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Toshiba Corporation

FOR IMMEDIATE RELEASE

# Toshiba Announces Consolidated Results for the First Quarter of the Fiscal Year 2018, Ending March 2019

TOKYO--Toshiba Corporation (TOKYO: 6502) (the "Company") today announced its consolidated results for the first quarter (April-June) of fiscal year (FY) 2018, ending March 31, 2019. All comparisons in the following are based on the same period a year earlier, unless otherwise stated.

## 1. Overview of Consolidated Results for the First Quarter of FY2018 (April – June 2018)

(Yen in billions)

| | Q1 of FY2018 | Change from Q1 of FY2017 |
|---|---|---|
| Net sales | 842.3 | (66.1) |
| Operating income (loss) | 0.7 | (12.5) |
| Income (loss) from continuing operations, before income taxes and noncontrolling interests | 28.4 | 29.1 |
| Net income (loss) attributable to shareholders of the Company | 1,016.7 | 966.4 |

During the first quarter (April-June) of FY2018, the US economy generally saw solid growth, reflecting the effect of the tax reduction, and the Eurozone economy saw moderate growth, primarily in Germany. Growth slowed in the UK on concerns about the impact of Brexit. The Chinese economy remained stable as measures were taken to deal with excessive debt. Oil prices rose on reductions in supply on the part of some oil producing countries. In Japan, the overall economy moved towards a slow recovery. Consumer spending patterns improved, and capital investment trended up. Exports recovered gradually.

As a result of these trends, Toshiba Group's net sales decreased by 66.1 billion yen to 842.3 billion yen (US$7,588.1 million). Although Infrastructure Systems & Solutions and Storage & Devices Solutions recorded higher sales, Energy Systems & Solutions saw lower sales, as Landis+Gyr was deconsolidated and Thermal & Hydro Power Systems saw lower sales. Operating income was 0.7 billion yen (US$6.6 million), a decrease of 12.5 billion yen, reflecting an impact of 14.0 billion yen from the ending of emergency measures, including bonus reductions. Although Infrastructure Systems & Solutions and Industrial ICT

Solutions saw increased operating income, Storage & Electronic Devices Solutions and Energy Systems & Solutions saw decreased operating income. Income (loss) from continuing operations, before income taxes and noncontrolling interests, improved by 29.1 billion yen to 28.4 billion yen (US$255.9 million), due to a profit on the sale of Toshiba General Hospital and equity in earnings of an affiliate, Toshiba Memory Corporation (TMC). Net income (loss) attributable to shareholders of the Company totaled 1,016.7 billion yen (US$9,159.7 million), an increase of 966.4 billion yen on the inclusion of profit from the sale of the Memory business.

**Consolidated Results for the First Quarter of FY2018, by Segment (April – June 2018)**

(Yen in billions)

| | Net Sales | | | Operating Income (Loss) | |
|---|---|---|---|---|---|
| | | Change* | | | Change* |
| Energy Systems & Solutions | 132.5 | (84.9) | (39%) | (4.3) | (4) |
| Infrastructure Systems & Solutions | 270.2 | 12.7 | 5% | 0.1 | 1.7 |
| Retail & Printing Solutions | 117.0 | (0.9) | (1%) | 4.5 | 0.7 |
| Storage & Electronic Devices Solutions | 217.7 | 7.1 | 3% | 4.2 | (14.3) |
| Industrial ICT Solutions | 56.4 | (0.2) | 0% | (1.5) | 2 |
| Others | 125.3 | 4.6 | 4% | (4) | 0 |
| Eliminations | (76.8) | (4.5) | - | 1.7 | 1.4 |
| Total | 842.3 | (66.1) | (7%) | 0.7 | (12.5) |

(* Change from the year-earlier period)

**Energy Systems & Solutions:** Lower Sales and Lower Operating Income (Loss)
The Energy Systems & Solutions segment saw lower sales, as Landis+Gyr was deconsolidated and the Nuclear Power Systems, Thermal & Hydro Power Systems and Transmission & Distribution Systems businesses all saw lower sales.

The segment as a whole saw lower operating loss. Although Nuclear Power Systems and Transmission & Distribution Systems recorded higher operating income, Landis+Gyr was deconsolidated and Thermal & Hydro Power Systems saw a lower operating loss.

**Infrastructure Systems & Solutions:** Higher Sales and Higher Operating Income
The Infrastructure Systems & Solutions segment saw higher sales. Public Infrastructure, Railway Systems and Industrial Systems recorded higher sales.

The segment as a whole saw higher operating income. Although Building and Facilities recorded lower operating income, Public Infrastructure saw improved operating income.

**Retail & Printing Solutions:** Lower Sales and Higher Operating Income
The Retail & Printing Solutions segment recorded lower sales. While sales of the Printing business remained flat period over the period, the Retail business saw lower sales, due to the sale of a subsidiary.

The segment as a whole reported higher operating income, driven by increased operating income reported by the Retail business, which was partially offset by lower operating income reported by the Printing business.

**Storage & Electronic Devices Solutions:** Higher Sales and Lower Operating Income
The Storage & Electronic Devices Solutions segment saw higher sales. The Storage & Electronic Devices Solutions segment reported higher sales, driven by increased sales of the HDD business, which were partially offset by lower recorded sales by the Semiconductor business.

The segment as a whole saw lower operating income, as all businesses recorded lower operating income.

**Industrial ICT Solutions:** Same Level of Sales and Improved Operating Income (Loss)
Sales of the Industrial ICT Solutions segment were flat period over the period. This reflects the sale of unprofitable businesses, etc. and higher sales in system projects for government and manufacturing industry.

The segment as a whole saw an increase in operating loss, reflecting the higher sales of system projects and the positive contribution of previous structural reforms.

**Others:** Higher Sales and Same Level of Operating Income (Loss)

**Notes:**
Toshiba Group’s Quarterly Consolidated Financial Statements are based on U.S. generally accepted accounting principles (“GAAP”).

Operating income (loss) is derived by deducting the cost of sales and selling, general and administrative expenses from net sales. This result is regularly reviewed to support decision-making in allocations of resources and to assess performance. Certain operating expenses such as litigation settlement and other costs are not included.

The Memory business, including the Solid State Drive business and excluding the Image Sensors business, was classified as a discontinued operations in accordance with Accounting Standards Codification 205-20 "Presentation of Financial Statements—Discontinued Operations". The results of discontinued businesses are excluded from net sales, operating income (loss), and income (loss) from continuing operations, before income taxes and noncontrolling interests. Net income of Toshiba Group is calculated by reflecting the results of these businesses to income (loss) from continuing operations, before income taxes and noncontrolling interests. In addition, these business are also classified as discontinued operations for the Group’s consolidated balance sheets and are indicated separately. The results of the previous fiscal year have been revised to reflect this classification of the Memory business.

Qualitative data herein are compared with the same period of the previous year, unless otherwise noted.

## 2. Financial Position and Cash Flows for the First Quarter of FY2018

Total assets increased by 455.0 billion yen from the end of March 2018 to 4,913.2 billion yen (US$44,262.9 million).

Shareholders' equity, or equity attributable to the shareholders of the Company, was 1,861.9 billion yen (US$16,773.9 million), an increase of 1,078.8 billion yen from the end of March 2018.

Total interest-bearing debt decreased by 108.1 billion yen from the end of March 2018 to 584.3 billion yen (US$5,263.6 million).

As a result of the foregoing, the shareholders' equity ratio at the end of June 2018 was 37.9%, a 20.3 point increase from the end of March 2018.

Free cash flow increased by 1,572.7 billion yen to 1,573.6 billion yen (US$14,176.1 million).

## 3. Performance Forecast for FY2018

Toshiba Group's performance forecast for its consolidated results for FY2018 remain unchanged from the forecast previously announced on May 15, 2018.

## 4. Others

(1) Changes in significant subsidiaries during the period (changes in Specified Subsidiaries ("Tokutei Kogaisha") involving changes in the scope of consolidation):
In April 2018, the Company sold all the shares of Toshiba Nuclear Energy Holdings (US) Inc. (hereinafter TNEH (US)). As a result, TNEH (US) and its subsidiaries were deconsolidated from Toshiba Group.

In June 2017, Toshiba split off its Memory business, including the Solid State Drive business and excluding the Image Sensors business, into TMC. Subsequently, in June 2018, Toshiba sold all the shares of TMC to K.K. Pangea (Pangea), a special purpose company formed and controlled by a consortium led by Bain Capital Private Equity. Along with the sale of TMC to Pangea, Toshiba Group reinvested in the common stock of Pangea, thereby retaining an equity interest in the Memory business. As a result of the sale, TMC was deconsolidated from Toshiba Group. TMC is now treated as an affiliate accounted for by the equity method.

(2) Use of simplified accounting procedures, and particular accounting procedures in preparation of quarterly consolidated financial statements:

Income taxes

Interim income tax expense (benefit) is computed by multiplying income (loss) before income taxes and noncontrolling interests for the three-month period ending June 30, 2018 by a reasonably estimated annual effective tax rate after applying the effect of deferred taxes for FY2018, ending March 31, 2019.

(3) Change in accounting policies:

In May 2014, Financial Accounting Standard Board (FASB) issued Accounting Standard Update (ASU) No. 2014-09 “Revenue from Contracts with Customers.” ASU No. 2014-09 supersedes all previous revenue recognition requirements and affects any entity that either enters into contracts with customers for transfers of goods or services, or enters into contracts for transfers of nonfinancial assets, unless those contracts are within the scope of other standards. Under ASU No. 2014-09, an entity should apply the five-step approach to recognizing revenue. ASU No. 2014-09 also requires an entity to disclose its contracts with customers; the significant judgments, and changes in judgments, made in applying the new standard to those contracts; and the qualitative and quantitative information about assets recognized from the costs of obtaining or fulfilling a contract with a customer. The Company adopted ASU No. 2014-09 effective from the first quarter, beginning April 1, 2018, and applied the modified retrospective method to contracts that were not completed as of the date of adoption. As a result, the Company changed its revenue recognition for certain transactions from at the point of completion to a fixed term based on the transfer of control of goods or services. In addition, the Company modified the separation of performance obligations and the allocation of transaction prices for transactions whose revenue had been deferred due to the absence of vendor-specific objective evidence of the fair value of goods or services transferred for allocating transaction prices. While the adoption of ASU No. 2014-09 partially affected the Company’s revenue recognition, especially with regard to the transactions above, the Company assessed the impact on the consolidated financial statements as immaterial.

The Company adopted ASU No. 2016-01 “Financial Instruments Overall Recognition and Measurement of Financial Assets and Financial Liabilities” effective from the first quarter, beginning April 1, 2018. ASU No. 2016-01 made revisions concerning the recognition, measurement, presentation and disclosure of financial instruments, and the amendments in this update require equity investments excluding investments in consolidated subsidiaries and affiliated companies to be measured at fair value, with changes in fair value recognized in net income (loss). As a result of adopting this standard, a cumulative-effect adjustment to retained earnings of 37,147 million yen was recognized as the after-tax unrealized gains of available-for-sale equity securities previously recognized in accumulated other comprehensive income at the beginning of the fiscal year.

The Company adopted ASU No. 2016-16 “Income Taxes Intra-Entity Transfers of Assets Other Than Inventory” effective from the first quarter, beginning April 1, 2018. This ASU requires recognition of the income tax consequences of an intra-entity transfer of assets other than inventory when the transfer occurs. Prior to the adoption of this ASU, US GAAP prohibited the recognition of income tax consequences for asset transfers, other than inventory, until the asset was sold to a third party. ASU No. 2016-16 requires an entity to recognize the cumulated adjustment amount to opening retained earnings at the beginning of the fiscal year on a modified retrospective basis, and the Company assessed the impact of the adoption on the consolidated financial statements as immaterial.

The Company adopted ASU No. 2016-18 “Statement of Cash Flows Restricted Cash (a consensus of the FASB Emerging Issues Task Force)” effective from the first quarter, beginning April 1, 2018. This ASU requires an entity to report restricted cash and cash equivalents in cash and cash equivalents in the consolidated cash flow statement. As a result of adopting this standard, cash, cash equivalents and restricted cash in the consolidated cash flow statements of the first quarters of FY2017 and FY2018 indicate cash and cash equivalents including restricted cash. Also, 30,213 million yen from others of cash flows from financing activities was reclassified to cash, cash equivalents and restricted cash in the consolidated cash flow statement in the first quarter of FY2017.

The Company adopted 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, beginning April 1, 2018. This ASU requires an entity to separate the service component from other components of the net benefit cost, and to recognize it with other employee compensation costs in the income statement. Other components of the net benefit cost are recognized separately, such as in other income (expense). As a result of adopting this standard, 848 million yen from cost of sales and 1,059 million yen from selling, general and administrative cost were reclassified to other expenses in the first quarter of FY2017, and 589 million yen from cost of sales and 820 million yen from selling, general and administrative cost were reclassified to other expenses in the first quarter of FY2018.

**Disclaimer:**

This report of business results contains forward-looking statements concerning future plans, strategies and forecasts of Toshiba Group business results. These statements are based on management’s assumptions and beliefs in light of the economic, financial and other data currently available. Since Toshiba Group is promoting business under various market environments in many countries and regions, they are subject to a number of their risks and uncertainties. Toshiba therefore wishes to caution readers that actual results might differ materially from our expectations. Major risk factors that may have a material influence on results are indicated below, although this list is not necessarily exhaustive.

- Major disasters, including earthquakes and typhoons;
- Disputes, including lawsuits, in Japan and other countries;
- Success or failure of alliances or joint ventures promoted in collaboration with other companies;
- Success or failure of new businesses or R&D investment;
- Changes in political and economic conditions in Japan and abroad; unexpected regulatory changes;
- Rapid changes in the supply and demand situation in major markets and intensified price competition;
- Significant capital expenditure for production facilities and rapid changes in the market;
- Changes in financial markets, including fluctuations in interest rates and exchange rates.

Note**:**
For convenience only, all dollar figures used in reporting the first quarter of FY2018 are calculated at 111 yen to the dollar.

# # #

Toshiba Group

# Consolidated Financial Statements

For the First Quarter ended June 30, 2018

## First Quarter Results

(¥ in billions, US$ in millions, except for earnings per share)

| | Three months ended June 30 | | | | |
|---|---|---|---|---|---|
| | **2018(A)** | 2017(B) | (A)-(B) | (A)/(B) | **2018** |
| Net sales | **¥842.3** | ¥908.4 | ¥(66.1) | 93% | **$7,588.1** |
| Operating income | **0.7** | 13.2 | (12.5) | 6% | **6.6** |
| Income (Loss) from continuing operations, before income taxes and noncontrolling interests | **28.4** | (0.7) | 29.1 | － | **255.9** |
| Net income attributable to shareholders of the Company | **1,016.7** | 50.3 | 966.4 | － | **9,159.7** |
| Basic earnings per share attributable to shareholders of the Company | **¥156.02** | ¥11.89 | ¥144.13 | | **$1.41** |

Notes:
1) Consolidated Financial Statements are based on generally accepted accounting principles in the U.S.
2) The U.S. dollar is valued at ￥111 throughout this statement for convenience only.

# Comparative Consolidated Balance Sheets

(¥ in millions, US$ in thousands)

| | Three months ended June 30 | | | |
|---|---|---|---|---|
| | **2018(A)** | 2017(B) | (A)-(B) | **2018** |
| **Assets** | | | | |
| Current assets | **¥3,671,106** | ¥3,579,096 | ¥92,010 | **$33,073,027** |
| Cash and cash equivalents | **2,001,528** | 500,820 | 1,500,708 | **18,031,784** |
| Notes and accounts receivable, trade | **808,408** | 968,146 | (159,738) | **7,282,955** |
| Inventories | **508,972** | 469,767 | 39,205 | **4,585,333** |
| Prepaid expenses and other current assets | **352,198** | 343,882 | 8,316 | **3,172,955** |
| Assets of discontinued operations - current | — | 1,296,481 | (1,296,481) | — |
| Long-term receivables | **10,695** | 7,862 | 2,833 | **96,351** |
| Investments | **600,770** | 237,978 | 362,792 | **5,412,342** |
| Property, plant and equipment | **368,924** | 365,635 | 3,289 | **3,323,640** |
| Other assets | **261,685** | 267,640 | (5,955) | **2,357,523** |
| Total assets | **¥4,913,180** | ¥4,458,211 | ¥454,969 | **$44,262,883** |
| **Liabilities and equity** | | | | |
| Current liabilities | **¥1,943,139** | ¥2,430,940 | ¥(487,801) | **$17,505,757** |
| Short-term borrowings and current portion of long-term debt | **344,253** | 301,558 | 42,695 | **3,101,378** |
| Notes and accounts payable, trade | **652,076** | 684,687 | (32,611) | **5,874,559** |
| Other current liabilities | **946,810** | 1,095,087 | (148,277) | **8,529,820** |
| Liabilities of discontinued operations - current | — | 349,608 | (349,608) | — |
| Accrued pension and severance costs | **437,023** | 443,092 | (6,069) | **3,937,144** |
| Long-term debt and other liabilities | **440,275** | 573,445 | (133,170) | **3,966,441** |
| Equity | **2,092,743** | 1,010,734 | 1,082,009 | **18,853,541** |
| Equity attributable to shareholders of the Company | **1,861,904** | 783,135 | 1,078,769 | **16,773,910** |
| Common stock | **499,999** | 499,999 | 0 | **4,504,495** |
| Additional paid-in capital | **359,080** | 357,153 | 1,927 | **3,234,955** |
| Retained earnings | **1,278,039** | 223,615 | 1,054,424 | **11,513,865** |
| Accumulated other comprehensive loss | **(273,147)** | (295,572) | 22,425 | **(2,460,783)** |
| Treasury stock | **(2,067)** | (2,060) | (7) | **(18,622)** |
| Equity attributable to noncontrolling interests | **230,839** | 227,599 | 3,240 | **2,079,631** |
| Total liabilities and equity | **¥4,913,180** | ¥4,458,211 | ¥454,969 | **$44,262,883** |

| | | | | |
|---|---|---|---|---|
| Breakdown of accumulated other comprehensive loss | | | | |
| Unrealized gains on securities | — | ¥37,147 | ¥(37,147) | — |
| Foreign currency translation adjustments | **(35,131)** | (82,514) | 47,383 | **(316,495)** |
| Pension liability adjustments | **(236,910)** | (248,874) | 11,964 | **(2,134,324)** |
| Unrealized losses on derivative instruments | **(1,106)** | (1,331) | 225 | **(9,964)** |
| Total interest-bearing debt | **¥584,255** | ¥692,418 | ¥(108,163) | **$5,263,559** |

# Comparative Consolidated Statements of Operations

## First Quarter ended June 30

(¥ in millions, US$ in thousands)

| | Three months ended June 30 | | | | |
|---|---|---|---|---|---|
| | **2018(A)** | 2017(B) | (A)-(B) | (A)/(B) | **2018** |
| **Sales and other income** | | | | | |
| Net sales | **¥842,277** | ¥908,404 | ¥(66,127) | 93% | **$7,588,081** |
| Interest | **1,620** | 2,207 | (587) | 73% | **14,595** |
| Dividends | **978** | 632 | 346 | 155% | **8,811** |
| Equity in earnings of affiliates | **13,651** | 1,404 | 12,247 | 972% | **122,982** |
| Other income | **29,966** | 7,421 | 22,545 | 404% | **269,963** |
| **Costs and expenses** | | | | | |
| Cost of sales | **639,176** | 671,558 | (32,382) | 95% | **5,758,342** |
| Selling, general and administrative | **202,371** | 223,612 | (21,241) | 91% | **1,823,162** |
| Interest | **4,156** | 5,726 | (1,570) | 73% | **37,441** |
| Other expense | **14,382** | 19,890 | (5,508) | 72% | **129,568** |
| **Income (Loss) from continuing operations, before income taxes and noncontrolling interests** | **28,407** | (718) | 29,125 | — | **255,919** |
| **Income taxes** | **13,142** | (222) | 13,364 | — | **118,396** |
| **Income (Loss) from continuing operations, before noncontrolling interests** | **15,265** | (496) | 15,761 | — | **137,523** |
| **Income from discontinued operations, before noncontrolling interests** | **1,007,745** | 57,770 | 949,975 | — | **9,078,783** |
| **Net income before noncontrolling interests** | **1,023,010** | 57,274 | 965,736 | — | **9,216,306** |
| **Less:Net income attributable to noncontrolling interests** | **6,282** | 6,948 | (666) | 90% | **56,594** |
| **Net income attributable to shareholders of the Company** | **¥1,016,728** | ¥50,326 | ¥966,402 | — | **$9,159,712** |

# Comparative Consolidated Statements of Comprehensive Income

## First Quarter ended June 30

(¥ in millions, US$ in thousands)

| | Three months ended June 30 | | | | |
|---|---|---|---|---|---|
| | **2018(A)** | 2017(B) | (A)-(B) | (A)/(B) | **2018** |
| **Net income before noncontrolling interests** | **¥1,023,010** | ¥57,274 | ¥965,736 | － | **$9,216,306** |
| **Other comprehensive income, net of tax** | | | | | |
| Unrealized gains on securities | － | 6,239 | (6,239) | － | － |
| Foreign currency translation adjustments | **46,860** | 5,792 | 41,068 | 809% | **422,162** |
| Pension liability adjustments | **11,101** | 3,540 | 7,561 | 314% | **100,009** |
| Unrealized gains on derivative instruments | **305** | 228 | 77 | 134% | **2,748** |
| **Total other comprehensive income** | **58,266** | 15,799 | 42,467 | 369% | **524,919** |
| **Comprehensive income** | **1,081,276** | 73,073 | 1,008,203 | － | **9,741,225** |
| **Less:Comprehensive income attributable to noncontrolling interests** | **4,976** | 11,920 | (6,944) | 42% | **44,829** |
| **Comprehensive income attributable to shareholders of the Company** | **¥1,076,300** | ¥61,153 | ¥1,015,147 | － | **$9,696,396** |

## Comparative Consolidated Statements of Cash Flows

### First Quarter ended June 30

(¥ in millions, US$ in thousands)

| | Three months ended June 30 | | | |
|---|---|---|---|---|
| | **2018(A)** | 2017(B) | (A)-(B) | **2018** |
| **Cash flows from operating activities** | | | | |
| Net income before noncontrolling interests | **¥1,023,010** | ¥57,274 | ¥965,736 | **$9,216,306** |
| Depreciation and amortization | **18,495** | 34,443 | (15,948) | **166,621** |
| Equity in earnings of affiliates, net of dividends | **(13,319)** | (131) | (13,188) | **(119,991)** |
| Gain from sales and impairment of securities, net | **(936,526)** | 196 | (936,722) | **(8,437,171)** |
| Decrease in notes and accounts receivable, trade | **202,678** | 144,410 | 58,268 | **1,825,928** |
| Increase in inventories | **(89,283)** | (57,131) | (32,152) | **(804,351)** |
| Decrease in notes and accounts payable, trade | **(38,122)** | (57,531) | 19,409 | **(343,441)** |
| Others | **29,802** | (84,894) | 114,696 | **268,486** |
| Adjustments to reconcile net income before noncontrolling interests to net cash provided by operating activities | **(826,275)** | (20,638) | (805,637) | **(7,443,919)** |
| Net cash provided by operating activities | **196,735** | 36,636 | 160,099 | **1,772,387** |
| **Cash flows from investing activities** | | | | |
| Proceeds from sale of property, plant and equipment, intangible assets and securities | **2,213** | 2,462 | (249) | **19,937** |
| Acquisition of property, plant and equipment | **(60,148)** | (23,228) | (36,920) | **(541,874)** |
| Acquisition of intangible assets | **(3,160)** | (4,871) | 1,711 | **(28,468)** |
| Purchase of securities | **(8)** | (5) | (3) | **(72)** |
| Increase in investments in affiliates | **(31,243)** | (6,107) | (25,136) | **(281,468)** |
| Proceeds from sale of Toshiba Memory Corporation stock | **1,453,601** | - | 1,453,601 | **13,095,504** |
| Others | **15,562** | (3,975) | 19,537 | **140,198** |
| Net cash used in investing activities | **1,376,817** | (35,724) | 1,412,541 | **12,403,757** |
| **Cash flows from financing activities** | | | | |
| Proceeds from long-term debt | **400** | 1,196 | (796) | **3,604** |
| Repayment of long-term debt | **(62,887)** | (4,258) | (58,629) | **(566,550)** |
| Decrease in short-term borrowings, net | **(43,539)** | (99,987) | 56,448 | **(392,243)** |
| Dividends paid | **(3,863)** | (2,671) | (1,192) | **(34,802)** |
| Others | **3,998** | (58,374) | 62,372 | **36,018** |
| Net cash used in financing activities | **(105,891)** | (164,094) | 58,203 | **(953,973)** |
| **Effect of exchange rate changes on cash, cash equivalents and restricted cash** | **748** | 1,521 | (773) | **6,739** |
| **Net increase (decrease) in cash, cash equivalents and restricted cash** | **1,468,409** | (161,661) | 1,630,070 | **13,228,910** |
| **Cash, cash equivalents and restricted cash at beginning of the period** | **548,657** | 723,231 | (174,574) | **4,942,856** |
| **Cash, cash equivalents and restricted cash at end of the period** | **2,017,066** | 561,570 | 1,455,496 | **18,171,766** |
| **Less: Cash, cash equivalents and restricted cash of discontinued operations at end of the period** | **-** | 2,035 | (2,035) | **-** |
| **Cash, cash equivalents and restricted cash of continuing operations at end of the period** | **¥2,017,066** | ¥559,535 | ¥1,457,531 | **$18,171,766** |

Cash, cash equivalents and restricted cash of continuing operations at end of the period are included in the following accounts in the quarterly consolidated balance sheets.

| | | | | |
|---|---|---|---|---|
| **Cash and cash equivalents** | **2,001,528** | 513,784 | 1,487,744 | **18,031,784** |
| **Restricted cash included in prepaid expenses and other current assets** | **-** | 30,213 | (30,213) | **-** |
| **Restricted cash included in other assets** | **15,538** | 15,538 | 0 | **139,982** |
| **Cash, cash equivalents and restricted cash of continuing operations at end of the period** | **¥2,017,066** | ¥559,535 | ¥1,457,531 | **$18,171,766** |

## Industry Segment Information

### First Quarter ended June 30

(¥ in millions, US$ in thousands)

| | | Three months ended June 30 | | | | |
|---|---|---|---|---|---|---|
| | | **2018(A)** | 2017(B) | (A)-(B) | (A)/(B) | **2018** |
| Net sales (Share of total sales) | Energy Systems & Solutions | **¥132,480** **(14%)** | ¥217,417 (22%) | ¥(84,937) (-8%) | 61% | **$1,193,514** |
| | Infrastructure Systems & Solutions | **270,183** **(29%)** | 257,526 (26%) | 12,657 (3%) | 105% | **2,434,081** |
| | Retail & Printing Solutions | **116,973** **(13%)** | 117,886 (12%) | (913) (1%) | 99% | **1,053,811** |
| | Storage & Electronic Devices Solutions | **217,705** **(24%)** | 210,553 (21%) | 7,152 (3%) | 103% | **1,961,306** |
| | Industrial ICT Solutions | **56,391** **(6%)** | 56,599 (6%) | (208) (-) | 100% | **508,027** |
| | Others | **125,376** **(14%)** | 120,703 (13%) | 4,673 (1%) | 104% | **1,129,513** |
| | Total | **919,108** **(100%)** | 980,684 (100%) | (61,576) | 94% | **8,280,252** |
| | Eliminations | **(76,831)** | (72,280) | (4,551) | – | **(692,171)** |
| | Consolidated | **¥842,277** | ¥908,404 | ¥(66,127) | 93% | **$7,588,081** |
| Segment operating income (loss) | Energy Systems & Solutions | **¥(4,296)** | ¥(280) | ¥(4,016) | – | **$(38,703)** |
| | Infrastructure Systems & Solutions | **61** | (1,561) | 1,622 | – | **550** |
| | Retail & Printing Solutions | **4,535** | 3,817 | 718 | 119% | **40,856** |
| | Storage & Electronic Devices Solutions | **4,162** | 18,477 | (14,315) | 23% | **37,495** |
| | Industrial ICT Solutions | **(1,468)** | (3,532) | 2,064 | – | **(13,225)** |
| | Others | **(4,036)** | (3,996) | (40) | – | **(36,360)** |
| | Total | **(1,042)** | 12,925 | (13,967) | – | **(9,387)** |
| | Eliminations | **1,772** | 309 | 1,463 | – | **15,964** |
| | Consolidated | **¥730** | ¥13,234 | ¥(12,504) | 6% | **$6,577** |

Notes:
1) Segment sales total includes intersegment transactions.
2) Segment operating income (loss) is derived by deducting the segment's cost of sales and selling, general and administrative expenses from net sales. This result is regularly reviewed to support decision-making in allocations of resources and to assess performance. Certain operating expenses such as legal settlement costs have been excluded from segment operating income (loss) presentation herein.
3) Prior-period data relating to the discontinued operation has been deducted.
4) Prior-period data relating to the consolidated segment information has been reclassified to conform with the current classification.

## Net Sales by Region

### First Quarter ended June 30

(¥ in millions, US$ in thousands)

| | | Three months ended June 30 | | | | |
|---|---|---|---|---|---|---|
| | | **2018(A)** | 2017(B) | (A)-(B) | (A)/(B) | **2018** |
| Japan | | **¥447,040**<br>**(53%)** | ¥444,704<br>(49%) | ¥2,336<br>(4%) | 101% | **$4,027,387** |
| Overseas | | **395,237**<br>**(47%)** | 463,700<br>(51%) | (68,463)<br>(-4%) | 85% | **3,560,694** |
| | Asia | **235,344**<br>**(28%)** | 210,121<br>(23%) | 25,223<br>(5%) | 112% | **2,120,216** |
| | North America | **76,990**<br>**(9%)** | 132,307<br>(15%) | (55,317)<br>(-6%) | 58% | **693,604** |
| | Europe | **56,556**<br>**(7%)** | 76,869<br>(8%) | (20,313)<br>(-1%) | 74% | **509,514** |
| | Others | **26,347**<br>**(3%)** | 44,403<br>(5%) | (18,056)<br>(-2%) | 59% | **237,360** |
| Net Sales | | **¥842,277**<br>**(100%)** | ¥908,404<br>(100%) | ¥(66,127) | 93% | **$7,588,081** |

Notes:

1) Net sales by region is determined based upon the locations of the customers.

2) Prior-period data relating to the discontinued operation has been deducted.