance with this ASC.

6) Discontinued operations
In accordance with ASC No.205-20 "Presentation of Financial Statements - Discontinued Operations", the financial position and the results of operations relating to discontinued operations are presented separately in the consolidated balance sheets and consolidated statements of operations as those of discontinued operations. Refer to Note 3 for the presentation of discontinued operations.

7) Income tax expenses or benefits
In accordance with ASC No. 740-20 "Intra-period Tax Allocation", the Group allocates total income tax expenses or benefits to different components of comprehensive income and shareholders' equity. Refer to Note 17 for the presentation of income taxes.

8) The amount of expenses for newly issued shares
The amount of expenses for newly issued shares after considering the tax effect is deducted from Additional paid-in capital.

9) Equity securities
In accordance with ASC No. 321 "Investments-Equity Securities", equity securities are measured at fair value and the changes are recognized in net income.

10) Leases
In accordance with ASC No.842 "Leases", the Group recognizes right-of-use assets and lease liabilities in the consolidated balance sheets related to their agreements that are classified as operating leases.

US DOLLAR AMOUNTS

US dollar amounts are included solely for convenience of readers. These translations should not be construed as a representation that the yen could be converted into US dollars at this rate or any other rates. The amounts shown in US dollars are not intended to be computed in accordance with generally accepted accounting principles in the United States for the translation of foreign currency amounts. The rate of ¥111=US $1, the approximate current rate of exchange at March 31, 2021, has been used throughout for the purpose of presentation of the US dollar amounts in the accompanying consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) BASIS OF CONSOLIDATION AND INVESTMENTS IN AFFILIATES

The consolidated financial statements include the accounts of the Company, its majority-owned subsidiaries and VIEs for which the Group is the primary beneficiary in accordance with the ASC No.810. All significant intra-entity transactions and account balances are eliminated on consolidation.

Investments in affiliates over which the Group has the ability to exercise significant influence are accounted for under the equity method of accounting. Net income (loss) attributable to shareholders of the Company includes its equity in net income (loss) of such affiliates after elimination of unrealized intra-entity gains. The proportionate share of the income or loss of the companies accounted for under the equity method is recognized from the most recent available financial statements.

2) USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods.

The Group has identified significant areas where it believes assumptions and estimates are particularly critical to the consolidated financial statements. These are the determination of impairment of long-lived tangible and intangible assets, securities and goodwill, collectability of receivables, recoverability of deferred tax assets, uncertain tax positions, pension accounting, revenue recognition and other valuation allowances and reserves including contingencies for litigations. Note that actual results may differ from those estimates.

3) CASH EQUIVALENTS

All highly liquid investments with original maturities of 3 months or less at the date of purchase are considered to be cash equivalents.

4) FOREIGN CURRENCY TRANSLATION

The assets and liabilities of foreign consolidated subsidiaries and affiliates that operate in a local currency environment are translated into Japanese yen at applicable current exchange rates at the end of the fiscal year. Income and expense items are translated at average exchange rates prevailing during the fiscal year. The effects of these translation adjustments are included in accumulated other comprehensive income (loss) and reported as a component of equity. Exchange gains and losses resulting from foreign currency transactions and translation of assets and liabilities denominated in foreign currencies are included in other income or other expenses in the consolidated statements of operations.

5) ALLOWANCE FOR DOUBTFUL NOTES AND ACCOUNTS RECEIVABLE

An allowance for doubtful notes and accounts receivable is recorded based on a combination of the write-off history, aging analysis and an evaluation of any specific known troubled accounts. When all collection efforts are exhausted including legal recourse, the accounts or portions thereof are deemed to be uncollectible are charged against the allowance.

6) MARKETABLE SECURITIES AND OTHER INVESTMENTS

Marketable securities contain both debt securities and equity securities. The Group classifies debt securities as available-for-sale which are measured at fair value, with unrealized gains and losses included in accumulated other comprehensive income (loss), net of tax. Equity securities are measured at fair value, with changes recorded as net income (loss).The Group elects to measure an equity security that does not have a readily determinable fair value under the cost method minus impairment, if any, and recognizes positive or negative changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Realized gains or losses on the sale of securities are based on the average cost of a particular security held at the time of sale.

Other investments without quoted market prices are stated at cost.

Decreases in the fair value of equity securities measured at cost are evaluated qualitatively for indicators of impairment. Any resulting impairments are recorded as a loss for the estimated decline in fair value. In addition, debt securities and other investments are regularly reviewed for other-than-temporary impairments in the carrying amount based on criteria that include the length of time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the issuer and the Group's intent and ability to retain marketable securities and investment securities for a period of time sufficient to allow for any anticipated recovery in market value. When such a decline exists, the Group recognizes an impairment loss to the extent of such decline.

7) INVENTORIES

Raw materials, finished products and work in process for products are stated at the lower of cost or net realizable value, cost being determined primarily by the average cost method. Finished products and work in process for contract items are stated at the lower of cost or estimated realizable value, cost being determined by accumulated production costs.

Certain inventory held by the Group is designated for long-term contracts and is included in current assets in accordance with the operating cycle for construction-type contracts.

8) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, including significant renewals and additions, are carried at cost. Depreciation for property, plant and equipment is computed primarily by the straight-line method.

The estimated useful lives of buildings are 3 to 60 years, and those of machinery and equipment are 2 to 20 years. Maintenance and repairs, including minor renewals and betterments, are expensed as incurred.

9) IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets, other than goodwill and intangible assets with indefinite useful lives, are evaluated for impairment using an estimate of undiscounted cash flows whenever events or changes in circumstances indicate that the carrying amount of such asset may not be recoverable. If the estimate of undiscounted cash flow is less than the carrying amount of the asset, an impairment loss is recorded based on the fair value of the asset. Fair value is determined by using the anticipated cash flows discounted at a rate commensurate with the risk involved. For assets held for sale, an impairment loss is further increased by costs to sell. Long-lived assets to be disposed of other than by means of sale, are considered to be held and used until disposed of.

10) GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Goodwill is assigned to reporting units. If the carrying amount of a reporting unit exceeds its fair value, the implied fair value of goodwill is calculated. If the carrying amount of reporting units' goodwill exceeds the implied fair value of that goodwill, an impairment loss shall be recognized to the amount equal to that excess on the condition that it should not exceed the total amount of goodwill allocated to that reporting unit. The annual goodwill measurement date is generally January 1 for each reporting unit. In addition to the annual impairment test, an impairment test is performed if any situation that indicates a decline in enterprise fair value (for example, an adverse change in the business climate, etc.) arises.

Intangible assets with finite useful lives, consist primarily of core and current technology and software, are amortized using the straight-line method over their respective contractual periods or estimated useful lives.

11) ENVIRONMENTAL LIABILITIES

Liabilities for environmental remediation and other environmental costs are accrued when environmental assessments or remedial efforts are probable and the costs can be reasonably estimated, based on current law and existing technologies. Such liabilities are subsequently adjusted as further information develops or circumstances change. Costs of future obligations are not discounted to their present values.

12) INCOME TAXES

The provision for income taxes is computed based on the income (loss) from continuing operations, before income taxes and noncontrolling interests included in the consolidated statements of operations. Deferred income taxes are recorded to reflect the expected future tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, and are measured by applying currently enacted tax laws. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that a law regarding the change is enacted. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

The Group recognizes the financial statement effects of tax positions when they are more likely than not, based on the technical merits, that the tax positions will be sustained upon examination by the tax authorities. Benefits from tax positions that meet the more-likely-than-not recognition threshold are measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement.

13) ACCRUED PENSION AND SEVERANCE COSTS

The Group has various retirement benefit plans covering substantially all employees. Prior service costs resulting from amendments to the plans are amortized over the average remaining service period of the employees that are expected to receive the benefits. Unrecognized actuarial gains and losses that exceed 10% of the greater of the projected benefit obligation or the fair value of plan assets are also amortized over the average remaining service period of the employees expected to receive the benefits.

14) NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Basic net earnings (loss) per share attributable to shareholders of the Company ("EPS") are computed based on the weighted-average number of shares of common stock outstanding during each period.

15) REVENUE RECOGNITION

The Group adopted ASC No.606 "Revenue from Contracts with Customers".

The key goods and services of the Group include mass-produced standard products (e.g., semiconductors, multi-function peripherals, and Point of Sale (POS) systems), made-to-order products under a construction-type or production-type contract with specifications unique to a customer (e.g., nuclear power generation systems, thermal power generation systems, public infrastructure and train, industrial systems) and services, such as maintenance services.

The Group recognizes revenue when (or as) the promised goods or services are transferred to customers, which occurs when (or as) the customers obtain control of the promised goods or services.

The revenue is calculated by deducting expected rebates from the promised consideration under the agreement with a customer.

16) PROVISION FOR CONTRACT LOSSES

A provision for contract losses is recorded in its entirety when the loss first becomes evident.

17) SHIPPING AND HANDLING COSTS

The Group includes shipping and handling costs, which totaled ¥35,943 million ($323,811 thousand) and ¥35,899 million for the fiscal years ended March 31, 2021 and 2020 respectively, in selling, general and administrative expenses.

18) DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses a variety of derivative financial instruments, which include forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options for the purpose of currency exchange rate and interest rate risk management. The Group's policies prohibit holding or issuing derivative financial instruments for speculative or trading purposes. Refer to Note 20 for descriptions of these financial instruments.

The Group recognizes all derivative financial instruments, such as forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options in the consolidated financial statements at fair value. Changes in the fair value of derivative financial instruments are either recognized periodically in income or in equity as a component of accumulated other comprehensive income (loss), whether they qualify as a fair value hedge or a cash flow hedge. Changes in fair value of derivative financial instruments accounted for as fair value hedges are recorded in income along with the portion of the change in the fair value of the hedged item that relates to the hedged risk. Changes in fair value of derivative financial instruments accounted for as cash flow hedges are recorded in accumulated other comprehensive income (loss), net of tax.

The Group utilizes forward exchange contracts and foreign-currency-denominated debt in order to hedge the risk of fluctuation of exchange rate on the investments in foreign subsidiaries. The income or loss on the hedging derivative or non derivative instrument in a hedge of a net investment in foreign subsidiaries is reported in other comprehensive income as a part of foreign currency translation adjustment to the extent it is effective as a hedge. The amounts of the hedge whose effectiveness cannot be recognized are recorded in income (loss). When all or partial investments in foreign subsidiaries are sold or when an entity is liquidated, the hedge amounts are recorded in income (loss).

19) LEASES

The Group determines whether a contract is or contains a lease on the contract start date. If the contract conveys the right to control the use of identified asset for period of time in exchange for consideration, the contract is or contains a lease.

For contracts that are or contain a lease, the Group elects the practical expedient to not separate the lease and non-lease components for all contracts other than real estate and vehicles.

The lease term is determined based on the Group's consideration of the specified lease term in the contract, options to extend a lease if the Group is reasonably certain it will extend the option, lessee termination options to the extent that the Group is reasonably certain it will not exercise such option, as well as lessor options to extend or terminate the lease.

The Group classifies a lease as a finance lease if it transfers all the risk and rewards incidental to ownership of an underlying asset to a lessee. All leases that are not classified as a finance lease are considered operating leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability.

The right-of-use asset is measured at cost and consists of the following: the amount of the initial measurement of the lease liability; any lease payments made at or before the lease commencement date, less any lease incentives received; any initial direct costs incurred by the lessee; and estimates of the costs to the lessee in dismantling and removing the underlying asset and restoring the underlying asset or the site as required by the terms of the lease.

At the lease commencement date, the lease liability is measured at the present value of the future lease payments. The Group uses the rate implicit in the lease as a discount rate to determine the present value if it can readily identify the rate, otherwise its incremental borrowing rate.

Regarding finance lease amortization, the Group amortizes the right-of-use asset from the lease commencement date to the earlier of the end of the useful life or the lease term unless the Group is transferred ownership of the underlying asset by lessor or is reasonably certain to exercise the option to purchase the underlying asset.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Short term lease payments are recognized as an expense on a straight-line basis over the lease term.

20) SALES OF RECEIVABLES

The Group has transferred certain trade notes and accounts receivable under several securitization programs. When a transfer of financial assets is eligible to be accounted for as a sale under ASC No.860 "Transfers and Servicing" ("ASC No.860"), these securitization transactions are accounted for as a sale and the receivables sold under these facilities are excluded from the accompanying consolidated balance sheets.

21) ASSET RETIREMENT OBLIGATIONS

The Group records asset retirement obligations at fair value in the period incurred. The fair value of the liability is added to the carrying amount of the associated asset. This additional carrying amount is then depreciated over the life of the asset. The liability increases due to the passage of time based on the time value of money until the obligation is settled. Subsequent to the initial recognition, the liability is adjusted for any revisions to the expected amount of the retirement obligation, and for accretion of the liability due to the passage of time.

22) ADOPTION OF NEW ACCOUNTING STANDARDS

None.

23) RECENT PRONOUNCEMENTS

None.

24) RECLASSIFICATIONS

Certain reclassifications to the prior year's consolidated financial statements and related footnote amounts have been made to conform to the presentation for the current year.

3. DISCONTINUED OPERATIONS

Memory business

The Company entered into a share purchase agreement with K.K. Pangea (the "Transferee Company"), a special purpose acquisition company formed by a consortium led by Bain Capital to transfer all shares of Toshiba Memory Corporation (TMC) owned by the company to the Transferee Company, and completed the Share Transfer on June 1, 2018. This decision represented a strategic shift that had a major effect on the Group's business operations, financial position and results of operations, etc. Consequently, pursuant to ASC No.205-20, the results of operations of the component that was disposed of are presented separately in the consolidated statements of operations as those of discontinued operations.

In addition to the Share Transfer, the Company re-invested a total of ¥350.5 billion in the Transferee Company: ¥109.6 billion in common stock with voting rights and ¥240.9 billion in convertible preferred stock. As a result, while TMC was a wholly-owned subsidiary of the Company before the transfer, TMC was deconsolidated from the Group and the Group's remaining 40.2% common stock investment in TMC was accounted for under the equity method from June 1, 2018. In addition, the Company has pledged all the shares that the Company owns in the Transferee Company to financial institutions as collateral for loan agreements that the Transferee Company concluded with financial institutions to procure the funds to purchase the shares of TMC.

The Transferee Company carried out an absorption-type merger through absorbing TMC on August 1, 2018 and changed its name to Toshiba Memory Corporation. It also implemented a sole-share transfer making Toshiba Memory Corporation the wholly-owned subsidiary in the share transfer and establishing Toshiba Memory Holdings Corporation as the parent company on March 1, 2019.

On May 31, 2019, the Company entered into a contract with Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Trust Bank, Ltd. to pledge the shares of Toshiba Memory Holdings Corporation as collateral for outstanding debt obligations including borrowings owed to financial institutions by Toshiba Memory Holdings Corporation. The shares were pledged on June 17, 2019. Furthermore, the contract concluded to secure the debt obligations including borrowings owed to financial institutions by Toshiba Memory Corporation was cancelled upon the signing of the aforementioned contract. Toshiba Memory Corporation changed its name to KIOXIA Corporation, and Toshiba Memory Holdings Corporation changed its name to KIOXIA Holdings Corporation (KHC) on October 1, 2019.

On August 27, 2020, the convertible preferred stocks in which the Company had invested were converted to common stock, and the Company's stake in KHC was 40.6%. These common stocks are classified as investments in affiliated companies accounted for under the equity method. In addition, the pledges to secure the debt obligations including borrowings owed to financial institutions have been extinguished with the approval of KHC listing.

Since KHC listing did not occur within the period specified in the loan contract concluded between KHC and financial institutions, on February 26, 2021, the Company entered into a contract with Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Ltd., etc. to pledge the shares of KHC as collateral for outstanding debt obligations including borrowings owed to financial institutions by KHC and pledged the shares on the same day.

The results of operations of the relevant component that was disposed of, reclassified as discontinued operations (before elimination of transactions with continuing operations of the Group), are as follows. The results of operations include ¥7.7 billion ($69.3 million) in indemnification expenses for the indemnification from the Company to KIOXIA Corporation in accordance with the share purchase agreement.

The share purchase agreement states that the Company has an obligation for the indemnification for any losses incurred as the result of any breach of representations and warranties, the determination of a United States International Trade Commission (USITC) investigation, specific litigations and other patent claims, and any patent license agreements with certain counterparties specified in advance, and other conditions specified in the agreement. However, an obligation for the indemnification for any losses incurred as the result of the determination of a USITC investigation, specific litigations and other patent claims, and any patent license agreements with certain counterparties specified in advance was expired.

Assets and liabilities of the component that was disposed of presented in the consolidated balance sheets as of March 31, 2021 and 2020 are immaterial.

Results of operations

The Fiscal Year ended March 31	Millions of yen 2021	Millions of yen 2020	Thousands of US dollars 2021
Sales and other income	¥ –	¥ –	$ –
Net sales	–	–	–
Other income	–	–	–
Costs and expenses	7,728	13,794	69,622
Cost of sales	–	–	–
Selling, general and administrative expenses	–	–	–
Other expenses	7,728	13,794	69,622
Income (loss) from discontinued operations, before income taxes and noncontrolling interests	(7,728)	(13,794)	(69,622)
Income taxes	–	–	–
Income (loss) from discontinued operations, before noncontrolling interests	(7,728)	(13,794)	(69,622)
Less: Net income (loss) from discontinued operations attributable to noncontrolling interests	–	–	–
Net income (loss) from discontinued operations attributable to shareholders of the Company	¥ (7,728)	¥ (13,794)	$ (69,622)

The results of operations of KIOXIA Group (KHC and its consolidated subsidiaries) are as follows.

The Fiscal Year ended March 31	Millions of yen 2021	Millions of yen 2020	Thousands of US dollars 2021
The pretax income (loss)	¥ (21,499)	¥ (236,452)	$ (193,685)
Net income (loss)	(13,238)	(165,826)	(119,261)
The Group's equity in earnings of affiliates (loss)	(5,402)	(66,662)	(48,667)

Subsequent to the completion of the share transfer (June 1, 2018), the continuing operations of the Group and KIOXIA Group continue to sell and purchase the products to each other. The Group also continues to provide its brand license to KIOXIA Group. The continuing involvements after the disposal date are as follows.

The Fiscal Year ended March 31	Millions of yen 2021	Millions of yen 2020	Thousands of US dollars 2021
Sales and other income	¥ 83,081	¥ 138,122	$ 748,477
Costs and expenses	55,133	31,098	496,694
Proceeds from collection of accounts and other receivables	95,267	139,163	858,261
Cash payments of notes and accounts payable	58,469	46,974	526,748

4. FAIR VALUE MEASUREMENTS

ASC No.820 "Fair Value Measurements" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows;

Level 1 - Quoted prices for identical assets or liabilities in active markets.
Level 2 - Quoted prices for similar assets or liabilities in active markets.
Quoted prices for identical or similar instruments in markets that are not active.
Inputs other than quoted prices that are observable.
Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3 - Instruments whose significant inputs are unobservable.

Assets and liabilities measured at fair value on a recurring basis

Assets and liabilities that are measured at fair value on a recurring basis at March 31, 2021 and 2020 are as follows:

	Millions of yen			
March 31, 2021	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Equity securities	**¥ 34,843**	**¥ 153**	**¥ –**	**¥ 34,996**
Debt securities	**–**	**3,509**	**30**	**3,539**
Derivative assets:				
Forward exchange contracts	**–**	**873**	**–**	**873**
Currency swap agreements	**–**	**–**	**–**	**–**
Total assets	**¥ 34,843**	**¥ 4,535**	**¥ 30**	**¥ 39,408**
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	**¥ –**	**¥ 9,460**	**¥ –**	**¥ 9,460**
Interest rate swap agreements	**–**	**794**	**–**	**794**
Total liabilities	**¥ –**	**¥ 10,254**	**¥ –**	**¥ 10,254**

	Millions of yen			
March 31, 2020	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Equity securities	¥ 27,707	¥ 133	¥ –	¥ 27,840
Debt securities	–	3,520	0	3,520
Derivative assets:				
Forward exchange contracts	–	950	–	950
Currency swap agreements	–	0	–	0
Total assets	¥ 27,707	¥ 4,603	¥ 0	¥ 32,310
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	¥ –	¥ 1,792	¥ –	¥ 1,792
Interest rate swap agreements	–	307	–	307
Total liabilities	¥ –	¥ 2,099	¥ –	¥ 2,099

March 31, 2021	Thousands of US dollars Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Equity securities	$ 313,901	$ 1,378	$ –	$ 315,279
Debt securities	–	31,613	270	31,883
Derivative assets:				
Forward exchange contracts	–	7,865	–	7,865
Currency swap agreements	–	–	–	–
Total assets	$ 313,901	$ 40,856	$ 270	$ 355,027
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	$ –	$ 85,225	$ –	$ 85,225
Interest rate swap agreements	–	7,153	–	7,153
Total liabilities	$ –	$ 92,378	$ –	$ 92,378

Marketable securities

Level 1 securities represent marketable equity securities listed in active markets, which are valued based on quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 securities represent public bonds, investment trusts and marketable equity securities listed in less active markets, which are valued based on quoted market prices for identical assets in inactive markets. Level 3 securities represent corporate debt securities, and valued based on unobservable inputs as the markets for the assets are not active at the measurement date.

Derivative instruments

Derivative instruments primarily represent forward currency exchange contracts and interest rate swap agreements, which are classified within Level 2. They are valued based on inputs that can be corroborated with the observable inputs such as foreign currency exchange rate, LIBOR and others.

Analyses of the changes in Level 3 assets measured at fair value on a recurring basis for the fiscal years ended March 31, 2021 and 2020 are as follows:

The Fiscal Year ended March 31, 2021	Millions of yen Marketable securities
Balance at the beginning of the fiscal year	¥ 0
Total gains or losses (realized or unrealized):	
Included in gains (losses):	–
Purchases	30
Sales	–
Issuances	–
Settlements	–
Balance at the end of the fiscal year	¥ 30

The Fiscal Year ended March 31, 2020	Millions of yen Marketable securities
Balance at the beginning of the fiscal year	¥ 0
Total gains or losses (realized or unrealized):	
Included in gains (losses):	–
Purchases	–
Sales	–
Issuances	–
Settlements	–
Balance at the end of the fiscal year	¥ 0

The Fiscal Year ended March 31, 2021	Thousands of US dollars Marketable securities
Balance at the beginning of the fiscal year	**$ 0**
Total gains or losses (realized or unrealized):	
Included in gains (losses):	**–**
Purchases	**270**
Sales	**–**
Issuances	**–**
Settlements	**–**
Balance at the end of the fiscal year	**$ 270**

At March 31, 2021 and 2020, Level 3 assets measured at fair value on a recurring basis consisted of corporate debt securities.

Assets and liabilities measured at fair value on a non-recurring basis

Assets that are measured at fair value on a non-recurring basis and the recognized losses at March 31, 2021 and 2020 are as follows:

	Millions of yen				
	Fair value				Impairment losses
The Fiscal Year ended March 31, 2021	Level 1	Level 2	Level 3	Total	
Assets:					
Investments in affiliates	**¥ –**	**¥ –**	**¥ 10,020**	**¥ 10,020**	**¥ –**
Long-lived assets held for use	**–**	**–**	**0**	**0**	**3,253**
Total assets	**¥ –**	**¥ –**	**¥ 10,020**	**¥ 10,020**	**¥ 3,253**

	Millions of yen				
	Fair value				Impairment losses
The Fiscal Year ended March 31, 2020	Level 1	Level 2	Level 3	Total	
Assets:					
Long-lived assets held for use	¥ –	¥ –	¥ 0	¥ 0	¥ 3,838
Total assets	¥ –	¥ –	¥ 0	¥ 0	¥ 3,838

	Thousands of US dollars				
	Fair value				Impairment losses
The Fiscal Year ended March 31, 2021	Level 1	Level 2	Level 3	Total	
Assets:					
Investments in affiliates	**$ –**	**$ –**	**$ 90,270**	**$ 90,270**	**$ –**
Long-lived assets held for use	**–**	**–**	**0**	**0**	**29,306**
Total assets	**$ –**	**$ –**	**$ 90,270**	**$ 90,270**	**$ 29,306**

Investments in affiliates are the fair value of the residual equity at the time of exclusion of the subsidiary. This fair value was classified as Level 3 because it was valued by unobservable input from the share transfer price. The difference between the previous carrying amount of residual equity and the fair value is recorded as gain on valuation, and gain on valuation is described in Note 15.

The impaired long-lived assets held for use were classified within Level 3 as they were valued based on future assumptions such as discounted cash flows expected to be generated by the related assets with unobservable inputs. The impaired long-lived assets are described in Note 16.

The recognized impairment losses for the fiscal year ended March 31, 2021 and 2020 are included in cost of sales in the consolidated statements of operations.

5. MARKETABLE SECURITIES AND OTHER INVESTMENTS

The aggregate cost, gross unrealized holding gains and losses, and aggregate fair value for marketable debt securities classified as available-for-sale securities by security type at March 31, 2021 and 2020 are as follows:

	Millions of yen			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
March 31, 2021:				
Debt securities	**¥ 3,530**	**¥ 40**	**¥ (31)**	**¥ 3,539**
March 31, 2020:				
Debt securities	¥ 3,500	¥ 63	¥ (43)	¥ 3,520

	Thousands of US dollars			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
March 31, 2021:				
Debt securities	**$ 31,802**	**$ 360**	**$ (279)**	**$ 31,883**

At March 31, 2021 and 2020, debt securities mainly consist of public bonds, corporate debt securities and investment trusts.

Contractual maturities of debt securities classified as available-for-sale at March 31, 2021 are as follows:

	Millions of yen		Thousands of US dollars	
March 31, 2021	Cost	Fair value	Cost	Fair value
Due within one year	**¥ –**	**¥ –**	**$ –**	**$ –**
Due after one year through five years	**–**	**–**	**–**	**–**
Due after five years through ten years	**3,530**	**3,539**	**31,802**	**31,883**
Due after ten years	**0**	**0**	**0**	**0**
	¥ 3,530	**¥ 3,539**	**$ 31,802**	**$ 31,883**

The realized and unrealized gains and losses of equity securities on marketable securities and other investments in the consolidated balance sheets for the fiscal year ended March 31, 2021 and 2020 are as follows:

	Millions of yen	Thousands of US dollars
The Fiscal Year ended March 31, 2021	**2021**	**2021**
Net gains recognized during the period on equity securities	**¥ 13,114**	**$ 118,144**
Less: Net gains recognized during the period on equity securities sold during the period	**4,952**	**44,612**
Unrealized gains recognized during the reporting period on equity securities still held at March 31, 2021	**¥ 8,162**	**$ 73,532**

	Millions of yen
The Fiscal Year ended March 31, 2020	2020
Net losses recognized during the period on equity securities	¥ (3,341)
Less: Net gains recognized during the period on equity securities sold during the period	1,497
Unrealized losses recognized during the reporting period on equity securities still held at March 31, 2020	¥ (4,838)

The aggregate cost of equity securities that do not have readily determinable fair value as of March 31, 2021 and 2020 totaled ¥37,719 million ($339,811 thousand) and ¥281,147 million, respectively. The amount at March 31, 2020 includes the investment amount of convertible preferred stock acquired by reinvesting in KHC. With the conversion of the convertible preferred stock to common stock on August 27, 2020, the balance of this investment amount has decreased.

Impairment or change in observable price is not material for the fiscal years ended March 31, 2021 and 2020.

6. SECURITIZATIONS

The Group has transferred certain trade notes and accounts receivable under several securitization programs. These securitization transactions are accounted for as a sale in accordance with ASC No.860, because the Group has relinquished control of the receivables. Accordingly, the receivables transferred under these facilities are excluded from the accompanying consolidated balance sheets.

The Group recognized losses of ¥3 million ($27 thousand) and ¥7 million on the transfers of receivables for the fiscal years ended March 31, 2021 and 2020, respectively.

Subsequent to the transfers, the Group retains collection and administrative responsibilities for the receivables transferred and retains a portion of the receivables for which proceeds are deferred. Related servicing assets and liabilities were immaterial to the Group's financial position. The fair value of deferred proceeds at the point of the transfer of the receivables is measured based on the economic assumptions including the estimation of uncollectible receivables, average collection period of receivables and discount rate, and it is classified within Level 3.

The table below summarizes certain cash flows received from and paid to banking institutions or special purpose entities ("SPEs") related to banking institutions on the above securitization transactions.

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2021**	2020	**2021**
Proceeds from new securitizations	**¥ 4,775**	¥ 15,100	**$ 43,018**
Repurchase of delinquent or unqualified receivables	**–**	–	**–**

Quantitative information about delinquencies, net credit losses, and components of securitized receivables as of and for the fiscal years ended March 31, 2021 and 2020 are as follows. Of these receivables, deferred proceeds for the receivables transferred as of March 31, 2021 and 2020 were ¥270 million ($2,432 thousand) and ¥9,625 million, respectively and were recorded as notes receivable.

	Millions of yen					
	Total principal amount of receivables		Amount 90 days or more past due		Net credit losses	
	March 31				The Fiscal Year ended March 31	
	2021	2020	**2021**	2020	**2021**	2020
Accounts receivable and contract assets	**¥ 856,107**	¥ 936,828	**¥ 16,069**	¥ 19,488	**¥ 687**	¥ 251
Notes receivable	**68,601**	74,222	**–**	27	**–**	11
Total managed portfolio	**924,708**	1,011,050	**¥ 16,069**	¥ 19,515	**¥ 687**	¥ 262
Securitized receivables	**(1,797)**	(11,822)				
Total receivables	**¥ 922,911**	¥ 999,228				

	Thousands of US dollars		
	Total principal amount of receivables	Amount 90 days or more past due	Net credit losses
	March 31, 2021		The Fiscal Year ended March 31, 2021
Accounts receivable and contract assets	**$ 7,712,676**	**$ 144,766**	**$ 6,189**
Notes receivable	**618,027**	**–**	**–**
Total managed portfolio	**8,330,703**	**$ 144,766**	**$ 6,189**
Securitized receivables	**(16,189)**		
Total receivables	**$ 8,314,514**		

7. INVENTORIES

Inventories at March 31, 2021 and 2020 consist of the following:

March 31	Millions of yen 2021	Millions of yen 2020	Thousands of US dollars 2021
Finished products	**¥ 167,498**	¥ 180,863	**$ 1,508,991**
Work in process:			
Long-term contracts	**68,471**	73,525	**616,856**
Other	**138,722**	130,367	**1,249,747**
Raw materials	**101,074**	97,572	**910,577**
	¥ 475,765	¥ 482,327	**$ 4,286,171**

8. INVESTMENTS IN AND ADVANCES TO AFFILIATES

The Group's significant investments in affiliated companies accounted for under the equity method along with the percentage of the Group's ownership of voting shares at March 31, 2021 were: Kioxia Holdings Corporation (40.6%); Toshiba Mitsubishi-Electric Industrial Systems Corporation (50.0%); Guangdong Midea Air-Conditioning Equipment Co., Ltd. (20.0%); Guangdong Meizhi Compressor Ltd. (40.0%); and Dalian Toshiba Locomotive Electric Equipment Co., Ltd. (50.0%).

Summarized financial information of the affiliates accounted for by the equity method is shown as follows:

	Millions of yen		Thousands of US dollars
March 31	2021	2020	2021
Current assets	¥ 2,583,846	¥ 1,991,820	$ 23,277,892
Other assets including property, plant and equipment	2,355,401	2,368,598	21,219,829
Total assets	¥ 4,939,247	¥ 4,360,418	$ 44,497,721
Current liabilities	¥ 2,063,298	¥ 1,529,635	$ 18,588,270
Long-term liabilities	1,707,196	1,713,680	15,380,144
Equity	1,168,753	1,117,103	10,529,307
Total liabilities and equity	¥ 4,939,247	¥ 4,360,418	$ 44,497,721

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	2021	2020	2021
Sales	¥ 2,721,883	¥ 2,229,506	$ 24,521,468
Net income (loss)	19,544	(143,421)	176,072

KHC Group's assets and liabilities, ¥2,994,790 million($26,980,090 thousand) and ¥2,333,680 million($21,024,144 thousand) respectively, are included in the above summarized balance sheet as of March, 31, 2021. KHC Group's assets and liabilities, ¥2,862,169 million and ¥2,185,568 million respectively, are included in the above summarized balance sheet as of March, 31, 2020. Also, KHC Group's net loss, ¥13,238 million($119,261 thousand), is included in the net income for the fiscal year ended March 31, 2021. KHC Group's net loss, ¥165,826 million, is included in the net loss for the fiscal year ended March 31, 2020.

A summary of transactions and balances with the affiliates accounted for by the equity method is presented as follows:

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	2021	2020	2021
Sales	¥ 138,137	¥ 202,307	$ 1,244,477
Purchases	93,534	65,567	842,649
Dividends	6,295	8,168	56,712

	Millions of yen		Thousands of US dollars
March 31	2021	2020	2021
Notes and accounts receivable, trade	¥ 48,728	¥ 58,319	$ 438,991
Other receivables	2,439	4,293	21,973
Advance payments	62	6	559
Notes and accounts payable, trade	18,510	13,805	166,757
Other payables	15,422	19,403	138,937
Advance payments received	3,344	2,214	30,126

9. GOODWILL AND OTHER INTANGIBLE ASSETS

The Group tested goodwill for impairment in accordance with ASC No.350, applying a fair value based test and has concluded that there was no impairment for the fiscal year ended March 31, 2021 and 2020.

The Group recorded impairment losses on intangible assets excluding goodwill in the fiscal years ended March 31, 2021 and 2020. Impairment losses on intangible assets excluding goodwill have been included in the amount disclosed in Note 16.

The components of acquired intangible assets excluding goodwill at March 31, 2021 and 2020 are as follows:

	Millions of yen		
March 31, 2021	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	¥ 203,833	¥ 156,944	¥ 46,889
Technical license fees	199	185	14
Core and current technology	30,447	25,468	4,979
Customer relationship	18,693	12,311	6,382
Other	40,758	30,591	10,167
Total	¥ 293,930	¥ 225,499	¥ 68,431
Other intangible assets not subject to amortization:			
Brand name			¥ 1,163
Other			470
Total			1,633
			¥ 70,064

March 31, 2020	Millions of yen Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	¥ 194,972	¥ 159,964	¥ 35,008
Technical license fees	199	175	24
Core and current technology	31,421	23,288	8,133
Customer relationship	18,186	10,939	7,247
Other	52,034	41,296	10,738
Total	¥ 296,812	¥ 235,662	¥ 61,150
Other intangible assets not subject to amortization:			
Brand name			¥ 1,328
Other			405
Total			1,733
			¥ 62,883

March 31, 2021	Thousands of US dollars Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets subject to amortization:			
Software	**$ 1,836,333**	**$ 1,413,910**	**$ 422,423**
Technical license fees	**1,793**	**1,667**	**126**
Core and current technology	**274,297**	**229,441**	**44,856**
Customer relationship	**168,405**	**110,910**	**57,495**
Other	**367,190**	**275,595**	**91,595**
Total	**$ 2,648,018**	**$ 2,031,523**	**$ 616,495**
Other intangible assets not subject to amortization:			
Brand name			**$ 10,478**
Other			**4,234**
Total			**14,712**
			$ 631,207

Other intangible assets acquired during the fiscal year ended March 31, 2021 primarily consisted of software of ¥25,314 million ($228,054 thousand). The weighted-average amortization period of software for the fiscal year ended March 31, 2021 was approximately 5.0 years.

The weighted-average amortization periods for other intangible assets were approximately 6.8 years and 6.7 years for the fiscal years ended March 31, 2021 and 2020, respectively.

Amortization expenses of other intangible assets subject to amortization for the fiscal years ended March 31, 2021 and 2020 are ¥15,323 million ($138,045 thousand) and ¥14,898 million, respectively. The future amortization expense for each of the next 5 years relating to other intangible assets currently recorded in the consolidated balance sheet at March 31, 2021 is estimated as follows:

The Fiscal year ending March 31	Millions of yen	Thousands of US dollars
2022	¥ 18,063	$ 162,730
2023	15,035	135,450
2024	10,871	97,937
2025	8,969	80,802
2026	6,856	61,766

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired. The changes in the carrying amount of goodwill for the fiscal years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2021**	2020	**2021**
Balance at the beginning of the fiscal year	**¥ 56,794**	¥ 58,475	**$ 511,658**
Impairment losses	**–**	–	**–**
Foreign currency translation adjustments	**1,898**	(1,681)	**17,099**
Balance at the end of the fiscal year	**¥ 58,692**	¥ 56,794	**$ 528,757**

As of March 31, 2021 and 2020, goodwill allocated to Building Solutions is ¥11,186 million ($100,775 thousand) and ¥10,905 million, Retail & Printing Solutions is ¥36,043 million ($324,712 thousand) and ¥34,546 million, respectively. The rest was primarily allocated to Electronic Devices & Storage Solutions.

As of March 31, 2021 and 2020, accumulated impairment losses were ¥45,434 million ($409,315 thousand) and ¥43,943 million, respectively.

10. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2021 and 2020 consist of the following:

	Millions of yen		Thousands of US dollars
March 31	**2021**	2020	**2021**
Loans and overdrafts, principally from banks, with weighted-average interest rate of 2.20% at March 31, 2021, and 1.65% at March 31, 2020:			
Secured	**¥ –**	¥ –	**$ –**
Unsecured	**10,387**	13,339	**93,577**
	¥ 10,387	¥ 13,339	**$ 93,577**

Substantially all of the short-term borrowings are with banks which have written basic agreements with the Group to the effect that, with respect to all present or future loans with such banks, the Group shall provide collateral (including sums on deposit with such banks) or guaranties immediately upon the bank's request, and that any collateral furnished pursuant to such agreements or otherwise shall be applicable to all indebtedness to such banks.

As of March 31, 2021, the Group had unused committed lines of credit from short-term financing arrangements aggregating ¥258,000 million ($2,324,324 thousand). The lines of credit will expire in March 2024.

Long-term debt at March 31, 2021 and 2020 consist of the following:

March 31	Millions of yen 2021	2020	Thousands of US dollars 2021
Loans, principally from banks,			
due 2021 to 2039 with weighted-average interest rate of 0.47% at March 31, 2021, and due 2020 to 2039 with weighted-average interest rate of 0.57% at March 31, 2020:			
Secured	**¥ –**	¥ 1,280	**$ –**
Unsecured	**372,111**	180,388	**3,352,351**
Yen bonds,			
due 2020 with interest rates ranging from 1.06% to 1.68% at March 31, 2020:			
Secured	**–**	–	**–**
Unsecured	**–**	29,997	**–**
Finance lease obligations	**11,930**	11,399	**107,477**
	384,041	223,064	**3,459,828**
Less-Portion due within one year	**(5,601)**	(49,310)	**(50,459)**
	¥ 378,440	¥ 173,754	**$ 3,409,369**

The aggregate annual maturities of long-term debt, as of March 31, 2021 and 2020, excluding those of Finance lease obligations, are as follows:

March 31	Millions of yen 2021	2020	Thousands of US dollars 2021
2021	**¥ –**	¥ 44,317	**$ –**
2022	**1,504**	519	**13,550**
2023	**60,058**	59,611	**541,063**
2024	**34,549**	4,363	**311,252**
2025	**129,013**	99,896	**1,162,279**
Thereafter	**–**	2,962	**–**
2026	**141,333**	–	**1,273,270**
Thereafter	**5,654**	–	**50,937**
	¥ 372,111	¥ 211,668	**$ 3,352,351**

11. ACCRUED PENSION AND SEVERANCE COSTS

All employees who retire or are terminated from the Company and certain subsidiaries are usually entitled to lump-sum severance indemnities or pension benefits determined by reference to service credits allocated to employees each year according to the regulation of retirement benefit, length of service and conditions under which their employment terminates. The obligation for the severance indemnity benefit is provided for through accruals and funding of the defined benefit corporate pension plan.

The Company and certain subsidiaries in Japan have amended their pension plan under the agreement between employees and management in January 2011, and introduced a cash balance plan from April 2011. This plan is designed that each plan participant has a notional account, which is accumulated based on salary standards, interest rates in financial markets and others.

The funding policy for the plans is to contribute amounts required to maintain sufficient plan assets to provide for accrued benefits, subject to the limitation on deductibility imposed by Japanese income tax laws.

In addition, for the purpose of supporting post-retirement life plans of employees and responding to diverse needs for retirement benefits, a defined contribution pension plan was introduced by the Company and some of its subsidiaries in Japan on October 1, 2015. Under this plan, a portion of the contribution to lump-sum retirement benefits was replaced by defined contribution pension plan and individual employees take control of their own fund management and direct investments.

The changes in the benefit obligation and plan assets for the fiscal years ended March 31, 2021 and 2020 and the funded status at March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of US dollars
March 31	**2021**	2020	**2021**
Change in benefit obligation:			
Benefit obligation at the beginning of the fiscal year	**¥ 1,290,357**	¥ 1,338,364	**$ 11,624,838**
Service cost	**35,588**	39,483	**320,612**
Interest cost	**6,523**	6,114	**58,766**
Plan participants' contributions	**68**	72	**613**
Plan amendments	**–**	1,805	**–**
Actuarial loss (gain)	**8,399**	(19,560)	**75,666**
Benefits paid	**(70,740)**	(74,989)	**(637,297)**
Acquisitions and divestitures	**(11,235)**	–	**(101,216)**
Curtailments and settlements	**(10,765)**	(728)	**(96,982)**
Foreign currency exchange impact	**(103)**	(204)	**(928)**
Benefit obligation at the end of the fiscal year	**¥ 1,248,092**	¥ 1,290,357	**$ 11,244,072**
Change in plan assets:			
Fair value of plan assets at the beginning of the fiscal year	**¥ 858,725**	¥ 903,877	**$ 7,736,261**
Actual return (loss) on plan assets	**124,210**	(28,187)	**1,119,009**
Employer contributions	**27,712**	32,856	**249,658**
Plan participants' contributions	**68**	72	**613**
Benefits paid	**(44,895)**	(48,973)	**(404,460)**
Acquisitions and divestitures	**(4,421)**	–	**(39,829)**
Curtailments and settlements	**(8,663)**	(728)	**(78,045)**
Foreign currency exchange impact	**(86)**	(192)	**(775)**
Fair value of plan assets at the end of the fiscal year	**¥ 952,650**	¥ 858,725	**$ 8,582,432**
Funded status	**¥ (295,442)**	¥ (431,632)	**$ (2,661,640)**

Notes: 1) Major acquisitions and divestitures for the fiscal year ended March 31, 2021 represent the effects of sale of the logistics service business.
2) Curtailments and settlements for the fiscal year ended March 31, 2021 represent the effects of settlement of pension plan of the Toshiba America, Inc..

Amounts recognized in the consolidated balance sheets at March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of US dollars
March 31	**2021**	2020	**2021**
Accrued pension and severance costs	**¥ (295,442)**	¥ (431,632)	**$ (2,661,640)**

Amounts recognized in accumulated other comprehensive loss at March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of US dollars
March 31	**2021**	2020	**2021**
Unrecognized actuarial loss	**¥ 300,113**	¥ 430,735	**$ 2,703,720**
Unrecognized prior service cost	**(5,362)**	(6,226)	**(48,306)**
	¥ 294,751	¥ 424,509	**$ 2,655,414**

The accumulated benefit obligation at March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of US dollars
March 31	**2021**	2020	**2021**
Accumulated benefit obligation	**¥ 1,233,219**	¥ 1,211,675	**$ 11,110,081**

The components of the net periodic pension and severance cost for the fiscal years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2021**	2020	**2021**
Service cost	**¥ 35,588**	¥ 39,483	**$ 320,612**
Interest cost on projected benefit obligation	**6,523**	6,114	**58,766**
Expected return on plan assets	**(20,014)**	(21,307)	**(180,306)**
Amortization of prior service cost	**(1,005)**	(2,359)	**(9,054)**
Recognized actuarial loss	**24,540**	23,362	**221,081**
Curtailment and settlement loss recognized and others	**4,522**	248	**40,739**
Net periodic pension and severance cost	**¥ 50,154**	¥ 45,541	**$ 451,838**

Note: Curtailment and settlement loss recognized and others for the fiscal year ended March 31, 2021 represent the effects of settlement of pension plan of the Toshiba America, Inc..

Other changes in plan assets and benefit obligation recognized in the other comprehensive income (loss) for the fiscal years ended March 31, 2021 and 2020 are as follows:

The Fiscal Year ended March 31	Millions of yen 2021	Millions of yen 2020	Thousands of US dollars 2021
Current year actuarial (gain) loss	¥ **(95,797)**	¥ 29,942	**$ (863,036)**
Recognized actuarial loss	**(24,540)**	(23,362)	**(221,081)**
Prior service cost due to plan amendments	**–**	1,805	**–**
Amortization of prior service cost	**1,005**	2,359	**9,054**
	¥ **(119,332)**	¥ 10,744	**$ (1,075,063)**

The estimated prior service cost and actuarial loss that will be amortized from accumulated other comprehensive loss into net periodic pension and severance cost over the next year are summarized as follows:

The Fiscal Year ending March 31	Millions of yen 2022	Thousands of US dollars 2022
Prior service cost	¥ (952)	$ (8,577)
Actuarial loss	14,488	130,523

The Group expects to contribute ¥37,190 million ($335,045 thousand) to its defined benefit plans, which includes the cash balance plan, in the fiscal year ending March 31, 2022.

The following benefit payments are expected to be paid:

The Fiscal Year ending March 31	Millions of yen	Thousands of US dollars
2022	¥ 75,645	$ 681,486
2023	78,846	710,324
2024	82,340	741,802
2025	84,862	764,523
2026	83,059	748,279
2027 – 2031	407,415	3,670,405

Weighted-average assumptions used to determine benefit obligations as of March 31, 2021 and 2020 and net periodic pension and severance cost for the fiscal years then ended are as follows:

March 31	**2021**	2020
Discount rate	**0.6%**	0.6%
Rate of compensation increase	**3.0%**	3.1%

The Fiscal Year ended March 31	**2021**	2020
Discount rate	**0.6%**	0.5%
Expected long-term rate of return on plan assets	**2.4%**	2.4%
Rate of compensation increase	**3.1%**	3.2%

The Group determines the expected long-term rate of return in consideration of the target allocation of the plan assets, the current expectation of long-term returns on the assets and actual returns on plan assets.

The Group's investment policies and strategies are to assure adequate plan assets to provide for future payments of pension and severance benefits to participants, with reasonable risks. The Group designs the basic target allocation of the plan assets to mirror the best portfolio based on estimation of mid-term and long-term return on the investments.

The Group periodically reviews the actual return on the investments and adjusts the portfolio to achieve the assumed long-term rate of return on the investments. The Group targets its investments in equity securities at 25% or more of total investments, and investments in equity securities, debt securities and life insurance company general accounts at 70% or more of total investments.

The equity securities are selected primarily from stocks that are listed on the securities exchanges. Prior to investing, the Group has investigated the business condition of the investee companies, and appropriately diversified investments by type of industry and other relevant factors. The debt securities are selected primarily from government bonds, municipal bonds and corporate bonds. Prior to investing, the Group has investigated the quality of the issue, including rating, interest rate, and repayment dates and has appropriately diversified the investments. Pooled funds are selected using strategies consistent with the equity securities and debt securities described above. Hedge funds are selected following a variety of strategies and fund managers, and the Group has appropriately diversified the investments. Real estate is selected for the eligibility of investment and expected return and other relevant factors, and the Group has appropriately diversified the investments. As for investments in life insurance company general accounts, the contracts with the insurance companies include a guaranteed interest and return of capital.

The three levels of input used to measure fair value are more fully described in Note 4. The plan assets that are measured at fair value at March 31, 2021 and 2020 by asset category are as follows:

	Millions of yen			
March 31, 2021	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥ **17,756**	¥ **–**	¥ **–**	¥ **17,756**
Equity securities:				
Japanese companies	**97,430**	**–**	**–**	**97,430**
Foreign companies	**47,020**	**–**	**–**	**47,020**
Pooled funds	**–**	**144,458**	**–**	**144,458**
Debt securities:				
Government bonds	**119,191**	**–**	**–**	**119,191**
Municipal bonds	**–**	**475**	**–**	**475**
Corporate bonds	**–**	**20,737**	**–**	**20,737**
Pooled funds	**–**	**175,841**	**–**	**175,841**
Other assets:				
Hedge funds	**–**	**–**	**171,191**	**171,191**
Real estate	**–**	**–**	**75,122**	**75,122**
Life insurance company general accounts	**–**	**86,748**	**–**	**86,748**
Other assets	**–**	**(3,319)**	**–**	**(3,319)**
Total	¥ **281,397**	¥ **424,940**	¥ **246,313**	¥ **952,650**

Toshiba Corporation and Consolidated Subsidiaries
March 31, 2021

March 31, 2021	Thousands of US dollars Level 1	Level 2	Level 3	Total
Cash and cash equivalents	**$ 159,964**	**$ –**	**$ –**	**$ 159,964**
Equity securities:				
Japanese companies	**877,747**	**–**	**–**	**877,747**
Foreign companies	**423,604**	**–**	**–**	**423,604**
Pooled funds	**–**	**1,301,423**	**–**	**1,301,423**
Debt securities:				
Government bonds	**1,073,793**	**–**	**–**	**1,073,793**
Municipal bonds	**–**	**4,279**	**–**	**4,279**
Corporate bonds	**–**	**186,820**	**–**	**186,820**
Pooled funds	**–**	**1,584,153**	**–**	**1,584,153**
Other assets:				
Hedge funds	**–**	**–**	**1,542,261**	**1,542,261**
Real estate	**–**	**–**	**676,775**	**676,775**
Life insurance company general accounts	**–**	**781,514**	**–**	**781,514**
Other assets	**–**	**(29,901)**	**–**	**(29,901)**
Total	**$ 2,535,108**	**$ 3,828,288**	**$ 2,219,036**	**$ 8,582,432**

Notes: 1) Pooled funds in equity securities invest in listed equity securities consisting of approximately 10% Japanese companies and 90% foreign companies.
2) Government bonds include approximately 84% for Japanese government bonds, and 16% for foreign government bonds.
3) Pooled funds in debt securities invest in approximately 24% for Japanese government bonds, 45% for foreign government bonds, and 31% for municipal bonds and corporate bonds.

March 31, 2020	Millions of yen Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥ 26,750	¥ –	¥ –	¥ 26,750
Equity securities:				
Japanese companies	80,967	–	–	80,967
Foreign companies	42,648	–	–	42,648
Pooled funds	–	109,839	–	109,839
Debt securities:				
Government bonds	111,761	–	–	111,761
Municipal bonds	–	939	–	939
Corporate bonds	–	15,880	–	15,880
Pooled funds	–	164,067	–	164,067
Other assets:				
Hedge funds	–	–	138,384	138,384
Real estate	–	–	79,859	79,859
Life insurance company general accounts	–	85,610	–	85,610
Other assets	–	2,021	–	2,021
Total	¥ 262,126	¥ 378,356	¥ 218,243	¥ 858,725

Notes: 1) Pooled funds in equity securities invest in listed equity securities consisting of approximately 10% Japanese companies and 90% foreign companies.
2) Government bonds include approximately 90% for Japanese government bonds, and 10% for foreign government bonds.
3) Pooled funds in debt securities invest in approximately 25% for Japanese government bonds, 34% for foreign government bonds, and 41% for municipal bonds and corporate bonds.

Each level into which assets are categorized is based on inputs used to measure the fair value of the assets, and does not necessarily indicate the risks or ratings of the assets.

Level 1 plan assets represent marketable equity securities, and government bonds, which are valued based on quoted market prices in active markets with sufficient volume and frequency of transactions. Level 2 plan assets represent pooled funds that invest in equity securities and debt securities, corporate bonds and life insurance company general accounts. Pooled funds, which are classified as Level 2 asset, are valued at their net asset values that are calculated by the sponsor of the fund. Corporate bonds are valued based on quoted market prices for identical assets in inactive markets. Life insurance company general accounts are valued based on contracts. Level 3 plan assets represent pooled funds that invest in debt securities, hedge funds and real estate, which are valued based on unobservable inputs as the markets for the assets are not active at the measurement date.

An analysis of the changes in Level 3 plan assets measured at fair value for the fiscal years ended March 31, 2021 and 2020 are as follows:

	Millions of yen			
The Fiscal Year ended March 31, 2021	Pooled funds	Hedge funds	Real estate	Total
Balance at the beginning of the fiscal year	**¥ –**	**¥ 138,384**	**¥ 79,859**	**¥ 218,243**
Actual return:				
Relating to assets sold	**–**	**0**	**7**	**7**
Relating to assets still held	**–**	**18,233**	**(898)**	**17,335**
Purchases, issuances and settlements	**–**	**14,574**	**(3,846)**	**10,728**
Balance at the end of the fiscal year	**¥ –**	**¥ 171,191**	**¥ 75,122**	**¥ 246,313**

	Millions of yen			
The Fiscal Year ended March 31, 2020	Pooled funds	Hedge funds	Real estate	Total
Balance at the beginning of the fiscal year	¥ –	¥ 151,229	¥ 74,099	¥ 225,328
Actual return:				
Relating to assets sold	–	19,240	28	19,268
Relating to assets still held	–	(18,768)	439	(18,329)
Purchases, issuances and settlements	–	(13,317)	5,293	(8,024)
Balance at the end of the fiscal year	¥ –	¥ 138,384	¥ 79,859	¥ 218,243

	Thousands of US dollars			
The Fiscal Year ended March 31, 2021	Pooled funds	Hedge funds	Real estate	Total
Balance at the beginning of the fiscal year	**$ –**	**$ 1,246,703**	**$ 719,450**	**$ 1,966,153**
Actual return:				
Relating to assets sold	**–**	**0**	**63**	**63**
Relating to assets still held	**–**	**164,261**	**(8,090)**	**156,171**
Purchases, issuances and settlements	**–**	**131,297**	**(34,648)**	**96,649**
Balance at the end of the fiscal year	**$ –**	**$ 1,542,261**	**$ 676,775**	**$ 2,219,036**

Some of the Company's subsidiaries provide certain health care and life insurance benefits to retired employees. Such benefits were immaterial for the consolidated financial statements of the Company.

Defined contribution pension cost for the fiscal years ended March 31, 2021 and 2020 were ¥6,648 million ($59,892 thousand) and ¥7,816 million, respectively.

12. REVENUE

The key goods and services of the Group include the following products and related maintenance services: nuclear power generation systems; thermal power generation systems; elevators; light fixtures; commercial air-conditioners; public infrastructure; train, industrial systems; Point of Sale (POS) systems; multi-function peripherals; semiconductors; hard disk drives; and digital solutions. The Group recognizes revenue when (or as) the promised goods or services are transferred to customers, which occurs when (or as) the customers obtain control of the promised goods or services.

Revenue from sales of mass-produced standard products (e.g., semiconductors, multi-function peripherals, and POS systems) is recognized at the transaction price when control of the products has transferred to customers, namely, when the delivery of the products has been completed.

Revenue from made-to-order products under a construction-type or production-type contract with specifications unique to a customer (e.g., nuclear power generation systems, thermal power generation systems, public infrastructure and train, industrial systems), is recognized for the amount of the transaction price in relation to the progress of the work. The amount for the fiscal year ended March 31, 2021 is ¥342,048 million ($3,081,514 thousand). However, if reliable estimates of the costs to completion or progress of work cannot be reasonably made, revenue is recognized only to the extent of costs incurred that are expected to be collectable until the transfer of ownership is completed.

Sales of equipment that require both production and installation services, are generally identified as a single performance obligation, and the Group recognizes revenue over the period from the completion of the installation of the equipment to the acceptance after operation test by a customer.

Revenue from the provision of services, such as maintenance services, is generally identified as a performance obligation separate from the sale of equipment, and revenue is recognized on a straight-line basis over the term of the contract, or when the provision of services has been completed.

Certain products, primarily mass-produced standard products, are sold to customers with rebates (e.g., cash-back) depending on the circumstances of the transaction (e.g. volumes, amounts, etc.). In those cases, the transaction price is calculated by deducting expected rebates from the promised consideration under the agreement with a customer. The variable consideration related to sales with rebates is included in the transaction price when the uncertainty associated with rebates is resolved to the extent that it is highly probable that there will not be a significant reversal of cumulative revenue.

For contracts containing more than one performance obligation, such as the sale of equipment and related maintenance services, the transaction price is allocated to each performance obligation based on a relative standalone selling price. When the observable price of the good or service is available, such price is determined as the standalone selling price of that good or service. If an observable price is not available, the transaction price is allocated to each performance obligation based on an estimated standalone selling price.

The Group applies the practical expedients as prescribed in ASC 606: Revenue from Contracts with Customers and does not adjust significant financing components for the effects of the time value of money when the expected length of time between revenue recognition and collection of all contractual payments is one year or less.

The Group principally recognizes unbilled amounts due from customers related to made-to-order products under a construction-type or production-type contract with specifications unique to a customer as contract assets that are included in "Notes, accounts receivable and contract assets" and "Long-term receivables" in the consolidated balance sheets. The contract assets as of March 31, 2021 and March 31, 2020 are ¥229,558 million ($2,068,090 thousand) and ¥278,921 million, respectively.

The Group also recognizes the amount of consideration received from customers before control of goods or services transfers to customers as contract liabilities that are included in "Advance payments received" and "Other current liabilities" in the consolidated balance sheets. The contract liabilities as of March 31, 2021 and March 31, 2020 are ¥262,948 million ($2,368,901 thousand) and ¥279,905 million, respectively. The amount of ¥167,365 million ($1,507,793 thousand) included in the contract liabilities as of March 31, 2020 is recognized as revenue for the fiscal year ended March 31, 2021.

The total amount of the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as of March 31, 2021 is ¥1,897,199 million ($17,091,883 thousand), and approximately 40% of which is expected to be recognized as revenue within one year.

The amount of remaining performance obligations of contracts that have original expected duration of one year or less is not included in the amount above.

Revenue by good or service and by region is described in Note 29.

13. RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred and amounted to ¥150,456 million ($1,355,459 thousand) and ¥158,946 million for the fiscal years ended March 31, 2021 and 2020, respectively.

14. ADVERTISING COSTS

Advertising costs are expensed as incurred and amounted to ¥4,983 million ($44,892 thousand) and ¥6,720 million for the fiscal years ended March 31, 2021 and 2020, respectively.

15. OTHER INCOME AND OTHER EXPENSES

SALES PRICE ADJUSTMENT FOR TRANSFER OF SHARES IN TOSHIBA CLIENT SOLUTIONS CO., LTD. (NOW RENAMED DYNABOOK INC.)

The Company transferred 80.1% of its shares in Toshiba Client Solutions Co., Ltd ("TCS") to Sharp Corporation on October 1, 2018, and TCS was deconsolidated from the Group. On June 18, 2020, the Company agreed to a sales price adjustment primarily due to differences between the targeted and actual working capital of TCS. As a result, a gain of ¥7,092 million ($63,892 thousand) was recorded in the fiscal year ended March 31, 2021.

SALE OF MARKETABLE SECURITIES

On April 1, 2020 the Company sold certain marketable securities. As a result, ¥4,237 million ($38,171 thousand) was recorded as a gain for the fiscal year ended March 31, 2021.

SALE OF TOSHIBA LOGISTICS CORPORATION (NOW RENAMED SBS TOSHIBA LOGISTICS CORPORATION)

The Company transferred 66.6% of its shares in Toshiba Logistics Corporation ("TLOG") to SBS Holdings, Inc. on November 2, 2020. As a result, the gain of ¥25,838 million ($232,775 thousand) was recorded in the fiscal year ended March 31, 2021, including the gain on sale of shares of ¥16,582 million ($149,387 thousand) and stock valuation gain of ¥9,256 million ($83,387 thousand).

THE LOSS ON COMPLETION OF TRANSFER OF AGREEMENT RELATED TO US LIQUEFIED NATURAL GAS (LNG)

The transfer of US liquefied natural gas (LNG) agreement to Total Gas & Power Asia Private Limited, a subsidiary of the French energy major, Total S.A, was completed on August 30, 2019 (US time). As a result, ¥89,155 million, including costs related to sales, was recorded as other expenses for the fiscal year ended March 31, 2020.

16. IMPAIRMENT OF LONG-LIVED ASSETS

Due to a decrease in profitability of the following business, the Group recorded impairment losses to the related assets.

Impairment losses recorded in the fiscal year ended March 31, 2021 consisted of ¥3,253 million ($29,306 thousand) in the System LSI business. Impairment losses recorded in the fiscal year ended March 31, 2020 consisted of ¥3,838 million in the System LSI business.

These impairment losses are included in cost of sales in the consolidated statements of operations.

Impairment losses in the System LSI business are included in Electronic Devices & Storage Solutions.

17. INCOME TAXES

The Group is subject to a number of different income taxes which, in the aggregate, result in an effective statutory tax rate in Japan of approximately 30.6% for the fiscal years ended March 31, 2021 and 2020, respectively.

The components of income tax expense allocated to continuing operations and discontinued operations for the fiscal years ended March 31, 2021 and 2020 are as follows:

The Fiscal Year ended March 31	Millions of yen 2021	Millions of yen 2020	Thousands of US dollars 2021
Continuing operations:			
Current	¥ **22,244**	¥ 19,423	$ **200,396**
Deferred	**(8,485)**	15,697	**(76,441)**
	¥ **13,759**	¥ 35,120	$ **123,955**
Discontinued operations:			
Current	¥ **–**	¥ –	$ **–**
Deferred	**–**	–	**–**
	–	–	**–**
	¥ **13,759**	¥ 35,120	$ **123,955**

A reconciliation table between the reported income tax expense and the amount computed by multiplying the income (loss) from continuing operations, before income taxes and noncontrolling interests by the applicable statutory tax rate is as follows:

The Fiscal Year ended March 31	Millions of yen 2021	Millions of yen 2020	Thousands of US dollars 2021
Expected income tax expense	¥ **46,998**	¥ (14,556)	$ **423,405**
Increase (decrease) in taxes resulting from:			
Tax credits	**(2,797)**	(3,080)	**(25,198)**
Non-deductible expenses and tax-exempt income	**(743)**	2,749	**(6,694)**
Net change in valuation allowance	**(20,740)**	44,123	**(186,847)**
Tax rate difference relating to foreign subsidiaries	**(6,734)**	(8,145)	**(60,667)**
Deferred tax liabilities on undistributed earnings of foreign subsidiaries and affiliates	**(1,537)**	17,976	**(13,847)**
Decrease in unrecognized tax benefits related to uncertain tax positions	**(4,755)**	(8,167)	**(42,838)**
Other	**(4,067)**	4,220	**36,641**
Income tax expense	¥ **13,759**	¥ 35,120	$ **123,955**

The significant components of deferred tax assets and deferred tax liabilities as of March 31, 2021 and 2020 are as follows:

March 31	Millions of yen 2021	Millions of yen 2020	Thousands of US dollars 2021
Deferred tax assets:			
Inventories	¥ 18,575	¥ 18,183	$ 167,342
Accrued pension and severance costs	4,933	12,606	44,442
Tax loss carryforwards	214,254	211,387	1,930,216
Pension liability adjustment	105,462	115,102	950,108
Accrued expenses	71,797	85,714	646,820
Depreciation and amortization	41,158	47,427	370,793
Loss from valuation of securities	22,548	39,316	203,135
Operating lease liabilities	31,675	42,251	285,360
Other	77,917	65,819	701,955
Gross deferred tax assets	588,319	637,805	5,300,171
Valuation allowance for deferred tax assets	(474,796)	(508,236)	(4,277,441)
Deferred tax assets	¥ 113,523	¥ 129,569	$ 1,022,730
Deferred tax liabilities:			
Property, plant and equipment	¥ (957)	¥ (1,358)	$ (8,622)
Unrealized gains on securities	(5,780)	(3,791)	(52,072)
Undistributed earnings of foreign subsidiaries and affiliates	(22,231)	(19,942)	(200,279)
Goodwill and other intangible assets	(8,235)	(9,126)	(74,189)
Operating lease right-of-use assets	(31,270)	(42,359)	(281,712)
Other	(20,516)	(25,176)	(184,829)
Gross deferred tax liabilities	(88,989)	(101,752)	(801,703)
Net deferred tax assets	¥ 24,534	¥ 27,817	$ 221,027

The net change in the total valuation allowance for the fiscal years ended March 31, 2021 and 2020 was a decrease of ¥33,440 million ($301,261 thousand) and a decrease of ¥9,973 million, respectively.

The decrease of ¥2,326 million ($20,955 thousand) at beginning-of-the-fiscal-year balance of the valuation allowance was due to a change in judgment about the realizability of the related deferred tax assets in future years for the fiscal year ended March 31, 2021. The increase of ¥14,615 million at the beginning-of-the-fiscal-year balance of the valuation allowance was due to a change in judgment about the realizability of the related deferred tax assets in future years for the fiscal year ended March 31, 2020.

The Group's tax loss carryforwards for the corporate and local taxes at March 31, 2021 amounted to ¥621,779 million ($5,601,613 thousand) and ¥960,833 million ($8,656,153 thousand), respectively, the majority of which will expire during the period from the fiscal year ending March 2022 through 2031. The Group utilized tax loss carryforwards of ¥20,911 million ($188,387 thousand) and ¥5,412 million to reduce current corporate taxes and ¥14,378 million ($129,532 thousand) and ¥10,291 million to reduce current local taxes during the fiscal years ended March 31, 2021 and 2020, respectively.

The amounts of benefits due to use of tax loss carryforwards included in income tax expense for the fiscal years ended March 31, 2021 and 2020 were ¥5,240 million ($47,207 thousand) and ¥1,764 million, respectively.

Realization of tax loss carryforwards and other deferred tax assets is dependent on the Group generating sufficient taxable income prior to their expiration or the Group exercising certain available tax strategies. Although realization is not assured, management believes it is more likely than not that all of the deferred tax assets, less the valuation allowance, will be realized. The amount of such net deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

A reconciliation table of the beginning and ending amount of unrecognized tax benefits is as follows:

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2021**	2020	**2021**
Balance at the beginning of the fiscal year	**¥ 3,411**	¥ 4,125	**$ 30,730**
Additions for tax positions of the current fiscal year	**629**	2	**5,667**
Additions for tax positions of prior fiscal years	**2,017**	8,194	**18,171**
Reductions for tax positions of prior fiscal years	**(4,755)**	(8,283)	**(42,838)**
Lapse of statute of limitations or closed audits	**(297)**	(401)	**(2,676)**
Foreign currency translation adjustments	**118**	(226)	**1,063**
Balance at the end of the fiscal year	**¥ 1,123**	¥ 3,411	**$ 10,117**

The total amounts of unrecognized tax benefits that would reduce the effective tax rate, if recognized, are ¥1,091 million ($9,829 thousand) and ¥2,958 million at March 31, 2021 and 2020, respectively.

The Group recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of operations. Both interest and penalties accrued in the consolidated balance sheets as of March 31, 2021 and 2020, and interest and penalties included in income taxes in the consolidated statements of operations for the fiscal years ended March 31, 2021 and 2020 were immaterial.

The Group believes its estimates and assumptions of unrecognized tax benefits are reasonable and based on each of the items of which the Group is aware of at March 31, 2021, no significant changes to the unrecognized tax benefits are expected within the next twelve months.

The Group files income tax returns in Japan and various foreign tax jurisdictions. In Japan, the Group is no longer subject to regular income tax examinations by the tax authority for years before the fiscal year ended March 31, 2019 with a few exceptions. In other major foreign subsidiaries, they are no longer subject to regular income tax examinations by tax authorities for years before the fiscal year ended March 31, 2016 with a few exceptions.

18. EQUITY

COMMON STOCK

The total number of authorized shares of the Company is 1,000,000,000. The total number of shares issued for the fiscal years ended March 31, 2021 and 2020 are 455,280,690 and 455,000,000, respectively.

RETAINED EARNINGS (ACCUMULATED DEFICIT)

Retained earnings (accumulated deficit) as at March 31, 2021 and 2020 include a legal reserve. The Company's and its Japanese subsidiaries' legal reserve are ¥24,643 million ($222,009 thousand) and ¥23,083 million, respectively. The Corporation Law of Japan requires that an amount equal to 10% of the distributions from retained earnings paid by the Company and its Japanese subsidiaries be appropriated as a legal reserve. No further appropriations are required when the total amount of the additional paid-in capital and the legal reserve equals 25% of their respective stated capital. The Corporation Law of Japan also requires that additional paid-in capital and the legal reserve are available for transfer to retained earnings for distributions by the resolution of the shareholders.

The amount of retained earnings available for distributions is based on the Company's retained earnings determined in accordance with generally accepted accounting principles in Japan and the Corporation Law of Japan. Retained earnings at March 31, 2021 do not reflect current year-end distribution of ¥31,768 million ($286,198 thousand) which will be paid from June 4, 2021.

Retained earnings (accumulated deficit) at March 31, 2021 included the Group's share in undistributed earnings of equity method investees in the amount of ¥285,625 million ($2,573,198 thousand).

ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in accumulated other comprehensive loss for the fiscal year ended March 31, 2021 are as follows:

	Millions of yen				
	Net unrealized gains and losses on securities	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized gains and losses on derivative instruments	Total
Balance at the beginning of the fiscal year	¥ 12	¥ (33,570)	¥ (252,777)	¥ (258)	¥ (286,593)
Other comprehensive income (loss) arising during year	(8)	16,341	94,993	(2,200)	109,126
Amounts reclassified from accumulated other comprehensive loss	–	(332)	19,439	53	19,160
Net current year change	(8)	16,009	114,432	(2,147)	128,286
Balance at the end of the fiscal year	¥ 4	¥ (17,561)	¥ (138,345)	¥ (2,405)	¥ (158,307)

Note: The impact on Net current year change, net of tax, due to making NuFlare Technology, Inc. a wholly owned subsidiary consists of Foreign currency translation adjustments of ¥15 million($135 thousand) and Pension liability adjustments of ¥(113) million($(1,018) thousand).

	Thousands of US dollars				
	Net unrealized gains and losses on securities	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized gains and losses on derivative instruments	Total
Balance at the beginning of the fiscal year	$ 108	$ (302,432)	$ (2,277,270)	$ (2,325)	$ (2,581,919)
Other comprehensive income (loss) arising during year	(72)	147,216	855,793	(19,820)	983,117
Amounts reclassified from accumulated other comprehensive loss	–	(2,991)	175,126	478	172,613
Net current year change	(72)	144,225	1,030,919	(19,342)	1,155,730
Balance at the end of the fiscal year	$ 36	$ (158,207)	$ (1,246,351)	$ (21,667)	$ (1,426,189)

The changes in accumulated other comprehensive loss for the fiscal year ended March 31, 2020 are as follows:

	Millions of yen				
	Net unrealized gains and losses on securities	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized gains and losses on derivative instruments	Total
Balance at the beginning of the fiscal year	¥ 20	¥ (20,085)	¥ (241,772)	¥ (474)	¥ (262,311)
Other comprehensive loss arising during year	(8)	(13,238)	(25,772)	(66)	(39,084)
Amounts reclassified from accumulated other comprehensive loss	–	(247)	14,767	282	14,802
Net current year change	(8)	(13,485)	(11,005)	216	(24,282)
Balance at the end of the fiscal year	¥ 12	¥ (33,570)	¥ (252,777)	¥ (258)	¥ (286,593)

Note: The impact on Net current year change, due to the tender offer for the shares of 3 listed subsidiaries consists of Net unrealized gains and losses on securities of ¥16 million, Foreign currency translation adjustments of ¥186 million, Pension liability adjustments of ¥(3,077 million), and Net unrealized gains and losses on derivative instruments of ¥10 million.

Amounts reclassified from accumulated other comprehensive loss for the fiscal years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of US dollars	
	Amounts reclassified from accumulated other comprehensive loss			Affected line item in Consolidated Statements of Operations
	2021	2020	**2021**	
Net unrealized gains and losses on securities				
	¥ –	¥ –	**$ –**	Other income and other expenses
	–	–	**–**	Income taxes
	–	–	**–**	Net income (loss) before noncontrolling interests
	–	–	**–**	Less: Net income attributable to noncontrolling interests
	–	–	**–**	Net income (loss) attributable to shareholders of the Company
Foreign currency translation adjustments				
	(332)	(247)	**(2,991)**	Other income and other expenses
	–	–	**–**	Income taxes
	(332)	(247)	**(2,991)**	Net income (loss) before noncontrolling interests
	–	–	**–**	Less: Net income attributable to noncontrolling interests
	(332)	(247)	**(2,991)**	Net income (loss) attributable to shareholders of the Company
Pension liability adjustments				
	28,057	21,251	**252,765**	Net periodic pension and severance cost (Note 1)
	(8,585)	(6,503)	**(77,342)**	Income taxes
	19,472	14,748	**175,423**	Net income (loss) before noncontrolling interests
	33	(19)	**297**	Less: Net income attributable to noncontrolling interests
	19,439	14,767	**175,126**	Net income (loss) attributable to shareholders of the Company
Net unrealized gains and losses on derivative instruments				
	76	347	**685**	Interest, other income and other expenses
	(23)	(106)	**(207)**	Income taxes
	53	241	**478**	Net income (loss) before noncontrolling interests
	–	(41)	**–**	Less: Net income attributable to noncontrolling interests
	53	282	**478**	Net income (loss) attributable to shareholders of the Company
Total reclassifications-net of tax and noncontrolling interests	**¥ 19,160**	¥ 14,802	**$ 172,613**	

Notes: 1) Details of the computation of net periodic pension and severance cost are disclosed in Note 11.
2) Increase (decrease) of amounts reclassified from accumulated other comprehensive loss indicates decrease (increase) of income in Consolidated Statements of Operations.

Tax effect allocated to each component of other comprehensive income (loss) for the fiscal years ended March 31, 2021 and 2020 are shown as follows:

	Millions of yen		
	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
For the year ended March 31, 2021:			
Net unrealized gains and losses on securities:			
Unrealized gains arising during year	**¥ (12)**	**¥ 4**	**¥ (8)**
Less: reclassification adjustment for gains included in net income (loss) attributable to shareholders of the Company	**–**	**–**	**–**
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	**18,359**	**(2,018)**	**16,341**
Less: reclassification adjustment for gains included in net income (loss) attributable to shareholders of the Company	**(332)**	**–**	**(332)**
Pension liability adjustments:			
Pension liability adjustments arising during year	**98,016**	**(3,023)**	**94,993**
Less: reclassification adjustment for gains included in net income (loss) attributable to shareholders of the Company	**28,009**	**(8,570)**	**19,439**
Net unrealized gains and losses on derivative instruments:			
Unrealized losses arising during year	**(4,267)**	**2,067**	**(2,200)**
Less: reclassification adjustment for gains included in net income (loss) attributable to shareholders of the Company	**76**	**(23)**	**53**
Other comprehensive income	**¥ 139,849**	**¥ (11,563)**	**¥ 128,286**
For the year ended March 31, 2020:			
Net unrealized gains and losses on securities:			
Unrealized gains arising during year	¥ (12)	¥ 4	¥ (8)
Less: reclassification adjustment for gains included in net income (loss) attributable to shareholders of the Company	–	–	–
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	(14,265)	1,027	(13,238)
Less: reclassification adjustment for gains included in net income (loss) attributable to shareholders of the Company	(247)	–	(247)
Pension liability adjustments:			
Pension liability adjustments arising during year	(31,723)	5,951	(25,772)
Less: reclassification adjustment for gains included in net income (loss) attributable to shareholders of the Company	21,279	(6,512)	14,767
Net unrealized gains and losses on derivative instruments:			
Unrealized losses arising during year	(195)	129	(66)
Less: reclassification adjustment for gains included in net income (loss) attributable to shareholders of the Company	406	(124)	282
Other comprehensive loss	¥ (24,757)	¥ 475	¥ (24,282)

	Thousands of US dollars		
	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
For the year ended March 31, 2021:			
Net unrealized gains and losses on securities:			
Unrealized gains arising during year	$ (108)	$ 36	$ (72)
Less: reclassification adjustment for gains included in net income (loss) attributable to shareholders of the Company	–	–	–
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	165,396	(18,180)	147,216
Less: reclassification adjustment for gains included in net income (loss) attributable to shareholders of the Company	(2,991)	–	(2,991)
Pension liability adjustments:			
Pension liability adjustments arising during year	883,027	(27,234)	855,793
Less: reclassification adjustment for gains included in net income (loss) attributable to shareholders of the Company	252,333	(77,207)	175,126
Net unrealized gains and losses on derivative instruments:			
Unrealized losses arising during year	(38,441)	18,621	(19,820)
Less: reclassification adjustment for gains included in net income (loss) attributable to shareholders of the Company	685	(207)	478
Other comprehensive income	$ 1,259,901	$ (104,171)	$ 1,155,730

TENDER OFFER FOR SHARES OF THREE LISTED SUBSIDIARIES AND APPROPRIATION OF OTHER CAPITAL SURPLUS IN THE COMPANY'S STANDALONE BALANCE SHEET

Following the resolution at its board of directors meeting held on November 13, 2019 to acquire the shares of common stock of Toshiba Plant System & Services Corporation ("TPSC") through a tender offer, the Company commenced the tender offer from November 14, 2019 to December 25, 2019. As a result, the total number of tendered share certificates was above the planned minimum quantity for the tender offer and the Company purchased all of the tendered share certificates on January 7, 2020. The Company requested all shareholders that had not accepted the tender offer to sell all common stocks of TPSC and acquired them on January 29, 2020. Consequently, TPSC became a subsidiary wholly owned by the Company.

Toshiba Infrastructure Systems & Solution Corporation, a subsidiary of Toshiba Corporation ("TISS"), resolved at its board of directors meeting held on November 13, 2019 to acquire the shares of NISHISHIBA ELECTRIC CO., LTD. ("NISHISHIBA ELECTRIC") through a tender offer and commenced the tender offer from November 14, 2019 to December 25, 2019. As a result, the total number of tendered share certificates was above the planned minimum quantity for the tender offer and TISS purchased all of the tendered share certificates on January 7, 2020. TISS requested that all shareholders that had not accepted the tender offer to sell all common stocks of NISHISHIBA ELECTRIC and acquired them on March 1, 2020. Consequently, NISHISHIBA ELECTRIC became a subsidiary wholly owned by TISS.

Toshiba Electronic Devices & Storage Corporation, a subsidiary of Toshiba Corporation ("TDSC"), resolved at its board of directors meeting held on November 13, 2019 to acquire the shares of NuFlare Technology, Inc. ("NFT") through a tender offer and commenced the tender offer from November 14, 2019 to January 16, 2020. As a result, the total number of tendered share certificates was above the planned minimum quantity for the tender offer and TDSC purchased all of the tendered share certificates on January 23, 2020. NFT held a special shareholder's meeting that included among its measures for deliberation changes to the NFT's article of incorporation that would eliminate provisions on share unit numbers with condition on consolidation of the common shares of NFT and its effectuation. Given the aforementioned resolution was made at the special shareholder's meeting, NFT became TDSC's fully owned subsidiary, because TDSC purchased the remaining fractional shares with the approval of Tribunal on April 28, 2020.

The difference between the acquisition costs of these shares and the non-controlling interests is recorded as Additional paid-in capital.

As a result of the above, additional paid-in capital on the consolidated balance sheet became negative and the negative value within additional paid-in capital was transferred to retained earnings.

REPURCHASE AND RETIREMENT OF TREASURY STOCK

The Company resolved, at its Board of Directors Meeting held on November 8, 2018, matters related to the purchase of treasury stock of the Company (acquired ¥300,221 million and ¥399,777 million of treasury stock, pursuant to such resolution, in the fiscal year ended March 31, 2020 and 2019, respectively), pursuant to the Corporation Law of Japan. In addition, the Company retired the acquired shares of treasury stock on June 24, 2019, September 12, 2019 and November 19, 2019 (retired ¥304,827 million) in the fiscal year ended March 31, 2020 and on December 25, 2018 and March 28, 2019 (retired ¥392,449 million) in the fiscal year ended March 31, 2019. With regards to the retirement of treasury stock, the acquisition cost of the treasury stock is subtracted from retained earnings.

19. NET EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The following reconciliation table of the numerators and denominators sets forth the computation of basic net earnings (loss) per share attributable to shareholders of the Company for the fiscal years ended March 31, 2021 and 2020.

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2021**	2020	**2021**
Income (loss) from continuing operations attributable to shareholders of the Company	**¥ 121,709**	¥ (100,839)	**$ 1,096,478**
Loss from discontinued operations attributable to shareholders of the Company	**(7,728)**	(13,794)	**(69,622)**
Net income (loss) attributable to shareholders of the Company	**¥ 113,981**	¥ (114,633)	**$ 1,026,856**

	Thousands of shares	
The Fiscal Year ended March 31	**2021**	2020
Weighted-average number of shares of common stock outstanding for the year	**453,655**	484,923

	Yen		US dollars
The Fiscal Year ended March 31	**2021**	2020	**2021**
Earnings (loss) from continuing operations per share attributable to shareholders of the Company:			
–Basic	**¥ 268.29**	¥ (207.95)	**$ 2.42**
Loss from discontinued operations per share attributable to shareholders of the Company:			
–Basic	**¥ (17.04)**	¥ (28.44)	**$ (0.16)**
Net earnings (loss) per share attributable to shareholders of the Company:			
–Basic	**¥ 251.25**	¥ (236.39)	**$ 2.26**

Diluted net earnings per share attributable to shareholders of the Company for the fiscal years ended March 31, 2021 and 2020 have been omitted because the Company did not have common stock outstanding with potential dilutive effects.

20. FINANCIAL INSTRUMENTS

(1) DERIVATIVE FINANCIAL INSTRUMENTS

The Group operates internationally, giving rise to exposure to market risks from fluctuations in foreign currency exchange and interest rates. In the normal course of its risk management efforts, the Group employs a variety of derivative financial instruments, which are consisted primarily of forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options to reduce its exposures. The Group has policies and procedures for risk management and the approval, reporting and monitoring of derivative financial instruments. The Group's policies prohibit holding or issuing derivative financial instruments for speculative or trading purposes.

The Group is exposed to credit-related losses in the event of nonperformance by counterparties to derivative financial instruments, but the Group does not anticipate any credit-related loss from nonperformance by the counterparties because the counterparties are financial institutions of high credit standing and contracts are diversified across a number of major financial institutions.

The Group has entered into forward exchange contracts with financial institutions as hedges against fluctuations in foreign currency exchange rates on monetary assets and liabilities denominated in foreign currencies. The forward exchange contracts related to accounts receivable and payable, and commitments on future trade transactions denominated in foreign currencies, mature primarily within a few years of the balance sheet date.

Interest rate swap agreements and currency swap agreements are used to limit the Group's exposure to losses in relation to underlying debt instruments and accounts receivable and payable denominated in foreign currencies resulting from adverse fluctuations in foreign currency exchange and interest rates. These agreements mature between 2021 and 2025.

The Group employs forward exchange contracts and foreign-currency-denominated debt, which reduce fluctuations in foreign currency exchange rate on investments in foreign subsidiaries.

Most forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options are designated as either cash flow hedges or net investment hedges as discussed below, depending on its characteristic such as: accounts receivable and payable denominated in foreign currencies, investments in foreign subsidiaries or commitments on future trade transactions and the interest rate characteristics of the underlying debt.

Cash Flow Hedge

The forward exchange contracts utilized by the Group effectively reduce fluctuation in cash flow from commitments on future trade transactions denominated in foreign currencies.

The interest rate swap agreements utilized by the Group effectively convert a portion of its floating-rate debt to a fixed-rate basis.

The Group expects to reclassify ¥153 million ($1,378 thousand) of net loss on derivative financial instruments from accumulated other comprehensive loss to net income (loss) attributable to shareholders of the Company during the next 12 months due to the collection of accounts receivable denominated in foreign currencies and the payments of accounts payable denominated in foreign currencies and variable interest associated with the floating-rate debts.

Net Investment Hedge

The forward exchange contracts and foreign-currency-denominated debt utilized by the Group effectively reduce fluctuation in foreign exchange rate on investments in foreign subsidiaries.

The change in fair value of these contracts are recorded in accumulated other comprehensive income (loss) as a part of foreign currency translation adjustments.

There was no foreign-currency-denominated debt for hedging investments in foreign subsidiaries at March 31, 2021.

Derivatives Not Designated as Hedging Instruments

The Group has entered into certain forward exchange contracts and currency swap agreements to offset the earnings impact related to fluctuations in foreign currency exchange rates on monetary assets and liabilities denominated in foreign currencies and in interest rates on debt instruments. Although some of these contracts have not been designated as hedges as required in order to apply hedge accounting, the contracts are effective from an economic perspective. The changes in the fair value of those contracts are recorded in earnings immediately.

The Group's forward exchange contract amounts, the aggregate notional principal amounts of interest rate swap agreements at March 31, 2021 and 2020 are summarized as follows:

March 31	Millions of yen 2021	Millions of yen 2020	Thousands of US dollars 2021
Forward exchange contracts:			
To sell foreign currencies	**¥ 249,554**	¥ 154,143	**$ 2,248,234**
To buy foreign currencies	**33,711**	20,376	**303,703**
Interest rate swap agreements	**170,000**	76,000	**1,531,532**

(2) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Group's financial instruments and the location in the consolidated balance sheets at March 31, 2021 and 2020 are summarized as follows:

March 31	Location at balance sheet	Millions of yen 2021	Millions of yen 2020	Thousands of US dollars 2021
Derivatives designated as hedging instruments:				
Assets:				
Forward exchange contracts	Prepaid expenses and other current assets	**¥ 37**	¥ 135	**$ 333**
	Other assets	**–**	13	**–**
Liabilities:				
Forward exchange contracts	Other Liabilities	**(9)**	–	**(81)**
Interest rate swap agreements	Other current liabilities	**–**	(18)	**–**
	Other liabilities	**(794)**	(289)	**(7,153)**
Derivatives not designated as hedging instruments:				
Assets:				
Forward exchange contracts	Prepaid expenses and other current assets	**836**	692	**7,532**
	Other assets	**–**	110	**–**
Currency swap agreements	Prepaid expenses and other current assets	**–**	0	**–**
Liabilities:				
Forward exchange contracts	Other current liabilities	**(8,830)**	(1,541)	**(79,550)**
	Other liabilities	**(621)**	(251)	**(5,594)**

March 31	Millions of yen 2021 Carrying amount	Millions of yen 2021 Fair value	Millions of yen 2020 Carrying amount	Millions of yen 2020 Fair value
Nonderivative financial instruments:				
Liabilities:				
Long-term debt, including current portion	**¥ (372,111)**	**¥ (372,059)**	¥ (211,665)	¥ (196,822)

March 31	Thousands of US dollars 2021 Carrying amount	Thousands of US dollars 2021 Fair value
Nonderivative financial instruments:		
Liabilities:		
Long-term debt, including current portion	**$ (3,352,351)**	**$ (3,351,883)**

The above table excludes the financial instruments for which fair value approximates their carrying amounts and those related to leasing activities. The table also excludes marketable securities and other investments which are disclosed in Note 4.

In assessing the fair value of these financial instruments, the Group uses a variety of methods and assumptions, which are based on estimates of market conditions and risks existing at that time.

For certain instruments, including cash and cash equivalents, notes and accounts receivable-trade, short-term borrowings, notes and accounts payable-trade and accounts payable-other and accrued expenses, it is assumed that the carrying amount approximated fair value for the majority of these instruments because of their short maturities.

Quoted market prices are used for a number of marketable securities and other investments. For long-term debt, fair value is estimated using market quotes or discounted value of future cash flows when market quotes are not available, and is classified within Level 2 or Level 3.

Other techniques, such as estimated discounted value of future cash flows, and replacement cost, are used to determine fair value for the remaining financial instruments.

These fair values are not necessarily the amounts that could be realized in a current market exchange.

The effect of derivative instruments on the consolidated statements of operations for the fiscal year ended March 31, 2021 is as follows:

Cash flow hedge:

	Millions of yen		
	Amount of gain (loss) recognized in OCI	Amount of gain (loss) reclassified from OCI into income (loss)	
	Amount recognized	Financial Statement Classification	Amount recognized
Forward exchange contracts	¥ **(1,761)**	Other income	¥ **48**
Interest rate swap agreements	**(439)**	Interest expenses	**(101)**

Derivatives not designated as hedging instruments:

	Millions of yen	
	Amount of gain (loss) recognized in income (loss)	
	Financial Statement Classification	Amount recognized
Forward exchange contracts	Other income	¥ **2,702**

Cash flow hedge:

	Thousands of US dollars		
	Amount of gain (loss) recognized in OCI	Amount of gain (loss) reclassified from OCI into income (loss)	
	Amount recognized	Financial Statement Classification	Amount recognized
Forward exchange contracts	$ **(15,865)**	Other income	$ **432**
Interest rate swap agreements	**(3,955)**	Interest expenses	**(910)**

Derivatives not designated as hedging instruments:

	Thousands of US dollars	
	Amount of gain (loss) recognized in income (loss)	
	Financial Statement Classification	Amount recognized
Forward exchange contracts	Other expenses	**$ 24,342**

The effect of derivative instruments on the consolidated statements of operations for the fiscal year ended March 31, 2020 is as follows:

Cash flow hedge:

	Millions of yen		
	Amount of gain (loss) recognized in OCI	Amount of gain (loss) reclassified from OCI into income (loss)	
	Amount recognized	Financial Statement Classification	Amount recognized
Forward exchange contracts	¥ 64	Other income	¥ 85
Interest rate swap agreements	(130)	Interest expenses	(367)

Derivatives not designated as hedging instruments:

	Millions of yen	
	Amount of gain (loss) recognized in income (loss)	
	Financial Statement Classification	Amount recognized
Forward exchange contracts	Other income	¥ 7,657

21. LEASES

The Group leases certain machinery and equipment under finance leases.

In addition, the Group leases certain machinery and equipment, buildings, and land under operating leases. There are no restrictions or covenants imposed by leases, for example, those related to dividends or incurring additional financial obligations.

The costs of machinery and equipment under finance leases from affiliates of the Company and the related accumulated amortization as of March 31, 2021 and 2020 are immaterial.

Right-of-use assets

The carrying amount of finance lease right-of-use assets which is included in the carrying amount of property, plant and equipment as of March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of US dollars
March 31	**2021**	2020	**2021**
Finance leases			
Machinery and equipment	**¥ 25,821**	¥ 27,995	**$ 232,622**
Accumulated depreciation	**(15,081)**	(17,466)	**(135,865)**
	¥ 10,740	¥ 10,529	**$ 96,757**

Lease expenses

The lease expenses for the fiscal years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2021**	2020	**2021**
Depreciation of finance lease right-of-use assets	**¥ 4,626**	¥ 5,469	**$ 41,676**
Interest expenses of finance lease liabilities	**762**	651	**6,865**
Finance lease expenses	**5,388**	6,120	**48,541**
Operating lease expenses	**45,009**	48,481	**405,486**
Total lease expenses	**¥ 50,397**	¥ 54,601	**$ 454,027**

Other information relating to leases

Other information relating to leases for the fiscal year ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2021**	2020	**2021**
Cash paid relating to finance lease liabilities			
Cash flows from operating activities	**¥ 762**	¥ 651	**$ 6,865**
Cash flows from financing activities	**6,525**	6,654	**58,784**
Cash paid relating to operating lease liabilities			
Cash flows from operating activities	**47,973**	49,464	**432,207**
Right-of-use assets arising from recognizing lease liabilities (noncash)			
Finance leases	**4,622**	6,352	**41,640**
Operating leases	**28,297**	38,379	**254,928**
Weighted-average remaining lease term (in years)			
Finance leases	**5.51**	3.03	
Operating leases	**4.83**	5.20	
Weighted-average discount rate			
Finance leases	**2.32%**	1.94%	
Operating leases	**1.92%**	1.50%	

Maturity analysis of lease liabilities
Minimum lease payments for the Group's finance and operating leases as of March 31, 2021 is as follows:

	Millions of yen		Thousands of US dollars	
The Fiscal Year ending March 31	Finance leases	Operating leases	Finance leases	Operating leases
2022	¥ 4,291	¥ 40,297	$ 38,658	$ 363,036
2023	2,806	28,594	25,279	257,604
2024	1,758	19,998	15,838	180,162
2025	899	14,286	8,099	128,703
2026	353	9,803	3,180	88,315
Thereafter	2,211	15,260	19,919	137,477
Total minimum lease payments	12,318	128,238	110,973	1,155,297
Amounts representing interest	(388)	(4,964)	(3,496)	(44,721)
Present value of net minimum lease payments	11,930	123,274	107,477	1,110,576
Less–current portion	4,097	38,757	36,909	349,162
	¥ 7,833	¥ 84,517	$ 70,568	$ 761,414

22. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments for the purchase of property, plant and equipment, and long-term service at fixed and variable prices outstanding at March 31, 2021 and 2020, totaled approximately ¥30,289 million($272,874 thousand) and ¥39,203 million, respectively.

The amount of commitments expected to be paid in each year of the following five fiscal years and thereafter is as follows:

The Fiscal Year ending March 31	Millions of yen	Thousands of US dollars
2022	¥ 30,289	$ 272,874
2023	–	–
2024	–	–
2025	–	–
2026	–	–
Thereafter	–	–
Total of commitments	¥ 30,289	$ 272,874

23. GUARANTEES

GUARANTEES OF UNCONSOLIDATED AFFILIATES AND THIRD PARTY DEBT

The Group guarantees debt as well as certain financial obligations of unconsolidated affiliates and third parties to support the sale of the Group's products and services. Expiration dates vary from 2021 to 2037 and from 2020 to 2037 as of March 31, 2021 and 2020, respectively or the guarantees terminate on payment and/or cancellation of the obligation. A payment by the Group would be triggered by the failure of the guaranteed party to fulfill its obligation under the guarantee. The maximum potential payments under these guarantees were ¥3,531 million ($31,811 thousand) and ¥4,411 million as of March 31, 2021 and 2020, respectively.

The carrying amounts of the liabilities for the Group's obligations under the guarantees described above as of March 31, 2021 and 2020 were immaterial.

WARRANTY

Estimated warranty costs are accrued for at the time a product is sold to a customer. Estimates for warranty costs are made based primarily on historical warranty claim experience.

The following is a reconciliation table of the product warranty accrual for the fiscal years ended March 31, 2021 and 2020:

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2021**	2020	**2021**
Balance at the beginning of the fiscal year	**¥ 25,854**	¥ 25,379	**$ 232,919**
Warranties issued	**14,416**	16,006	**129,874**
Settlements made	**(18,986)**	(15,267)	**(171,045)**
Foreign currency translation adjustments	**305**	(264)	**2,747**
Balance at the end of the fiscal year	**¥ 21,589**	¥ 25,854	**$ 194,495**

24. LEGAL PROCEEDINGS

In February 2015, the Company received an order from the Securities and Exchange Surveillance Commission, based on Article 26 of the Financial Instruments and Exchange Act, requiring submission of a report. The Company was then subject to inspection regarding projects that used percentage-of-completion accounting. Later, after establishing the Independent Investigation Committee and conducting the investigation, it was found that the Company had continuously carried out inappropriate accounting and, therefore, the Company filed amendments of the past Annual Securities Reports and other reports. Holders of American Depositary Receipts ("ADRs") filed a class action lawsuit against the Company in the State of California, in the US in relation to the inappropriate financial reporting by the Company. The Company filed a petition with the court for rejection of the lawsuit on the grounds that securities laws of the US do not apply to the above-mentioned securities, among other reasons, and the decision to reject the lawsuit was made as of May 20, 2016 (US time). The plaintiffs lodged an appeal against the judgement on July 25, 2016 (US time), and the appellate instance reversed the judgement of the district court on July 17, 2018 (US time) and issued a judgement to remand the case to the district court to enable the plaintiffs to submit a revised complaint. However, the Company filed an appeal against the judgement with the US Supreme Court on October 15, 2018 (US time).But the request was rejected on June 24, 2019 and returned to the district court.

Damage compensation claims have been demanded against the Company in Japan as well with the plaintiffs claiming to have suffered damage due to inappropriate financial reporting by the Company. The Company accrued a reasonably estimated amount expected to be paid for the damage compensation. Certain of these claims have been pending with several courts including seeking payment by (1) foreign institutional investors of approximately ¥13,657 million ($123,036 thousand) in June 2016, ¥21,759 million ($196,027 thousand) and ¥43,561 million ($392,441 thousand) in April 2017, ¥9,227 million ($83,126 thousand) in June 2017,¥33,000 million ($297,297 thousand) and ¥837 million ($7,541 thousand) in September 2017, ¥414 million ($3,730 thousand) in October 2017 and,¥4,051 million ($36,495 thousand) in April 2018, (2) Japan Trustee Services Bank, Ltd. (currently Custody Bank of Japan, Ltd.), of approximately ¥1,262 million ($11,369 thousand) in May 2016 and ¥11,993 million ($108,045 thousand) in August 2016, (3) the Master Trust Bank of Japan, Ltd., of approximately ¥5,105 million ($45,991 thousand) and ¥13,114 million ($120,312 thousand) in March 2017, (4) Trust & Custody Services Bank, Ltd., of approximately ¥14,026 million ($126,360 thousand) in March 2017.

The Group has global business operations and is involved from time to time in disputes, including lawsuits and other legal proceedings and investigations by relevant authorities. Due to differences in judicial systems and the uncertainties inherent in such proceedings, the Group may be subject to a ruling requiring payment of amounts far exceeding its expectations. Any judgment or decision unfavorable to the Group could have a materially adverse effect on the Group's business, results of operations or financial condition. However based on the information currently available to the Group, Management believes that such legal procedures would not have a material adverse effect on the financial position or the results of operations of the Group.

25. BUSINESS STRUCTURAL REFORM

The fiscal year ended March 31, 2021

Toshiba Tec Corporation and the subsidiary implemented an early retirement incentive plan, in principle, by September 30, 2020 for employees in corporate, printing solution business, and overseas retail solutions business, as the central part of business structural reform. In addition to this retirement plan, overseas group subsidiary continued to implement structural reforms.

In addition, Toshiba Device & Storage Co., Ltd. decided to implement business structural reforms at system LSI business on September 29, 2020. As part of this initiative, the company implemented an early retirement incentive plan, in principle, by February 28, 2021 for employees in system devices division, common and sales staff in system LSI business, and in corporate common staff. It also covered some research and development staff and employees at certain subsidiaries of the company.

Changes in the liability balance related to exit and disposal activities for the fiscal year ended March 31, 2021 are shown in the table below.

These expenses are short term in nature, being completed within one year from the initiation of activities.

	Millions of Yen			
	Retirement related expenses	Contract termination costs	Others	Total
Liability balance as of March 31, 2020	¥ 2,159	¥ 176	¥ 577	¥ 2,912
Restructuring charge incurred during the year	15,786	471	421	16,678
Non-cash expenditures	(420)	(9)	–	(429)
Payments and settlements with cash payout	(16,103)	(411)	(810)	(17,324)
Foreign currency translation adjustments	61	41	5	107
Liability balance as of March 31, 2021	¥ 1,483	¥ 268	¥ 193	¥ 1,944

	Thousands of US dollars			
	Retirement related expenses	Contract termination costs	Others	Total
Liability balance as of March 31, 2020	$ 19,450	$ 1,586	$ 5,198	$ 26,234
Restructuring charge incurred during the year	142,216	4,243	3,793	150,252
Non-cash expenditures	(3,784)	(81)	–	(3,865)
Payments and settlements with cash payout	(145,072)	(3,703)	(7,297)	(156,072)
Foreign currency translation adjustments	550	369	46	965
Liability balance as of March 31, 2021	$ 13,360	$ 2,414	$ 1,740	$ 17,514

Expenses for exit and disposal activities by major segment for the fiscal year ended March 31, 2021 are as follows. These expenses were recorded at ¥3,105 million ($27,973 thousand) in cost of sales, and at ¥13,573 million ($122,279 thousand) in selling, general and administrative expenses in the Consolidated Statements of Operations.

	Millions of Yen			
Segments	Retirement related expenses	Contract termination costs	Others	Total
Retail & Printing Solutions	¥ 7,628	¥ –	¥ –	¥ 7,628
Electronic Devices & Storage Solutions	6,819	20	–	6,839
Others (Note)	1,339	451	421	2,211
Total	¥ 15,786	¥ 471	¥ 421	¥ 16,678

Note: Others include Energy Systems & Solutions, Infrastructure Systems & Solutions, Digital Solutions, and other segments.

	Thousands of US dollars			
Segments	Retirement related expenses	Contract termination costs	Others	Total
Retail & Printing Solutions	$ 68,721	$ –	$ –	$ 68,721
Electronic Devices & Storage Solutions	61,432	180	–	61,612
Others (Note)	12,063	4,063	3,793	19,919
Total	$ 142,216	$ 4,243	$ 3,793	$ 150,252

The fiscal year ended March 31, 2020

The Group announced the "Toshiba Next Plan" on November 8, 2018. However, in light of the subsequent acceleration of market deterioration and other factors, on May 13, 2019, the Group decided to implement business structural reforms at Toshiba Device & Storage Co., Ltd. with the aim of further strengthening its business management structure by building a personnel structure commensurate with sales and business size.

As part of this initiative, the Company implemented an early retirement incentive plan on September 30, 2019, in principle, for employees in the System Device Division, the Common Staff Division, the Sales Division, and certain subsidiaries of these divisions.

Changes in the liability balance related to exit and disposal activities for the fiscal year ended March 31, 2020 are shown in the table below.

These expenses are short term in nature, being completed within one year from the initiation of activities.

	Millions of Yen			
	Retirement related expenses	Contract termination costs	Others	Total
Liability balance as of March 31, 2019	¥ 4,457	¥ 385	¥ 782	¥ 5,624
Restructuring charge incurred during the year	7,378	111	936	8,425
Non-cash expenditures	(70)	(203)	(531)	(804)
Payments and settlements with cash payout	(9,562)	(85)	(593)	(10,240)
Foreign currency translation adjustments	(44)	(32)	(17)	(93)
Liability balance as of March 31, 2020	¥ 2,159	¥ 176	¥ 577	¥ 2,912

Expenses for exit and disposal activities by major segment for the fiscal year ended March 31, 2020 are as follows. These expenses were recorded at ¥1,486 million in cost of sales, and at ¥6,939 million in selling, general and administrative expenses in the Consolidated Statements of Operations.

	Millions of Yen			
Segments	Retirement related expenses	Contract termination costs	Others	Total
Electronic Devices & Storage Solutions	¥ 4,785	¥ –	¥ –	¥ 4,785
Others (Note)	2,593	111	936	3,640
Total	¥ 7,378	¥ 111	¥ 936	¥ 8,425

Note: Others include Energy Systems & Solutions and other segments.

26. ENVIRONMENTAL LIABILITIES

The Japanese environmental regulation, "Law Concerning Special Measure against poly chlorinated biphenyl ("PCB") waste" requires PCB waste holders to dispose of all PCB waste by March 2027. The Group accrued ¥4,757 million ($42,856 thousand) and ¥8,849 million at March 31, 2021 and 2020, respectively, for environmental remediation and restoration costs for products or equipment with PCB which some Group's operations in Japan have retained.

27. ASSET RETIREMENT OBLIGATIONS

The Group records asset retirement obligations in accordance with ASC No. 410 "Asset Retirement and Environmental Obligations".

Asset retirement obligation was related primarily to the restoration obligations associated with the real estate lease agreement.

The changes in the carrying amount of asset retirement obligations for the fiscal years ended March 31, 2021 and 2020 are as follows:

The Fiscal Year ended March 31	Millions of yen		Thousands of US dollars
	2021	2020	**2021**
Balance at the beginning of the fiscal year	**¥ 8,846**	¥ 9,108	**$ 79,694**
Accretion expense	**155**	122	**1,396**
Liabilities settled	**(197)**	(760)	**(1,775)**
Liabilities incurred	**379**	606	**3,414**
Revisions in estimated cash flows	**(607)**	(224)	**(5,468)**
Foreign currency translation adjustments	**(509)**	(6)	**(4,585)**
Balance at the end of the fiscal year	**¥ 8,067**	¥ 8,846	**$ 72,676**

28. VARIABLE INTEREST ENTITIES

The Group recognizes entities, in accordance with ASC No.810, as VIEs that have either (a) equity investors whose voting right is limited and not having an ability to control it effectively or (b) insufficient equity to permit the entity to finance its activities without additional subordinated financial support. The Group retains variable interests through equity investments, loans and guarantees. In evaluating whether the Group is the primary beneficiary of a VIE, the Group assesses if the Group has both (a) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE, and if so consolidate the VIE.

Consolidated Variable Interest Entities

As of March 31, 2021, there are no VIEs.

As of March 31, 2020, VIEs, of which the Group is the primary beneficiary, are involved in Energy Systems & Solutions. The total assets of VIE on the consolidated balance sheets were ¥752 million, and the total liabilities of VIE on the consolidated balance sheets were immaterial. Due to the transfer of shares, there were no VIEs related to Energy Systems & Solutions as of March 31, 2021.

Unconsolidated Variable Interest Entities

VIEs, of which the Group is not the primary beneficiary but retains significant variable interests, are involved in Energy Systems & Solutions and Others.

KK6 SAFETY MEASURES JOINT VENTURE CORPORATION of Energy Systems & Solutions is a joint venture which was established in June 2020 for the purpose of designing and managing Unit 6 of the Kashiwazaki-Kariwa Nuclear Power Station safety measures construction project.

For Energy Systems & Solutions VIEs, the Group still retains significant variable interests in a business entity since the Group owns the common stock in KK6 SAFETY MEASURES JOINT VENTURE CORPORATION. The Group concluded that it is not the primary beneficiary of the VIE because the Group does not have the power to direct the activities that most significantly affect the VIE's economic performance. The Group accounts for the VIE under the equity method.

For Other VIEs, the Group still retains significant variable interests in a business entity since the Group owns the common stock in Kioxia Holdings Corporation. The Group concluded that it is not the primary beneficiary of the VIE because the Group does not have the power to direct the activities that most significantly affect the VIE's economic performance. The Group accounts for the VIE under the equity method.

As of March 31, 2021 and 2020, the total assets of those VIEs, carrying amounts of assets and liabilities that relate to the Group's variable interests in the VIEs and the Group's maximum exposures to losses as a result of the Group's involvement with the VIEs are summarized as follows:

	Millions of yen	
March 31, 2021	Energy Systems & Solutions VIEs	Other VIEs
Total assets of VIEs	**¥ 41,475**	**¥ 2,994,790**
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	**1,161**	**305,226**
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	**512**	**9,652**
Maximum exposures to losses	**649**	**295,574**

	Millions of yen
March 31, 2020	Other VIEs
Total assets of VIEs	¥ 2,862,169
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	315,666
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	25,018
Maximum exposures to losses	290,648

	Thousands of US dollars	
March 31, 2021	Energy Systems & Solutions VIEs	Other VIEs
Total assets of VIEs	**$ 373,649**	**$ 26,980,090**
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	**10,459**	**2,749,784**
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	**4,613**	**86,955**
Maximum exposures to losses	**5,847**	**2,662,829**

Carrying amounts of assets that relate to the Group's variable interests in the VIEs consisted primarily of investments in affiliates. The Group's maximum exposures to losses, which primarily include Deferred tax assets, are generally not the losses anticipated to be incurred as the result of the Group's involvement with the VIEs normal course of business, and are considered to significantly exceed these anticipated losses.

29. SEGMENT INFORMATION

The segments reported below are the components of the Group for which discrete financial information is available and whose results are regularly reviewed by the management of the Group to make decisions about allocation of resources and assess performance.

The Group evaluates the performance of its business segments based on segment operating income (loss). The Group's segment operating income (loss) is derived by deducting the segment's cost of sales, selling, general and administrative expenses from net sales. Legal settlement costs etc. are not included in calculating segment operating income (loss).

The group has 7 business segments, (1) Energy Systems & Solutions, (2) Infrastructure Systems & Solutions, (3) Building Solutions, (4) Retail & Printing Solutions, (5) Electronic Devices & Storage Solutions, (6) Digital Solutions and (7) Others, identified in accordance with the similarities of the nature of the products, the production processes and markets, etc.

Principal products that belong to each segment are as follows.

(1) Energy Systems & Solutions:	Nuclear power generation systems, Thermal power generation systems, etc.
(2) Infrastructure Systems & Solutions:	Public Infrastructure, Train, Industrial Systems, etc.
(3) Building Solutions:	Elevators, Light fixtures, Air-conditioners, etc.
(4) Retail & Printing Solutions:	POS systems, Multi-function peripherals, etc.
(5) Electronic Devices & Storage Solutions:	Semiconductors, Hard disk drives, etc.
(6) Digital Solutions:	Digital Solutions, etc.
(7) Others:	Logistics, Battery, etc.

Note: In November 2020, Toshiba Logistics Corporation was excluded from our consolidated subsidiary because the company transferred 66.6% of the outstanding shares of Toshiba Logistics Corporation to SBS Holdings, Inc.. As a result, the logistics service business has been excluded from the business content of the Group since November 2020.

BUSINESS SEGMENTS

Financial information by segments as of and for the fiscal years ended March 31, 2021 and 2020 are as follows:

As of and for the fiscal year ended March 31, 2021 — Millions of yen

	Energy Systems & Solutions	Infrastructure Systems & Solutions	Building Solutions	Retail & Printing Solutions	Electronic Devices & Storage Solutions	Digital Solutions	Others	Total	Corporate and Eliminations	Consolidated
Net sales										
(1) Unaffiliated customers	**¥ 482,097**	**¥ 638,336**	**¥ 541,922**	**¥ 408,818**	**¥ 705,003**	**¥ 177,424**	**¥ 100,775**	**¥3,054,375**	**¥ –**	**¥3,054,375**
(2) Intersegment	**11,112**	**32,550**	**3,260**	**1,764**	**6,340**	**44,318**	**144,843**	**244,187**	**(244,187)**	**–**
Total	**¥ 493,209**	**¥ 670,886**	**¥ 545,182**	**¥ 410,582**	**¥ 711,343**	**¥ 221,742**	**¥ 245,618**	**¥3,298,562**	**¥ (244,187)**	**¥3,054,375**
Segment operating income (loss)	**¥ 10,803**	**¥ 49,102**	**¥ 23,699**	**¥ 1,994**	**¥ 12,549**	**¥ 19,854**	**¥ (21,509)**	**¥ 96,492**	**¥ 7,910**	**¥ 104,402**
Identifiable assets	**¥ 630,301**	**¥ 715,744**	**¥ 387,075**	**¥ 336,041**	**¥ 531,476**	**¥ 159,948**	**¥ 806,318**	**¥3,566,903**	**¥ (66,267)**	**¥3,500,636**
Depreciation and amortization	**10,587**	**12,161**	**12,002**	**13,211**	**24,572**	**3,336**	**9,342**	**85,211**	**–**	**85,211**
Capital expenditures	**17,298**	**17,946**	**18,745**	**9,126**	**35,538**	**5,446**	**29,621**	**133,720**	**–**	**133,720**

As of and for the fiscal year ended March 31, 2020 — Millions of yen

	Energy Systems & Solutions	Infrastructure Systems & Solutions	Building Solutions	Retail & Printing Solutions	Electronic Devices & Storage Solutions	Digital Solutions	Others	Total	Corporate and Eliminations	Consolidated
Net sales										
(1) Unaffiliated customers	¥ 555,594	¥ 698,759	¥ 565,619	¥ 488,336	¥ 736,664	¥ 198,921	¥ 145,978	¥ 3,389,871	¥ –	¥ 3,389,871
(2) Intersegment	13,234	36,232	4,513	2,059	8,887	53,439	175,524	293,888	(293,888)	–
Total	¥ 568,828	¥ 734,991	¥ 570,132	¥ 490,395	¥ 745,551	¥ 252,360	¥ 321,502	¥ 3,683,759	¥ (293,888)	¥ 3,389,871
Segment operating income (loss)	¥ 31,798	¥ 47,715	¥ 29,056	¥ 14,477	¥ 13,415	¥ 16,779	¥ (29,730)	¥ 123,510	¥ 6,950	¥ 130,460
Identifiable assets	¥ 652,057	¥ 703,249	¥ 368,933	¥ 330,411	¥ 510,596	¥ 146,845	¥ 732,325	¥ 3,444,416	¥ (60,983)	¥ 3,383,433
Depreciation and amortization	10,841	11,710	11,117	13,808	19,644	3,767	8,728	79,615	–	79,615
Capital expenditures	14,839	16,126	20,532	12,525	43,891	3,277	19,506	130,696	–	130,696

As of and for the fiscal year ended March 31, 2021 — Thousands of US dollars

	Energy Systems & Solutions	Infrastructure Systems & Solutions	Building Solutions	Retail & Printing Solutions	Electronic Devices & Storage Solutions	Digital Solutions	Others	Total	Corporate and Eliminations	Consolidated
Net sales										
(1) Unaffiliated customers	$ 4,343,216	$ 5,750,775	$ 4,882,180	$ 3,683,045	$ 6,351,378	$ 1,598,414	$ 907,884	$27,516,892	$ –	$27,516,892
(2) Intersegment	100,108	293,243	29,370	15,892	57,117	399,262	1,304,891	2,199,883	(2,199,883)	–
Total	$ 4,443,324	$ 6,044,018	$ 4,911,550	$ 3,698,937	$ 6,408,495	$ 1,997,676	$ 2,212,775	$29,716,775	$ (2,199,883)	$27,516,892
Segment operating income (loss)	$ 97,324	$ 442,360	$ 213,505	$ 17,964	$ 113,054	$ 178,865	$ (193,775)	$ 869,297	$ 71,262	$ 940,559
Identifiable assets	$ 5,678,387	$ 6,448,144	$ 3,487,162	$ 3,027,396	$ 4,788,072	$ 1,440,973	$ 7,264,127	$32,134,261	$ (597,000)	$31,537,261
Depreciation and amortization	95,378	109,559	108,126	119,018	221,369	30,054	84,163	767,667	–	767,667
Capital expenditures	155,838	161,676	168,874	82,216	320,162	49,063	266,856	1,204,685	–	1,204,685

Notes: 1) Transfer prices between segments are determined by mutual agreement of both segments taking into consideration the market price in reference to the general terms and conditions.
2) Business results in the segment information are presented on the basis of the organizational structure as of March 31, 2021.
3) Corporate assets, included in Corporate and Eliminations of Identifiable assets, are mainly marketable securities of the Company.

A reconciliation table between the total of the segment operating income (loss) and the income (loss) from continuing operations, before income taxes and noncontrolling interests for the fiscal years ended March 31, 2021 and 2020 are as follows:

The fiscal year ended March 31	Millions of yen 2021	Millions of yen 2020	Thousands of US dollars 2021
The total of the segment operating income (loss)	¥ 96,492	¥ 123,510	$ 869,297
Corporate and Eliminations	7,910	6,950	71,262
Sub Total	¥ 104,402	¥ 130,460	$ 940,559
Interest and dividend income	2,726	4,245	24,559
Equity in earnings of affiliates	5,967	–	53,757
Other income	86,181	29,752	776,405
Interest expenses	(4,549)	(5,409)	(40,982)
Equity in losses of affiliates	–	(58,957)	–
Other expenses	(41,239)	(147,630)	(371,523)
Income (loss) from continuing operations, before income taxes and noncontrolling interests	¥ 153,488	¥ (47,539)	$ 1,382,775

Toshiba Corporation and Consolidated Subsidiaries
March 31, 2021

Net sales by goods or services for the fiscal year ended March 31, 2021 and 2020 are as follows;

	Millions of yen		Thousands of US dollars
The fiscal year ended March 31	**2021**	2020	**2021**
Energy Systems & Solutions			
Nuclear Power Systems	**¥ 157,585**	¥ 140,033	**$ 1,419,685**
Thermal & Hydro Power Systems	**171,111**	222,504	**1,541,541**
Transmission & Distribution Systems	**168,582**	217,619	**1,518,757**
Others (Note)	**(4,069)**	(11,328)	**(36,659)**
Total	**493,209**	568,828	**4,443,324**
Infrastructure Systems & Solutions			
Public Infrastructure	**397,727**	423,235	**3,583,126**
Railways and Industrial Systems	**334,802**	382,943	**3,016,234**
Others (Note)	**(61,643)**	(71,187)	**(555,342)**
Total	**670,886**	734,991	**6,044,018**
Building Solution			
Building and Facilities	**548,487**	573,751	**4,941,324**
Others (Note)	**(3,305)**	(3,619)	**(29,774)**
Total	**545,182**	570,132	**4,911,550**
Retail & Printing Solutions			
POS systems, Multi-function peripherals, etc.	**410,582**	490,395	**3,698,937**
Electronic Devices & Storage Solutions			
Semiconductor	**313,356**	295,791	**2,823,027**
HDDs & Others	**397,987**	449,760	**3,585,468**
Total	**711,343**	745,551	**6,408,495**
Digital Solutions			
Digital Solutions, etc.	**221,742**	252,360	**1,997,676**
Others	**245,618**	321,502	**2,212,775**
Eliminations	**(244,187)**	(293,888)	**(2,199,883)**
Consolidated	**¥ 3,054,375**	¥ 3,389,871	**$ 27,516,892**

Note: Eliminations related to internal sales are included.

GEOGRAPHIC INFORMATION

Net sales

Net sales by region based on the location of the customer for the fiscal years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2021**	2020	**2021**
Japan	**¥ 1,779,035**	¥ 2,002,532	**$ 16,027,342**
Overseas	**¥ 1,275,340**	¥ 1,387,339	**$ 11,489,550**
Asia	**714,376**	755,514	**6,435,820**
North America	**293,482**	315,636	**2,643,982**
Europe	**182,733**	210,486	**1,646,243**
Others	**84,749**	105,703	**763,505**
Total	**¥ 3,054,375**	¥ 3,389,871	**$ 27,516,892**

Property, plant and equipment

Property, plant and equipment by region at March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of US dollars
March 31	**2021**	2020	**2021**
Japan	**¥ 443,182**	¥ 449,232	**$ 3,992,630**
Overseas	**¥ 132,260**	¥ 126,578	**$ 1,191,532**
Asia	**87,366**	81,187	**787,081**
North America	**24,788**	26,934	**223,315**
Europe	**14,569**	13,447	**131,252**
Others	**5,537**	5,010	**49,884**
Total	**¥ 575,442**	¥ 575,810	**$ 5,184,162**

Notes: 1) There are no individually material countries which should be separately disclosed.
2) There are no material sales to a single unaffiliated customer.
3) Property, plant and equipment by region at March 31, 2021 and 2020 include right-of-use assets of operating leases.

30. TRANSACTIONS WITH RELATED PARTIES

Transactions between the Group's consolidated subsidiaries and related parties

Transactions between the Group's consolidated subsidiaries and related parties as of and for the fiscal years ended March 31, 2021 and 2020 are as follows.

As of and for the fiscal year ended March 31, 2021

Type	Name or name of Company	Location	Capital or investments in capital (Millions of yen)	Business description	Holding ratio of voting rights (Owned)
Affiliated company	Kioxia Holdings Corporation	Minato-Ku,Tokyo	**¥ 10,000**	Holding company of Kioxia Corporation	**40.6%**

Type	Name or name of Company	Relationship	Transaction	Amounts (Millions of yen)	Accounts	Ending balance (Millions of yen)
Affiliated company	Kioxia Holdings Corporation	Provision of collateral	Provision of collateral (Note 1)	**–**	–	**–**

As of and for the fiscal year ended March 31, 2020

Type	Name or name of Company	Location	Capital or investments in capital (Millions of yen)	Business description	Holding ratio of voting rights (Owned)
Affiliated company	Kioxia Corporation	Minato-Ku,Tokyo	¥ 223,400	Manufacturing industry	40.2% (Indirect ownership)
	Kioxia Holdings Corporation	Minato-Ku,Tokyo	¥ 10,000	Holding company of Kioxia Corporation	40.2%

Type	Name or name of Company	Relationship	Transaction	Amounts (Millions of yen)	Accounts	Ending balance (Millions of yen)
Affiliated company	Kioxia Corporation	Payment for indemnity	Payment for indemnity based on share purchase agreement (Note 2)	¥ 13,290	Accounts payable, other and accrued expenses	¥ 11,112
	Kioxia Holdings Corporation	Provision of collateral	Provision of collateral (Note 1)	–	–	–

As of and for the fiscal year ended March 31, 2021

Type	Name or name of Company	Location	Capital or investments in capital (Thousands of US dollars)	Business description	Holding ratio of voting rights (Owned)
Affiliated company	Kioxia Holdings Corporation	Minato-Ku,Tokyo	**$ 90,090**	Holding company of Kioxia Corporation	**40.6%**

Type	Name or name of Company	Relationship	Transaction	Amounts (Thousands of US dollars)	Accounts	Ending balance (Thousands of US dollars)
Affiliated company	Kioxia Holdings Corporation	Provision of collateral	Provision of collateral (Note 1)	**–**	–	**–**

Notes: 1) All the sharesof Kioxia Holdings Corporation owned by the Company amounting to ¥83,956 million are provided to financial institutions as collateral for loan agreements that Kioxia Holdings Corporation concludes with financial institutions.

2) The indemnification clausein the share purchase agreement of Kioxia Corporation states that the Company has an obligation for the indemnification for any losses incurred as the result of any breach of representations and warranties, the determination of a United States International Trade Commission (USITC) investigation, specific litigations and other patent claims, and any patent license agreements with certain counterparties specified in advance.

31. SUBSEQUENT EVENTS

The Group has evaluated subsequent events up to June 24, 2021 in accordance with ASC No.855 "Subsequent Events".

Repurchase of treasury stock

The Company has announced that its Board of Directors resolved on June 7, 2021 the matters concerning the repurchase of treasury stock pursuant to Article 459, Paragraph 1 and Article 156, Paragraph 1 of the Companies Act of Japan, and Article 33 of the Company's Articles of Incorporation.

(1) Reason for the repurchase

The Company announced its intention to maintain an average consolidated dividend payout ratio of at least 30% (Note), and reconfirmed that shareholder's equity in excess of an appropriate level would be channeled into shareholder returns, including share repurchases.

On May 14, 2021, the Company further announced that its Board of Directors had, based on financial results for the fiscal year ended March 2021 and the business outlook for the fiscal year ending March 2022, verified the appropriate shareholder equity level and confirmed a surplus of approximately ¥150.0 billion ($1,351 million) against that level. Meeting on the same date, the Board of Directors resolved to return an additional ¥150.0 billion ($1,351 million) to shareholders.

On June 7, 2021, the Board of Directors determined the allocation of the ¥150.0 billion ($1,351 million). The Board allocated one third of the total, approximately ¥50.0 billion ($450 million), to a special dividend, and allocated the remaining ¥100.0 billion ($901 million) to a share repurchase.

Note: For the time being, equity method profit and loss for KIOXIA Holdings Corporation is excluded from Toshiba's policy on shareholder returns.

(2) Matters concerning the repurchase of own shares

1) Type of shares to be repurchased	Common shares
2) Total number of shares to be repurchased	Up to 27 million shares (Approximately 6% of the issued shares (excluding treasury stock))
3) Total amount to be repurchased	Up to ¥100.0 billion ($901 million)
4) Period for share repurchase	June 8, 2021 to December 31, 2021
5) Method of share repurchase	Market transactions on the Tokyo Stock Exchange Note: Off A uction Own Share Purchase Trading System (ToSTNeT 3 Repurchase) and Open Market Repurchase based on discretionary dealing agreement

INDEPENDENT AUDITOR'S REPORT

Toshiba Corporation
Representative Executive Officer
President and Chief Executive Officer
Satoshi Tsunakawa

Opinion

We have audited the consolidated financial statements of Toshiba Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2021, and the consolidated statement of operations, consolidated statement of comprehensive income, consolidated statement of equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Reasonableness of the Estimated Total Cost of Construction (Refer to Notes to the Consolidated Financial Statements, 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES and 12. REVENUE)</td></tr>
<tr><td>Key audit matter description</td><td>How our audit addressed the key audit matter</td></tr>
<tr><td>The Group receives orders, manufactures and sells made-to-order products under a construction-type or production-type contract with specifications unique to a customer. Revenue from certain of these contracts for made-to-order products with specifications unique to a customer (“construction contracts”), is recognized over time in relation to the progress of work, based on Accounting Standards Codification 606, Revenue from Contracts with Customers. In the current year, revenue recognized for the amount of the transaction price in relation to the progress of work was 342,048 million yen, which was primarily related to construction contracts in the Energy Systems & Solutions segment and the Infrastructure Systems & Solutions segment.

The construction contracts of the Group include losses expected to be incurred, and the Group recorded provision for contract losses at March 31, 2021.

The Group estimates the total cost of construction for each contract in order to measure progress of work and to calculate the provision for contract losses.

We determined the reasonableness of the estimated total cost of construction as a key audit matter due to the following factors:

• Revenue recognized based on estimated total cost of construction is significant to the Group’s consolidated financial statements.
• The estimated total cost of construction, which is required for the calculation of revenue recognized based on the transaction price and percentage of completion, and provision of contract</td><td>In planning the audit procedures, we understood the internal controls from the signing of the construction contracts to the revenue recognition.
We tested the operating effectiveness of the related internal controls regarding revenue recognition for construction contracts and recognition of provision for contract losses, including those controls regarding the estimates of the total cost of construction.

The Group designs and operates the controls to verify independently the reasonableness of the estimates of the total cost of construction. The independent division has established a checklist in order to monitor the objectivity and quality in the judgments involved. In addition, the monitoring checklist is reviewed each fiscal year in order to ensure it is updated to capture the impact of recently identified issues on other contracts.

For this reason, taking into consideration the results of monitoring by and inquiry of the independent division, we performed the following audit procedures in order to assess the reasonableness of the estimates of the total cost of construction, focusing on significant construction contracts, such as projects with material total contract value, projects with low profit margins or expected losses due to production delays, new projects with no past experience, and projects with significant changes in estimates during the period.

• We examined the relevant contract documents, and performed risk assessment analytics for each contract. We also examined project management documentation and performed inquiries with the project managers in order to</td></tr>
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<table>
<tr><th colspan="2">Reasonableness of the Estimated Total Cost of Construction (Refer to Notes to the Consolidated Financial Statements, 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES and 12. REVENUE)</th></tr>
<tr><th>Key audit matter description</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>losses, include highly uncertain management assumptions, such as changes in specifications and other conditions, production delays, changes in regulation that impact the Group’s contracts, and significant material cost increases that cause, for example, changes, delays, and cancellation in projects. Significant assumptions used in the estimation include man-hours, unit prices, and outsourcing costs. Based on the above, we determined the accounting estimate includes a high degree of estimation uncertainty.</td><td>assess the effect of the delays and the reasonableness of those factors which cause changes in estimates. In inquiry to the project managers, we confirmed significant assumptions included in the estimates of the total cost of construction for each project and the intention and ability to execute the project based on current estimates, taking into consideration past performance and current resources.
• We examined the breakdown of the estimates of the total cost of construction and tested significant cost items by agreeing information to relevant supporting documents, and performed analysis on significant assumptions of the estimates such as man-hours, unit price, and outsourcing cost. Additionally, we performed trending analysis of the estimates of the total cost of construction made at each reporting period to identify significant changes, and understood the root cause and evaluated the validity of such changes in estimates. In addition, we assessed the impact of such changes on similar projects if the changes resulted from technical issues that could affect estimates of total estimated cost to completion for multiple projects.
• Furthermore, we inspected project sites for specific construction contracts where the work is ongoing, and ascertained their location and progress status of construction projects.</td></tr>
</table>

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Assessment of Investment in Kioxia Holdings Corporation (Refer to Notes to the Consolidated Financial Statements, 8. INVESTMENTS IN AND ADVANCES TO AFFILIATES)	
Key audit matter description	How our audit addressed the key audit matter
The Group recorded an investment of 279,789 million yen in the consolidated financial statements as of March 31, 2021 with respect to Kioxia Holdings Corporation ("KHC"). As the Group owns 40.6% of the voting rights of KHC, it is accounted for as an equity method investment, and is included in the "Investments in and advances to affiliates". The Group applies the equity method to the valuation of investment in KHC. Under accounting principles generally accepted in the United States of America, a loss in value of an investment that is other than temporary decline shall be recognized. One of the key factors for determining whether there is an other than temporary decline in investment in KHC is assessment of long-lived assets recorded by KHC. We determined the assessment of investment in KHC as a key audit matter, considering the following factors. • The amount of investment in KHC in the Group's consolidated financial statements is 279,789 million yen, and the impact is significant to the consolidated financial statements of whether there is any other than temporary decline. • In assessing whether there is an other than a temporary decline in investment in KHC, which is accounted for by the equity method, it is necessary to determine in accordance with the requirements of the relevant accounting standards, considering the corporate value of KHC, as KHC is an unlisted entity. In addition, it is necessary to consider KHC's recent business performance and the future prospects of the industry to which the memory business belongs. These considerations are inherently complex and judgmental about various management assumptions.	We obtained the management assessment of investment in KHC and understood the internal controls concerning the assessment. Concerning the assessment of investment in KHC, we assessed the validity of the Group's judgment that there is no other than temporary decline of the fair value by primarily performing the following procedures: • Through a review of KHC's consolidated financial statements, we confirmed the following: - No impairment losses of goodwill, intangible assets and long-lived assets were recorded at KHC during the current period. - There is no substantial doubt regarding the entity's ability to continue as a going concern of KHC. • We understood and evaluated the audit procedures performed and conclusions reached by the component auditor. • We confirmed whether there is a significant deterioration in the fair value of KHC, and compared the prerequisites used in calculating fair value with the future projections of the flash memory market provided by external market research institutions. • We compared KHC's business performance with peers in the memory industry and confirmed whether there is any significant deterioration or whether KHC's level of earnings or the quality of its assets is below that of the KHC's peers.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

The Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in the United States of America, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in "US Dollar Amounts" within the notes to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Kentaro Iwao
Designated Engagement Partner
Certified Public Accountant

Takeshi Tadokoro
Designated Engagement Partner
Certified Public Accountant

Masahide Kato
Designated Engagement Partner
Certified Public Accountant

Hiroyuki Inoue
Designated Engagement Partner
Certified Public Accountant

/s/PricewaterhouseCoopers Aarata LLC

June 24, 2021

● **Forward-looking statements**

- The information contained herein shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration, or qualification under the securities laws of any such jurisdiction. This presentation contains forward-looking statements concerning future plans, strategies and the performance of Toshiba Group.
- These forward-looking statements are not historical facts, rather they are based on management's assumptions and beliefs in light of the economic, financial and other data currently available. Since Toshiba Group promotes business in various market environments in many countries and regions, its activities are subject to a number of risks and uncertainties that, without limitation, relate to economic conditions, worldwide mega-competition in the electronics business, customer demand, foreign currency exchange rates, tax rules, regulations and other factors. Toshiba therefore wishes to caution readers that actual results might differ materially from its expectations.

● **Regarding items reported in this Financial Report**

- Any corrections made to this Financial Report will be published on our website, as referenced above.

● **Product names may be trademarks of the respective companies.**