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Business Report

From April 1, 2019 to March 31, 2020

1. Business Environment and Results of the Group

Toshiba Announces Consolidated Results for Fiscal Year 2019, ended March 31, 2020

TOKYO--Toshiba Corporation (TOKYO: 6502) (hereinafter "Toshiba" or "the Company") today announced its consolidated results for fiscal year (FY) 2019, to March 31, 2020. All comparisons in the following are based on the same period a year earlier, unless otherwise stated.

1. Overview of Consolidated Results for FY2019 (April 2019 - March 2020)

(Yen in billions)

	FY2019	Change from FY2018
Net sales	3,389.9	(303.6)
Operating income	130.5	95.1
Income from continuing operations, before income taxes and noncontrolling interests	-47.5	(58.4)
Net income attributable to shareholders of the Company	-114.6	209.3

During FY2019 (April 2019-March 2020), the global economy deteriorated rapidly with the spread of the coronavirus disease (COVID-19) and the plummet in the oil prices. While the U.S. and the Eurozone tried to deal with this severe situation, China saw signs of recovery. In Japan, consumer spending recovered in the early part of the year, though capital investment and exports continued to weaken. However, the impact of COVID-19 towards the end of the fiscal year triggered an abrupt decline in consumer spending and a falloff in exports.

In FY2020 (April 2020-March 2021), the U.S. and the Eurozone are expected to continue to feel the impact of COVID-19, and downside risk continues in the global economy. Even though China is expected to feel a lessening impact of COVID-19, its continued effects in other economies point to the possibility of a worsening overall global economy. Japan also expects COVID-19 to remain a major concern, and constant attention to downside risk in the economy is essential.

In these conditions, Toshiba Group's net sales decreased by 303.6 billion yen to 3,389.9 billion yen. Infrastructure Systems & Solutions, Building Solutions, and Retail & Printing Solutions recorded higher sales. However, Energy Systems & Solutions saw lower sales, reflecting the reduction of thermal plant construction projects in Japan and service-related projects. Electronic Devices & Storage Solutions also saw lower sales on lower demand for mobile HDDs and changes in the memory products resale channel. Lower sales in Digital Solutions reflected transactions at Toshiba IT-Services Corporation, while lower sales in Others resulted from the deconsolidation of the PC business.

Operating income was 130.5 billion yen, an increase of 95.1 billion yen. Energy Systems & Solutions, Infrastructure Systems & Solutions, Building Solutions, Electronic Devices & Storage Solutions, and Digital Solutions all recorded higher operating income, while Retail & Printing Solutions reported lower operating income in the overseas retail systems business and printing solutions business.

Income from continuing operations before income taxes and non controlling interests was 58.4 billion yen lower at (47.5) billion yen, mainly due to a loss from the transfer of LNG business and equity losses from Kioxia Holdings Corporation (the former “Toshiba Memory Corporation”, and hereinafter “Kioxia”).

Net income decreased by 1,127.9 billion yen to (114.6) billion yen (US$(1,051.7) million). The primary factors contributing to this result include the gain from the sale of the memory business and other businesses in the previous year.

With regards to the dividend for FY 2019, the Company paid dividend (interim) of 10 yen per share in December, 2019 to shareholders at the date of record of September 30, 2019, and paid dividend (year-end) of 10 yen per share in June, 2020 to shareholders at the date of record of March 31, 2020,

Consolidated Results for FY2019, by Segment
(April 2019 - March 2020)

(Yen in billions)

	Net Sales		Operating Income (Loss)	
		Change*		Change*
Energy Systems & Solutions	568.8	(83.9)	31.8	55.8
Infrastructure Systems & Solutions	735.0	1.5	47.7	17.4
Building Solutions	570.1	13.1	29.1	12.2
Retail & Printing Solutions	490.4	5.0	14.5	(5.7)
Electronic Devices & Storage Solutions	745.6	(187.4)	13.4	0.9
Digital Solutions	252.4	(0.7)	16.8	8.7
Others	321.5	(90.9.)	(29.8)	4.0
Eliminations	(293.9)	397	7.0	1.8
Total	3,389.9	(303.6)	130.5	95.1

(* Change from the year-earlier period)

Energy Systems & Solutions

Main Businesses	As of March 31, 2020
Thermal power generation systems, Hydroelectric power generation systems, Nuclear power generation systems, Transmission & Distribution systems, Solar Photovoltaic systems	

Business Overview

The Energy Systems & Solutions segment saw lower sales of 568.8 billion yen, 83.9 billion yen decrease from the previous year. Nuclear Power Systems reported lower sales due to impact from lower sales in projects to enhance safety measures, and the Thermal & Hydro Power Systems reported lower sales due to fewer thermal plant construction projects in Japan and service-related projects.

The segment as a whole saw higher operating income of 31.8 billion yen, 55.8 billion yen increase from the previous year. All businesses (Nuclear Power Systems, Thermal & Hydro Power Systems, and Transmission & Distribution Systems) saw higher operating income.

Topics

(1) Operations Begin at the World´s Largest-Class Hydrogen Production Plant using Renewable Energy

The Fukushima Hydrogen Energy Research Field (FH2R) which Toshiba Energy Systems & Solutions Corporation (Toshiba ESS) constructed together with the New Energy and Industrial Technology Development Organization (NEDO), Tohoku Electric Power Co., Inc., and Iwatani Corporation, has commenced operations.
Built in the town of Namie in Fukushima Prefecture, north of Tokyo, the FH2R hydrogen production plant is a technological development project with its aim to create a business model of hydrogen use and hydrogen sales. It is equipped with the world's largest 10MW-class hydrogen production unit that uses renewable energy. Utilizing 20MW of solar power generated on the 180,000m^2 site, FH2R produces (as well as stores and supplies) up to 1,200 Nm^3* of hydrogen per hour (rated power operation) through electrolysis of water in its hydrogen production unit. Hydrogen produced at the plant will, among other things, be used in power generation, by charging stationary fuel cells, and in transport and mobility with fuel cell battery-powered cars and buses.
As well as being a clean energy source, emitting no air pollutants or greenhouse gases when used, hydrogen can be produced through a number of methods. And since it can also be transported and stored in any state, either gas or liquid, hydrogen is expected to play a key role in terms of energy for the future. In order to build a society fully based on hydrogen energy, a combined effort will be needed to increase hydrogen demand such as with the full-scale introduction of hydrogen power generation, as well as building a hydrogen supply chain to meet this demand. Testing will take place in the future at FH2R to investigate technology for optimal operation control. The technology anticipates hydrogen supply and demand needs, adjusting power supply and demand from the grid to maximize the use of renewable energy which undergoes significant fluctuations in output. By establishing low-cost, clean, hydrogen production technologies, as well as maximizing the use of renewable energy, with its large variations in power, without using storage batteries, Toshiba ESS aims to build a completely carbon-free hydrogen supply system, from production through to end use, to ultimately make the hydrogen based society a reality.
* Nm^3: Normal cubic meter. A unit of measure that represents the volume of dry gas at 0°C and

1 atm (standard atmosphere).

(2) EPC Order Received for Large-Scale Onikoube Solar Power Plant

Toshiba Energy Systems & Solutions Corporation (Toshiba ESS) has received a services order for engineering, procurement, and construction (EPC) for the Onikoube Solar Power Plant in the city of Osaki in Miyagi Prefecture, North East Japan. The plant is being planned by project owner PurpleSol G.K., an affiliate of Thai Solar Energy Public Company Limited, one of Thailand's leading renewable energy companies. This large-scale solar power plant will have a generation capacity of 147MW equating to the largest EPC order received by Toshiba ESS thus far. The plant is scheduled to go into operation in December 2022.

The Onikoube Solar Power Plant is planned for construction on the 156-hectare site of an abandoned golf course at a total cost of 35.5 billion yen. By fixing the frames closer together and setting the panels at a steeper angle, it will be possible to install 362,960 solar panels within the boundaries of the site. Furthermore, due to its innovative design and construction taking into account the slope of the ground and snowfall in the region, the plant will be able to produce power at a highly efficient rate.

Toshiba ESS' track record in the design and construction of large-scale solar power plants is second to none in Japan. Undoubtedly, it is this performance of exceptional capability in technology and construction that has led to winning this particular solar power plant order.

The Toshiba Group provides power generation systems and solutions through a wide variety of different renewable energies, from solar power and hydroelectricity to geothermal and wind-generated power. Going forward, the Group will continue to work on a diverse range of clean energy projects such as the construction of industrial-use solar power plants, helping to create a society of sustainable development.

(3) Withdrawal from the LNG Agreement

As part of structural reforms to the Energy Systems & Solutions business, the Group has completed its withdrawal from the liquefied natural gas (LNG) agreement in the US.

In May 2019, Toshiba concluded a stock transfer agreement with Total Gas & Power Asia Private Ltd, a Singaporean affiliate of the French energy giant, Total S.A., for all shares of Toshiba America LNG Corp. (TAL) – a Toshiba consolidated subsidiary that operates in the LNG agreement. Simultaneously, with the completion of the transfer of shares under this agreement, Toshiba and Total also agreed that all contracts related to the LNG agreement entered into by Toshiba Group companies, including every LNG contract concluded between Group companies as well as trade agreements with its customers, would either be transferred to Total or canceled.

Total has provided a substitute guarantee to replace Toshiba's then-existing guarantee for all of TAL's obligations under a liquefaction tolling agreement with the US natural gas liquefaction provider, FLNG Liquefaction 3, LLC (FLIQ3). The transfer was completed on August 30, 2019 (US time) after all necessary procedures were finalized including releasing Toshiba from its guarantee of TAL.

Any risk associated with the LNG agreement has now been severed with the completion of the transfer. The Toshiba Group will continue to manage its portfolio based on benchmarks set out in the "Toshiba Next Plan", making further structural reforms as and when necessary.

Infrastructure Systems & Solutions

Main businesses	As of March 31, 2020
Water supply and sewage systems, Power distribution systems, Road systems, Communication & broadcast systems, Telecommunication systems, Security & automation systems, Railway systems, Motor & drive systems	

Business Overview

The Infrastructure Systems & Solutions segment reported higher sales of 735.0 billion yen, 1.5 billion yen increase from the previous year. Railways and Industrial Systems recorded lower sales as Industrial Systems reduced low-margin projects, but Public Infrastructure recorded higher sales on expansion of the defense & electronic systems business.
segment as a whole saw higher operating income of 47.7 billion yen, 17.4 billion yen increase from the previous year. All businesses saw higher operating income. In Public Infrastructure this reflected improvements in the sales mix, and in Railways and Industrial Systems it was due to changes in product mix.

Topics

(1) Order Received for Sewage Treatment Projects in India - Contributing to River Ganges Cleanup Plan

Toshiba Water Solutions Private Limited, a subsidiary of Toshiba in India, received an order from Bihar Urban Infrastructure Development Corporation Ltd for the construction of two sewage treatment plants in the cities of Chapra and Begusarai located along the Ganges in Bihar, India, together with a 15-year contract for their operation and maintenance. Sewage will be treated in both these areas, contributing to the clean-up of the River Ganges.
Water pollution has become a serious problem in the Ganges due to rapid urbanization. To combat this the Indian government announced an action plan to clean up the river in 2015. Toshiba Water Solutions has previously constructed four sewage treatment plants in Jharkhand and Uttar Pradesh as part of this action plan. Success with these projects no doubt helped to secure the contract for the two plants in Bihar.
By combining its water treatment-related solutions technologies of monitoring control and energy-saving with its expertise and experience in engineering, procurement, construction, operations and maintenance which Toshiba Water Solutions has cultivated in projects in India and abroad, the Company is contributing towards the Sustainable Development Goal of "ensuring availability and sustainable management of water and sanitation for all."

(2) Delivery of the Newly Developed Hybrid System for The Central Japan Railway Company's Next-Generation Limited Express Rolling Stock (test train)

The newly developed, compact and highly efficient hybrid system for the next-generation limited express HC85 series has been delivered to The Central Japan Railway Company.
The HC85 series uses a hybrid system in which electric power supplied from a diesel engine-powered generator is combined with battery-stored electric power to drive the motor. As part of the overall system, Toshiba Infrastructure Systems & Solutions has delivered motors, generators, batteries, vehicle controllers, and master controllers.
The new development of the compact, high-powered fully-closed permanent magnet synchronous generator (PMSG) means that, for the first time in Japan, fully-closed permanent magnet synchronous machines have been adopted for both motors and generators for use in railways. The fully-closed permanent magnet synchronous motor (PMSM) and the fully-closed permanent magnet synchronous generator (PMSG) are both highly efficient rotary machines with the hermetically sealed structure producing reduced noise levels and easier

maintenance.
In terms of batteries, Toshiba's SCiB™ lithium-ion rechargeable battery has also been taken on. The battery is charged from the regenerative power gained through braking. This power can then be used to activate the vehicle's idle-stop system and for initial acceleration. The result is an efficient use of energy helping to achieve a good, overall environmental performance.

Toshiba Infrastructure Systems & Solutions will continue to develop equipment and systems for rolling stock, developing railway systems in line with various railway concepts while pursuing improvements in safety and environmental performance.

(3) BISCADE™ Card - Japan's First Commercialized Fingerprint Authentication IC Card to be Used in Security Systems

The BISCADE™ Card, a fingerprint authentication IC card, developed by Toshiba Infrastructure Systems & Solutions has been adopted by Laurel Intelligent Systems Co., Ltd. for its FSS®SmartLogon®TFPA security system. The system uses a combination of IC card and fingerprint authentication instead of the traditional computer logon system of IC card and password. The BISCADE™ Card will thus be used as a computer logon card for improved security and convenience.

Prior to use, the card holder has his or her fingerprint registered on the IC card. The card works by placing a finger onto the sensor of the card while the IC card is read to verify the identity of the registered card holder. In this way, authentication becomes possible with just one card through the process of two-factor authentication, namely the combined function of a registered card holder with the additional biometric authentication, greatly improving security measures when the card is used. Furthermore, as well as using the existing IC card reader as is, it is also possible to safely use the important information stored on the secure chip in the IC card in conjunction with ID verification.

With rising use of the Internet in recent years, security measures have become increasingly more important. Looking to the future, Toshiba will contribute to greater IC card use through its development of products such as contactless IC cards and credit cards that support fingerprint authentication.

Building Solutions

Main businesses	As of March 31, 2020
Elevators, Light fixtures, Industrial light parts, Commercial air-conditioner, Compressors	

Business Overview

The Building Solutions segment reported higher sales of 570.1 billion yen, 13.1 billion yen increase from the previous year. While sales in Lighting were lower, both Elevators and Air Conditioning reported improvements.

The segment as a whole saw higher operating income of 29.1 billion yen, 12.2 billion yen increase from the previous year, the result of rises in Elevators in Japan and overseas, and an improved performance in Lighting.

Topics

(1) Construction Completed of the New Technology Building "e-Third"

In January 2020, Toshiba Carrier completed the construction of the new technology building, e-Third (short for "evolution + Technology Hub in R&D"), built within the premises of Fuji Factory & Engineering Center. Work has been carried out to the interior of the building and operations have started from May 2020.
Comparative experiments will be carried out in the e-Third using different air-conditioning systems in office areas divided into blocks, with work areas used for demonstrating and testing. The office has been designed in such a way as to encourage communication between departments and individuals and as a place where focused work can be carried out.
Furthermore, the multifunctional image sensor, SMART EYE SENSOR MULTI™, manufactured by Toshiba Infrastructure Systems & Solutions, has been combined with central monitoring systems to visualize office area use. By doing so, it becomes possible to see how the office is used by employees as well as saving energy, thereby promoting a continual evolution of the office space.
Toshiba Carrier positions the e-Third as the center of technological development for expansion around the world, strengthening its research and development capabilities for domestic and overseas products and solutions.

(2) Toshiba Wins the International iF Design Award 2020

In the iF Design Award 2020, Toshiba Elevator and Building Systems won the Gold Award with its destination control system, FLOORNAVI™, while Toshiba Lighting & Technology took the Product Design Award with its LED base light with a built-in video camera, ViewLED™.
The iF Design Award is an international design award sponsored by the world's longest-standing independent design group, iF International Forum Design GmbH (based in Hannover, Germany). It is held every year recognizing excellence in design.
The FLOORNAVI™ destination control system allows users to specify from the control panel located in the elevator hall which floor they wish to go to before entering the elevator. The system then indicates to users wanting to go to the same floor which elevator to take. Reducing the number of floors each elevator stops at helps to provide a smoother elevator experience.
The ViewLED™ is an LED base light with a built-in video camera. The camera works through conventional lighting wires. The ViewLED™ allows simple, low cost video recording while addressing the needs of society in terms of safety and security.

Retail & Printing Solutions

Main businesses	As of March 31, 2020
POS systems, Multi-function peripherals	

Business Overview

The Retail & Printing Solutions segment recorded higher sales of 490.4 billion yen, 5.0 billion yen increase from the previous year. Both the overseas Retail business and Printing Solutions saw lower sales, but the Retail business in Japan recorded higher sales.

The segment as a whole reported lower operating income of 14.5 billion yen, 5.7 billion yen decrease from the previous year. Although the retail business in Japan saw higher operating income, the overseas Retail business and Printing Solutions business recorded lower operating income.

Topics

Sales of Toshiba's Smartphone-based Pay-at-Table System

Toshiba Tec began sales of its Pay-at-Table System from December 2, 2019. Aimed at restaurants and bars, the system allows customers to pay their bill at the table using their smartphone by scanning the code from the Toshiba Tec self-order device, Relax Order™ (a device which allows restaurant customers to place their order from their table).
By using the smartphone camera to read the code displayed on the Relax Order™, customers can settle up using an on-line payment service. And because the system is directly linked to the store's Point of Sale (POS) system, the amount customers need to pay is automatically displayed, meaning payment can be completed without the need for store staff to check the amount at the table. The store receives a 'Payment Received' notification once customers have paid their bill. The system thus allows stores to reduce time staff are at the cash register, enabling them to focus more efforts on other work such as serving customers. It's expected that this system will save labor and improve in-store service.
Since the payment system uses an on-line payment service, customers can settle up without the need to install a dedicated app on their phone. The system supports 6 types of payment methods, including credit card and payment by QR code so customers can pay with their preferred option. Stores can also reduce their costs by not having to invest in many different code payment systems.

Electronic Devices & Storage Solutions

Main businesses	As of March 31, 2020
Power devices, Analog ICs, Small-signal devices, HDDs, Optoelectronic devices, Semiconductor manufacturing equipment, In-vehicle digital & logic, Parts materials, Microcomputers	

Business Overview

The Electronic Devices & Storage Solutions segment saw lower sales of 745.6 billion yen, 187.4 billion yen decrease from the previous year. In Semiconductors, this was due to the slowdown in the global market and the impact of COVID-19. HDDs & Others also saw lower sales on lower demand for mobile HDDs, the impact of COVID-19, and changes in the memory products resale channel.

The segment as a whole reported higher operating income of 13.4 billion yen, 0.9 billion yen increase from the previous year. Although HDDs & Others recorded flat sales, Semiconductor saw higher operating income, as benefits from restructuring overcame lower sales. The previous year recorded goodwill impairment of 9.8 billion yen for NuFlare Technology, Inc.

Topics

(1) Expansion of HDD Business for Data Centers

Toshiba Electronic Devices & Storage ("Toshiba TDSC") is expanding its HDD business into the realm of data centers. Toshiba Group was the first in the industry to release 14TB nearline HDD using conventional magnetic recording (CMR) technology for data centers. Several major data center clients have adopted the HDD, expanding the size of Toshiba's business in this field. In addition, many clients are also endorsing Toshiba TDSC's 16TB HDDs. This fiscal year the 16TB HDD MG08 series has been used by Microchip Technology Inc. of the United States, passing compatibility tests with their Adaptec® Host Bus Adapters (HBA) and their Redundant Array of Independent Disk (RAID) adapters. Companies that use these adapters, which are widely used in the marketplace, will be able to utilize the Toshiba TDSC manufactured 16TB HDD in their storage system servers. As a result, it is expected that demand for Toshiba TDSC's HDDs for data centers will further increase in the future.
Toshiba TDSC will continue to actively develop product lines such as its high-capacity HDDs for data centers that meet the needs of its customers, helping to strengthen the foundations for an information-oriented society.

(2) Opening of Second Production Site for Silicon Nitride Substrates

Toshiba Materials has made the decision to open a second production facility for silicon nitride substrates in the city of Oita, Oita Prefecture, southern Japan. The company plans to make a major investment in a second production facility through a 10-billion-yen program that will run until March 2023. Production at the new plant is expected to start in July 2021.
Silicon nitride substrates offer the advantages of excellent thermal conductivity and durability. Driven by the concern to cut power consumption in automobiles and industrial equipment, they are positioned to meet the growing demands for heat dissipation and insulation components required in the power semiconductors that control and supply power. From a business continuity planning perspective also, which recognizes the increased impact of natural disasters in recent years, it is becoming ever more important for production to take place on multiple sites.
In light of these circumstances, Toshiba Materials has made the decision to open a second production facility for silicon nitride substrates in Japan Semiconductor Corporation's Oita

Operations site. The plant will have a production capacity of about 40,000 m^2 / year, which the company will gradually increase in line with growing demand. Production will also continue at Toshiba Materials' main plant in Yokohama, Kanagawa Prefecture.
Toshiba Materials will continue to contribute to the realization of highly efficient energy-saving automobiles and industrial equipment through the stable supply of high-quality products.

Digital Solutions

Main businesses	As of March 31, 2020
IT solutions services	

Business Overview

The Digital Solutions segment saw lower sales of 252.4 billion yen, 0.7 billion yen decrease from the previous year. While an increase in system projects for government had a positive effect, transactions at Toshiba IT-Services Corporation impacted the result.

The segment as a whole saw higher operating income of 16.8 billion yen, 8.7 billion yen increase from the previous year. Higher operating income from higher sales of system projects for government overcame the impact of transactions at Toshiba IT-Services Corporation. Restructuring also resulted in a decrease to fixed costs, which had a positive impact.

Topics

(1) Establishment of the ifLink Open Community

Toshiba together with Toshiba Digital Solutions has established the ifLink Open Community consortium, starting promotion activities in fiscal 2020.

Developed by Toshiba Digital Solutions, ifLink is an IoT platform dedicated to the Internet of Things (IoT), paving the way to simply connect things together through the Internet. For example, using the IF-THEN commands in the sense of "When the door opens (IF), the light shines (THEN)", it becomes possible to freely connect and operate devices, such as sensors and lights that can communicate with smartphones. Since it requires no expertise in IT or programming on the part of the user, it is expected to bring new business opportunities to companies in a wide range of businesses.

The ifLink Open Community will operate two distinct communities: the Co-creation Community will provide a forum where users and consortium members can discuss ifLink applications and exchange ideas, and the ifLink Development Community will allow consortium members to work together to link different IoT devices, web services and applications, to expand the number of modules that can be connected to ifLink, and to quickly develop product prototypes. This community will aim to create IoT services that embody user ideas and needs, hoping to achieve swift commercialization through a demonstration test environment and member network.

As core members of the ifLink Open Community, Toshiba and Toshiba Digital Solutions will, together with supporting members, seek to further expand its membership to form an even larger community.

(2) Simulated Bifurcation Machine - Software Enabling Large-Scale Combinatorial Optimization at High Speed - Available on AWS Marketplace

Toshiba Digital Solutions has made its Simulated Bifurcation Machine (SBM) available to potential customers worldwide by releasing it on the Amazon Web Services Marketplace. The SBM is software that uses the simulated bifurcation algorithm, another example of technology created by Toshiba.

In many fields there is the problem of finding the best combination among an exponential number of candidates. This is known as the combinatorial optimization problem. For example, in logistics there is the problem of instantly finding the shortest route, in finance, instantly making the most profitable deal from the countless choices in the financial markets, and in drug discovery, discovering new molecular designs from innumerable combinations.

Since these types of combinatorial optimization problems require an enormous number of calculations, it has in the past been difficult to solve them in a realistic timeframe. The challenge is in dealing with manageable large-scale problems and shortening the time it takes to find a solution. The SBM obtains good approximate solutions to large-scale complex problems at high speed with high accuracy using existing computers.

Toshiba and Toshiba Digital Solutions will continue to use the SBM to carry out more demonstration experiments together with its partners to find solutions to problems in various fields, identifying areas for its use and looking to gain quick market penetration.

Others

Main businesses	As of March 31, 2020
Battery systems	

Business Overview

The Others segment saw lower sales of 321.5 billion yen, 90.9 billion yen decrease from the previous year, and improved operating loss of 29.8 billion yen, 4.0 billion yen improved from the previous year, resulting from the deconsolidation of the PC business.

Topics

Toshiba Received the Prime Minister's Award at the National Invention Awards in Recognition of its Invention of the SCiB™ Rechargeable Battery

The Company was recognized with the Prime Minister's Award at the 2019 National Invention Awards sponsored by the Japan Institute of Invention and Innovation in recognition of its invention of the SCiB™ Rechargeable Battery, which achieves excellent characteristics, including high input/output and long life, by using a lithium titanium oxide (LTO) anode.

SCiB™ uses a LTO anode in place of the graphite negative electrode commonly used on lithium ion batteries today to achieve long life and high input/output power, while ensuring safety, which is why the Company received the award. SCiB™ enables rapid recharging in a six-minute period, which is 80% shorter compared to a conventional lithium ion battery using a graphite negative electrode. In addition, when repeating rapid recharging over a six-minute period, it has been confirmed that the battery degradation of SCiB™ is extremely small compared to a lithium ion battery with a graphite anode.

In addition, for the invention of SCiB™, the Company received a Merit Award at the 52nd Ichimura Industrial Awards sponsored by the Ichimura Foundation for New Technology and the Science and Technology Award at the 2020 Minister of Education, Culture, Sports and Technology Awards in the Field of Science and Technology sponsored by the Ministry of Education, Culture, Sports, Science and Technology.

The Company considers SCiB™ to be a new growth business. By further promoting the spread of SCiB™ in the future, the Company will contribute to a safe and secure society and provide solutions to issues associated with the environment, energy, and resources.

III. New business

1. New Test Can Detect 13 Cancer Types with 99% Accuracy from a Single Drop of Blood

   The Company has developed a simple, highly accurate cancer detection technology that utilizes microRNA (short nucleic acid molecules consisting of about 20 bases that are known to be stable in blood) in blood.

   Cancer has been the leading cause of death in Japan since 1981. However, advances in treatment have won dramatic improvements in survival rates, as long as the cancer is detected at early stage. Even if contracting cancer, improving the survival rates through early detection is crucial for society.

   MicroRNA, small non coding RNA molecules, has attracted attention as a reliable marker for cancer.

   Humans have roughly 2,500 types microRNA in their blood, and their activity have been a focus in recent years as a method for easy and highly accurate detection of cancer to help resolve this issue. The Company developed its microRNA-based cancer detection technology through participation in the Japan Agency for Medical Research and Development's Project Focused on Developing Key Technology for Discovering and Manufacturing Drugs for Next-Generation Treatment and Diagnosis, a development program focused on developing the foundations of microRNA measurement technology in bodily fluids.

   In a three-way collaboration, advanced medical knowledge on microRNA from Tokyo Medical University and the National Cancer Center Japan were brought together for testing with the Company's microRNA detection technology. The results distinguished between samples from healthy individuals and those indicating the presence of any of 13 cancers with 99% accuracy. The results include some samples of stage 0, the very earliest stage of cancer growth, before its spread. The results of this research are immensely promising, and pave the way to development of a simple, highly accurate screening tool for the 13 cancers. The time required for testing can be reduced to less than two hours by combining a microRNA chip with a compact, dedicated testing device, enabling same-day results. The Group has declared its commitment to precision medicine characterized by very early detection of conditions and provision of individualized treatment in the Toshiba Next Plan.

2. World-first Demonstration of Real-time Transmission of Whole-genome Sequence Data using Quantum Cryptography

   The Company and the Tohoku University Tohoku Medical Megabank Organization (ToMMo) have succeeded in the world's first quantum cryptography transmission of genome (genetic information) analysis data with data volumes exceeding several hundred gigabytes.

   Genome analysis data is information tied closely to individual characteristics of human, and thus is legally treated as personal information identifying specific individuals in what is extremely sensitive information. Furthermore, next-generation sequencers that retrieve genome sequences at very high speeds can output more than several hundred gigabytes of genome analysis data at a time.

Storing and transporting such large amounts of confidential data requires very high-level security, and to date methods such as physically transporting hard disks in locked security boxes have been used when transporting, which is problematic in terms of cost and time.

The Company and ToMMo have succeeded in the development and demonstration of efficient transmission technology for large-scale data using high-speed quantum cryptographic communication technologies developed by Toshiba and Toshiba Europe's Cambridge Research Laboratory. This is a technology that sequentially encrypts and transmits genome analysis data output from next-generation sequencers using quantum cryptography when transmitting large-scale, highly confidential genome analysis data, instead of transmitting the large volume of data all at once. By sequentially transmitting data as it comes out of sequencers, it is possible to reduce delay in transmission processing for the large amounts of whole-genome-analysis data.

The Company will continue its efforts toward practical quantum cryptography for various settings, including medicine, finance, and telecommunications infrastructures.

3. Establishment of Toshiba Data Corporation
The Company established Toshiba Data Corporation as a new company in the business of transforming data into valuable form and returning it to the physical world.

Based on the Group's high security technology and know-how, Toshiba Data Corporation aims to build a data-circulating ecosystem that creates a prosperous future. To achieve this, Toshiba Data Corporation will apply advanced digital technology to the analysis of enormous volumes of data collected in the physical world, in such areas as personal purchasing trends, human resources, and health and behavior with, and converts the results into usable information and knowledge that can be returned to the physical world.

As its business, Toshiba Data Corporation is implementing a business model based on Toshiba Tec Corporation's application "Smart Receipt". Through Smart Receipt, consumer's receipt information from real-world stores are collected and transformed to valuable form and returned to consumers as added values such as coupons matching their lifestyles and needs, while also generating benefits for the stores from increased customers and sales. This service will make consumers' lives more convenient and affordable, and retailers and partner companies will benefit from direct marketing to customers through advanced marketing and advertising, product development, and supply chain efficiency. It is also expected to support revitalization opportunities for local communities.

Toshiba Data Corporation aims to create a better tomorrow for consumers and society by cultivating a safe and secure data-recycling ecosystem with a variety of partners.

Toshiba Group’s SDGs Initiatives

(1) Toshiba Group and the SDGs
The cornerstone text of the Basic Commitment of Toshiba Group is “Committed to People, Committed to the Future.” This underlines Toshiba Group’s timeless commitment to contributing to the development of society through our business activities and is consistent with the United Nations Sustainable Development Goals (SDGs) that aim to realize a sustainable society. We will combine the creative power and technological expertise we have built up over the years to tackle social issues that are becoming increasingly complex and serious with the aim of launching a new future.

(2) Contributions to achievement of the SDGs through corporate activities
The Toshiba Group identified the goals of the SDGs it can contribute to through corporate activities and published them in the Toshiba Next Plan for 2018 and the Toshiba Next Plan Progress Report for 2019. The Toshiba Group states it will step up initiatives for business activities and measures that have a positive impact on the goals and continue to work toward minimizing impacts using its technological capabilities with regard to business activities and measures that have a negative impact on the goals.

(3) Contributions to the SDGs through environmental management
Many of the SDGs that Toshiba Group focuses on are closely related to environmental management.

From the viewpoint of environmental management, The Toshiba Group group our contribution to SDGs through Toshiba Group’s solutions into three categories: “De-carbonized Society,” “Sustainable City,” and “Circular Economy.” For each category, we present related social issues, goals of SDGs, and our product and service fields that can lead to the solution of such issues.
Another category of our contribution to SDGs is “Manufacturing and Basic Activities,” which is an initiative to minimize our environmental impacts and foster a foundation to work on SDGs.

(Notes)

1. The Company states the matters concerning the business results of the Group based on the consolidated financial statements pursuant to the provisions of Article 120, Paragraph 2 of the Ordinance for Enforcement of the Companies Act.
2. Toshiba's consolidated financial statements are based on U.S. generally accepted accounting principles ("GAAP") pursuant to the provisions of Article 120-3 of the Ordinance on Accounting of Companies. Operating income (loss) is derived by deducting the cost of sales and selling, general and administrative expenses, and impairment loss on goodwill from net sales. This result is regularly reviewed to support decision-making in allocations of resources and to assess performance. Legal settlement costs etc. are not included in it.
3. The Group indicated a "net income (loss) attributable to shareholders of the Company" under the U.S. GAAP as the net income (loss).
4. The Healthcare Systems & Services segment, the Home Appliances business, the Nuclear Power Generation business in Westinghouse Group, and the Memory business are classified as discontinued operations in accordance with ASC 205-20 "Presentation of Financial Statements - Discontinued Operations". The results of these businesses have been excluded from net sales, operating income (loss), and income (loss) from continuing operations, before income taxes and noncontrolling interests. Net income of the Group is calculated by reflecting results of these businesses to income (loss) from continuing operations, before income taxes and noncontrolling interests. In addition, these businesses are also classified as discontinued operations for the Group’s consolidated balance sheets and are indicated separately. Results of the past fiscal year have been revised to reflect these changes.
5. The Group 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 of the fiscal year ended March 31, 2019. Results of the prior years have been revised to reflect these changes.
6. Descriptions such as "World's first", "Japan's first" and" World's highest" are based on data surveyed by the Group as of the time of announcement and release, unless otherwise noted.

(2) Management Policies of the Toshiba Group Moving Forward (Issues to be Addressed)

◎ Toshiba Next Plan

In November 2018, the Company formulated the Toshiba Next Plan, the overall business plan that aims to transform Toshiba for the upcoming five years. The details of the plan are as follows(If there is change of parts of the Toshiba Next Plan as of today, the details below is updated):

1. Overview and Vision

The Group aims to become Infrastructure Service Company with cyber-physical systems ("CPS") (Note 1) technology by combining the knowledge and capabilities accumulated over years of experience in a wide range of businesses, ranging from infrastructure to electronic devices, with its strengths in information processing, digital and AI technologies. To reach this goal, the Group has developed the Toshiba Next Plan to establish the direction and measures that will transform its business to realize future growth, including five-year numerical targets.

The Group intends to continue contributing to the development of society by providing services and solutions that can help to solve issues facing the world today.

(Note 1) CPS means the system to collect data from the physical world to be analyzed and processed using digital technology. CPS create value through a constant feedback loop between the cyber and physical worlds.

2. Outline of the Toshiba Next Plan

(1) Targets and Four Reforms

The basic objective of the Toshiba Next Plan is to enhance shareholder value by maximizing enterprise value and generating value for its customers, business partners and employees. For this purpose, the Group will implement measures to improve core earning power, and will also secure investments for growth. At the end of fiscal year 2021, the Group aims to generate sales of 3.7 trillion yen and ROS of over 6%. By the end of fiscal year 2023, we are targeting to raise sales to 4 trillion yen and ROS to the 10%. By the end of the plan's five-year timeframe, we are working to maximize corporate value and expand TSR (Note 2) through profitable growth.

The Group will deploy four reforms to improve core earning power. Through structural reform, the Group is working to exit non-focused businesses, optimize its work force, reorganize its production bases and reduce the number of subsidiaries. In August 2019, the Group completed the sale of its liquefied natural gas (LNG) business. To reform procurement, the Group will apply various measures to lower its cost rate. Reforms of sales activities will improve overall efficiency while strengthening the sales force. Measures are also now in place to strengthen evaluations in accepting project order. In process reform, investments will be made to renew IT infrastructure and to change numerous processes throughout the Group toward improving operational efficiencies.

Additionally, the Group has planned capital expenditure of approximately 810 billion yen and R&D investments of approximately 900 billion yen to grow new businesses, improve profit margins and generate future cash flows.

(Note 2) TSR stands for Total Shareholders Return, and refers to the overall yield and return on an investment, including capital gain and dividends, received by shareholders.

(2) Business Portfolio and Action Plans
The Company will thoroughly manage its existing business portfolio by checking the competitiveness of each business and their markets. In businesses where expansion is anticipated, the Company will cultivate organic growth with appropriate investments. Action plans, restructuring its business portfolio, are in place to improve margins in currently low performing businesses. Progress will be monitored regularly and firmly.

(3) Policy on Shareholder Returns
In November 2018, the Company's Board of Directors resolved matters concerning the repurchase of the Company shares of up to 700 billion yen and completed the entire amount of said repurchases by November 2019. The Company intends to maintain average consolidated dividend payout ratio of at least 30%(*), Shareholder's equity in excess of the appropriate level of shareholders' equity will be used to provide shareholder returns, including share repurchases. Appropriate level of shareholders' equity will be periodically reviewed by the Board of Directors.
While the Company will focus in the short term on ensuring its financial stability during the unpredictable COVID-19 situation, it is the Company`s intention in principle, to return the majority of the net proceeds from any KIOXIA Holding Corporation divestiture to shareholders. Furthermore, if the external environment stabilizes, enabling capital markets and the global pandemic to be more predictable in the Fall, the Company expects to be in a position to undertake more proactive portfolio streamlining and divestures, including the assessment of highly accretive M&A opportunities to continuously improve capital allocation in order to further enhance shareholder returns and the long term value of the Company.
(Note 3) For the time being, equity in earnings or losses of KIOXIA Holdings Corporation is excluded from the Company's policy on shareholder returns.

(4) Development of New Growth Fields
The Company sees opportunities in changes in the environment brought about by destructive innovation amid such mega-trends as growing urban infrastructure needs, expanding mobility of people and goods, automation through advanced technological development, expanding advanced medical technologies, and the shift to renewable energy. We aim to grow new businesses by bringing together the Group's unique technologies and resources and investing the management resources for growth. .MicroRNA is a disruptive technique that can detect 13 types of cancer from stage zero with 1 drop of blood with 99% accuracy. We plan to begin a pilot trial for early cancer detection in the near future, targeting 1,000 people. The biodegradable liposome is a technology relating to gene therapy for cancer. We co-developed a "cancer-oriented liposome technology" with Shinshu University which enables accurate and high-efficiency transport of therapeutic cells to target cancer cells.

In Quantum Key Distribution filed, the group pursues commercialization with the aim of becoming the de fact global standard with “cryptographic key supply service” based on our word-leading technology. We are participating in tests and demonstrations in the UK, US, and other countries to validate its utility, and in Japan, we are about to start a proof-of-concept study in multiple locations.

(5) The Company’s Digital Transformation

As the digital revolution is increasingly felt throughout society, the Group will transform itself by promoting cultural change throughout the organization in order to adopt to digitization. The Company will build a standardized IoT architecture that defines the basic design and design philosophy of hardware, operating systems (OS), networks, and applications software. We will develop IoT services for electric power generation, railways, buildings, logistics and manufacturing companies by bringing together Toshiba’s demonstrated knowledge across diverse business fields.

(6) Establishing the Structure for Execution

To revitalize the venture spirit that is an integral part of Toshiba’s DNA, the Company will introduce an initiative to incubate entrepreneurship. Furthermore, to accelerate its digital transformation, the Company will take measures to develop internal talent while proactively seeking to hire new talent from outside.

The organizational structure will be changed to strengthen business operations and secure faster decision making through simplification that consolidates business units and removes layers within the corporate hierarchy. Internal control functions will be reinforced by widening the expanding the scope of internal auditing. In order to ensure executive compensation is in line with shareholder’s interests and that effective incentives are in place to maximize long term enterprise value. The Company has decided to change its executive officer compensation system. The majority of performance linked compensation will be paid in restricted stock.

◎ Implementation of the Toshiba Next Plan

I. Monitoring Business

The status of businesses targeted for monitoring in the Toshiba Next Plan is as follows.

1. System LSI business

   Although we reduced development expenses by streamlining our product areas, we were affected by declines in sales volume stemming from the deterioration of the Chinese market. In the future, we will further narrow our focus to analog and microcomputer fields applying our strengths in automotive digital and motor control technologies. We decided to exit the Logic LSI (advanced ASIC) business with the exception of automotive digital technologies and support for existing customers. Considering the intensified US-China trade friction and the post-COVID-19 market environment for our focus areas such as automotive, we believe these factors will have more than a temporary impact, requiring further in-depth consideration.

2. Thermal power business

   Due to internationally accelerated efforts to prevent emissions of greenhouse gases, investment in coal-fired power has been restrained and investment has shifted to renewable energy, and as a result, the number of new thermal power projects has declined significantly. In response to the current environment, we have been strengthening our services and solutions business, reforming the layout of manufacturing facilities, and optimizing the allocation of personnel.

3. Industrial motors

   Changes in material prices and foreign exchange rates caused by global economic developments and the trade policies of different countries have affected manufacturing costs and profitability. In response, we have shifted to higher efficiency models and reorganized our production system, including relocating production of low voltage motors from North America to Vietnam. Due to these measurements, standards of monitoring list were met in both FY 2019 and FY 2020, industrial motors has been removed from the monitoring list. These initiatives have enabled this business to achieve monitoring thresholds in terms of both actual results in fiscal 2019 and targets in fiscal 2020. As a result, we have removed this business from the monitoring watch-list.

4. Mobile HDD

   We recognize that the market size of the Mobile HDDs will contract. In response, we are working to stabilize earnings by accelerating automated manufacturing and by ensuring consolidating mobile HDD manufacturing functions in the Philippines. In addition, we are accelerating a shift toward nearline HDDs for data centers and are working to develop nearline HDDs and secure product certification from customers.

5. Printing

   Mainly due to the intensified US-China trade friction and the post-COVID-19 market environment, it is necessary to improve the profitability. We closely monitor Toshiba TEC’s structural reforms and discuss necessary measures from the perspective of Toshiba Group’s business portfolio strategy.

II. Growth Phase 2

The Company is implementing measures for stronger basic profitability through four reforms, and the effects of these measures are beginning to materialize. While taking steps to further strengthen profitability in the future, the Company will now shift to a growth trajectory as Phase 2 of the Toshiba Next Plan, and work toward realizing the Toshiba Group’s vision as a CPS technology company five to 10 years in the future.

As a precursor to these efforts, the Company established Toshiba Data Corporation in February 2020 as a new company that will engage in the business of transforming data into a valuable commodity for implementation in society.

◎ The agreement related to LNG in the US

The Company has considered various measures for its liquefied natural gas (LNG) business in the United States, taking into account the risk of future losses and other uncertain market conditions.

On August 30, 2019, the Company fully exited the LNG business after transferring all of the outstanding shares of Toshiba America LNG Corporation, the Company's subsidiary in the United States, to Total Gas & Power Asia Private Limited, a subsidiary of energy major Total S.A. located in Singapore, while completing the transfer or cancellation of all the Group's contracts related to the LNG business, including trading agreements concluded between the Group and customers and each contract relevant to the LNG business concluded among Group companies.

◎ Toshiba Memory Corporation

In June 2018, the Company transferred all shares of the former Toshiba Memory Corporation to K.K. Pangea and re-invested 350.5 billion yen in K.K. Pangea. Thereafter, in August 2018, K.K. Pangea carried out an absorption-style merger with the former Toshiba Memory Corporation with K.K. Pangea as the surviving company and the former Toshiba Memory Corporation as the absorbed company, and K.K. Pangea changed its name to Toshiba Memory Corporation (currently Kioxia Corporation). It also implemented a sole-share transfer making Kioxia Corporation the wholly owned subsidiary in the share transfer and establishing Toshiba Memory Holdings Corporation (currently Kioxia Holdings Corporation) as the parent company in March 2019. The Company acquired the shares of Kioxia Holdings Corporation and made Kioxia Holdings Corporation equity-method company of the Group.

With respect to the shares the Company owns in Kioxia Holdings Corporation, the Company will cooperate to realize the new listing of the shares in accordance with the shareholder agreement concluded.

◎ Compensation for Officers

A relative TSR of three years was newly added to the executive officer compensation plan introduced under the Toshiba Next Plan in order to create an incentive system directly linked to better increasing shareholder value over the medium to long term.

Additionally, the Company introduced restricted stock compensation for outside Directors and expanded the eligibility of share-based performance-linked incentives to non-executive persons in charge and persons in charge on staff.

◎ Shareholders Returns

In November 2018, while securing the necessary resources to implement the Toshiba Next Plan, including investment in growth fields, etc., for the portion of the significant amount of capital gains recorded with the completion of the transfer of the shares in former Toshiba Memory Corporation with no immediate plans for use, to secure ample room for growth investment in the future, and in consideration of maintaining a sound shareholders' equity ratio based on the nature of the business, the Company decided that returning an amount of those capital gains that would not impact the risk tolerance

to our shareholders and would lead to enhanced ROE (return on equity). After considering the cost of capital, we determined that a shareholder return would be appropriate from the standpoint of further enhancing shareholder value, resolving a share repurchase of up to 700.0 billion yen, from November 9, 2018 through November 8, 2019. As a result, the share repurchase was completed by November 7, 2019. In addition, to distribute surplus, the Company resolved to pay an interim dividend of 10 yen per share to shareholders on the date of record as of September 30, 2019, and to pay a year-end dividend of 10 yen per share. As a result, the total full year dividend will be 20 yen per share.
After or in FY 2020, the Company intends to maintain an average consolidated dividend payout ratio of at least 30% (*Note4), and shareholders' equity in excess of the appropriate level of shareholders' equity will be used to provide shareholder returns, including share repurchases. The appropriate level of capital shall be reviewed by the Board of Directors on a regular basis. While the Company will focus in the short term on ensuring its financial stability during the unpredictable COVID-19 situation, it is the Company`s intention in principle, to return the majority of the net proceeds from any KIOXIA Holding Corporation divestiture to shareholders. Furthermore, if the external environment stabilizes, enabling capital markets and the global pandemic to be more predictable in the Fall, the Company expects to be in a position to undertake more proactive portfolio streamlining and divestures, including the assessment of highly accretive M&A opportunities to continuously improve capital allocation in order to further enhance shareholder returns and the long term value of the Company.

(*Note4) For the time being, equity method profit and loss for KIOXIA Holdings Corporation is excluded from Toshiba's policy on shareholder returns.

◎ Publicly traded subsidiaries

The Company has deeply discussed the matters regarding its publicly traded subsidiaries at meetings of the Board of Directors as an important governance issue pursuant to the introduction of the practical guidelines on group governance systems published by the Ministry of Economy, Trade and Industry. In November 2019, the Company decided to fully acquire the three subsidiaries of Toshiba Plant Systems & Services Corporation, NuFlare Technology, Inc., and Nishishiba Electric Co., Ltd. in order to enhance corporate value.

The Group acquired the shares using public tender offer and completed the prescribed procedures. As a result, Toshiba Plant Systems & Services Corporation was delisted in January 2020 followed by NuFlare Technology Inc. in March 2020, and Nishishiba Electric Co., Ltd. in February 2020.

◎ COVID-19

In February 2020, the Company established the COVID-19 Response Task Force to prevent the spread of the novel coronavirus pandemic. This task force is addressing the pandemic with employee safety and putting an end to the situation as top priorities. Following the state of emergency declared by the Japanese government on April 7, 2020, the Company has worked to reduce person-to-person contact as much as possible by requiring all employees to work from home and by shortening the number of business days in April by transferring days off. At the same time, the Group operates many businesses and services essential to maintaining social activities, including our social infrastructure business that forms a foundation of people's lives. In order to fulfill our supply responsibilities and social responsibilities for such, the Company has continued its activities to provide delivery, maintenance and services to customers and business partners and conduct businesses essential to maintaining operations and social activities within the scope necessary and after implementing further measures to mitigate the risk of spreading the virus.

◎ Improvement of Internal Controls Process

The Company confirmed that there are 24 fictitious circular transactions between 2015 and 2019 in Toshiba IT Service. The company deeply regret this occurrence, especially as we have positioned internal control as one of our highest management priorities since accounting problem. The Company immediately reported this incident to Audit committee and management, including Executive Officer, have given top priority to this matter since the company confirmed. In this investigation, the Company conducted large-scale forensic research, interviews with related parties, and thoroughly examined the evidence under the instruction of external experts such as attorneys and accountants.

While the company also confirmed individual fraudulent by employee in Toshiba International Corporation in U.S., the Company intended to implement measures rooted in the root cause of fraudulent incidents, such as "Corporate culture innovation" "IT system modernization", and "establishment of the Compliance Advisory Committee" in order to earnestly deal with internal control enhancement since the accounting fraud scandal in 2015 and 3 lines defense against fraud risk.

Frist and foremost, the company believe that it is important for top management to talk about the importance of compliance and to disseminate it throughout the working level. As the Company has implemented so far, the Company will continue to do so in the future. And the Company implemented a personnel system that places importance on behavioral evaluations.

The second line of defense involves checks and balances by the administrative divisions. Functions such as financial accounting and procurement which serve to monitor operations have been repositioned to report to the Corporate Division to separate them from business operations, and this has already been implemented. We will also improve our data collection functions, prevent human errors and achieve visualization by introducing a new risk management system and introducing the next-generation mission-critical system. In addition, we will continue to work to strengthen group governance by reducing the number of subsidiaries as set forth in the Toshiba Next Plan, which is important from the aspect of strengthening internal control.

The third line is the strengthening of auditing functions. In addition to strengthening the check-and-balance function by establishing a Compliance Advisory Meeting with external experts in cooperation with Compliance Committee, which had been conventionally held on the executive side, the Company will strengthen our ability to detect fraud risks by increasing headcount and by strengthening coordination with corporate auditors.Company keenly aware once again that the events like the recent scandal can destroy everything we have built up as a Toshiba group moment and determined to take the lead in thoroughly implementing measures to prevent its recurrence and to further strengthening our corporate governance.

2. Group Business Results and Asset Conditions for the Four-Year Period

(1) The Group (Consolidated)

Item	178th Period	179th Period	180th Period	181st Period (current period)
	FY2016	FY2017	FY2018	FY2019
Net Sales (Billions of yen)	4,043.7	3,947.6	3,693.5	33,899
Net income (loss) (Billions of yen)	△965.7	804.0	1,013.3	△1,146
Net income (loss) per share (Yen)	△2,280.76	1,628.88	1,641.85	△236.39
Total Assets (Billions of yen)	4,269.5	4,458.2	4,297.3	33,834

(Notes)

1. Net income (loss) attributable to shareholders of the Company in accordance with U.S. Generally Accepted Accounting Standards (“U.S. GAAP”), is presented as Net income (loss) in this section.
2. The Company implemented a share consolidation with a ratio of 10 common shares to 1 share as of October 1, 2018. The results of the prior fiscal years have been revised to reflect these changes.

(2) The Company (Non-consolidated)

Item	178th Period	179th Period	180th Period	181st Period (current period)
	FY2016	FY2017	FY2018	FY2019
Net Sales (Billions of yen)	2,615.4	526.1	45.8	750
Net income (loss) (Billions of yen)	△1,092.0	177.6	1,278.9	67
Net income (loss) per share (Yen)	△2,579.17	359.77	2,072.30	13.87
Total Assets (Billions of Yen)	2,803.6	1,733.7	2,068.6	14,612

(Notes)

1. The Company’s net sales for FY2017 declined significantly because the Company split off the main businesses operated by the Company.
2. The Company implemented a share consolidation with a ratio of 10 common shares to 1 share as of October 1, 2018. The results of the prior fiscal years have been revised to reflect these changes.

3. The Company’s Policy on Decisions of Dividends, etc.

The Company intends to maintain an average consolidated dividend payout ratio of at least 30% (*Note), and shareholders’ equity in excess of the appropriate level of shareholders’ equity will be used to provide shareholder returns, including share repurchases. The appropriate level of capital shall be reviewed by the Board of Directors on a regular basis. While the Company will focus in the short term on ensuring its financial stability during the unpredictable COVID-19 situation, it is the Company’s intention in principle, to return the majority of the net proceeds from any KIOXIA Holdings Corporation divestiture to shareholders. Furthermore, if the external environment stabilizes, enabling capital markets and the global pandemic to be more predictable in the Fall, the Company expects to be in a position to undertake more proactive portfolio streamlining and divestures, including the assessment of highly accretive M&A opportunities to continuously improve capital allocation in order to further enhance shareholder returns and the long term value of the Company.

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

The Company payed a dividend (interim), to shareholders registered as of September 30, 2019, of 10 yen per share to shareholders in December 2019 and a dividend (year-end) to shareholders registered as of March 31, 2020, of 10 yen per share to shareholders in June 2020. As result of such dividend, total amount of dividend per share is 20 yen. In addition, on November 8, 2018, the Company resolved to repurchase up to 700.0 billion yen of stock, up to 260,000,000 shares, from November 9, 2018 through November 8, 2019. Pursuant to this resolution, the Company acquired 87,742,300 shares during the fiscal year under review at a cost of 300,221,805,441 yen. For the entire acquisition period, the Company acquired 198,105,900 shares at a cost of 699,999,651,362 yen.

4. Outline of Main Group Companies

As of March 31, 2020

Segment	Name of Company	Paid in Capital	Voting Rights Ratio (Percentage)	Main Business	Location
Energy Systems & Solutions	Toshiba Energy Systems & Solutions Corporation	56,500 (Millions of yen)	100.0	Development, manufacturing, sale, and service of products and systems relating to the energy business	Kawasaki
	Toshiba Plant Systems & Services Corporation	11,876 (Millions of yen)	100.0	Engineering, construction, trial operation, alignment, maintenance, and service of power systems and social infrastructure & industrial systems	Yokohama
Infrastructure Systems & Solutions	Toshiba Infrastructure Systems & Solutions Corporation	10,000 (Millions of yen)	100.0	Development, manufacturing, sale, and service of products and systems relating to the social infrastructure business	Kawasaki
Building Solutions	Toshiba Elevator and Building Systems Corporation	21,407 (Millions of yen)	80.0	Development, design, sales, installation, maintenance, and repair of various lifts including elevators and escalators as well as building related facility work, and building management	Kawasaki
	Toshiba Carrier Corporation	11,510 (Millions of yen)	60.0	Development, design, sales and services of commercial air conditioners and compressors	Kawasaki
	Toshiba Lighting & Technology Corporation	6,000 (Millions of yen)	99.9	Development, manufacturing, sales, and services of light equipment and industrial light sources	Yokosuka, Kanagawa
Retail & Printing Solutions	Toshiba TEC Corporation	39,970 (Millions of yen)	52.5	Development, design, manufacturing, sale, and maintenance of retail information systems and office equipment	Shinagawa-ku, Tokyo

Segment	Name of Company	Paid in Capital	Voting Rights Ratio (Percentage)	Main Business	Location
Electronic Device & Storage Solutions	Toshiba Electronic Devices & Storage Corporation	10,000 (Millions of yen)	100.0	Development, manufacturing, sale, and related businesses of discrete semiconductors, system LSIs, HDDs, and related products	Minato-ku, Tokyo
Digital Solutions	Toshiba Digital Solutions Corporation	23,500 (Millions of yen)	100.0	Consultation, development, sale, maintenance, and operation and management of IT-related solutions	Kawasaki
Others	Toshiba America, Inc.	1,884 (U.S. dollars)	100.0	Holding company and operating company in the North America	U.S.
	Toshiba(China) Co., Ltd.	249,362 (Thousands of CNY)	100.0	Operating company in the China	China
	Toshiba of Europe Limited	13,522 (Thousands of pounds sterling)	100.0	Operating company in the Europe, Middle East and Africa	U.K.
	Toshiba Asia Pacific Pte. Ltd.	6,784 (Thousands of Singapore dollars)	100.0	Operating company in the Asia-Pacific	Singapore

(Notes)

1. The Company has 331 consolidated subsidiaries (including the companies listed above) in accordance with U.S.GAAP, and 110 affiliated companies accounted for by the equity method.
2. In April 2019, the Company succeeded to the battery business of, Toshiba Infrastructure Systems & Solutions Company, and the shares of Toshiba Elevator and Building Systems Corporation, Toshiba Lighting & Technology Corporation, and Toshiba Carrier Corporation, which are sub-subsidiaries of Toshiba Infrastructure Systems & Solutions Corporation, through a company split, and newly established the Building Solutions segment, which includes the businesses of the three succeeded companies. Also in FY2019, the Company changed the segment name of the Storage & Electronic Device Solutions to Electronic Device & Storage Solutions and the segment name of the Industrial ICT Solutions division to Digital Solutions.
3. From November to December 2019, the Company carried out a tender offer for the shares of Toshiba Plant Systems & Services Corporation, and in January 2020, the Company requested the sale of shares, and made Toshiba Plant Systems & Services Corporation a wholly-owned subsidiary in the same month.
4. In March 2020, the Company acquired all of the shares of Toshiba Research Europe Limited (TREL), a wholly-owned subsidiary of Toshiba of Europe Limited (TOEL), from TOEL. Thereafter, the Company transferred TOEL's entire business operations and part of the sales functions of its UK subsidiary to TREL as of April 1, 2020, and changed the company's trade name to Toshiba of Europe Ltd., and designated it as a regional headquarters for the Europe, Middle East and Africa regions.
5. Voting rights ratio includes those which are held indirectly.

5. Shares and Stock Acquisition Rights of the Company As of May 15, 2020

As of record date (May 15, 2020) for voting right of the 181th annual general meeting ((6) is as of March 31, 2020)

(1) Total Number of Authorized Shares: 1,000,000,000

(2) Total Number of Issued Shares: 455,000,000

(Note) 1. As a result of the issuance of new shares in July 2019 for the purpose of granting stock-based compensation, the number of shares increased by 77,577.

2. In November 2018, the Company's Board of Directors resolved to repurchase up to 700.0 billion yen of stock, up to 260,000,000 shares, from November 9, 2018 through November 8, 2019. From April 1, 2019 to November 7, 2019, the Company acquired 87,742,300 shares (198,105,900 shares for the entire acquisition period). Following this acquisition, the Company decided it should cancel surplus shares, as necessary. As a result, during the fiscal year under review, the Company cancelled 23,000,000 shares in June 2019, 40,077,577 shares in September 2019, and 26,000,000 shares in November 2019. This decreased the total number of shares outstanding.

(3) Total Number of Shareholders: 269,067

(4) Principal Shareholders

As of May 15, 2020

Name of Shareholder	Number of shares (in thousands)	Shareholding ratio (percentage)
GOLDMAN, SACHS & CO. REG	33,429	7.4
SMP PARTNERS (CAYMAN) LIMITED AS TRUSTEE OF ECM MASTER FUND	32,000	7.1
GOLDMAN SACHS INTERNATIONAL	20,435	4.5
CHINOOK HOLDINGS LTD	15,392	3.4
3D OPPORTUNITY MASTER FUND	11,605	2.6
The Dai-ichi Life Insurance Company, Limited	11,515	2.5
Nippon Life Insurance Company	11,035	2.4
Toshiba Employees Shareholding Association	9,729	2.1
THE CHASE MANHATTAN BANK. N.A. LONDON SPECIAL ACCOUNT NO.1	8,474	1.9
JP MORGAN CHASE BANK 385765	7,727	1.7

(Notes)

1. For the purpose of calculation of shareholding ratio in the above table of principal shareholders, treasury shares are excluded from total number of issued shares (denominator).
2. The change report on large-volume holdings offered for public inspection on June 1, 2018 notes that, as of June 1, 2018, Farallon Capital Management L.L.C. and CHINOOK HOLDINGS LTD jointly hold 350,398K shares (ratio of stock certificates, etc. held: 5.37%) as shown below. As the Company cannot confirm the beneficial ownership or number of shares held by Farallon Capital Management L.L.C. and CHINOOK HOLDINGS LTD as of May 15, 2020, Farallon Capital Management L.L.C. is not included in the above table and data for CHINOOK HOLDINGS LTD stated in the above table is based on the details of the shareholder registry.

   The number of shares referred to in this note is the number of shares prior to share consolidation in October 2018.

Name of company	Number of stock certificates, etc. held (in thousands)	Ratio of stock certificates, etc. held (percentage)
Farallon Capital Management, L.L.C.	138,475	2.12
CHINOOK HOLDINGS LTD	211,923	3.25
Total	350,398	5.37

3. The change report on large-volume holdings offered for public inspection on December 19, 2018 notes that Effissimo Capital Management Pte Ltd. held 73,718K shares as of December 14, 2018 (ratio of stock certificates, etc. held: 11.30%). However, as the Company was unable to confirm the beneficial ownership or number of shares held as of May 15, 2020, Effissimo Capital Management Pte Ltd. is not included in the above table. In addition, the change report on large-volume holdings offered for public inspection on May 25, 2020 notes that Effissimo Capital Management Pte Ltd. held 69,868K shares as of May 19, 2020 (ratio of stock certificates, etc. held: 15.36%). However, as the Company was unable to confirm.
4. The change report on large-volume holdings offered for public inspection on April 10, 2020 notes that King Street Capital Management, L.P. held 18,608K shares as of April 3, 2020 (ratio of stock certificates, etc. held: 4.09%). However, as the Company was unable to

confirm the beneficial ownership or number of shares held as of May 15, 2020, King Street Capital Management, L.P. is not included in the above table.

(5) Shareholding Ratio by Category:

As of May 15, 2020

Category	Status of share (100shares per share unit)								Status of share below the share unit
	Government and local public entities	Financial institutions	Securities companies	Other entities	Overseas entities and others		Individuals and others	Total	
					Other than individuals	Individuals			
The number of shareholders	–	45	75	1,578	767	307	224,457	227,229	–
Shares (Share unit)	–	608,396	87,850	80,236	2,838,710	1.469	916,243	4,532,904	1,709,600
Ratio of share unit	–	13.42	1.94	1.77	62.62	0.03	20.21	100.00	–

(Notes)

1. The number of treasury stock of 1,425,574 are described in 14,255 share units in "Individuals and the other" and in 74 shares in "Status of share below the share unit"
2. 23 share units registered by the name of Japan Securities Depository Center, Incorporated are included in "Other entities" above.

(6) Stock Acquisition Rights:

There is no relevant item.

6. Main Lenders of the Toshiba Group

As of March 31, 2020

Lender	Loans Outstanding (Billions of yen)
Sumitomo Mitsui Banking Corporation	41.6
Mizuho Bank, Ltd.	41.0
Sumitomo Mitsui Trust Bank, Limited	30.0
MUFG Bank, Ltd.	10.6

7. Financing of the Toshiba Group

During the fiscal year under review, the Company procured 149.0 billion yen as long-term debt from financial institutions, which it allocated to the repayment of debt, redemption of corporate bonds, and working capital, etc.

In addition, to supplement the liquidity of cash on hand, in March 2020, the Company concluded a commitment line agreement for a total of 258.0 billion yen with seven financial institutions for a period of three years. As of the end of the fiscal year under review, there was no balance of borrowings executed from this commitment line agreement.

The Company did not procure funds from other sources such as capital increase or issuance of corporate bonds.

Also, the Company completed the early repayment of the 180.0 billion yen subordinate syndicated loan it executed in June 2014 using cash on hand on June 25, 2019.

8. Capital Expenditure of the Toshiba Group

(1) Overview

Under the Toshiba Next Plan, the Group plans to accelerate investment aimed at organic growth over the medium- to long-term. During the fiscal year under review, the Group executed capital investment of 107.4 billion yen (order basis).

Principal capital investments are presented below for each segment. In Energy System & Solutions, investments were made for promoting the renewable energy power generation business. In Infrastructure System & Solutions, investments were made to reinforce the production system for auxiliary power sources for automobiles. In Building Solutions, investments were made for developing a manufacturing site for the air conditioner business. In Electronic Devices & Storage Solutions, investments were made to increase production capacity of power semiconductors and nearline HDDs.

(Billions of yen)

Segment	Capital Expenditures
Energy Systems & Solutions	14.4
Infrastructure Systems & Solutions	16.5
Building Solutions	18.8
Retail & Printing Solutions	7.5
Electronic Devices & Storage Solutions	33.6
Digital Solutions	2.2
Others	14.4
Total	107.4

(2) Primary Capital Expenditures

<table>
<tr><th></th><th>Segment</th><th>Outline</th></tr>
<tr><td rowspan="2">Completed during the term</td><td>Building Solutions</td><td>• Construction of new technology center (Toshiba Carrier Corporation)</td></tr>
<tr><td>Electronic Devices & Storage Solutions</td><td>• Manufacturing facilities for power device (Kaga Toshiba Electronics Corporation)
• Nearline HDD manufacturing facilities (Toshiba Information Equipment (Philippines), Inc.)</td></tr>
<tr><td rowspan="5">Ordered during the term</td><td>Energy Systems & Solutions</td><td>• Geothermal power generator and transmission equipment (Nakao Chinetsu Hatsuden Corp.)</td></tr>
<tr><td>Infrastructure Systems & Solutions</td><td>• Manufacturing facilities for auxiliary power sources for automobiles (Toshiba Industrial Products Asia Co., Ltd)</td></tr>
<tr><td>Building Solutions</td><td>• Land and building to be used for new manufacturing site in Europe (Toshiba Carrier Air-conditioning Europe sp. z o. o.)</td></tr>
<tr><td>Electronic Devices & Storage Solutions</td><td>• Manufacturing facilities for power device (Kaga Toshiba Electronics Corporation)</td></tr>
<tr><td>Others (shared group-wide)</td><td>Renewal of IT systems and next-generation platform IT systems (head office and branch offices)</td></tr>
</table>

9. Names, Responsibilities, etc. of the Company's Directors / Officers As of March 31, 2020

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Director	Nobuaki Kurumatani		
Director	Satoshi Tsunakawa		
Outside Director	Yūki Furuta	Chairman of the Compensation Committee; Member of the Audit Committee	
Outside Director	Yoshimitsu Kobayashi	Chairman of the Board of Directors; Chairman of the Nomination Committee; Member of the Compensation Committee	Director, Chairman, Mitsubishi Chemical Holdings Corporation; Director, Chairman, The KAITEKI Institute, Inc.
Outside Director	Junji Ota	Chairman of the Audit Committee; Member of the Nomination Committee	External Director, Heiwa Real Estate Co., Ltd.
Outside Director	Nobuyuki Kobayashi	Chairman of the Audit Committee	Representative Director & President, Eishin Partners Co., Ltd.; Outside Director (Audit and Supervisory Committee member), Imagineer Co., Ltd.
Outside Director	Takashi Yamauchi	Member of the Audit Committee; Member of the Nomination Committee	
Outside Director	Yoshiaki Fujimori	Member of the Nomination Committee; Member of the Compensation Committee	Outside Director, Takeda Pharmaceutical Company Limited; Outside Director, Boston Scientific Corporation; Senior Executive Advisor, CVC Asia Pacific (Japan) Kabushiki Kaisha; Outside Director and Chairman, Oracle Corporation Japan; Outside Director, Shiseido Company, Limited Senior Executive Advisor, Genpact Limited

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Outside Director	Paul J. Brough		Independent Non-Executive Director, GL Limited; Independent Non-Executive Director, Vitasoy International Holdings Limited Chief Executive, Blue Willow Limited
Outside Director	Ayako Hirota Weissman		Senior Vice President, Senior Portfolio Manager and Director in charge of Asia Strategy, Horizon Kinetics LLC; Non-Executive Director, Nippon Active Value Fund
Outside Director	Jerome Thomas Black	Member of the Compensation Committee	Advisor, Aeon Co., Ltd.
Outside Director	George Raymond Zage III		Independent Non-Executive Director, Whitehaven Coal Limited; Founder and CEO, Tiga Investments Pte. Ltd.; Commissioner (Non-Executive), PT Lippo Karawaci Tbk

(Notes)

1. Following seven (7) Directors and Outside Directors retired from their respective offices due to expiry of the term of office at the closing of the Ordinary General Meeting of Shareholders for the 180th fiscal period held on June 26, 2019:
   Directors: Mr. Shinichiro Akiba, Mr. Masayoshi Hirata and Mr. Naoya Sakurai
   Outside Directors: Ms. Teruko Noda, Mr. Kouichi Ikeda, Mr. Ryoji Sato and Ms. Mami Taniguchi
2. The following seven (7) were newly elected and assumed office at the Ordinary General Meeting of Shareholders for the 180th fiscal year: Outside Directors Mr. Nobuyuki Kobayashi, Mr. Takashi Yamauchi, Mr. Yoshiaki Fujimori, Mr. Paul J. Brough, Ms. Ayako Hirota Weissman, Mr. Jerome Thomas Black and Mr. George Raymond Zage III.
3. Mr. Nobuyuki Kobayashi, Member of the Audit Committee, is a Certified Public Accountant, and are equipped with a considerable level of knowledge in finance and accounting.
4. In order to further reinforce reporting and collection of information from the management side, and to fulfill audit activities by the Audit Committee, the Company has appointed Mr. Junji Ota as the full-time member of the Audit Committee.
5. The following ten (10) Outside Directors are independent directors as defined by the Tokyo Stock Exchange: Mr. Yūki Furuta, Mr. Yoshimitsu Kobayashi, Mr. Junji Ota, Mr. Nobuyuki Kobayashi, Mr. Takashi Yamauchi, Mr. Yoshiaki Fujimori, Mr. Paul J. Brough, Ms. Ayako Hirota Weissman, Mr. Jerome Thomas Black and Mr. George Raymond Zage III.
6. The state of significant concurrent holding of positions by Directors concurrently serving as Executive Officers is described in table (3) for Executive Officers.

7. The following changes occurred in April 1, 2020.

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Chairman, Director	Satoshi Tsunakawa		

(2) Outside Directors

1) Relationship between the Company and entities at which outside directors hold significant concurrent positions

The Company has an ongoing business relationship with Oracle Corporation Japan and Shiseido Company, Limited, but the volume of transactions between each of those companies and the Company is less than 1% of each party's consolidated net sales.

In the relationship above, there is no materiality that may affect the independence of our Outside Directors. There is no relationship to be disclosed between the Company and other entities at which Outside Directors hold significant concurrent positions.

2) Main Activities

a. Attendance, statements made, etc. at the Board of Directors meetings and other meetings

During the FY2019, the Board of Directors met 13 times (Note), the Nomination Committee 11 times, the Audit Committee 11 times and the Compensation Committee 8 times, and the Outside Directors commented as necessary at those meetings. The Outside Directors received explanations about the matters to be resolved at the board meetings from Executive Sessions, the staff in charge, the administrative office for the Board of Directors, etc. in advance. They also made an effort to communicate and share information with the Executive Officers.

The Outside Directors who were members of the Audit Committee were supported by the full-time staff of the Audit Committee Office. The Outside Directors who were members of the Nomination Committee or the Compensation Committee were supported by the staff in charge, etc. as necessary.

Name	Responsibility	Activities
Yūki Furuta	Chairman of the Compensation Committee; Member of the Audit Committee	Attended the meeting of the Board of Directors 13 times (100%), that of the Audit Committee 11 times (100%), and that of the Compensation Committee 8 times (100%). Commented as necessary based on his wealth of experience and knowledge as a legal professional.
Yoshimitsu Kobayashi	Chairman of the Board of Directors; Chairman of the Nomination Committee; Member of the Compensation Committee	Attended the meeting of the Board of Directors 13 times (100%), that of the Nomination Committee 11 times (100%), and that of the Compensation Committee 8 times (100%). Commented as necessary based on his wealth of experience and knowledge as a management executive.

Name	Responsibility	Activities
Junji Ota	Chairman of the Audit Committee; Member of the Nomination Committee	Attended the meeting of the Board of Directors 13 times (100%), that of the Audit Committee 11 times (100%), and that of the Nomination Committee 11 times (100%). Commented as necessary based on his wealth of experience and knowledge as a management executive.
Nobuyuki Kobayashi	Member of the Audit Committee	After June 26, 2019 when he was elected, attended the meeting of the Board of Directors 9 times (100%) and that of the Audit Committee 7 times (100%). Commented as necessary based on his wealth of experience and knowledge as a certified public accountant.
Takashi Yamauchi	Member of the Audit Committee; Member of the Nomination Committee	After June 26, 2019 when he was elected, attended the meeting of the Board of Directors 9 times (100%), that of the Audit Committee 7 times (100%), and that of Nomination Committee 5 times (100%). Commented as necessary based on his wealth of experience and knowledge as a management executive.
Yoshiaki Fujimori	Member of the Nomination Committee; Member of the Compensation Committee	After June 26, 2019 when he was elected, attended the meeting of the Board of Directors 9 times (100%), that of the Nomination Committee 5 times (100%), and that of Compensation Committee 4 times (100%). Commented as necessary based on his wealth of experience and knowledge as a management executive.
Paul J. Brough		After June 26, 2019 when he was elected, attended the meeting of the Board of Directors 9 times (100%). Commented as necessary based on his wealth of experience and knowledge as a management executive and a certified public accountant.
Ayako Hirota Weissman		After June 26, 2019 when she was elected, attended the meeting of the Board of Directors 9 times (100%). Commented as necessary based on his wealth of experience and knowledge as a management executive and an investor.
Jerome Thomas Black	Member of the Compensation Committee	After June 26, 2019 when he was elected, attended the meeting of the Board of Directors 9 times (100%) and that of the Compensation Committee 4 times (100%). Commented as necessary based on his wealth of experience and knowledge as a management executive.
George Raymond Zage III		After June 26, 2019 when he was elected, attended the meeting of the Board of Directors 9 times (100%). Commented as necessary based on his wealth of experience and knowledge as a management executive and an investor.

(Note)
Meetings of the Board of Directors held on June 26, 2019 and March 20, 2020 took place on two occasions on each day, but the meetings held on these days have been counted as one meeting. In addition to the number of meetings of the Board of Directors, there was also one occasion of a written resolution in lieu of a resolution passed at a Board of Directors meeting pursuant to Article 370 of the Companies Act and the provisions of the Company's Articles of Incorporation.

Summary of operation of the fictitious transaction on Toshiba IT Service Company
The company confirmed there is fictitious transaction without actual products on involved that occurred at Toshiba IT-Services Corporation with an outside supplier and customer, by investigation conducted with external experts
The Company's 10 outside directors, Yūki Furuta Yoshimitsu Kobayashi, Junji Ota, Nobuyuki Kobayashi, Takashi Yamauchi, Yoshiaki Fujimori, Paul J. Brough, Ayako Hirota Weissman, Jerome Thomas Black, George Raymond Zage III, did not know this such transactions. And 10 outside directors have commented in light of strengthening throughly compliance system
The member of Audit Committee, Yūki Furuta, Junji Ota, Nobuyuki Kobayashi, Takashi Yamauchi, heard the investigation process and its result which was conducted with external experts and requested to draw up the measurement on the basis of root cause and confirmed the status of introducing the measurement of recurrent prevention.
6 utside directors, Yoshimitsu Kobayashi, Yoshiaki Fujimori, Paul J. Brough, Ayako Hirota Weissman, Jerome Thomas Black, George Raymond Zage III heard the report with regard to the investigation satus and its result and proactively deal with this fictitious transaction without actual products, such as discussion on route cause and drawing up the measurement, in light of strengthening the Group's internal control system.

3) Limited Liability Contracts
The Company has entered into a liability limitation agreement with each of the following 10 Outside Directors under which, with regard to the liability set forth in Article 423, Paragraph 1 of the Companies Act, compensation to be paid by any of them shall be limited to the higher of a pre-determined amount of at least 10 million yen and the minimum liability set forth in Article 425 of the Companies Act: Mr. Yūki Furuta, Mr. Yoshimitsu Kobayashi, Mr. Junji Ota, Mr. Nobuyuki Kobayashi, Mr. Takashi Yamauchi, Mr. Yoshiaki Fujimori, Mr. Paul J. Brough, Ms. Ayako Hirota Weissman, Mr. Jerome Thomas Black and Mr. George Raymond Zage III.

(3) Executive Officers

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Representative Executive Officer Chairman and Chief Executive Officer (*)	Nobuaki Kurumatani	CEO	Outside Director, Money Forward, Inc.
Representative Executive Officer President and Chief Operating Officer (*)	Satoshi Tsunakawa	COO	

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Representative Executive Officer Corporate Senior Executive Vice President	Shinichiro Akiba	General Executive, Group Relations Div.; General Executive, Marketing Div.; General Executive, Branch Offices; Responsible for Building Solutions Business	
Representative Executive Officer Corporate Executive Vice President	Masayoshi Hirata	General Executive, Spend Management Project Team; General Executive, Finance & Cash Management Div.; Accounting Div. (CFO); General Executive, Project Monitoring & Oversight Div.	
Executive Officer Corporate Executive Vice President	Hironobu Nishikori	Responsible for Digital Solutions Business	Director and President and CEO, Toshiba Digital Solutions Corporation
Executive Officer Corporate Executive Vice President	Masayasu Toyohara	General Executive, Strategic Planning Div.; General Executive, Legal Affairs Div.; General Executive, Internal Control Promotion Div.; General Executive, Human Resources and Administration Div.; General Executive, Corporate Communication Div.	
Executive Officer Corporate Executive Vice President	Shiro Saito	General Executive, Corporate Technology Planning Div.; General Executive, Research & Development Div.; General Executive, Digital Innovation Technology Center	President, Specified Non Profit Corporation Japan Multiplex bio- Analysis Consortium
Executive Officer Corporate Executive Vice President	Naoya Sakurai	General Executive, Internal Audit Div.; General Manager, Audit Committee Office	
Executive Officer Corporate Senior Vice President	Hiroshi Fukuchi	General Executive, Battery Div.; Responsible for Electronic Devices & Storage Business	Representative Director and President and CEO, Toshiba Electronic Devices & Storage Corporation

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Executive Officer Corporate Senior Vice President	Mamoru Hatazawa	Responsible for Energy Systems & Solutions Business; General Executive, WEC Div.	Representative Director and President and CEO, Toshiba Energy Systems & Solutions Corporation
Executive Officer Corporate Senior Vice President	Takayuki Konno	Responsible for Infrastructure Systems & Solutions Business	Representative Director and President and CEO, Toshiba Infrastructure Systems & Solutions Corporation
Executive Officer Corporate Vice President	Keiichi Yumita	General Executive, Information Systems Div.; General Executive, Business Process Re-engineering Div.	
Executive Officer Corporate Vice President	Tsutomu Kamijo	General Executive, Procurement Div.; General Executive, Corporate Production Planning Div.	
Executive Officer Corporate Vice President	Ayumi Wada	Corporate Representatives-America	Director, Toshiba TEC Corporation
Executive Officer Corporate Vice President	Taro Shimada	General Executive, Cyber-Physical System Promotion Div.	

(Notes)

1. An asterisk (*) indicates that the Executive Officer concurrently serves as a Director.
2. Following six (6) Executive Officers retired from their respective offices on March 31, 2020: Mr. Satoshi Tsunakawa, Mr. Shinichiro Akiba, Mr. Hironobu Nishikori, Mr. Shiro Saito, Mr. Hiroshi Fukuchi and Ms. Ayumi Wada.
3. Mr. Hiroyuki Sato, Mr. Masaharu Kamo and Mr. Hideaki Ishii were newly elected as Executive Officer at the meeting of the Board of Directors held on March 20, 2020 and assumed office on April 1, 2020

4. The following changes occurred in April 1, 2020.

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Representative Executive Officer President and Chief Executive Officer (*)	Nobuaki Kurumatani	CEO	Outside Director, Money Forward, Inc.
Representative Executive Officer Corporate Senior Executive Vice President	Masayasu Toyohara	General Executive, Legal Affairs Div.; General Executive, Internal Control Promotion Div.; General Executive, Human Resources and Administration Div.; General Executive, Corporate Communication Div.; Responsible for Building Solutions Business	
Representative Executive Officer Corporate Executive Vice President, CFO	Masayoshi Hirata	General Executive, Finance & Cash Management Div., Accounting Div.; General Executive, Spend Management Project Team; General Executive, Project Monitoring & Oversight Div.	
Representative Executive Officer Corporate Executive Vice President	Naoya Sakurai	General Executive, Internal Audit Div.; Vice President, Audit Committee Office	
Representative Executive Officer Corporate Executive Vice President	Mamoru Hatazawa	General Executive, WEC Div.; Responsible for Energy Systems & Solutions Business	Representative Director and President and CEO, Toshiba Energy Systems & Solutions Corporation
Executive Officer Corporate Senior Vice President	Takayuki Konno	General Executive, Marketing Div.; General Executive, Branch Offices; Responsible for Infrastructure Systems & Solutions Business; Assistant to Corporate Executive Vice President, Mr. Hatazawa (regarding Toshiba Plant Systems & Services Corporation)	Representative Director and President and CEO, Toshiba Infrastructure Systems & Solutions Corporation

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Executive Officer Corporate Senior Vice President	Hiroyuki Sato	General Executive, Battery Div.; Responsible for Electronic Devices & Storage Business	Representative Director and President and CEO, Toshiba Electronic Devices & Storage Corporation
Executive Officer Corporate Senior Vice President	Masaharu Kamo	General Executive, Strategic Planning Div.; General Executive, Group Relations Div.;	
Executive Officer Corporate Senior Vice President	Taro Shimada	General Executive, Cyber-Physical Systems x Design Div.; Responsible for Digital Solutions Business	Director and President and CEO, Toshiba Digital Solutions Corporation
Executive Officer Corporate Vice President	Tsutomu Kamijo	General Executive, Procurement Div.; General Executive, Corporate Production Planning Div.;.; Assistant to Corporate Vice President, Mr. Ishii (regarding Corporate Manufacturing Engineering Center)	
Executive Officer Corporate Vice President	Hideaki Ishii	General Executive, Corporate Technology Planning Div.; General Executive, Corporate Research & Development Center; General Executive, Corporate Manufacturing Engineering Center; General Executive, Digital Innovation Technology Center; .	

5. Mr. Hitoshi Ootsuka was elected as Executive Officer Decision of Board of Directors through consent letter dated on May 14, 2020 and assumed office on June 1, 2020.
6. The following changes occurred in June 1, 2020.

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Representative Executive Officer Corporate Senior Executive Vice President	Masayasu Toyohara	General Executive, Human Resources & Administration Div.; General Executive, Corporate Communication Div.	

Assignment	Name	Responsibility	Status of significant concurrent holding of positions
Representative Executive Officer Corporate Executive Vice President	Naoya Sakurai	General Executive, Legal Affairs Div.; General Executive, Internal Control Promotion Div.	
Executive Officer Corporate Senior Vice President	Takayuki Konno	General Executive, Marketing Div.; General Executive, Branch Offices; Responsible for Infrastructure Systems & Solutions Business; Responsible for Building Solutions Business; Assistant to Corporate Executive Vice President, Mr. Hatazawa (regarding Toshiba Plant Systems & Services Corporation)	Representative Director and President and CEO, Toshiba Infrastructure Systems & Solutions Corporation
Executive Officer Corporate Vice President	Hitoshi Ootsuka	General Executive, Internal Audit Div.; Vice President, Audit Committee Office	

7. The Company adopted the executive officer system in April 1, 2020.

(4) State of activities of the Board of Directors and committees

The following outlines the Board of Directors' and committees' principal activities held in FY 2019.

1) State of activities of the Board of Directors

Toshiba held the "Directors Council" (so-called "Executive Session") composed solely of independent Outside Directors in order for them to share information and problem awareness among themselves, better understand the Company's operations for Outside Directors and deliberate on the Toshiba Group's key business challenges. At each Directors Council meeting, held prior to a Board of Directors meeting, an advance briefing on proposals to the Board of Directors was provided and opinions were exchanged. Moreover, the Directors Council was operated to ensure that independent Outside Directors' opinions obtained through its meetings were reflected in the Company's management.

The Board of Directors deliberated on the business related to LNG in the U.S. (the "LNG business") from the perspective of eliminating risk, and decided to transfer all outstanding shares of Toshiba America LNG Corporation, which operates the LNG business, to Total Gas & Power Asia Private Limited, a subsidiary of French energy major Total S.A. located in Singapore, and decided to withdraw from the LNG business by transferring or cancelling all agreements relating to the LNG business by the Toshiba Group.

In consideration of the current composition of shareholders of the Company and to bring greater diversity to the Board of Directors, the Company decided to select five Directors with international business experience, including foreign nationals, and modify the composition of the Board of Directors to secure the skillsets needed for implementing the Toshiba Next Plan in terms of the specializations of international business experience, business portfolio, business restructuring, M&A, capital markets and allocation of capital.

From the standpoint of maximizing the corporate value of the Group, the Board of Directors deliberated on whether maintaining the Company's publicly traded subsidiaries of Toshiba Plant Systems & Services Corporation and NuFlare Technology Inc. is consistent with the Group's business portfolio strategy and whether the benefits outweigh the constraints and costs, taking into account the introduction of the practical guidelines on group governance systems published by the Ministry of Economy, Trade and Industry in June 2019, and decided to make both companies wholly-owned subsidiaries.

The Board of Directors deliberated on portfolio management and capital policy. With respect to portfolio management, it has set achievement of 5% ROS as its new criteria for business withdrawal. With respect to capital policy, the Board of Directors periodically verifies appropriate levels of capital taking into account factors such as risk assets on the balance sheet, contingent liabilities, portfolios, and business plans. Meanwhile, it was decided that shareholders' equity in excess of the appropriate level of shareholders' equity will be used to provide shareholder returns.

The Board of Directors deliberated on causal analysis and recurrence prevention measures regarding the incident of fraud that occurred at Toshiba International Corporation in the United States where a former employee colluded with a business partner to divert unjust profits to the business partner and then redirected part of the proceeds to the business partner and the said former employee, from the standpoint of strengthening the internal control system for the entire Group.

The Board of Directors deliberated on causal analysis and recurrence prevention measures regarding the round-tripping between an outside supplier and customer and fictitious transaction without actual products involved that occurred at Toshiba IT-Services Corporation, from the standpoint of strengthening the entire Group's internal control system.

The Board of Directors was provided with reports on business plans, budget, risk control information and the state of duty execution by Directors and Executive Officers pursuant to applicable laws and regulations, the Articles of Incorporation, the Board of Directors Regulations, etc.

2) State of activities by committees

a. Nomination Committee

The Nomination Committee deliberated on the proposal of candidates for Outside Director after the 180th Ordinary General Meeting of Shareholders.

The Nomination Committee deliberated on a proposal for the election of Executive Officer, Chairman and Executive Officer, President.

The Nomination Committee deliberated on a proposal for the election of Directors to be submitted to the Ordinary General Meeting of Shareholders for the 180th fiscal year.

The Nomination Committee deliberated on a proposal for the election of the members and chairmen of each committee.

The Nomination Committee deliberated on the election of Director, Chairman/Director, Executive Officer, President and CEO.

The Nomination Committee deliberated on proposals for candidates for outside Directors after the 181st Ordinary General Meeting of Shareholders and CFO.

The Nomination Committee deliberated on the proposed changes to the Nomination Committee Rules and changes to the standards on the handling of Executive Officers.
The Nomination Committee deliberated on talent management.

b. Audit Committee
The Audit Committee audited the state of the execution of duties by executives, by attending the Board of Directors and other key meetings and by making inquiries to Executive Officers and other personnel, with a focus on the state of observance of laws and regulations and preventing the recurrence of inappropriate accounting conduct. In addition, the Audit Committee received reports regularly from the Internal Audit Division on their audit results, and from the Internal Control Promotion Division and the Project Audit Division on their state of activities. The Audit Committee also made inquiries to other internal control management departments, thereby verifying the state of implementation of improved internal control system and the status of progress of corporate culture reform programs. All of the full-time and part-time Audit Committee members attended all hearings and reporting sessions and participated actively in audit activities.
Outside Director Junji Ota, Chairman of the Audit Committee, collected information actively, which involves attending important meetings (such as corporate management meetings, Accounting Compliance Committee meetings, and Annual Securities Report Disclosure Committee meetings). In addition, Mr. Ota worked to enhance communication with each department through meetings with executives in each department and inspections of manufacturing facilities and subsidiaries. The information collected was shared with the Audit Committee members in a timely manner.
With regard to the inappropriate accounting conduct, the Company continued the claim for damages filed in the Tokyo District Court in November 2015 against five former executives, including those with experience as President.
The whistleblowing system operated by the Audit Committee, the committee received 42 whistleblowing reports and responded. The Audit Committee was briefed on details and status of responses of all 110 reports to the whistleblowing contact point on the Company’s executive side. The committee has preferentially verified investigation results and status of improvements on important reports related to accounting and compliance.
The Audit Committee worked to strengthen the governance and improve the quality of the Toshiba Group’s audits by holding information exchange meetings and dialogues between Toshiba Group Company Auditors and Audit Committee members and by providing training to Auditors of group companies.
With regard to the individual fraudulent by former employee in Toshiba International Corporation, the Audit Committee heard the investigation process and its result which was conducted with external experts and confirmed the status of introducing the measurement of recurrent prevention.
With regard to the fictitious circular transactions on Toshiba IT Service Company, the Audit Committee heard the investigation process and its result which was conducted with external experts and requested to draw up the measurement on the basis of root cause and confirmed the status of introducing the measurement of recurrent prevention.

c. Compensation Committee
The Compensation Committee deliberated on compensation paid to Directors after July 2019.
The Compensation Committee deliberated on the repayment of compensation.
The Compensation Committee deliberated on stock compensation for Executive Officers and compensation for Outside Directors.

The Compensation Committee deliberated on the provision of the performance-linked compensation for Executive Officers, etc. according to their performance evaluation for FY2018.

The Compensation Committee deliberated on revisions to the Officer Compensation Rules and Compensation Committee Rules.

The Compensation Committee deliberated on the details of the individual compensation to be paid to Directors and Executive Officers from July 2019.

The Compensation Committee deliberated on revisions to the Executive Officer and Outside Director compensation plan.

The Compensation Committee deliberated on the determination on the Peer Group*.

* The Company has set a peer group (companies to be compared with) as a benchmark for reviewing the Officers' compensation level and calculating relative TSR for a three-year period, which is an indicator of the medium- to long-term incentives within the performance-linked compensation for Executive Officers. Relative TSR represents the figure calculated by subtracting the weighted average market cap TSR of the peer group from the Company's TSR.

The Compensation Committee deliberated on the compensation standards for Executive Officers, Outside Directors and Director, Chairman.

The committee deliberated on the details of individual compensation to be paid to Executive Officers and Director, Chairman from April 2020.

The Compensation Committee deliberated on lifting of the transfer restrictions on stock-based compensation for retired Executive Officers and others.

The Compensation Committee deliberated on the individual compensation of Outside Directors.

10. Compensation Policy and the Amount of Compensation

(1) Compensation Policy

The Compensation Committee establishes compensation policy regarding compensation of each Director and/or Executive Officer as follows:

Since the main responsibility of Directors is to supervise the execution of the overall Group's business, "Compensation for Directors" is determined at an adequate level to secure highly competent personnel and ensure effective work of the supervisory function.

Since the main responsibility of Executive Officers is to increase corporate value in their capacity as executives responsible for companies or divisions within the Group, the Company has a basic policy to determine compensation for Executive Officers at an adequate level to secure highly competent personnel and ensure the effectiveness of their compensation package as an incentive to improve business performance, based on a balance between fixed compensation and performance-linked compensation.

i. Compensation for Directors

Directors who do not concurrently hold office as an Executive Officer are paid the basic compensation (fixed amount) calculated according to his/her duties. An allowance is provided for nonresidents of Japan (the country where the HQ is located).

Directors who concurrently hold office as an Executive Officer are paid the basic compensation (fixed amount) in addition to Compensation for Executive Officers specified in (ii).

ii. Compensation for Executive Officers

Compensation for Executive Officers consists of basic compensation (fixed amount) determined according to rank, stock compensation, and performance-linked compensation.

Performance-linked compensation is determined in accordance with the performance of the company overall and the divisions under the charge of the Executive Officer during the fiscal year, with cash and shares paid at a rate set according to rank.
With regard to the stock compensation and performance-linked compensation (shares) that is paid in the form of the Company's stock, mechanisms such as restricted stocks with transfer restrictions until retirement are used to secure effectiveness as an incentive for medium- to long-term improvement of business performance.

iii. Compensation Standards
Compensation standards are determined at suitable levels as a global company, with the aim of securing highly competent personnel. The compensation standards of other listed companies and payroll and benefits of the Company's employees are considered when determining the Company's compensation standards of management.

(2) Amount of Compensation

Item	Number of Directors/Executive Officers	Amount
	Persons	Millions of yen
Directors	19	238
(Outside Directors)	(14)	(222)
Executive Officers	15	1,381

(Notes)
1. The above-mentioned compensations include compensations for the Directors who retired at the closing of the Ordinary General Meeting of Shareholders held on June 2626, 2019 with regard to the period from April 2019 to their respective retirement/resignation date.
2. An amount of 618325 million yen in compensation in the form of stock-based compensation is included in the compensation, etc. of Executive Officers.
3. The provision for Performance-based compensation reasonable estimated as of end of March 2020 is included in the compensation etc. of Executive Officers.
4. For Directors who are concurrently serving as an Executive Officer, their compensation as Director and their compensation as Executive Officer are presented separately.

11. The Company's accounting auditor

(1) Name of the Company's accounting auditor
PricewaterhouseCoopers Aarata LLC

(2) Amounts of accounting auditor fees

Item	Amount (millions of yen)
Amount of fees for the fiscal year under review	935
Total amount of money and other financial benefits to be paid to accounting auditors by the Company and its consolidated subsidiaries	1,803

(Notes)
1. The audit contract between the Company and its accounting auditors does not distinguish between an audit fee as defined by the Companies Act and an audit fee as defined by the

Financial Instruments and Exchange Act. Therefore, the total amount of these two fee categories is presented above.

2. The Audit Committee interviewed the responsible division about the breakdown, man hours, and other details of 935 million yen paid to PricewaterhouseCoopers Aarata LLC as the fees for the fiscal year under review. As a result, the Audit Committee has furnished its consent with respect to such fees, having acknowledged such fees were incurred in connection with works necessary for the audit.

(3) Matters regarding audits of subsidiaries

Of the Main Group Companies, Toshiba America, Inc., Toshiba China Co., Ltd., Toshiba Europe Ltd., and Toshiba Asia Pacific Pte., Ltd. all underwent audits performed by accounting auditors other than PricewaterhouseCoopers Aarata LLC.

(4) Policy of the dismissal or non-reappointment of accounting auditors

i. The Audit Committee will, if it considers that any accounting auditor comes under any of the items of Article 340, Paragraph 1 of the Companies Act, dismiss such accounting auditor with the agreement of all Audit Committee members.

ii. The Audit Committee will, if it considers that any accounting auditor comes under any of the following items, determine the contents of a proposal to be submitted to the General Meeting of Shareholders regarding the appointment of a new accounting auditor and the dismissal and non-reappointment of such accounting auditor:

a. If the accounting auditor received an administrative punishment for violation of any law or regulation;

b. If the accounting auditor was punished, etc. in accordance with the regulations of the Japanese Institute of Certified Public Accountants;

c. If the Company receives from the accounting auditor a notice to the effect that the auditor does not continue the audit engagement with the Company; or

d. If the Company intends to make the audit service more proper or more efficient.

12. System for Ensuring the Appropriate Performance of the Company's Business (Internal Control System), etc

See “Matters excluded from the attached documents to the convocation notice for the Ordinary General Meeting of Shareholders” on the Company’s website.
http://www.toshiba.co.jp/about/ir/en/stock/meeting.htm

13. Basic Policy on the Control of the Company and Takeover Defense Measure

See “Matters excluded from the attached documents to the convocation notice for the Ordinary General Meeting of Shareholders” on the Company’s website.
http://www.toshiba.co.jp/about/ir/en/stock/meeting.htm

14. The Group’s Employees

As of March 31, 2020

Segment	Number of Employees
Energy Systems & Solutions	15,594
Infrastructure Systems & Solutions	20,077
Building Solutions	21,936
Retail & Printing Solutions	20,308
Electronic Devices & Storage Solutions	24,494
Digital Solutions	8,755
Others	11,690

Group-wide (shared)	2,794
Total	125,648

(Notes)

1. The number of employees of the Company (non-consolidated) is 3,299. The number of employees of the Company increased compared to the end of the previous fiscal year due to increase in employees (approx. 500) associated with the acquisition of the battery business from Toshiba Infrastructure Systems & Solutions Corporation and the increase in employees (approx. 150) from the restructuring of staff functions.
2. The number of employees includes retirees as of March 31, 2020.

15. Main Places of Business and Facilities of the Group   As of March 31, 2020

(1) The Company

Segment	Major Distribution	
Company-wide	Offices	Principal Offices (Minato-ku, Tokyo and Kawasaki), Hokkaido Branch Office (Sapporo), Tohoku Branch Office (Sendai), Kanshinetsu Branch Office (Saitama), Kanagawa Branch Office (Yokohama), Hokuriku Branch Office (Toyama), Chubu Branch Office (Nagoya), Kansai Branch Office (Osaka), Chugoku Branch Office (Hiroshima), Shikoku Branch Office (Takamatsu), Kyushu Branch Office (Fukuoka)
	Laboratories, etc.	Fuchu Complex (Fuchu, Tokyo), Corporate Research & Development Center (Kawasaki), Corporate Software Engineering & Technology Center (Kawasaki), Komukai Complex (Kawasaki), Corporate Manufacturing Engineering Center (Yokohama), Yokohama Complex (Yokohama)
Other	Production Facilities	Kashiwazaki Plant (Kashiwazaki, Niigata), Fukaya Complex (Fukaya, Saitama), Himeji Operations (Himeji)

(2) The Group Companies

The names and locations of the main companies in the Group are noted in “4. Outline of Main Group Companies”.

Consolidated Balance Sheet

Consolidated Statement of Operations

Consolidated Statement of Equity

Notes to Consolidated Financial Statements

For the fiscal year ended March 31, 2020

The 181th term

Toshiba Corporation

Consolidated Balance Sheet

As of March 31, 2020

Assets	(Millions of yen)
Current assets	2,038,099
Cash and cash equivalents	376,973
Notes, accounts receivable and contract assets	970,794
Notes receivable	71,591
Accounts receivable and contract assets	920,322
Allowance for doubtful notes, accounts receivable and contract assets	(21,119)
Inventories	482,327
Other receivables	70,664
Prepaid expenses and other current assets	137,341
Long-term receivables and investments	512,702
Long-term receivables	7,315
Investments in and advances to affiliates	428,384
Marketable securities and other investments	77,003
Property, plant and equipment	420,297
Land	41,819
Buildings	644,571
Machinery and equipment	1,261,488
Construction in progress	35,368
Accumulated depreciation	(1,562,949)
Operating lease right-of-use assets	155,513
Other assets	256,822
Goodwill and other intangible assets	119,677
Deferred tax assets	84,336
Other assets	52,809
Total assets	3,383,433

Consolidated Balance Sheet (Continued)

As of March 31, 2020

Liabilities	(Millions of yen)
Current liabilities	1,397,917
Short-term borrowings	13,339
Current portion of long-term debt	49,310
Notes and accounts payable	502,066
Other payables and accrued expenses	286,000
Current operating lease liabilities	44,529
Accrued income and other taxes	64,382
Advance payments received	266,129
Other current liabilities	172,162
Long-term liabilities	909,090
Long-term debt	173,754
Accrued pension and severance costs	431,632
Non-current operating lease liabilities	114,219
Deferred tax liabilities	56,519
Other liabilities	132,966
Total liabilities	2,307,007

Equity	
Equity attributable to shareholders of the Company	939,806
Common stock	200,175
Authorized: 1,000,000,000 shares	
Issued: 455,000,000 shares	
Additional paid-in capital	-
Retained earnings	1,031,231
Accumulated other comprehensive loss	(286,593)
Treasury stock, at cost	(5,007)
1,422,054 shares	
Equity attributable to noncontrolling interests	136,620
Total equity	1,076,426
Total liabilities and equity	3,383,433

Consolidated Statement of Operations

For the fiscal year ended March 31, 2020

	(Millions of yen)
Sales and other income	3,423,868
Net sales	3,389,871
Interest and dividend income	4,245
Other income	29,752
Costs and expenses	3,471,407
Cost of sales	2,472,002
Selling, general and administrative expenses	787,409
Interest expenses	5,409
Equity in losses of affiliates	58,957
Other expenses	147,630
Loss from continuing operations, before income taxes and noncontrolling interests	(47,539)
Income taxes:	35,120
Current	19,423
Deferred	15,697
Loss from continuing operations, before noncontrolling interests	(82,659)
Loss from discontinued operations, before noncontrolling interests	(13,794)
Net loss before noncontrolling interests	(96,453)
Less: Net income attributable to noncontrolling interests	18,180
Net loss attributable to shareholders of the Company	(114,633)

Consolidated Statement of Equity

For the fiscal year ended March 31, 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 noncontrolling 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		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		(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 loss			(114,633)			(114,633)	18,180	(96,453)
Other comprehensive income (loss), net of tax:								
Net unrealized gains and losses on securities				(8)		(8)	(20)	(28)
Foreign currency translation adjustments				(13,485)		(13,485)	(3,780)	(17,265)
Pension liability adjustments				(11,005)		(11,005)	1,792	(9,213)
Net unrealized gains and losses on derivative instruments				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

(Note)

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

The impact on Other comprehensive income (loss), net of tax, due to the tender offer for the shares of 3 listed subsidiaries consists of Net unrealized gains and losses on securities of 16 million yen, Foreign currency translation adjustments of 186 million yen, Pension currency translation adjustments (3,077) of million yen, and Net unrealized gains and losses on derivative instruments of 10 million yen.

Details of the tender offer for shares are disclosed in 5. Notes to Consolidated Statement of Equity.

(For reference) Consolidated Statement of Cash Flows

For the fiscal year ended March 31, 2020

	(Millions of yen)
Cash flows from operating activities	(142,148)
Cash flows from investing activities	(122,514)
(Free cash flow)	(264,662)
Cash flows from financing activities	(687,244)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(6,641)
Net decrease in cash, cash equivalents and restricted cash	(958,547)
Cash, cash equivalents and restricted cash at the beginning of the fiscal year	1,335,520
Cash, cash equivalents and restricted cash at the end of the fiscal year	376,973

The Consolidated Statement of Cash Flows information included in the table has not been included in the Japanese original consolidated financial statements audited by the Company's independent auditors.

1. Notes to Significant Matters Supporting the Basis of Preparation of Consolidated Financial Statements

(Significant Accounting Policies)

1) Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements of the Company are prepared in conformity with the terms, forms and preparation methods of the accounting principles generally accepted in the United States of America (hereinafter, the "US GAAP") pursuant to the provisions of Article 120-3, Paragraph 1 of the Ordinance on Accounting of Companies. However, pursuant to the provision of the Ordinance's Article 120, in the second sentence of Paragraph 1 which is applied mutatis mutandis to Article 120-3, Paragraph 3, the Company partially omits presentation and notes required by US GAAP.

2) 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.

3) Marketable Securities and Other Investments

Marketable securities contain both debt securities and equity securities. The Group ("The Group" represents Toshiba Corporation and its consolidated subsidiaries) 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.

4) Method of Depreciation for Property, Plant and Equipment

Depreciation for property, plant and equipment is computed primarily by the straight-line method.

5) 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.

6) 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. 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.

7) Allowance for Doubtful Notes and Accounts Receivable

An allowance for doubtful notes and accounts receivables 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.

8) 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 percent 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.

9) Adoption of New Accounting Standards

In February 2016, the FASB issued ASU No. 2016-02 “Leases”. ASU No. 2016-02 requires lessees to recognize right-of-use assets and lease liabilities in the consolidated balance sheets, with some exceptions, related to their lease agreements that are classified as operating leases. The Group adopted ASU No. 2016-02 effective from the first quarter, beginning April 1, 2019, and recognized the cumulative effect of initial application as an adjustment to the opening balance of retained earnings. In applying ASU No. 2016-02, for contracts that have expired or still effective as of the initial application date, the Group adopted the series of practical expedients that allows an entity to not reassess whether a lease contract contains a lease, the existing lease classification and the capitalization of any initial direct costs. The Group also elected to apply the short-term lease exemption.

As a result, right-of-use assets and lease liabilities recognized at April 1, 2019 were ¥174,005 million and ¥176,825 million, respectively. Right-of-use assets are included in non-current assets in the consolidated balance sheets, while lease liabilities are included in current and non-current liabilities. The Group assessed the impact on the opening balance of retained earnings, other items within profit or loss, and the consolidated statement of cash flows as immaterial.

2. Notes on Revenue Recognition

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

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, and building & facility solutions) 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.

3. Notes to Consolidated Balance Sheet

1) Liabilities on guarantee 4,411 million yen

2) Important disputes

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 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 the 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 14,220 million yen in June 2016, 21,759 million yen in April 2017, 44,741 million yen in April 2017, 9,227 million yen in June 2017, 33,000 million yen in September 2017, 837 million yen in September 2017, 414 million yen in October 2017 and 4,051 million yen in April 2018, (2) Japan Trustee Services Bank, Ltd., of approximately 1,262 million yen in May 2016, 11,993 million yen in August 2016, and 572 million yen in September 2017, (3) the Master Trust Bank of Japan, Ltd., of approximately 5,105 million yen and 13,114 million yen in March 2017, and (4) Trust & Custody Services Bank, Ltd., of approximately 14,026 million yen 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.

4. Notes to Consolidated Statement of Operations

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.

5. Notes to Consolidated Statement of Equity

Tender offer for shares of three listed subsidiaries

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 Aril 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.

Purchase 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 yen of treasury stock, pursuant to such resolution, in the fiscal year ended March 31, 2020). The share purchase program completed on November 7, 2019.

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 yen in the fiscal year ended March 31, 2020). With regards to the retirement of treasury stock, the acquisition cost of the treasury stock is subtracted from retained earnings.

6. Notes Concerning Financial Instruments

1) Matters concerning financial instruments

The Company is managing funds mainly on short-term deposits. It also raises funds through issuance of corporate bonds and borrowings from financial institutions including banks.

Investment securities are mainly stocks. For marketable securities, the Group evaluates their fair values on the basis of market prices.

The intended use of corporate bonds and long-term borrowings is to support working capital and other capital investments.

In the normal course of its risk management efforts, the Group employs a variety of derivative financial instruments, which consist primarily of forward exchange contracts, interest rate swap agreements and currency swap agreements and currency swap agreements to reduce its exposures. 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 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 purposes and trading purposes.

2) Matters concerning market value of financial instruments

The consolidated balance sheet amounts as of March 31, 2020, fair values and their differences are as follows:

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Liabilities concerning financial instruments			
Long-term debt	211,665	196,822	14,843

The above table excludes financial instruments whose fair values approximate their carrying amounts, those related to leasing activities, marketable securities and other investments whose fair values are equal to their carrying amounts, and derivatives.

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, accounts receivable and contract assets, short-term borrowings, notes and accounts payable and accounts other payable 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. 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.

7. Net Loss Per Share Attributable to Shareholders of the Company

Basic net earnings 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.

Net loss per share from continuing operations	
Loss from continuing operations per share attributable to shareholders of the Company: －Basic	(207.95) yen
Net loss per share from discontinued operations	
Loss from discontinued operations per share attributable to shareholders of the Company: －Basic	(28.44) yen
Net loss per share	
Net loss per share attributable to shareholders of the Company: －Basic	(236.39) yen

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

8. Significant Subsequent Events

The Group has evaluated subsequent events up to June 5, 2020 in accordance with ASC855 “Subsequent Events.”

Sale of Marketable Securities

On April 1, 2020 the Company sold certain marketable securities, resulting in a gain of approximately 4.2 billion yen recorded in the first quarter of FY 2020.

Borrowings

In consideration of the possibility of a worsening economic and business situation especially with regards to the impact of COVID-19, the company secured additional cash in the amount of 150 billion yen in April 2020.

Sale and Deconsolidation of Toshiba Logistics Co., Ltd

The customer base of Toshiba Logistics Co., Ltd (“TLOG ”) and its subsidiaries has changed as a result of recent changes in the Group’s business portfolio. TLOG and its subsidiaries now provide services not only to the Group but also to other companies and will be affected by these business results. In order to improve its profitability by optimizing its operations and reducing exposure to business risk, the Company signed a share purchase agreement on May 26, 2020 to transfer 66.6% of its shares in TLOG to SBS Holdings, Inc.(“SBSHD ”). The company anticipates the completion of all necessary procedures by October 1, 2020. The transfer price is approximately 20.0 billion yen, and the gain on sale from this business transfer of approximately 23.0 billion yen will be recorded in the period the transaction closes. Subsequent to the share transfer, the Company will continue to hold a 33.4% interest in TLOG. TLOG will be deconsolidated from the Group, and will become an affiliated company, accounted for as an equity method investment.

9. Memory business

The Company entered into a share transfer agreement to transfer all shares of Toshiba Memory Corporation (TMC) with K.K. Pangea (the “Transferee Company”), a special purpose acquisition company formed by a consortium led by Bain Capital on September 28, 2017, and completed the share transfer on June 1, 2018. The share transfer 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. In addition to the share transfer, the Company re-invested a total of 350.5 billion yen in the Transferee Company: 109.6 billion yen in common stock with voting rights; and 240.9 billion yen 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 40.2% reinvestment in the Transferee Company was accounted for under the equity method from June 1, 2018. These common stocks are classified as investments in affiliated companies accounted for under the equity method and these convertible preferred stocks are classified as the equity securities for which fair value cannot be readily determined.

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 entered into with financial institutions to procure the funds to purchase the shares of TMC.

The Transferee Company merged with TMC through an absorption-type merger on August 1, 2018 and changed its name to Toshiba Memory Corporation. Furthermore, Toshiba Memory Holdings Corporation was established, and Toshiba Memory Corporation became a wholly owned subsidiary subsequent to a share transfer.

On May 31, 2019, the Company signed an agreement with Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Trust Bank, Limited to pledge the shares of Toshiba Memory Holdings Corporation as collateral for the debt and other obligations of Toshiba Memory Holdings Corporation to financial institutions. The pledge was made on June 17, 2019. In concluding this agreement, the Company cancelled the agreement entered into to secure the debt and other obligations of TMC to financial institutions and Toshiba Memory Corporation changed its name to KIOXIA Corporation, and Toshiba Memory Holdings Corporation changed its name to KIOXIA Holdings Corporation on October 1, 2019.

In accordance with the share purchase agreement, the Company has provided compensation to KIOXIA Group for 13.8 billion yen in the fiscal year ended March 31, 2020. Such compensation expense is presented as discontinued operations within the consolidated statements of income.

Results of operations

	(Millions of yen)
Sales and other income	-
Net sales	-
Other income	-
Costs and expenses	13,794
Cost of sales	-
Selling, general and administrative expenses	-
Other expenses	13,794
Loss from discontinued operations, before income taxes and noncontrolling interests	(13,794)
Income taxes	-
Loss from discontinued operations, before noncontrolling interests	(13,794)
Less: Net income (loss) from discontinued operations attributable to noncontrolling interests	-
Net loss from discontinued operations attributable to shareholders of the Company	(13,794)

The results of operations of KIOXIA Group and the Group’s equity in losses of affiliates for KIOXIA Group for the current fiscal year are as follows.

	(Millions of yen)
The pretax loss	(236,452)
Net loss	(165,826)
The Group’s equity in losses of affiliates	(66,662)

Investments in and advances to affiliates on the consolidated balance sheet as of March 31, 2020 includes 286.1 billion yen for KIOXIA Group.

Non-Consolidated Balance Sheet

Non-Consolidated Statement of Operations

Non-Consolidated Statement of Changes in Net Assets

Notes to Non-Consolidated Financial Statements

For the year ended March 31, 2020

The 181th term

Toshiba Corporation

Non-Consolidated Balance Sheet

As of March 31, 2020

Assets	(Millions of yen)
Current assets	498,008
Cash and cash equivalents	234,009
Notes receivables	683
Accounts receivables	30,117
Finished products	5,275
Raw materials	2,293
Work in process	2,710
Other receivables	51,316
Deposits paid	165,529
Prepaid expenses	2,808
Other current assets	4,302
Allowance for doubtful accounts	(1,038)
Fixed assets	963,213
Tangible fixed assets	60,045
Buildings	19,483
Structures	3,322
Machinery and equipment	7,586
Delivery equipment	122
Tools, fixtures and furniture	3,475
Land	22,226
Lease assets	338
Construction in progress	3,490
Intangible fixed assets	9,296
Software	3,288
Other intangible fixed assets	6,008
Investments and others	893,871
Investment securities	31,354
Security investments in subsidiaries and affiliates	825,698
Other investments	1
Other investments in subsidiaries and affiliates	23,553
Long-term prepaid expenses	41
Claims provable in bankruptcy and rehabilitation	2,569
Other assets	13,303
Allowance for doubtful accounts	(2,650)
Total assets	1,461,222

Non-Consolidated Balance Sheet (Continued)

As of March 31, 2020

Liabilities	(Millions of yen)
Current liabilities	577,526
Accounts payable	10,077
Short-term loans	8,860
Current portion of debentures	30,000
Lease obligations	130
Accrued liabilities	46,552
Accrued expenses	24,196
Corporate and other taxes payable	351
Advance payments received	11,537
Deposits received	439,755
Allowance for losses on litigation	218
Other current liabilities	5,847
Long-term liabilities	274,590
Long-term loans	161,460
Lease obligations	219
Allowance for retirement benefits	36,936
Allowance for losses on litigation	69,010
Asset retirement obligations	2,226
Deferred tax liabilities	2,908
Other long-term liabilities	1,828
Total liabilities	852,116
Net Assets	
Shareholders' equity	606,397
Common stock	200,175
Capital surplus	172
Capital legal reserve	172
Retained earnings	411,058
Legal retained earnings	2,155
Other retained earnings	408,902
Reserves for deferral of gains on sales of property	573
Retained earnings brought forward	408,328
Treasury stock	(5,007)
Difference of appreciation and conversion	2,707
Net unrealized gains (losses) on investment securities	4,295
Deferred profit (loss) on hedges	(1,588)
Total net assets	609,105
Total liabilities and net assets	1,461,222

Non-Consolidated Statement of Operations

For the year ended March 31, 2020

	(Millions of yen)
Net sales	75,031
Cost of sales	31,023
Gross margin	44,008
Selling, general and administrative expenses	83,942
Net operating loss	39,933
Non-operating income	75,346
Interest income	1,012
Dividend income	57,500
Rental income	12,600
Miscellaneous income	4,232
Non-operating expenses	18,652
Interest expenses	4,052
Losses on sales of shares of subsidiaries, affiliates and others	3,488
Expenses of assets for rent	7,122
Miscellaneous expenses	3,988
Ordinary income	16,760
Extraordinary gains	2,357
Gain on extinguishment of tie-in shares	2,357
Extraordinary losses	29,683
Losses on litigation	20,049
Losses on valuation of shares of subsidiaries and affiliates	9,083
Losses on valuation of investment securities	550
Net loss before income taxes	10,565
Corporate tax, inhabitant tax and business tax	(6,610)
Taxes for prior periods	(10,795)
Taxes deferred	114
Net income	6,726

Non-Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2020

(Millions of yen)	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Common stock	Capital legal reserve	Other capital surplus	Total capital surplus	Legal retained earnings	Reserves for deferral of gains on sales of property	Retained earnings brought forward	Total retained earnings
Balance at beginning of the term	200,044	43	-	43	1,144	4	718,122	719,271
Changes in the term								
Issuance of new shares	131	129		129				
Dividends from surplus					1,011		(11,123)	(10,112)
Funding of reserves for deferral of gains on sales of property						569	(569)	-
Net income							6,726	6,726
Purchase of treasury stock								
Disposal of treasury stock			0	0				
Retirement of treasury stock			(304,827)	(304,827)				
Transfer to capital surplus from retained earnings			304,827	304,827			(304,827)	(304,827)
Net changes of items other than shareholders' equity								
Total changes in the term	131	129	-	129	1,011	569	(309,793)	(308,213)
Balance at end of the term	200,175	172	-	172	2,155	573	408,328	411,058

	Shareholders' equity		Difference of appreciation and conversion			Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on investment securities	Deferred profit (loss) on hedges	Total difference of appreciation and conversion	
Balance at beginning of the term	(9,537)	909,821	6,408	(1,722)	4,686	914,507
Changes in the term						
Issuance of new shares		260				260
Dividends from surplus		(10,112)				(10,112)
Funding of reserves for deferral of gains on sales of property		-				-
Net income		6,726				6,726
Purchase of treasury stock	(300,299)	(300,299)				(300,299)
Disposal of treasury stock	1	1				1
Retirement of treasury stock	304,827	-				-
Transfer to capital surplus from retained earnings		-				-
Net changes of items other than shareholders' equity			(2,112)	134	(1,978)	(1,978)
Total changes in the term	4,529	(303,423)	(2,112)	134	(1,978)	(305,402)
Balance at end of the term	(5,007)	606,397	4,295	(1,588)	2,707	609,105

1. Notes to Significant Accounting Policies

Non-consolidated financial information has been prepared in accordance with Japanese generally accepted accounting principles.

(1) Method of valuation of securities

Investment securities in affiliates	Valued at acquisition cost based on the moving average method
Other securities	
Marketable securities	Valued at market value at the end of fiscal year (The difference are recorded directly in net assets and cost of sales is calculated by the moving average method)
Non-marketable securities	Valued at acquisition cost based on the moving average method

(2) Method of valuation of derivatives

Derivatives	Valued at market value

(3) Method of valuation of inventories

Finished products	Valued at acquisition cost either based on the specific identification method or on the moving average method
Raw materials	Valued at acquisition cost based on the moving average method
Work in process	Valued at acquisition cost either based on the specific identification method or on the weighted average method

Amounts carried on the balance sheet are stated after their devaluation based on the lowered profitability.

(4) Depreciation methods for fixed assets

Tangible fixed assets (excluding lease assets)	The straight-line method. Service life of buildings and structures is from 3 years to 60 years. Service life of machinery and equipment is from 2 years to 17 years.
Intangible fixed assets (excluding lease assets)	The straight-line method. However, for software for sales, the straight-line method based on estimated sales volume or remaining effective life (up to 3 years). For software for internal use, the straight-line method based on internal service life (up to 5 years).
Lease assets	Lease assets under non-ownership transfer finance lease transactions. For accounting for such lease assets, the Company applies a straight-line method with the lease period as useful life and the residual value as 0.

(5) Recognition of allowance

Allowance for doubtful accounts	To account for potential losses on bad debts, allowances for doubtful accounts are recorded. The allowance for doubtful accounts is generally recorded based on the write-off history and also recorded for any specific, known troubled accounts based on the evaluation of their collectability.
Allowance for losses on business of subsidiaries and affiliates	To account for possible losses associated with business of subsidiaries and affiliates, the expected amount of loss to be incurred by the Company beyond the amount normally estimated based on its recorded investment value in the subsidiaries and affiliates.
Allowance for losses on litigation	To account for the contingent losses that may be incurred in the future with respect to lawsuits or other disputes, a reasonable estimate of potential loss is recorded upon having considered the individual risks in terms of the respective contingencies.
Allowance for retirement benefits	To account for retirement benefits, the estimated amount is based on the accrued pension and severance costs to be incurred at the end of fiscal year. Retirement benefit obligations are calculated on the benefit formula basis to attribute estimated accrued severance costs to the period to the current fiscal year. Prior service cost is amortized by straight-line method over 10 years. Actuarial differences are amortized by straight-line method over 10 years from the fiscal year following the fiscal year in which they arise.

(6) Revenue recognition

The percentage-of-completion method is applied for construction contracts with a high level of certainty of expected cash flow for the part completed by the end of the period (cost comparison method is used for estimating the progress rate of construction work).

(7) Hedge accounting

Accounting method

In principal, the Company applies the deferral hedge accounting method. In addition, when the forward exchange contracts meet the conditions for hedged items, the Company does not account for gains and losses on those forward exchange contracts on a fair value basis, but converts hedged items using the rates of those forward exchange contracts at the closing day.

Moreover, when interest swap agreements meet the conditions for hedged items, the Company does not account for gains and losses on those interest swap agreements on a fair value basis, but recognizes swap interest on an accrual basis.

Measures and objects

Measures	Forward exchange contracts, interest rate swap agreements and borrowings denominated in foreign currency, etc.
Objects	Monetary assets and liabilities denominated in foreign currency, commitments on future transactions denominated in foreign currency, borrowings and investments in foreign subsidiaries, etc.

Policy

To reduce foreign currency risk and interest risk and to improve net interest expense, the Company employs derivative instruments within actual demand of the Company.

Evaluation of effectiveness

The Company compares the total amount of market change or change of cash flow of objects and the total amount of market change or change of cash flow of measures. Effectiveness of hedge is evaluated based on change of both. However, when interest rate swap agreements are recognized by the exceptional method described above, evaluation of effectiveness is skipped.

(8) Accounting of consumption taxes

Transactions subject to consumption taxes are recorded at amounts without tax.

(9) Consolidated taxation system

The Company utilizes the consolidated tax payment system.

(10) Presentation of amount

Amounts under million are rounded down.

2. Notes to Non-Consolidated Balance Sheet

(1) Collateral assets and liabilities secured by collaterals

Collateral assets:

Security in subsidiaries and affiliates (Kioxia Holdings Corporation) 83,956 million yen

The Company has pledged the above assets as collateral for loan agreements concluded with financial institutions by the affiliate (Kioxia Holdings Corporation).

(2) Accumulated depreciation for tangible fixed assets: 111,107 million yen

(3) Liabilities on guarantees

The Company guarantees lease obligations, etc. as follows:

(Millions of yen)

Guarantee	Balance of liabilities on guarantees
Toshiba America, Inc.	2,352
Westinghouse Electric Company LLC	550
Toshiba Infrastructure System & Solutions Corporation	516
Toshiba Energy Systems & Solutions Corporation	379
Others	760
Total	4,559

(4) Important disputes

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 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 the 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 14,220 million yen in June 2016, 21,759 million yen in April 2017, 44,741 million yen in April 2017, 9,227 million yen in June 2017, 33,000 million yen in September 2017, 837 million yen in September 2017, 414 million yen in October 2017 and 4,051 million yen in April 2018, (2) Japan Trustee Services Bank, Ltd., of approximately 1,262 million yen in May 2016, 11,993 million yen in August 2016, and 572 million yen in September 2017, (3) the Master Trust Bank of Japan, Ltd., of approximately 5,105 million yen and 13,114 million yen in March 2017, and (4) Trust & Custody Services Bank, Ltd., of approximately 14,026 million yen in March 2017.

The Group (“The Group” represents Toshiba Corporation and its consolidated subsidiaries) 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.

(5) Monetary receivables and liabilities to subsidiaries and affiliates

Current monetary receivables	219,439 million yen
Current monetary liabilities	478,237 million yen

3. Notes to Non-Consolidated Statement of Operations

(1) Sales to subsidiaries and affiliates	54,581 million yen
(2) Purchases from subsidiaries and affiliates	7,454 million yen
(3) Non-operating transactions amounts with subsidiaries and affiliates	98,214 million yen

4. Notes to Non-Consolidated Statement of Changes in Net Assets

(1) The class and number of issued shares as of March 31, 2020

Common stock	455,000,000 shares

(2) The class and number of treasury stock as of March 31, 2020

Common stock	1,422,054 shares

(3) Resolution of dividends

Resolution	Total amount of dividends	Dividend per share	Record date	Effective date
Board of Directors Meeting held on May 13, 2019	5,412 million yen	10 yen	Mar. 31, 2019	Jun. 4, 2019
Board of Directors Meeting held on November 13, 2019	4,699 million yen	10 yen	Sep. 30, 2019	Dec. 3, 2019
Board of Directors Meeting held on May 14, 2020	4,535 million yen	10 yen	Mar. 31, 2020	Jun. 4, 2020

5. Notes to Deferred Income Tax Accounting

Deferred tax assets have been recognized due to losses on the valuation of shares, allowance for losses on litigation, non-recognition of the allowance for retirement benefits, and net-loss carried forward, etc. A full valuation allowance has been recorded.

The occurrence of deferred tax liabilities was mainly attributable to net unrealized gains (losses) on investment securities.

6. Notes to Transaction with Related Parties

Subsidiaries and affiliates

(Millions of yen)

Distinction of subsidiary/ affiliate	Company	Holding ratio of voting rights*1	Relationship	Transaction	Amount	Accounts	Ending balance
Subsidiary	Toshiba Infrastructure Systems & Solutions Corporation	100%	Use of brands, etc. Lending of cash Company split Debt guarantees received	Consideration of use of brands, etc.*2	8,361	Accounts receivable	5,378
				Lending of cash*3*4	–	Deposits paid	23,480
				Receipt of interests *3*4	51	Other receivables	17
				Succession by company Split*5 Merged assets Merged liabilities	 54,987 16,333	 – –	 – –
				–	–	Debt guarantees received*9	–
Subsidiary	Toshiba Electronic Devices & Storage Corporation	100%	Use of brands, etc. Lending of cash Debt guarantees received	Consideration of use of brands, etc.*2	8,055	Accounts receivable	4,181
				Lending of cash*3*4	–	Deposits paid	45,525
				Receipt of interests *3*4	81	Other receivables	21
				–	–	Debt guarantees received*9	–
Subsidiary	Toshiba Energy Systems & Solutions Corporation	100%	Use of brands, etc. Borrowing of cash Debt guarantees received	Consideration of use of brands, etc.*2	6,361	Accounts receivable	3,836
				Borrowing of cash *3*4	–	Deposits received	88,623
				Payment of interests *3*4	183	Accrued expenses	8
				–	–	Debt guarantees received*9	–
Subsidiary	Toshiba I.S. Corporation	100%	Acceptance of services	Operation and maintenance of systems*6	28,576	Accrued expenses	5,653
Affiliate	Kioxia Corporation	40.2%	Payment for indemnity	Payment of indemnity based on share purchase agreement*7	15,116	Accrued liabilities	12,949
Subsidiary	Kaga Toshiba Electronics Corporation	100%	Lending of cash	Lending of cash*3*4	–	Deposits paid	21,630
				Receipt of interests *3*4	103	Other receivables	9
Subsidiary	Toshiba Digital Solutions Corporation	100%	Borrowing of cash Debt guarantees received	Borrowing of cash *3*4	–	Deposits received	50,588
				Payment of interests *3*4	52	Accrued expenses	5
				–	–	Debt guarantees received*9	–
Subsidiary	Toshiba Plant Systems & Services Corporation	100%	Borrowing of cash	Borrowing of cash *3*4	–	Deposits received	77,210
				Payment of interests *3*4	123	Accrued expenses	10
Subsidiary	Toshiba Asia Pacific Pte., Ltd.	100%	Borrowing of cash	Borrowing of cash *3*4	–	Deposits received	43,795
				Payment of interests *3*4	233	Accrued expenses	19
Subsidiary	NuFlare Technology, Inc.	84.6%	Borrowing of cash	Borrowing of cash *3*4	–	Deposits received	40,000
				Payment of interests *3*4	71	Accrued expenses	2

Subsidiary	Toshiba America, Inc.	100%	Borrowing of cash	Borrowing of cash *3*4	–	Deposits received	28,696
				Payment of interests *3*4	651	Accrued expenses	42
Subsidiary	Toshiba of Europe Ltd.	100%	Borrowing of cash	Borrowing of cash *3*4	–	Deposits received	23,933
				Payment of interests *3*4	136	Accrued expenses	12
Subsidiary	Toshiba Elevator and Building Systems Corporation	80.0%	Borrowing of cash	Borrowing of cash *3*4	–	Deposits received	12,492
				Payment of interests *3*4	23	Accrued expenses	1
Affiliate	Kioxia Holdings Corporation	40.2%	Provision of collateral	Provision of collateral*8	–	–	–

(Notes)

* 1. Voting rights include voting rights held through subsidiaries of the Company.
* 2. Consideration for use of brands, etc. is determined on the basis of mutual discussion drawing on conditions prevailing in an arms-length transaction.
* 3. Conditions of lending and/or borrowing of cash are determined on the basis of mutual discussion drawing on conditions prevailing in an arms-length transaction, considering market interest rate.
* 4. Amounts such as those involving lending and/or borrowing of cash are not stated because such transactions are performed on a recurring basis drawing on cash management systems for the effective utilization of funds within the Group.
* 5. Details of the company split are disclosed in the section of Notes to Business Combinations and Divestitures.
* 6. The operation and maintenance of systems is determined on the basis of mutual discussion drawing on conditions prevailing in an arms-length transaction in relation to the price presented by Toshiba I.S. Corporation.
* 7. The share purchase agreement of Kioxia Corporation (formerly Toshiba Memory 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, and other conditions specified in the agreement.
* 8. All the shares of Kioxia Holdings Corporation owned by the Company amounting to 83,956 million yen are provided to financial institutions as collateral for loan agreements that Kioxia Holdings Corporation concludes with financial institutions.
* 9. The Company received joint and several guarantees of 562,165 million yen from four subsidiaries against the Company’s borrowings or the like.

7. Notes to Per Share Information

(1) Net assets per share 1,342.89 yen

(2) Net income per share 13.87 yen

8. Notes to Business Combinations and Divestitures

(Transactions, etc. between entities under common control)

Effective April 1, 2019, Toshiba Infrastructure System & Solutions Corporation (hereinafter "TISS"), a wholly owned subsidiary of the Company, transferred the battery business and the shares of subsidiaries that operate the building solutions business owned by TISS to the Company by means of company splits.

(1) Outline of the company splits

1) Name of splitting company
   TISS
2) Business to be split or transferred
   a) Battery business
      Development, manufacture, sales of the SCiB™, rechargeable lithium-ion battery
   b) Shares of subsidiaries of that operate building solutions businesses
      Toshiba Elevator and Building Systems Corporation
      Toshiba Lighting & Technology Corporation
      Toshiba Carrier Corporation
3) Key purpose of the company splits

   In the Toshiba Next Plan announced on November 8 2018, the Company positions the battery business, which develops, manufactures and markets the SCiB™, a rechargeable lithium-ion battery, as the Group's new growth business. The Company expects this move to speed up decision making and strengthen management, so as to accelerate the growth of the battery business by maximizing access to the Group's technologies, manufacturing and sales resources.
   The Company anticipates long-term growth in the elevator and escalator business, lighting business and air conditioner business, the core businesses of the building solutions businesses, which is positioned as one of the Group's focus business domain. The company will further simulate collaboration amongst the three companies, and accelerate decision making to reinforce the management of the building solution businesses.
4) Effective date of the company splits
   April 1, 2019
5) Transaction outline, including legal format
   The absorption-type company split method was used, in which TISS was the splitting company and the Company was the succeeding company.

(2) Outline of accounting treatment performed

Accounting treatment was performed for the transactions between entities under common control pursuant to the Accounting Standard for Business Combinations (ASBJ Statement No. 21 of September 13, 2013), the Accounting Standard for Business Divestitures (ASBJ Statement No. 7 of September 13, 2013) and the Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10 of September 13, 2013).
2,357 million yen was recorded in extraordinary gains as gain on extinguishment of tie-in shares.

9. Notes to Significant Subsequent Events

Sale of Marketable Securities

On April 1, 2020 the Company sold certain marketable securities, resulting in a gain of approximately 7.3 billion yen will be recorded during the fiscal year ending March 31, 2021.

Borrowings

In consideration of the possibility of a worsening economic and business situation especially with regards to the impact of COVID-19, the company secured additional cash in the amount of 150 billion yen in April 2020.

Annexed Detailed Statements to

Non-Consolidated Financial Statements

For the year ended March 31, 2020

The 181th term

Toshiba Corporation

Specifications of Tangible Fixed Assets and Intangible Fixed Assets

For the year ended March 31, 2020

(Millions of yen)	Balance at beginning of the term	Increase		Decrease		Depreciation	Balance at end of the term	Accumulated depreciation
Tangible Fixed Assets								
Buildings	17,499	*1	6,520	*7	2,744 (316)	1,792	19,483	50,536
Structures	3,205		622		235 (1)	269	3,322	9,452
Machinery and equipment	1,714	*2	11,925	*8	3,755 (-)	2,298	7,586	30,542
Delivery equipment	0		170		25 (-)	23	122	170
Tools, fixtures and furniture	3,321	*3	3,754	*9	2,163 (0)	1,438	3,475	20,222
Land	22,670		-		444 (-)		22,226	
Lease assets	457		-		- (-)	119	338	183
Construction in progress	22	*4	12,680	*10	9,212 (-)		3,490	
Total tangible fixed assets	48,893		35,674		18,581 (319)	5,941	60,045	111,107
Intangible fixed assets								
Software	2,527	*5	2,775		935 (0)	1,079	3,288	
Other intangible fixed assets	1,416	*6	6,352	*11	1,759 (-)	1	6,008	
Total intangible fixed assets	3,943		9,128		2,694 (0)	1,081	9,296	

Note: Figures in parentheses in the "Decrease" represent the amount of impairment loss.

The following are main items of increase or decrease. The main reason for the increase is business transfer from Toshiba Infrastructure System & Solutions Corporation, but it also includes ordinary increase such as acquisition of fixed assets.

(Millions of yen)

Increase	*1	Kashiwazaki Operations	4,999
		Headquarter	1,008
	*2	Kashiwazaki Operations	10,487
		Headquarter	1,036
	*3	Headquarter	1,269
		Kashiwazaki Operations	1,166
	*4	Kashiwazaki Operations	7,651
		Headquarter	3,050
	*5	Headquarter	1,643
		Kashiwazaki Operations	619
	*6	Headquarter	6,141

Decrease	*7	Kashiwazaki Operations	2,344
	*8	Kashiwazaki Operations	3,512
	*9	Headquarter	1,015
		Kashiwazaki Operations	766
	*10	Kashiwazaki Operations	6,214
		Corporate Research & Development Center	1,267
		Headquarter	1,202
	*11	Headquarter	1,480

Specifications of Allowances and Provisions

For the year ended March 31, 2020

(Millions of yen)	Balance at beginning of the term	Increase	Decrease	Balance at end of the term
Allowance for doubtful accounts	3,288	526	126	3,688
Allowance for losses on business of subsidiaries and affiliates	181	-	181	-
Allowance for losses on litigation	79,038	2,031	11,841	69,228
Allowance for retirement benefits	40,636	11,601	15,301	36,936

Specifications of Selling, General and Administrative Expenses

For the year ended March 31, 2020

	(Millions of yen)	Remarks
Promotion expenses	207	
License fee	174	
Advertising expenses	3,031	
Salaries, allowances and bonuses	15,547	
Welfare expenses	2,683	
Transportation and communication expenses	648	
Rent expenses	10,565	
Depreciation	1,546	
Provision of allowance for doubtful accounts	71	
Provision for retirement benefits	1,786	
Research and development expenses	25,644	
Others	22,034	
Total selling, general and administrative expenses	83,942	

System for Ensuring the Appropriate Performance of the Company's Business (Internal Control System), etc.

Basic Policy on the Control of the Company and Takeover Defense Measure

Notes to Consolidated Financial Statements

Notes to Non-Consolidated Financial Statements

For the fiscal year ended March 31, 2020

The 181st term

Toshiba Corporation

12. System for Ensuring the Appropriate Performance of the Company's Business (Internal Control System), etc.

(1) Systems to Ensure the Appropriateness of Business Operations of Toshiba Corp. and its Subsidiaries

The Board of Directors resolved systems to ensure the appropriateness of business operations as follows:

i. System to ensure that Executive Officers' compliance with laws and regulations and the Articles of Incorporation.

a. Executive Officers periodically report to the Board of Directors of Toshiba Corp. on their execution of their duties and are required to report on necessary items to the Board of Directors, as necessary.

b. The Executive Officer who serves as the General Executive of the Internal Audit Division or General Manager of the Internal Audit Division periodically reports to the Board of Directors of Toshiba Corp. on internal audit results.

c. The Audit Committee of Toshiba Corp. periodically interviews Executive Officers, and the General Manager of the Internal Audit Division periodically reports to the Audit Committee on internal audit results.

d. Executive Officers report to the Audit Committee of Toshiba Corp. on any material violation of laws and regulations without delay in accordance with the Rules concerning Reporting to the Audit Committee.

e. Toshiba Corp. has established the Toshiba Group Standards of Conduct clarifying values and codes of conduct to be shared by all officers and employees and ensures, through continuous execution of officer education, etc., that Executive Officers of Toshiba Corp. comply with the Toshiba Group Standards of Conduct.

f. Toshiba Corp. separates supervision from business execution by placing the Internal Audit Division under the direct control of the Audit Committee and establishes a system in which the Internal Audit Division effectively performs audits of accounting, compliance inspections and audits of other matters.

ii. System for retention and management of information concerning Executive Officers' execution of their duties.

a. In accordance with the Rules concerning the Document Retention Period, Executive Officers of Toshiba Corp. appropriately retain and manage material documentation, such as information materials for the Management Meetings and decision-making documents, and other documents such as account books and records.

b. Executive Officers of Toshiba Corp. run a system that allows Directors to access significant information, such as information materials for the Management Meetings, decision-making documents, financial statements and records and business reports.

iii. Rules and other systems concerning risk of loss management

a. In accordance with the Basic Rules concerning Risk-Compliance Management, the Chief Risk-Compliance Management Officer (hereinafter referred to as the "CRO") of Toshiba Corp. formulates and promotes measures concerning crisis and risk management of Toshiba Group in his/her capacity as the chairman of the Risk-Compliance Committee. In formulating and promoting such measures, the CRO appropriately performs risk of loss management for the entire Toshiba Group by confirming and improving the effectiveness of such measures.

b. Executive Officers of Toshiba Corp. formulate and promote measures necessary for continuously clarifying business risk factors of Toshiba Group and minimizing loss in the event that risk is realized in accordance with Basic Rules of Business Risk Management.

iv. System to ensure that Executive Officers efficiently execute their duties

a. The Board of Directors of Toshiba Corp. determines the basic management policy and approves the mid-term business plan and annual budgets of Toshiba Group prepared by the Executive Officers.

b. The Board of Directors of Toshiba Corp. delegates authority and responsibilities to each Executive Officer in an appropriate manner, and Executive Officers clarify the authority and responsibilities of the Executive Officers and employees in accordance with the Rules concerning Responsibilities of Division and the Rules concerning Managerial Duties.

c. Executive Officers of Toshiba Corp. set concrete targets and roles for organizations and employees.

d. Executive Officers of Toshiba Corp. make decisions on business operations based on appropriate procedures in accordance with the Board of Directors Rules, the Corporate Decision Making Rule, and other rules.

e. Executive Officers of Toshiba Corp. appropriately evaluate the performance of Toshiba Group by means of the Performance Evaluation Committee.

f. Executive Officers of Toshiba Corp. promote strengthening of information security systems and operate the accounting system, the authorization system and other information processing systems in an appropriate manner.

v. System to ensure that employees' performance of their duties conforms to laws and regulations and the Articles of Incorporation

a. The Representative Executive Officer, Chairman and CEO and Representative Executive Officer, President and COO of Toshiba Corp. ensure, through continuous execution of employee education, etc., that employees comply with the Toshiba Group Standards of Conduct clarifying values and codes of conduct to be shared by all officers and employees.

b. The CRO of Toshiba Corp. formulates and promotes measures of Toshiba Group concerning compliance with laws and regulations in his/her capacity as the chairman of the Risk-Compliance Committee in accordance with the Basic Rules concerning Risk-Compliance Management.

c. Toshiba Corp. establishes a whistle-blower system in which the officers and employees of Toshiba Corp. are able to make a report to the business execution side of Toshiba Corp. if they become aware of an illegal act of Toshiba Corp., and the Executive Officer of Toshiba Corp. in charge endeavors to detect problems early and deal with them in an appropriate manner by making use of the whistle-blower system. The Toshiba Group Standards of Conduct clearly stipulate that the officers and employees who have used this system must not be treated disadvantageously on the grounds that they have done so. In addition, Toshiba Corp. establishes a whistle-blower system in which the Audit Committee of Toshiba Corp. directly receives internal reports and endeavors to collect information on problems early.

vi. System to ensure the appropriateness of business operations of the corporate group composed of Toshiba Corp. and its subsidiaries

a. The subsidiaries adopt and implement the Toshiba Group Standards of Conduct and establish whistle-blower systems according to the legal systems and circumstances of the countries in which they operate.

b. Toshiba Corp. establishes a system in which its subsidiaries report to Toshiba Corp. in accordance with the Operational Communication Arrangement, etc. in the event that material issues arise in their business operations.

c. Toshiba Corp. formulates appropriate measures for internal control, including that of its subsidiaries, and causes its subsidiaries to promote the measures according to their situations.

d. The subsidiaries establish audit systems such as auditors in accordance with the Toshiba Group Auditors' Audit Policy.

e. Toshiba Corp. executes internal audits on the accounting treatment processes and business processes of its subsidiaries.

f. Toshiba Corp. appropriately and effectively manages the systems and business processes common throughout Toshiba Group and establishes a system in which shared resources are appropriately and effectively allocated.
g. Under the relevant license agreements, Toshiba Corp. in principle obligates its affiliates that are permitted to use “Toshiba” in part of their company names to adopt the Toshiba Group Standards of Conduct.

(2) Items Necessary for Performance of Duties by the Audit Committee of Toshiba Corp.

The Board of Directors resolved items necessary for the Audit Committee’s performance of its duties as follows:

i. Directors and employees assigned to assist the Audit Committee in the performance of its duties
a. In order to assist the Audit Committee of Toshiba Corp. in the performance of its duties, the Audit Committee Office consisting of around ten staff is established, and the head of the Audit Committee Office is an Executive Officer (including an Executive Officer who concurrently holds office as a Director).

ii. Ensuring independence of employees mentioned in the preceding paragraph from Executive Officers and effectiveness of instructions to such employees
a. The Audit Committee has the right to approve the appointment, request the dismissal, and veto the dismissal of the head and employees of the Audit Committee Office of Toshiba Corp., and the head of the Audit Committee Office is under the direction of the Audit Committee. The employees of the Audit Committee Office are under the direction of the Audit Committee and the head of the Audit Committee Office.

iii. System for reporting to the Audit Committee
a. Directors, Executive Officers and employees of Toshiba Corp. report to the Audit Committee on each relevant occasion in accordance with the Rules concerning Reporting to the Audit Committee and the Rules concerning Operation of the System of Reporting to the Audit Committee in the event that any material issue arises that may affect operations and financial performance.
b. The subsidiaries of Toshiba Corp. periodically report their situations and other matters to the Audit Committee of Toshiba Corp. through the Toshiba Group Auditors Liaison Organization, etc. In addition, Toshiba Corp. establishes the Toshiba Group Auditor Hotline through which the auditors and employees in charge of audit reporting of the subsidiaries are able to make a report to the Audit Committee if they become aware of an illegal act of such subsidiaries.
c. Toshiba Corp. establishes the Audit Committee Hotline through which the officers and employees of Toshiba Corp. and officers and employees of its domestic subsidiaries are able to make a report to the Audit Committee of Toshiba Corp. in accordance with the Rules concerning Operation of the System of Reporting to the Audit Committee if they become aware of an illegal act of Toshiba Corp. or such subsidiaries.
d. The Representative Executive Officer, Chairman and CEO or the Representative Executive Officer, President and COO provides members of the Audit Committee designated by the Audit Committee with opportunities to attend important meetings, including the Management Committee meetings.

iv. System to ensure that persons reporting to the Audit Committee are not treated disadvantageously on the grounds that they have made such report
a. The Rules concerning Reporting to the Audit Committee and the Rules concerning Operation of the System of Reporting to the Audit Committee clearly stipulate that the officers and employees of Toshiba Group who have made a report to the Audit Committee of Toshiba Corp. must not be treated disadvantageously on the grounds that they have done so.

v. Policy on procedures for advance payment or redemption of expenses arising from performance of duties of the Audit Committee's members and other settlement of expenses or debts arising from performance of such duties

a. If a member of the Audit Committee requests Toshiba Corp. to make advance payment of the expenses, etc. set out in Article 404, Paragraph 4 of the Companies Act in relation to the performance of his or her duties, unless it is determined after examination by the relevant departments that the expenses or debts in relation to such request are not necessary for the performance of duties of such member of the Audit Committee, Toshiba Corp. promptly settles such expenses or debts. Toshiba Corp. annually budgets a certain amount for the payment of expenses and other costs arising from the performance of duties of the Audit Committee's members. If the need arises during the fiscal year, Toshiba Corp. increases the budget after examination by the relevant departments at the request of the Audit Committee's members.

vi. Other system to ensure that audits by the Audit Committee are conducted effectively

a. The Representative Executive Officer, Chairman and CEO or the Representative Executive Officer, President and COO periodically exchanges information with the Audit Committee.
b. Executive Officers and employees report the execution of their duties to the Audit Committee by means of the periodic interviews conducted by the Audit Committee and circuit interviews.
c. The Audit Committee places the Internal Audit Division under its direct control. The Audit Committee presents audit policies and gives audit instructions to the Internal Audit Division. The General Manager of the Internal Audit Division periodically reports the internal audit results to the Audit Committee.
d. The Audit Committee has accounting auditors provide explanations and reports concerning the accounting audit plan at the beginning of each fiscal year, the situation of accounting audits during each fiscal year, and the results of the accounting audits at the end of each fiscal year.
e. The Executive Officer in charge provides explanations to the Audit Committee concerning the settlement of accounts at the end of each fiscal year as well as each quarterly settlement of accounts prior to the approval by the Board of Directors.
f. The General Manager of the Internal Audit Division is an Executive Officer, or otherwise an Executive Officer serves as the General Executive of the Internal Audit Division. The Audit Committee has the right to approve the appointment, request the dismissal, and veto the dismissal of the General Manager of the Internal Audit Division and the Executive Officer who serves as the General Executive of the Internal Audit Division. The General Manager of the Internal Audit Division and the Executive Officer who serves as the General Executive of the Internal Audit Division is under the direction of the Audit Committee.
g. The members of the Audit Committee have the right to access all internal reports made to the whistle-blower system on the business execution side.

(3) State of Operation of the Systems to Ensure the Appropriateness of Business Operations for itself and its Subsidiaries

The state of operation, other than as noted in "9. Names, Responsibilities, etc. of the Company's Directors / Officers, (4) State of activities of the Board of Directors and committees" is as follows.

i. State of holding of the Compliance Committee meetings

To formulate and promote measures to manage crisis risk for the Toshiba Group, the Company held Risk-Compliance Committee meetings in FY2019 determined company-wide priority measures implemented for one year. Moreover, we held the Accounting Compliance Committee meeting 6 times in order to: 1) detect timely any signs potentially leading to an instance of inappropriate financial reporting; 2) detect any risks threatening the Company's internal control early; and 3) issue instruction on and discuss countermeasures.

ii. State of development of the whistleblowing system
The Company has put in place, as an executive structure, the Toshiba Consultation Hotline (each whistleblower chooses from the external specialist organization as a contact point or the law office as a contact point), operating its whistleblowing system. Moreover, in October 2015 the Company established, as an auditor structure, the Audit Committee Hotline whose whistleblowing contact point is the Audit Committee Office. To promote use of the whistleblowing system, we worked to deepen awareness of the existence of this system and that anonymity of whistleblowers is strictly provided using e-learning for all employees. Whistleblowing reports, including those related to accounting treatment, totaled 58 in the first half of FY2019 and 52 in the second half, and they were reported to the Audit Committee and the Board of Directors. Accounting-related whistleblowing cases were immediately reported to accounting auditors as well without disclosing the whistleblower's personal information. We investigated all cases of whistleblowing before addressing any case needing to be dealt with. In April 2019, we outsourced the contact point for the Toshiba Consultation Hotline to an external specialist organization with consideration for whistleblowers.

iii. State of implementation of compliance-related training for Directors and employees
The Company held two rounds of training for its senior executives. The training involved reforming awareness concerning compliance, and reforming organizational climate, among other topics. We held training on strengthening business risk management, accounting knowledge, and accounting compliance in our training for new vice presidents and general managers of branch offices in Japan, and also incorporated accounting knowledge and accounting compliance training into our training for developing and selecting executives and milestone training on promotion. We also implemented accounting compliance education through the e-learning for senior executives of our overseas subsidiaries and employees of Group companies in Japan.

iv. State of implementation of internal audit
The Internal Audit Division formulated its annual audit policy and annual audit plan pursuant to the Audit Committee's audit policy. In the FY2019, the division conducted onsite audits at three corporate staff divisions and 25 subsidiaries and affiliates according to the above-mentioned audit plan. The findings of such onsite audits were reported to the Audit Committee by the head of the Internal Audit Division in a timely manner.

v. State of Audit Committee members' activities and assistance for them
The Audit Committee members monitored and reviewed the state of duty execution by Directors and Executive Officers by attending significant meetings, such as Board of Directors meetings and corporate management meetings, and making inquiries to Executive Officers on 28 occasions in total and to the heads of internal control and internal audit business units on 26 occasions. Moreover, the Audit Committee members received explanations and reports from accounting auditors on audit plans and the state of implementation of audits and their findings. During the course of audit activities, they actively demanded reporting through the Audit Committee Office and the Internal Audit Division that was put under its direct control. The Audit Committee Hotline whose whistleblowing contact point is the Audit Committee Office, received whistleblowing reports totaling 42 before taking action to deal with them.

Furthermore, with regard to (1) and (2) above, we introduced the following arrangements effective April 1, 2020 based on the organizational changes and the introduction of the corporate executive officer system.

(1) Systems to Ensure the Appropriateness of Business Operations of Toshiba Corp. and its Subsidiaries

The Board of Directors resolved systems to ensure the appropriateness of business operations as follows:

i. System to ensure that Executive Officers' compliance with laws and regulations and the Articles of Incorporation.

a. Executive Officers periodically report to the Board of Directors of Toshiba Corp. on their execution of their duties and are required to report on necessary items to the Board of Directors, as necessary.

b. The Executive Officer who serves as the General Executive of the Internal Audit Division or General Manager of the Internal Audit Division periodically reports to the Board of Directors of Toshiba Corp. on internal audit results.

c. The Audit Committee of Toshiba Corp. periodically interviews Executive Officers, and the General Manager of the Internal Audit Division periodically reports to the Audit Committee on internal audit results.

d. Executive Officers report to the Audit Committee of Toshiba Corp. on any material violation of laws and regulations without delay in accordance with the Rules concerning Reporting to the Audit Committee.

e. Toshiba Corp. has established the Toshiba Group Standards of Conduct clarifying values and codes of conduct to be shared by all officers (including Corporate Officers; The same shall apply hereinafter) and employees and ensures, through continuous execution of officer education, etc., that Executive Officers of Toshiba Corp. comply with the Toshiba Group Standards of Conduct.

f. Toshiba Corp. separates supervision from business execution by placing the Internal Audit Division under the direct control of the Audit Committee and establishes a system in which the Internal Audit Division effectively performs audits of accounting, compliance inspections and audits of other matters.

ii. System for retention and management of information concerning Executive Officers' execution of their duties.

a. In accordance with the Rules concerning the Document Retention Period, Executive Officers of Toshiba Corp. appropriately retain and manage material documentation, such as information materials for the Management Meetings and decision-making documents, and other documents such as account books and records.

b. Executive Officers of Toshiba Corp. run a system that allows Directors to access significant information, such as information materials for the Management Meetings, decision-making documents, financial statements and records and business reports.

iii. Rules and other systems concerning risk of loss management

a. In accordance with the Basic Rules concerning Risk-Compliance Management, the Chief Risk-Compliance Management Officer (hereinafter referred to as the "CRO") of Toshiba Corp. formulates and promotes measures concerning crisis and risk management of Toshiba Group in his/her capacity as the chairman of the Risk-Compliance Committee. In formulating and promoting such measures, the CRO appropriately performs risk of loss management for the entire Toshiba Group by confirming and improving the effectiveness of such measures. The Executive Officer in charge of the Legal Division assumes the role of the CRO.

b. Executive Officers of Toshiba Corp. formulate and promote measures necessary for continuously clarifying business risk factors of Toshiba Group and minimizing loss in the event that risk is realized in accordance with Basic Rules of Business Risk Management.

iv. System to ensure that Executive Officers efficiently execute their duties

a. The Board of Directors of Toshiba Corp. determines the basic management policy and approves the mid-term business plan and annual budgets of Toshiba Group prepared by the Executive Officers.

b. The Board of Directors of Toshiba Corp. delegates authority and responsibilities to each Executive Officer in an appropriate manner, and Executive Officers clarify the authority and responsibilities of the Executive Officers, Corporate Officers and employees in accordance with the Rules concerning Responsibilities of Division and the Rules concerning Managerial Duties.

c. Executive Officers of Toshiba Corp. set concrete targets and roles for organizations, Corporate Officers and employees.
d. Executive Officers of Toshiba Corp. make decisions on business operations based on appropriate procedures in accordance with the Board of Directors Rules, the Corporate Decision Making Rule, and other rules.
e. Executive Officers of Toshiba Corp. appropriately evaluate the performance of Toshiba Group by means of the Performance Evaluation Committee.
f. Executive Officers of Toshiba Corp. promote strengthening of information security systems and operate the accounting system, the authorization system and other information processing systems in an appropriate manner.

v. System to ensure that employees' performance of their duties conforms to laws and regulations and the Articles of Incorporation

a. The Representative Executive Officer, President and CEO of Toshiba Corp. ensure, through continuous execution of employee education, etc., that employees comply with the Toshiba Group Standards of Conduct clarifying values and codes of conduct to be shared by all officers and employees.
b. The CRO of Toshiba Corp. formulates and promotes measures of Toshiba Group concerning compliance with laws and regulations in his/her capacity as the chairman of the Risk-Compliance Committee in accordance with the Basic Rules concerning Risk-Compliance Management.
c. Toshiba Corp. establishes a whistle-blower system in which the officers and employees of Toshiba Corp. are able to make a report to the business execution side of Toshiba Corp. if they become aware of an illegal act of Toshiba Corp., and the Executive Officer of Toshiba Corp. in charge endeavors to detect problems early and deal with them in an appropriate manner by making use of the whistle-blower system. The Toshiba Group Standards of Conduct clearly stipulate that the officers and employees who have used this system must not be treated disadvantageously on the grounds that they have done so. In addition, Toshiba Corp. establishes a whistle-blower system in which the Audit Committee of Toshiba Corp. directly receives internal reports and endeavors to collect information on problems early.

vi. System to ensure the appropriateness of business operations of the corporate group composed of Toshiba Corp. and its subsidiaries

a. The subsidiaries adopt and implement the Toshiba Group Standards of Conduct and establish whistle-blower systems according to the legal systems and circumstances of the countries in which they operate.
b. Toshiba Corp. establishes a system in which its subsidiaries report to Toshiba Corp. in accordance with the Operational Communication Arrangement, etc. in the event that material issues arise in their business operations.
c. Toshiba Corp. formulates appropriate measures for internal control, including that of its subsidiaries, and causes its subsidiaries to promote the measures according to their situations.
d. The subsidiaries establish audit systems such as auditors in accordance with the Toshiba Group Auditors' Audit Policy.
e. Toshiba Corp. executes internal audits on the accounting treatment processes and business processes of its subsidiaries.
f. Toshiba Corp. appropriately and effectively manages the systems and business processes common throughout Toshiba Group and establishes a system in which shared resources are appropriately and effectively allocated.
g. Under the relevant license agreements, Toshiba Corp. in principle obligates its affiliates that are permitted to use "Toshiba" in part of their company names to adopt the Toshiba Group Standards of Conduct.

(2) Items Necessary for Performance of Duties by the Audit Committee of Toshiba Corp.

The Board of Directors resolved items necessary for the Audit Committee's performance of its duties as follows:

i. Directors and employees assigned to assist the Audit Committee in the performance of its duties

a. In order to assist the Audit Committee of Toshiba Corp. in the performance of its duties, the Audit Committee Office consisting of around ten staff is established, and the head of the Audit Committee Office is an Executive Officer (including an Executive Officer who concurrently holds office as a Director).

ii. Ensuring independence of employees mentioned in the preceding paragraph from Executive Officers and effectiveness of instructions to such employees

a. The Audit Committee has the right to approve the appointment, request the dismissal, and veto the dismissal of the head and employees of the Audit Committee Office of Toshiba Corp., and the head of the Audit Committee Office is under the direction of the Audit Committee. The employees of the Audit Committee Office are under the direction of the Audit Committee and the head of the Audit Committee Office.

iii. System for reporting to the Audit Committee

a. Directors, Executive Officers, Corporate Officers and employees of Toshiba Corp. report to the Audit Committee on each relevant occasion in accordance with the Rules concerning Reporting to the Audit Committee and the Rules concerning Operation of the System of Reporting to the Audit Committee in the event that any material issue arises that may affect operations and financial performance.

b. The subsidiaries of Toshiba Corp. periodically report their situations and other matters to the Audit Committee of Toshiba Corp. through the Toshiba Group Auditors Liaison Organization, etc. In addition, Toshiba Corp. establishes systems through which the auditors and employees in charge of audit reporting of the subsidiaries are able to make a report to the Audit Committee if they become aware of an illegal act of such subsidiaries.

c. Toshiba Corp. establishes whistle-blower systems through which the officers and employees of Toshiba Corp. and officers and employees of its domestic subsidiaries are able to make a report to the Audit Committee of Toshiba Corp. in accordance with the Rules concerning Operation of the System of Reporting to the Audit Committee if they become aware of an illegal act of Toshiba Corp. or such subsidiaries.

d. The Representative Executive Officer, President and CEO provides members of the Audit Committee designated by the Audit Committee with opportunities to attend important meetings, including the Management Committee meetings.

iv. System to ensure that persons reporting to the Audit Committee are not treated disadvantageously on the grounds that they have made such report

a. The Rules concerning Reporting to the Audit Committee and the Rules concerning Operation of the System of Reporting to the Audit Committee clearly stipulate that the officers and employees of Toshiba Group who have made a report to the Audit Committee of Toshiba Corp. must not be treated disadvantageously on the grounds that they have done so.

v. Policy on procedures for advance payment or redemption of expenses arising from performance of duties of the Audit Committee's members and other settlement of expenses or debts arising from performance of such duties

a. If a member of the Audit Committee requests Toshiba Corp. to make advance payment of the expenses, etc. set out in Article 404, Paragraph 4 of the Companies Act in relation to the performance of his or her duties, unless it is determined after examination by the relevant departments that the expenses or debts in relation to such request are not necessary for the performance of duties of such member of the Audit Committee, Toshiba Corp. promptly settles such expenses or debts. Toshiba Corp. annually budgets a certain amount for the payment of expenses and other costs arising from the performance of duties of the Audit Committee's members. If the need arises during the fiscal year, Toshiba Corp. increases the budget after examination by the relevant departments at the request of the Audit Committee's members.

vi. Other system to ensure that audits by the Audit Committee are conducted effectively

a. The Representative Executive Officer, President and CEO periodically exchanges information with the Audit Committee.
b. Executive Officers, Corporate Officers and employees report the execution of their duties to the Audit Committee by means of the periodic interviews conducted by the Audit Committee and circuit interviews.
c. The Audit Committee places the Internal Audit Division under its direct control. The Audit Committee presents audit policies and gives audit instructions to the Internal Audit Division. The General Manager of the Internal Audit Division periodically reports the internal audit results to the Audit Committee.
d. The Audit Committee has accounting auditors provide explanations and reports concerning the accounting audit plan at the beginning of each fiscal year, the situation of accounting audits during each fiscal year, and the results of the accounting audits at the end of each fiscal year.
e. The Executive Officer in charge (CFO) provides explanations to the Audit Committee concerning the settlement of accounts at the end of each fiscal year as well as each quarterly settlement of accounts prior to the approval by the Board of Directors.
f. The General Manager of the Internal Audit Division is an Executive Officer, or otherwise an Executive Officer serves as the General Executive of the Internal Audit Division. The Audit Committee has the right to approve the appointment, request the dismissal, and veto the dismissal of the General Manager of the Internal Audit Division and the Executive Officer who serves as the General Executive of the Internal Audit Division. The General Manager of the Internal Audit Division and the Executive Officer who serves as the General Executive of the Internal Audit Division is under the direction of the Audit Committee.
g. The members of the Audit Committee have the right to access all internal reports made to the whistle-blower system on the business execution side.

13. Basic Policy on the Control of the Company and Takeover Defense Measure

(1) Contents of our basic policy

We are of the view that, in order for the Toshiba Group to earn an appropriate level of profits to be returned to shareholders and continuously improve its enterprise value and shared benefit of shareholders, the Group must solidify and develop an adequate relationship with stakeholders such as customers, business partners, employees and local communities, etc., not to mention shareholders, and run the organization in ways that pay sufficient attention to the benefit of such stakeholders.

If a party offers to acquire shares in the Group and in order to properly judge the effect the acquisition will potentially have on its enterprise value and shareholders' shared benefit, it is necessary to fully grasp: 1) a synergy effect that will likely be achieved through an organic integration of individual business segments; 2) the actual conditions of the Group; and 3) components of the Group's enterprise value.

In light of the above-mentioned elements, Toshiba's Board of Directors believe that: 1) any such party acquiring, or offering to acquire, a large number of shares in the Company as does not contribute to securing and improving its enterprise value and shareholders' shared benefit is not suitable to be an entity governing the determination of the organization's financial and operational policy; and 2) against such entity's act to acquire a large number of shares in the Company, we must take the necessary and reasonable action, thereby securing enterprise value and shareholders' shared benefit.

Based on the above-mentioned thinking, Toshiba introduced countermeasures against large-scale acquisitions of shares of the Company (so-called "Takeover Defense Measures") in June 2006 before renewing them in June 2009 and June 2012. However, we have stop renewing these countermeasures since June 2015 after carefully considering the renewal in light of: 1) the changing operating environment; 2) the state of progress of the development of the Financial Instruments and Exchange Act; and 3) the opinions of shareholders.

Even after the termination of the measures, if any party seeks to acquire a large number of shares in the Company, we will i) request the party to provide information necessary and sufficient for shareholders to properly judge whether the proposed acquisition is reasonable or not and ii) publish the opinion of the Toshiba Board of Directors to secure an amount of time and information for shareholders to consider the proposed share acquisition. Thus, the Company will continue striving to secure and improve its enterprise value and shareholders' shared benefit while taking appropriate action within a scope that is allowed under the Financial Instruments and Exchange Act, the Companies Act and other applicable laws and regulations.

(2) Special initiative that will contribute to achieving the goal of the basic policy
The Toshiba Group will proceed with the Toshiba Next Plan as stated in the Group's management policy in the future.

Notes to Consolidated Financial Statements

1. Notes to Significant Matters Supporting the Basis of Preparation of Consolidated Financial Statements

(Significant Accounting Policies)

1) Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements of the Company are prepared in conformity with the terms, forms and preparation methods of the accounting principles generally accepted in the United States of America (hereinafter, the "US GAAP") pursuant to the provisions of Article 120-3, Paragraph 1 of the Ordinance on Accounting of Companies. However, pursuant to the provision of the Ordinance's Article 120, in the second sentence of Paragraph 1 which is applied mutatis mutandis to Article 120-3, Paragraph 3, the Company partially omits presentation and notes required by US GAAP.

2) 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.

3) Marketable Securities and Other Investments

Marketable securities contain both debt securities and equity securities. The Group ("The Group" represents Toshiba Corporation and its consolidated subsidiaries) 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.

4) Method of Depreciation for Property, Plant and Equipment

Depreciation for property, plant and equipment is computed primarily by the straight-line method.

5) 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.

6) 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. 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.

7) Allowance for Doubtful Notes and Accounts Receivable

An allowance for doubtful notes and accounts receivables 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.

8) 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 percent 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.

9) Adoption of New Accounting Standards

In February 2016, the FASB issued ASU No. 2016-02 “Leases”. ASU No. 2016-02 requires lessees to recognize right-of-use assets and lease liabilities in the consolidated balance sheets, with some exceptions, related to their lease agreements that are classified as operating leases. The Group adopted ASU No. 2016-02 effective from the first quarter, beginning April 1, 2019, and recognized the cumulative effect of initial application as an adjustment to the opening balance of retained earnings. In applying ASU No. 2016-02, for contracts that have expired or still effective as of the initial application date, the Group adopted the series of practical expedients that allows an entity to not reassess whether a lease contract contains a lease, the existing lease classification and the capitalization of any initial direct costs. The Group also elected to apply the short-term lease exemption.

As a result, right-of-use assets and lease liabilities recognized at April 1, 2019 were ¥174,005 million and ¥176,825 million, respectively. Right-of-use assets are included in non-current assets in the consolidated balance sheets, while lease liabilities are included in current and non-current liabilities. The Group assessed the impact on the opening balance of retained earnings, other items within profit or loss, and the consolidated statement of cash flows as immaterial.

2. Notes on Revenue Recognition

The Group adopted ASC No. 606 “Revenue from Contracts with Customers” for recognizing revenue.

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, and building & facility solutions) 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.

3. Notes to Consolidated Balance Sheet

1) Liabilities on guarantee 4,411 million yen

2) Important disputes

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 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 the 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 14,220 million yen in June 2016, 21,759 million yen in April 2017, 44,741 million yen in April 2017, 9,227 million yen in June 2017, 33,000 million yen in September 2017, 837 million yen in September 2017, 414 million yen in October 2017 and 4,051 million yen in April 2018, (2) Japan Trustee Services Bank, Ltd., of approximately 1,262 million yen in May 2016, 11,993 million yen in August 2016, and 572 million yen in September 2017, (3) the Master Trust Bank of Japan, Ltd., of approximately 5,105 million yen and 13,114 million yen in March 2017, and (4) Trust & Custody Services Bank, Ltd., of approximately 14,026 million yen 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.

4. Notes to Consolidated Statement of Operations

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.

5. Notes to Consolidated Statement of Equity

Tender offer for shares of three listed subsidiaries

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 Aril 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.

Purchase 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 yen of treasury stock, pursuant to such resolution, in the fiscal year ended March 31, 2020). The share purchase program completed on November 7, 2019.

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 yen in the fiscal year ended March 31, 2020). With regards to the retirement of treasury stock, the acquisition cost of the treasury stock is subtracted from retained earnings.

6. Notes Concerning Financial Instruments

1) Matters concerning financial instruments

The Company is managing funds mainly on short-term deposits. It also raises funds through issuance of corporate bonds and borrowings from financial institutions including banks.

Investment securities are mainly stocks. For marketable securities, the Group evaluates their fair values on the basis of market prices.

The intended use of corporate bonds and long-term borrowings is to support working capital and other capital investments.

In the normal course of its risk management efforts, the Group employs a variety of derivative financial instruments, which consist primarily of forward exchange contracts, interest rate swap agreements and currency swap agreements and currency swap agreements to reduce its exposures. 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 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 purposes and trading purposes.

2) Matters concerning market value of financial instruments

The consolidated balance sheet amounts as of March 31, 2020, fair values and their differences are as follows:

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
Liabilities concerning financial instruments			
Long-term debt	211,665	196,822	14,843

The above table excludes financial instruments whose fair values approximate their carrying amounts, those related to leasing activities, marketable securities and other investments whose fair values are equal to their carrying amounts, and derivatives.

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, accounts receivable and contract assets, short-term borrowings, notes and accounts payable and accounts other payable 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. 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.

7. Net Loss Per Share Attributable to Shareholders of the Company

Basic net earnings 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.

Net loss per share from continuing operations	
Loss from continuing operations per share attributable to shareholders of the Company:	(207.95) yen
－Basic	
Net loss per share from discontinued operations	
Loss from discontinued operations per share attributable to shareholders of the Company:	(28.44) yen
－Basic	
Net loss per share	
Net loss per share attributable to shareholders of the Company:	(236.39) yen
－Basic	

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

8. Significant Subsequent Events

The Group has evaluated subsequent events up to June 5, 2020 in accordance with ASC855 “Subsequent Events.”

Sale of Marketable Securities

On April 1, 2020 the Company sold certain marketable securities, resulting in a gain of approximately 4.2 billion yen recorded in the first quarter of FY 2020.

Borrowings

In consideration of the possibility of a worsening economic and business situation especially with regards to the impact of COVID-19, the company secured additional cash in the amount of 150 billion yen in April 2020.

Sale and Deconsolidation of Toshiba Logistics Co., Ltd

The customer base of Toshiba Logistics Co., Ltd (“TLOG ”) and its subsidiaries has changed as a result of recent changes in the Group’s business portfolio. TLOG and its subsidiaries now provide services not only to the Group but also to other companies and will be affected by these business results. In order to improve its profitability by optimizing its operations and reducing exposure to business risk, the Company signed a share purchase agreement on May 26, 2020 to transfer 66.6% of its shares in TLOG to SBS Holdings, Inc.(“SBSHD ”). The company anticipates the completion of all necessary procedures by October 1, 2020. The transfer price is approximately 20.0 billion yen, and the gain on sale from this business transfer of approximately 23.0 billion yen will be recorded in the period the transaction closes. Subsequent to the share transfer, the Company will continue to hold a 33.4% interest in TLOG. TLOG will be deconsolidated from the Group, and will become an affiliated company, accounted for as an equity method investment.

9. Memory business

The Company entered into a share transfer agreement to transfer all shares of Toshiba Memory Corporation (TMC) with K.K. Pangea (the “Transferee Company”), a special purpose acquisition company formed by a consortium led by Bain Capital on September 28, 2017, and completed the share transfer on June 1, 2018. The share transfer 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. In addition to the share transfer, the Company re-invested a total of 350.5 billion yen in the Transferee Company: 109.6 billion yen in common stock with voting rights; and 240.9 billion yen 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 40.2% reinvestment in the Transferee Company was accounted for under the equity method from June 1, 2018. These common stocks are classified as investments in affiliated companies accounted for under the equity method and these convertible preferred stocks are classified as the equity securities for which fair value cannot be readily determined.

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 entered into with financial institutions to procure the funds to purchase the shares of TMC.

The Transferee Company merged with TMC through an absorption-type merger on August 1, 2018 and changed its name to Toshiba Memory Corporation. Furthermore, Toshiba Memory Holdings Corporation was established, and Toshiba Memory Corporation became a wholly owned subsidiary subsequent to a share transfer.

On May 31, 2019, the Company signed an agreement with Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Trust Bank, Limited to pledge the shares of Toshiba Memory Holdings Corporation as collateral for the debt and other obligations of Toshiba Memory Holdings Corporation to financial institutions. The pledge was made on June 17, 2019. In concluding this agreement, the Company cancelled the agreement entered into to secure the debt and other obligations of TMC to financial institutions and Toshiba Memory Corporation changed its name to KIOXIA Corporation, and Toshiba Memory Holdings Corporation changed its name to KIOXIA Holdings Corporation on October 1, 2019.

In accordance with the share purchase agreement, the Company has provided compensation to KIOXIA Group for 13.8 billion yen in the fiscal year ended March 31, 2020. Such compensation expense is presented as discontinued operations within the consolidated statements of income.

Results of operations

	(Millions of yen)
Sales and other income	-
Net sales	-
Other income	-
Costs and expenses	13,794
Cost of sales	-
Selling, general and administrative expenses	-
Other expenses	13,794
Loss from discontinued operations, before income taxes and noncontrolling interests	(13,794)
Income taxes	-
Loss from discontinued operations, before noncontrolling interests	(13,794)
Less: Net income (loss) from discontinued operations attributable to noncontrolling interests	-
Net loss from discontinued operations attributable to shareholders of the Company	(13,794)

The results of operations of KIOXIA Group and the Group’s equity in losses of affiliates for KIOXIA Group for the current fiscal year are as follows.

	(Millions of yen)
The pretax loss	(236,452)
Net loss	(165,826)
The Group’s equity in losses of affiliates	(66,662)

Investments in and advances to affiliates on the consolidated balance sheet as of March 31, 2020 includes 286.1 billion yen for KIOXIA Group.

Notes to Non-Consolidated Financial Statements

1. Notes to Significant Accounting Policies

Non-consolidated financial information has been prepared in accordance with Japanese generally accepted accounting principles.

(1) Method of valuation of securities

Investment securities in affiliates	Valued at acquisition cost based on the moving average method
Other securities	
Marketable securities	Valued at market value at the end of fiscal year (The difference are recorded directly in net assets and cost of sales is calculated by the moving average method)
Non-marketable securities	Valued at acquisition cost based on the moving average method

(2) Method of valuation of derivatives

Derivatives	Valued at market value

(3) Method of valuation of inventories

Finished products	Valued at acquisition cost either based on the specific identification method or on the moving average method
Raw materials	Valued at acquisition cost based on the moving average method
Work in process	Valued at acquisition cost either based on the specific identification method or on the weighted average method

Amounts carried on the balance sheet are stated after their devaluation based on the lowered profitability.

(4) Depreciation methods for fixed assets

Tangible fixed assets (excluding lease assets)	The straight-line method. Service life of buildings and structures is from 3 years to 60 years. Service life of machinery and equipment is from 2 years to 17 years.
Intangible fixed assets (excluding lease assets)	The straight-line method. However, for software for sales, the straight-line method based on estimated sales volume or remaining effective life (up to 3 years). For software for internal use, the straight-line method based on internal service life (up to 5 years).
Lease assets	Lease assets under non-ownership transfer finance lease transactions. For accounting for such lease assets, the Company applies a straight-line method with the lease period as useful life and the residual value as 0.

(5) Recognition of allowance

Allowance for doubtful accounts	To account for potential losses on bad debts, allowances for doubtful accounts are recorded. The allowance for doubtful accounts is generally recorded based on the write-off history and also recorded for any specific, known troubled accounts based on the evaluation of their collectability.
Allowance for losses on business of subsidiaries and affiliates	To account for possible losses associated with business of subsidiaries and affiliates, the expected amount of loss to be incurred by the Company beyond the amount normally estimated based on its recorded investment value in the subsidiaries and affiliates.
Allowance for losses on litigation	To account for the contingent losses that may be incurred in the future with respect to lawsuits or other disputes, a reasonable estimate of potential loss is recorded upon having considered the individual risks in terms of the respective contingencies.
Allowance for retirement benefits	To account for retirement benefits, the estimated amount is based on the accrued pension and severance costs to be incurred at the end of fiscal year. Retirement benefit obligations are calculated on the benefit formula basis to attribute estimated accrued severance costs to the period to the current fiscal year. Prior service cost is amortized by straight-line method over 10 years. Actuarial differences are amortized by straight-line method over 10 years from the fiscal year following the fiscal year in which they arise.

(6) Revenue recognition

The percentage-of-completion method is applied for construction contracts with a high level of certainty of expected cash flow for the part completed by the end of the period (cost comparison method is used for estimating the progress rate of construction work).

(7) Hedge accounting

Accounting method

In principal, the Company applies the deferral hedge accounting method. In addition, when the forward exchange contracts meet the conditions for hedged items, the Company does not account for gains and losses on those forward exchange contracts on a fair value basis, but converts hedged items using the rates of those forward exchange contracts at the closing day.

Moreover, when interest swap agreements meet the conditions for hedged items, the Company does not account for gains and losses on those interest swap agreements on a fair value basis, but recognizes swap interest on an accrual basis.

Measures and objects

Measures	Forward exchange contracts, interest rate swap agreements and

	borrowings denominated in foreign currency, etc.
Objects	Monetary assets and liabilities denominated in foreign currency, commitments on future transactions denominated in foreign currency, borrowings and investments in foreign subsidiaries, etc.

Policy

To reduce foreign currency risk and interest risk and to improve net interest expense, the Company employs derivative instruments within actual demand of the Company.

Evaluation of effectiveness

The Company compares the total amount of market change or change of cash flow of objects and the total amount of market change or change of cash flow of measures. Effectiveness of hedge is evaluated based on change of both. However, when interest rate swap agreements are recognized by the exceptional method described above, evaluation of effectiveness is skipped.

(8) Accounting of consumption taxes

Transactions subject to consumption taxes are recorded at amounts without tax.

(9) Consolidated taxation system

The Company utilizes the consolidated tax payment system.

(10) Presentation of amount

Amounts under million are rounded down.

2. Notes to Non-Consolidated Balance Sheet

(1) Collateral assets and liabilities secured by collaterals

Collateral assets:

Security in subsidiaries and affiliates (Kioxia Holdings Corporation) 83,956 million yen

The Company has pledged the above assets as collateral for loan agreements concluded with financial institutions by the affiliate (Kioxia Holdings Corporation).

(2) Accumulated depreciation for tangible fixed assets: 111,107 million yen

(3) Liabilities on guarantees

The Company guarantees lease obligations, etc. as follows:

(Millions of yen)

Guarantee	Balance of liabilities on guarantees
Toshiba America, Inc.	2,352
Westinghouse Electric Company LLC	550
Toshiba Infrastructure System & Solutions Corporation	516
Toshiba Energy Systems & Solutions Corporation	379
Others	760
Total	4,559

(4) Important disputes

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 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 the 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 14,220 million yen in June 2016, 21,759 million yen in April 2017, 44,741 million yen in April 2017, 9,227 million yen in June 2017, 33,000 million yen in September 2017, 837 million yen in September 2017, 414 million yen in October 2017 and 4,051 million yen in April 2018, (2) Japan Trustee Services Bank, Ltd., of approximately 1,262 million yen in May 2016, 11,993 million yen in August 2016, and 572 million yen in September 2017, (3) the Master Trust Bank of Japan, Ltd., of approximately 5,105 million yen and 13,114 million yen in March 2017, and (4) Trust & Custody Services Bank, Ltd., of approximately 14,026 million yen in March 2017.
The Group (“The Group” represents Toshiba Corporation and its consolidated subsidiaries) 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.

(5) Monetary receivables and liabilities to subsidiaries and affiliates

Current monetary receivables	219,439 million yen
Current monetary liabilities	478,237 million yen

3. Notes to Non-Consolidated Statement of Operations

(1) Sales to subsidiaries and affiliates 54,581 million yen

(2) Purchases from subsidiaries and affiliates 7,454 million yen

(3) Non-operating transactions amounts with subsidiaries and affiliates 98,214 million yen

4. Notes to Non-Consolidated Statement of Changes in Net Assets

(1) The class and number of issued shares as of March 31, 2020

Common stock 455,000,000 shares

(2) The class and number of treasury stock as of March 31, 2020

Common stock 1,422,054 shares

(3) Resolution of dividends

Resolution	Total amount of dividends	Dividend per share	Record date	Effective date
Board of Directors Meeting held on May 13, 2019	5,412 million yen	10 yen	Mar. 31, 2019	Jun. 4, 2019
Board of Directors Meeting held on November 13, 2019	4,699 million yen	10 yen	Sep. 30, 2019	Dec. 3, 2019
Board of Directors Meeting held on May 14, 2020	4,535 million yen	10 yen	Mar. 31, 2020	Jun. 4, 2020

5. Notes to Deferred Income Tax Accounting

Deferred tax assets have been recognized due to losses on the valuation of shares, allowance for losses on litigation, non-recognition of the allowance for retirement benefits, and net-loss carried forward, etc. A full valuation allowance has been recorded.

The occurrence of deferred tax liabilities was mainly attributable to net unrealized gains (losses) on investment securities.

6. Notes to Transaction with Related Parties

Subsidiaries and affiliates

(Millions of yen)

Distinction of subsidiary/ affiliate	Company	Holding ratio of voting rights[*1]	Relationship	Transaction	Amount	Accounts	Ending balance
Subsidiary	Toshiba Infrastructure Systems & Solutions Corporation	100%	Use of brands, etc. Lending of cash Company split Debt guarantees received	Consideration of use of brands, etc.[*2]	8,361	Accounts receivable	5,378
				Lending of cash[*3*4]	–	Deposits paid	23,480
				Receipt of interests [*3*4]	51	Other receivables	17
				Succession by company Split[*5] Merged assets Merged liabilities	 54,987 16,333	 – –	 – –
				–	–	Debt guarantees received[*9]	–
Subsidiary	Toshiba Electronic Devices & Storage Corporation	100%	Use of brands, etc. Lending of cash Debt guarantees received	Consideration of use of brands, etc.[*2]	8,055	Accounts receivable	4,181
				Lending of cash[*3*4]	–	Deposits paid	45,525
				Receipt of interests [*3*4]	81	Other receivables	21
				–	–	Debt guarantees received[*9]	–
Subsidiary	Toshiba Energy Systems & Solutions Corporation	100%	Use of brands, etc. Borrowing of cash Debt guarantees received	Consideration of use of brands, etc.[*2]	6,361	Accounts receivable	3,836
				Borrowing of cash [*3*4]	–	Deposits received	88,623
				Payment of interests [*3*4]	183	Accrued expenses	8
				–	–	Debt guarantees received[*9]	–
Subsidiary	Toshiba I.S. Corporation	100%	Acceptance of services	Operation and maintenance of systems[*6]	28,576	Accrued expenses	5,653
Affiliate	Kioxia Corporation	40.2%	Payment for indemnity	Payment of indemnity based on share purchase agreement[*7]	15,116	Accrued liabilities	12,949
Subsidiary	Kaga Toshiba Electronics Corporation	100%	Lending of cash	Lending of cash[*3*4]	–	Deposits paid	21,630
				Receipt of interests [*3*4]	103	Other receivables	9
Subsidiary	Toshiba Digital Solutions Corporation	100%	Borrowing of cash Debt guarantees received	Borrowing of cash [*3*4]	–	Deposits received	50,588
				Payment of interests [*3*4]	52	Accrued expenses	5
				–	–	Debt guarantees received[*9]	–
Subsidiary	Toshiba Plant Systems & Services Corporation	100%	Borrowing of cash	Borrowing of cash [*3*4]	–	Deposits received	77,210
				Payment of interests [*3*4]	123	Accrued expenses	10
Subsidiary	Toshiba Asia Pacific Pte., Ltd.	100%	Borrowing of cash	Borrowing of cash [*3*4]	–	Deposits received	43,795
				Payment of interests [*3*4]	233	Accrued expenses	19
Subsidiary	NuFlare Technology, Inc.	84.6%	Borrowing of cash	Borrowing of cash [*3*4]	–	Deposits received	40,000
				Payment of interests [*3*4]	71	Accrued expenses	2

Subsidiary	Toshiba America, Inc.	100%	Borrowing of cash	Borrowing of cash *3*4	–	Deposits received	28,696
				Payment of interests *3*4	651	Accrued expenses	42
Subsidiary	Toshiba of Europe Ltd.	100%	Borrowing of cash	Borrowing of cash *3*4	–	Deposits received	23,933
				Payment of interests *3*4	136	Accrued expenses	12
Subsidiary	Toshiba Elevator and Building Systems Corporation	80.0%	Borrowing of cash	Borrowing of cash *3*4	–	Deposits received	12,492
				Payment of interests *3*4	23	Accrued expenses	1
Affiliate	Kioxia Holdings Corporation	40.2%	Provision of collateral	Provision of collateral*8	–	–	–

(Notes)

* 1. Voting rights include voting rights held through subsidiaries of the Company.
* 2. Consideration for use of brands, etc. is determined on the basis of mutual discussion drawing on conditions prevailing in an arms-length transaction.
* 3. Conditions of lending and/or borrowing of cash are determined on the basis of mutual discussion drawing on conditions prevailing in an arms-length transaction, considering market interest rate.
* 4. Amounts such as those involving lending and/or borrowing of cash are not stated because such transactions are performed on a recurring basis drawing on cash management systems for the effective utilization of funds within the Group.
* 5. Details of the company split are disclosed in the section of Notes to Business Combinations and Divestitures.

*6. The operation and maintenance of systems is determined on the basis of mutual discussion drawing on conditions prevailing in an arms-length transaction in relation to the price presented by Toshiba I.S. Corporation.

*7. The share purchase agreement of Kioxia Corporation (formerly Toshiba Memory 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, and other conditions specified in the agreement.

*8. All the shares of Kioxia Holdings Corporation owned by the Company amounting to 83,956 million yen are provided to financial institutions as collateral for loan agreements that Kioxia Holdings Corporation concludes with financial institutions.

*9. The Company received joint and several guarantees of 562,165 million yen from four subsidiaries against the Company’s borrowings or the like.

7. Notes to Per Share Information

(1) Net assets per share 1,342.89 yen

(2) Net income per share 13.87 yen

8. Notes to Business Combinations and Divestitures

(Transactions, etc. between entities under common control)

Effective April 1, 2019, Toshiba Infrastructure System & Solutions Corporation (hereinafter "TISS"), a wholly owned subsidiary of the Company, transferred the battery business and the shares of subsidiaries that operate the building solutions business owned by TISS to the Company by means of company splits.

(1) Outline of the company splits

1) Name of splitting company
   TISS
2) Business to be split or transferred
   a) Battery business
      Development, manufacture, sales of the SCiB™, rechargeable lithium-ion battery
   b) Shares of subsidiaries of that operate building solutions businesses
      Toshiba Elevator and Building Systems Corporation
      Toshiba Lighting & Technology Corporation
      Toshiba Carrier Corporation
3) Key purpose of the company splits

   In the Toshiba Next Plan announced on November 8 2018, the Company positions the battery business, which develops, manufactures and markets the SCiB™, a rechargeable lithium-ion battery, as the Group's new growth business. The Company expects this move to speed up decision making and strengthen management, so as to accelerate the growth of the battery business by maximizing access to the Group's technologies, manufacturing and sales resources.
   The Company anticipates long-term growth in the elevator and escalator business, lighting business and air conditioner business, the core businesses of the building solutions businesses, which is positioned as one of the Group's focus business domain. The company will further simulate collaboration amongst the three companies, and accelerate decision making to reinforce the management of the building solution businesses.
4) Effective date of the company splits
   April 1, 2019
5) Transaction outline, including legal format
   The absorption-type company split method was used, in which TISS was the splitting company and the Company was the succeeding company.

(2) Outline of accounting treatment performed

Accounting treatment was performed for the transactions between entities under common control pursuant to the Accounting Standard for Business Combinations (ASBJ Statement No. 21 of September 13, 2013), the Accounting Standard for Business Divestitures (ASBJ Statement No. 7 of September 13, 2013) and the Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10 of September 13, 2013).
2,357 million yen was recorded in extraordinary gains as gain on extinguishment of tie-in shares.

9. Notes to Significant Subsequent Events

Sale of Marketable Securities

On April 1, 2020 the Company sold certain marketable securities, resulting in a gain of approximately 7.3 billion yen will be recorded during the fiscal year ending March 31, 2021.

Borrowings

In consideration of the possibility of a worsening economic and business situation especially with regards to the impact of COVID-19, the company secured additional cash in the amount of 150 billion yen in April 2020.

* The original audit report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

<u>Independent Auditor's Report</u>
(English Translation*)

June 5, 2020

Toshiba Corporation
Representative Executive Officer
President and Chief Executive Officer
Nobuaki Kurumatani

PricewaterhouseCoopers Aarata LLC
Tokyo office

Kentaro Iwao, CPA
Designated limited liability Partner
Engagement Partner

Shinichi Kishi, CPA
Designated limited liability Partner
Engagement Partner

Takeshi Tadokoro, CPA
Designated limited liability Partner
Engagement Partner

Masahide Kato, CPA
Designated limited liability Partner
Engagement Partner

Opinion

We have audited, pursuant to Article 444 (4) of the Companies Act of Japan, the accompanying consolidated financial statements, which comprise the consolidated balance sheet, consolidated statement of operations, consolidated statement of equity, and notes to the consolidated financial statements of Toshiba Corporation for the fiscal year from April 1, 2019 to March 31, 2020.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries (the Group) and its financial performance for the period covered by the consolidated financial statements in accordance with accounting principles generally accepted in the United States (U.S. GAAP) with the provision of the second sentence of Article 120, (1) that applies mutatis mutandis to Article 120-3, (3) of the Ordinance on Accounting of Companies, which permits the omission of some disclosure items required under U.S. GAAP.

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.

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 U.S. GAAP with the provision of the second sentence of Article 120, (1) that applies mutatis mutandis to Article 120-3, (3) of the Ordinance on Accounting of Companies, which permits the omission of some disclosure items required under U.S. GAAP, and for such internal control as management determines is necessary to enable the preparation of the 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 in accordance with U.S. GAAP with the provision of the second sentence of Article 120, (1) that applies mutatis mutandis to Article 120-3, (3) of the Ordinance on Accounting of Companies, which permits the omission of some disclosure items required under U.S. GAAP.

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. 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.
- 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 U.S. GAAP with the provision of the second sentence of Article 120, (1) that applies mutatis mutandis to Article 120-3, (3) of the Ordinance on Accounting of Companies, which permits the omission of some disclosure items required under U.S. GAAP, 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.

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.

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* Notes to the Readers of Independent Auditor's Report
This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

<u>Independent Auditor's Report</u>
(English Translation*)

June 5, 2020

Toshiba Corporation
Representative Executive Officer
President and Chief Executive Officer
Nobuaki Kurumatani

PricewaterhouseCoopers Aarata LLC
Tokyo office

Kentaro Iwao, CPA
Designated limited liability Partner
Engagement Partner

Shinichi Kishi, CPA
Designated limited liability Partner
Engagement Partner

Takeshi Tadokoro, CPA
Designated limited liability Partner
Engagement Partner

Masahide Kato, CPA
Designated limited liability Partner
Engagement Partner

Opinion

We have audited, pursuant to Article 436 (2) (i) of the Companies Act of Japan, the accompanying financial statements, which comprise the non-consolidated balance sheet, non-consolidated statement of operations, non-consolidated statement of changes in net assets and notes to the non-consolidated financial statements, and the supplementary schedules of Toshiba Corporation (hereinafter referred to as the "Company") for the 181th fiscal year from April 1, 2019 to March 31, 2020.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and its financial performance for the period covered by the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan.

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 Financial Statements and the Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and the supplementary schedules 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.

Responsibilities of Management and the Audit Committee for the Financial Statements and the Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the

supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.
The Audit Committee are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules
Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules 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. 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 financial statements and the supplementary schedules.
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 financial statements and the supplementary schedules, 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.
- 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 financial statement audit is not to express an opinion on the effectiveness of the Company'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 Company'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 financial statements and the supplementary schedules 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 Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements and the supplementary schedules are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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 Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

* Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

(Translation)

AUDIT REPORT FOR FINANCIAL STATEMENTS AND ACCOUNTING AUDIT REPORT

We, the Audit Committee of the Company, have audited the Financial Statements (the Balance Sheet, the Statement of Operations, the Statement of Equity and the Notes to Financial Statements) and their related supplementary schedules (hereinafter collectively referred to as the "Individual Financial Statements") and the Consolidated Financial Statements (the Consolidated Balance Sheet, the Consolidated Statement of Operations, the Consolidated Statement of Equity and the Notes to Consolidated Financial Statements, hereinafter referred to as the "Consolidated Financial Statements") during the 181st fiscal period, from April 1, 2019 to March 31, 2020. We report the method and the results as follows:

1. Method and contents of audit

Pursuant to the audit policy, assigned duties and other rules that the Audit Committee decided, we have received reports on the Individual Financial Statements and the Consolidated Financial Statements from Executive Officers and other personnel and, sought their explanations as necessary. In addition, we have overseen and inspected whether the accounting auditor keep their independency and conduct appropriate audit. We have received reports on execution of their duties from the accounting auditor and, sought their explanations as necessary. Also, we have received notice from the accounting auditor that they maintain "systems to ensure appropriateness of execution of duties" (matters described in each item of Article 131 of the Ordinance on Accounting of Companies) in accordance with "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and, sought their explanations as necessary.

Based on the method above, we have examined the Individual Financial Statements and the Consolidated Financial Statements for the 181st fiscal period.

2. Results of audit

The Audit Committee conclude that methods and results of the audit conducted by the accounting auditor, PricewaterhouseCoopers Aarata LLC, are fair and reasonable.

June 5, 2020

Audit Committee
Toshiba Corporation

Audit Committee Member (full-time)
Junji Ota
Audit Committee Member
Yuki Furuta
Audit Committee Member
Nobuyuki Kobayashi
Audit Committee Member
Takashi Yamauchi

Note: Mr. Junji Ota, Mr. Yuki Furuta, Mr. Nobuyuki Kobayashi, and Mr. Takashi Yamauchi are outside directors prescribed by Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.

(Translation)

AUDIT REPORT FOR BUSINESS REPORTS, ETC

We, the Audit Committee of the Company, have audited Directors' and Executive Officers' execution of their duties during the 181st fiscal period, from April 1, 2019 to March 31, 2020. We report the method and the results as follows:

1. Method and contents of audit

Regarding the internal control system (the contents of the resolution of the Board of Directors with respect to items prescribed in Article 416, Paragraph 1, Item 1 b) and e) of the Companies Act and the system developed based on the said resolution), we, the Audit Committee, have received periodic reports from the Directors, Executive Officers and employees regarding the current status on the establishment and management of such system, sought their explanations as necessary, and expressed opinions. In addition, the Audit Committee carried out audits according to the following method:

a. Pursuant to the audit policy, assigned duties and other rules that the Audit Committee decided, and in cooperation with the internal audit division and other divisions responsible for internal control, we have attended important meetings; received reports from Directors, Executive Officers and others on execution of their duties, and sought their explanations as necessary; inspected important documents of management's decision making and others; and investigated the status of the business operations and assets at the head office and other main places of business. With respect to subsidiaries, we have endeavored communication and exchange of information with Directors, Audit & Supervisory Board members, etc., of the subsidiaries; received reports on business from them; and sought the subsidiaries' explanations as necessary. In regard to internal control over financial reporting, we received reports from Executive Officers, et al. and PricewaterhouseCoopers Aarata LLC on the current status of discussions between both parties, evaluation of the said internal control and status of audit, sought their explanations as necessary.

b. We have reviewed the contents of the "Basic Policy on the Control of the Company" described in the Business Report (basic policy prescribed in Article 118, Item 3 a) of the Ordinance for Enforcement of the Companies Act).

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Based on the method above, we have examined the Business Report, , and its related supplementary schedules for the 181st fiscal period.

2. Results of audit

a. The Business Report and its related supplementary schedules present fairly the status of the Company in accordance with the related laws and regulations and the Articles of Incorporation.

b. Our audit did not detect any misconduct by Directors or Executive Officers concerning the execution of their duties or any material fact constituting a violation of any laws and regulations or the Articles of Incorporation.

c. We conclude that the resolutions of the Board of Directors with respect to the internal control system are appropriate. With respect to the description in the Business Report and the performance of the duties of Directors and Executive Officers regarding the said internal control system, including internal control over financial reporting, we confirm that there is no matter to be pointed out.
In regard to the improper transactions by the Company's subsidiary and the employee fraudulent incident, which are described in the Business Report, the Company is implementing recurrence prevention measures based on the cause analysis, and, including the verification thereof, the Audit Committee will exert efforts for further improvement of the Company's internal control.

d. We are of the opinion that the "Basic Policy on the Control of the Company" that is set forth in the Business Report is appropriate.

June 22, 2020

Audit Committee
Toshiba Corporation

Audit Committee Member (full-time)
Junji Ota
Audit Committee Member
Yuki Furuta
Audit Committee Member
Nobuyuki Kobayashi
Audit Committee Member
Takashi Yamauchi

Note: Mr. Junji Ota, Mr. Yuki Furuta, Mr. Nobuyuki Kobayashi, and Mr. Takashi Yamauchi are outside directors prescribed by Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.