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Toshiba Corporation

FOR IMMEDIATE RELEASE

Toshiba Announces Consolidated Results
for the First Quarter of the Fiscal Year 2020, Ending March 2021

TOKYO--Toshiba Corporation (TOKYO: 6502) today announced its consolidated results for the first quarter of fiscal year (FY) 2020, ending March 31, 2021.

Note:

For convenience only, all dollar figures used in reporting the first quarter of FY2020 are calculated at 108 yen to the dollar.

Comparative Consolidated Balance Sheets

(¥ in millions, US\$ in thousands)

	Jun. 30, 2020 (A)	Mar. 31, 2020 (B)	(A)-(B)	Jun. 30, 2020
Assets				
Current assets	¥2,093,418	¥2,038,099	¥55,319	\$19,383,500
Cash and cash equivalents	611,833	376,973	234,860	5,665,120
Notes, accounts receivable and contract assets	724,177	970,794	(246,617)	6,705,343
Inventories	535,429	482,327	53,102	4,957,676
Other current assets	221,979	208,005	13,974	2,055,361
Long-term receivables	7,274	7,315	(41)	67,352
Investments	506,145	505,387	758	4,686,528
Property, plant and equipment	425,528	420,297	5,231	3,940,074
Operating lease right-of-use assets	150,203	155,513	(5,310)	1,390,769
Other assets	251,293	256,822	(5,529)	2,326,786
Total assets	¥3,433,861	¥3,383,433	¥50,428	\$31,795,009
Liabilities and equity				
Current liabilities	¥1,292,367	¥1,397,917	¥(105,550)	\$11,966,361
Short-term borrowings and current portion of long-term debt	53,747	62,649	(8,902)	497,657
Notes and accounts payable	400,709	502,066	(101,357)	3,710,269
Current operating lease liabilities	43,546	44,529	(983)	403,204
Other current liabilities	794,365	788,673	5,692	7,355,231
Accrued pension and severance costs	424,837	431,632	(6,795)	3,933,676
Non-current operating lease liabilities	109,342	114,219	(4,877)	1,012,426
Long-term debt and other liabilities	566,505	363,239	203,266	5,245,416
Equity	1,040,810	1,076,426	(35,616)	9,637,130
Equity attributable to shareholders of the Company	917,609	939,806	(22,197)	8,496,380
Common stock	200,175	200,175	0	1,853,473
Retained earnings	1,006,395	1,031,231	(24,836)	9,318,472
Accumulated other comprehensive loss	(283,947)	(286,593)	2,646	(2,629,139)
Treasury stock	(5,014)	(5,007)	(7)	(46,426)
Equity attributable to noncontrolling interests	123,201	136,620	(13,419)	1,140,750
Total liabilities and equity	¥3,433,861	¥3,383,433	¥50,428	\$31,795,009

Breakdown of accumulated other comprehensive loss

Net unrealized gains and losses on securities	¥47	¥12	¥35	\$435
Foreign currency translation adjustments	(37,368)	(33,570)	(3,798)	(346,000)
Pension liability adjustments	(245,901)	(252,777)	6,876	(2,276,861)
Unrealized gains and losses on derivative instruments	(725)	(258)	(467)	(6,713)
Total interest-bearing debt	¥580,243	¥395,151	¥185,092	\$5,372,620

Comparative Consolidated Statements of Operations

First Quarter ended June 30

(¥ in millions, US\$ in thousands)

	Three months ended June 30				
	2020(A)	2019(B)	(A)-(B)	(A)/(B)	2020
Sales and other income					
Net sales	¥599,823	¥813,158	¥(213,335)	74%	\$5,553,917
Interest income	399	788	(389)	51%	3,694
Dividend income	823	1,023	(200)	80%	7,620
Equity in earnings of affiliates	2,546	—	2,546	—	23,574
Other income	20,029	6,647	13,382	301%	185,455
Costs and expenses					
Cost of sales	436,833	610,559	(173,726)	72%	4,044,750
Selling, general and administrative expenses	175,625	194,771	(19,146)	90%	1,626,158
Interest expenses	1,122	1,952	(830)	57%	10,389
Equity in losses of affiliates	—	37,657	(37,657)	—	—
Other expenses	13,670	106,385	(92,715)	13%	126,574
Loss before income taxes and noncontrolling interests	(3,630)	(129,708)	126,078	—	(33,611)
Income taxes	5,545	4,600	945	121%	51,343
Net loss before noncontrolling interests	(9,175)	(134,308)	125,133	—	(84,954)
Less: Net income attributable to noncontrolling interests	2,173	5,920	(3,747)	37%	20,120
Net loss attributable to shareholders of the Company	¥(11,348)	¥(140,228)	¥128,880	—	\$ (105,074)

Comparative Consolidated Statements of Comprehensive Income

First Quarter ended June 30

(¥ in millions, US\$ in thousands)

	Three months ended June 30				
	2020(A)	2019(B)	(A)-(B)	(A)/(B)	2020
Net loss before noncontrolling interests	¥(9,175)	¥(134,308)	¥125,133	—	\$(84,954)
Other comprehensive income (loss), net of tax					
Unrealized gains on securities	35	22	13	159%	324
Foreign currency translation adjustments	(3,612)	(13,025)	9,413	—	(33,444)
Pension liability adjustments	6,997	3,663	3,334	191%	64,787
Unrealized gains on derivative instruments	(467)	204	(671)	—	(4,324)
Total other comprehensive income (loss)	2,953	(9,136)	12,089	—	27,343
Comprehensive loss	(6,222)	(143,444)	137,222	—	(57,611)
Less: Comprehensive income attributable to noncontrolling interests	2,480	3,319	(839)	75%	22,963
Comprehensive loss attributable to shareholders of the Company	¥(8,702)	¥(146,763)	¥138,061	—	\$(80,574)

Comparative Consolidated Statements of Cash Flows

First Quarter ended June 30

(¥ in millions, US\$ in thousands)

	Three months ended June 30			
	2020(A)	2019(B)	(A)-(B)	2020
Cash flows from operating activities				
Net loss before noncontrolling interests	¥(9,175)	¥(134,308)	¥125,133	\$(84,954)
Depreciation and amortization	21,132	19,976	1,156	195,667
Equity in (earnings) losses of affiliates, net of dividends	(1,549)	39,669	(41,218)	(14,343)
Gain from sales and impairment of securities, net	(7,711)	(11)	(7,700)	(71,398)
Decrease in notes and accounts receivable, trade	245,829	142,801	103,028	2,276,194
Increase in inventories	(53,834)	(48,624)	(5,210)	(498,463)
Decrease in notes and accounts payable, trade	(98,511)	(33,440)	(65,071)	(912,139)
Others	6,845	82,313	(75,468)	63,380
Adjustments to reconcile net loss before noncontrolling interests to net cash provided by operating activities	112,201	202,684	(90,483)	1,038,898
Net cash provided by operating activities	103,026	68,376	34,650	953,944
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment, intangible assets and securities	8,655	503	8,152	80,139
Acquisition of property, plant and equipment	(27,107)	(26,868)	(239)	(250,991)
Acquisition of intangible assets	(4,252)	(2,618)	(1,634)	(39,370)
Purchase of securities	(965)	(953)	(12)	(8,935)
(Increase) decrease in investments in affiliates	(300)	271	(571)	(2,778)
Others	4,246	1,166	3,080	39,315
Net cash used in investing activities	(19,723)	(28,499)	8,776	(182,620)
Cash flows from financing activities				
Proceeds from long-term debt	200,002	6,787	193,215	1,851,870
Repayment of long-term debt	(11,490)	(182,513)	171,023	(106,389)
Increase (decrease) in short-term borrowings, net	851	(17,572)	18,423	7,881
Dividends paid	(5,676)	(8,977)	3,301	(52,556)
Purchase of treasury stock, net	(7)	(104,831)	104,824	(65)
Payment of acquisition of 3 listed subsidiaries' shares to become wholly owned subsidiaries	(33,418)	-	(33,418)	(309,426)
Others	-	(1,376)	1,376	-
Net cash provided by (used in) financing activities	150,262	(308,482)	458,744	1,391,315
Effect of exchange rate changes on cash and cash equivalents	1,295	(4,248)	5,543	11,991
Net increase (decrease) in cash and cash equivalents	234,860	(272,853)	507,713	2,174,630
Cash and cash equivalents at beginning of the period	376,973	1,335,520	(958,547)	3,490,490
Cash and cash equivalents at end of the period	¥611,833	¥1,062,667	¥(450,834)	\$5,665,120

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

Industry Segment Information**First Quarter ended June 30**

(¥ in millions, US\$ in thousands)

		Three months ended June 30				
		2020(A)	2019(B)	(A)-(B)	(A)/(B)	2020
Net sales (Share of total sales)	Energy Systems & Solutions	¥76,217 (12%)	¥129,211 (15%)	¥(52,994) (-3%)	59%	\$705,713
	Infrastructure Systems & Solutions	134,803 (21%)	148,664 (17%)	(13,861) (4%)	91%	1,248,176
	Building Solutions	122,884 (19%)	141,246 (16%)	(18,362) (3%)	87%	1,137,815
	Retail & Printing Solutions	85,449 (13%)	118,297 (13%)	(32,848) (-)	72%	791,194
	Electronic Devices & Storage Solutions	125,199 (19%)	197,037 (22%)	(71,838) (-3%)	64%	1,159,250
	Digital Solutions	45,081 (7%)	69,243 (8%)	(24,162) (-1%)	65%	417,417
	Others	62,095 (9%)	77,161 (9%)	(15,066) (-)	80%	574,954
	Total	651,728 (100%)	880,859 (100%)	(229,131)	74%	6,034,519
	Eliminations	(51,905)	(67,701)	15,796	—	(480,602)
Consolidated		¥599,823	¥813,158	¥(213,335)	74%	\$5,553,917
Segment operating income (loss)	Energy Systems & Solutions	¥(7,474)	¥(3,352)	¥(4,122)	—	\$(69,204)
	Infrastructure Systems & Solutions	2,406	2,314	92	104%	22,278
	Building Solutions	5,596	8,069	(2,473)	69%	51,815
	Retail & Printing Solutions	(4,255)	4,208	(8,463)	—	(39,398)
	Electronic Devices & Storage Solutions	(4,638)	1,206	(5,844)	—	(42,944)
	Digital Solutions	1,267	2,206	(939)	57%	11,731
	Others	(8,018)	(9,255)	1,237	—	(74,241)
	Total	(15,116)	5,396	(20,512)	—	(139,963)
	Eliminations	2,481	2,432	49	—	22,972
Consolidated		¥(12,635)	¥7,828	¥(20,463)	—	\$(116,991)

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.

Net Sales by Region

First Quarter ended June 30

(¥ in millions, US\$ in thousands)

	Three months ended June 30				
	2020(A)	2019(B)	(A)-(B)	(A)/(B)	2020
Japan	¥350,623 (58%)	¥446,399 (55%)	¥(95,776) (3%)	79%	\$3,246,510
Overseas	249,200 (42%)	366,759 (45%)	(117,559) (-3%)	68%	2,307,407
Asia	138,200 (23%)	208,118 (26%)	(69,918) (-3%)	66%	1,279,630
North America	62,583 (10%)	79,514 (10%)	(16,931) (-)	79%	579,472
Europe	33,735 (6%)	53,174 (7%)	(19,439) (-1%)	63%	312,361
Others	14,682 (3%)	25,953 (2%)	(11,271) (1%)	57%	135,944
Net Sales	¥599,823 (100%)	¥813,158 (100%)	¥(213,335)	74%	\$5,553,917

Note: Net sales by region is determined based upon the locations of the customers.

Others

- (1) Changes in significant subsidiaries during the period (changes in Specified Subsidiaries (“Tokutei Kogaisha”) involving changes in the scope of consolidation):
None.
- (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-months period ending June 30, 2020 by a reasonably estimated annual effective tax rate after applying the effect of deferred taxes for FY2020, ending March 31, 2021.

If a reliable estimate cannot be made as in the circumstances that the annual estimated ordinary pretax income(loss) approximates break-even or is forecasted negative, the Company utilizes the actual year-to-date effective tax rate.

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.