

Toshiba Group Management Policy

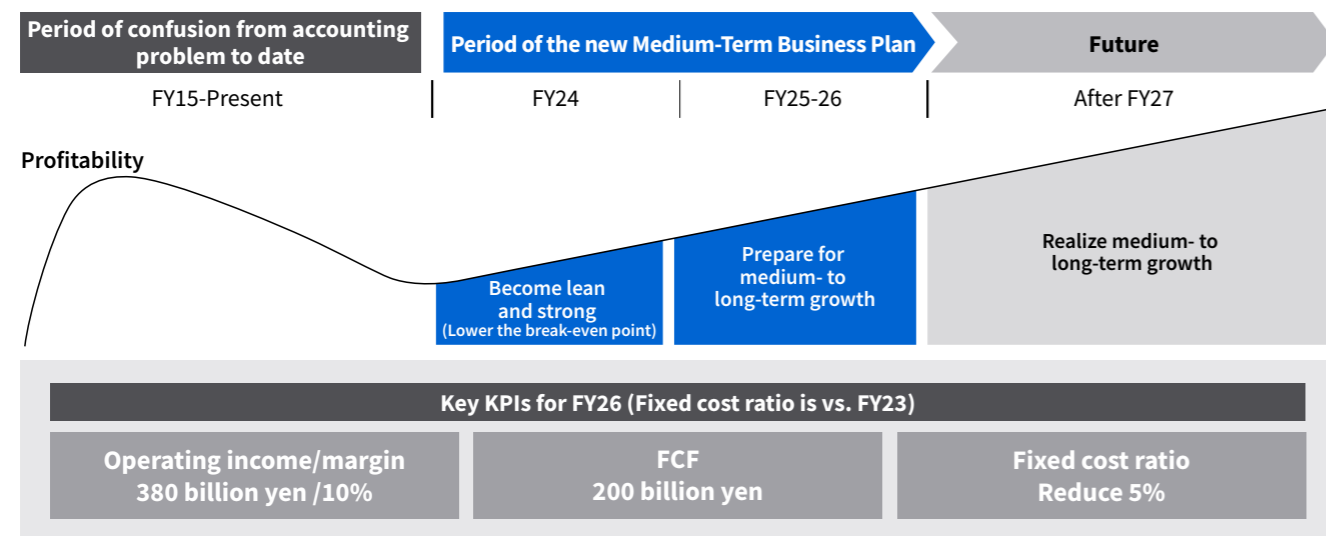
In December 2023, Toshiba Corporation transitioned to a private company, withdrawing from the Prime Market of the Tokyo Stock Exchange and the Premier Market of the Nagoya Stock Exchange. This shift allows us to fully focus on future reforms, fundamentally address structural challenges, and return to “what Toshiba should be.”

Toshiba’s mission is to leverage technology to address global changes and social challenges. Guided by our management philosophy, “Committed to People, Committed to the Future,” we are committed to sustainability management and strive to contribute to society through Green Transformation (GX) and Digital Transformation (DX).

Announced in May 2024, our new medium-term business plan, “Toshiba’s Revitalization Plan,” sets a key milestone: achieving a 10% operating profit margin (ROS) by FY2026. To reach this goal, we will strengthen our earning power and strategically reinvest generated resources into our people, businesses, and technological advancements.

The basic thinking behind the plan is to improve the management infrastructure, lower the break-even point by making the company leaner and stronger, and to invest in growth strategies. We will achieve these objectives by ensuring that each of our businesses play its role to the full.

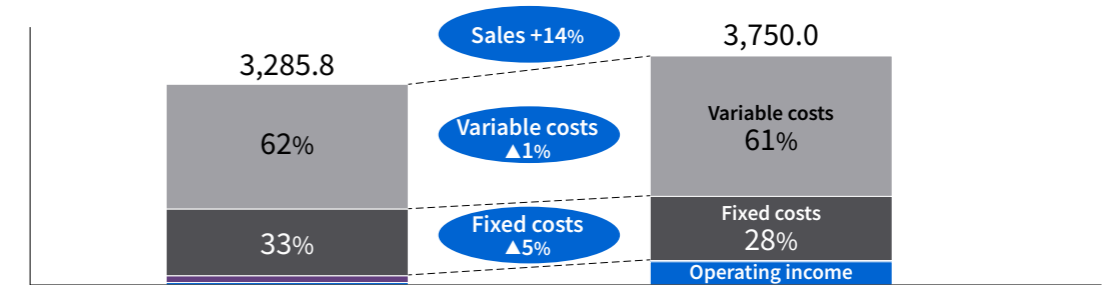
Positioning of the Plan and its Core Targets



FY2024 marks the “lean-in” phase, where we focus on streamlining operations, reducing fixed costs, and lowering the break-even point to strengthen profitability ahead of a rebound. From the second year onward, we will strategically reinvest the resources generated in year one into key areas, transitioning into the “growth phase,” where we aim to increase marginal profit ratios.

Sales and Components

(Yen in Billions)



(Yen in Billions)

	FY23 Actual	FY26 Budget
Sales	3,285.8	3,750.0
Fixed costs (%)	1,092.5 (33.2%)	1,050.0 (28.0%)
Provisions / Before buffer Operating income(%)	148.4 (4.5%)	---
Provisions / Buffer	▲ 108.5	---
Provisions / After buffer Operating income(%)	39.9 (1.2%)	380.0 (10.1%)

We developed the new plan around three key points.

- 1. Raise the probability of achieving plans**
No longer rely on aggressive sales plans. Instead, develop high probability plans that are backed up by concrete measures, and manage them with KPIs.
- 2. Drastic reduction of fixed costs**
Conduct a thorough review of itemized expenditures and eliminate fixed costs that do not contribute to future growth.
- 3. Advanced loss-control management**
Minimize downside risks by enhancing project screening processes and implementing comprehensive risk analysis to reduce the need for provisions.

Our targets for FY2026 are sales of 3.75 trillion yen; a fixed cost ratio of 28%, a 5% decrease from FY2023; and an ROS of 10%.

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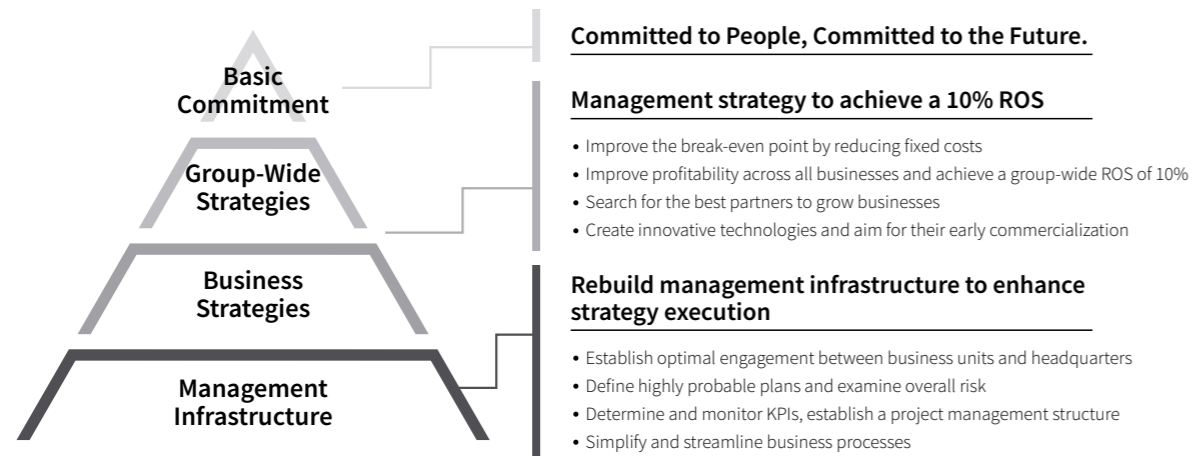
Toshiba's Overall Management Strategy

Our management philosophy, "Committed to People, Committed to the Future.," the apex of the pyramid in the diagram below, expresses exactly the values required today, and provides the fundamental premise of our new plan.

In achieving our target of a 10% operating income margin (ROS), it is essential to effectively coordinate "Group-Wide Strategies" that reduce fixed costs and make optimal allocations of resources with "Business Strategies" centered on business divisions that improve profitability.

In addition, it is imperative that we increase the feasibility of these strategies by rebuilding our "Management Infrastructure," which includes defining and monitoring KPIs and streamlining business processes.

We will accomplish the measures we have formulated by building an optimal system for collaboration between the headquarters and business divisions and by carefully implementing various measures.



Group-Wide Strategies

To address internal rigidities and break down barriers between organizations and group companies, we will relocate and consolidate our headquarters. This involves moving from Hamamatsucho, Tokyo, to Kawasaki, Kanagawa Prefecture, centralizing our base around the Smart Community Center to be closer to our business divisions and R&D teams. This is scheduled for completion in the first half of FY2025. In addition to this, we will continue to consider the optimal operating structure, including the integration of the key group companies into Toshiba Corporation.

Furthermore, in January 2025, Toshiba implemented a headquarters reorganization. The headquarters will focus on and strengthen only those functions necessary for the corporation and that drive growth and improvement across the Group. The company will transfer functions required for business operations to business divisions, which will clarify cost control within the units and allow them to make decisions aimed at raising efficiency and maximizing profitability.

Our future growth is driven by our people, and we prioritize investments in our human resources. In addition to raising wages, we will continue to promote work style reform and support career development, transforming the company into a more employee-friendly workplace. To enhance employee engagement, we will actively incorporate employee feedback and establish a compensation system that appropriately rewards employees for their contributions. We will also promote the selection of talent regardless of age or length of service, expand educational investments, and increase the number of new graduate hires to rejuvenate our organization.

We are also intensifying efforts to improve productivity. As part of our work efficiency improvement efforts, our meeting reforms have simplified meetings, reduced pre-meetings, and limited the number of participants, all to significantly reduce the man-hours spent on meetings. Our estimates show that meetings hosted by corporate staff divisions can be reduced by 24%. On top of this, by actively utilizing generative AI, we aim to drive operational reforms and expect to improve monthly work efficiency by 5.6 hours per person.

Business Strategies (Business Portfolio)

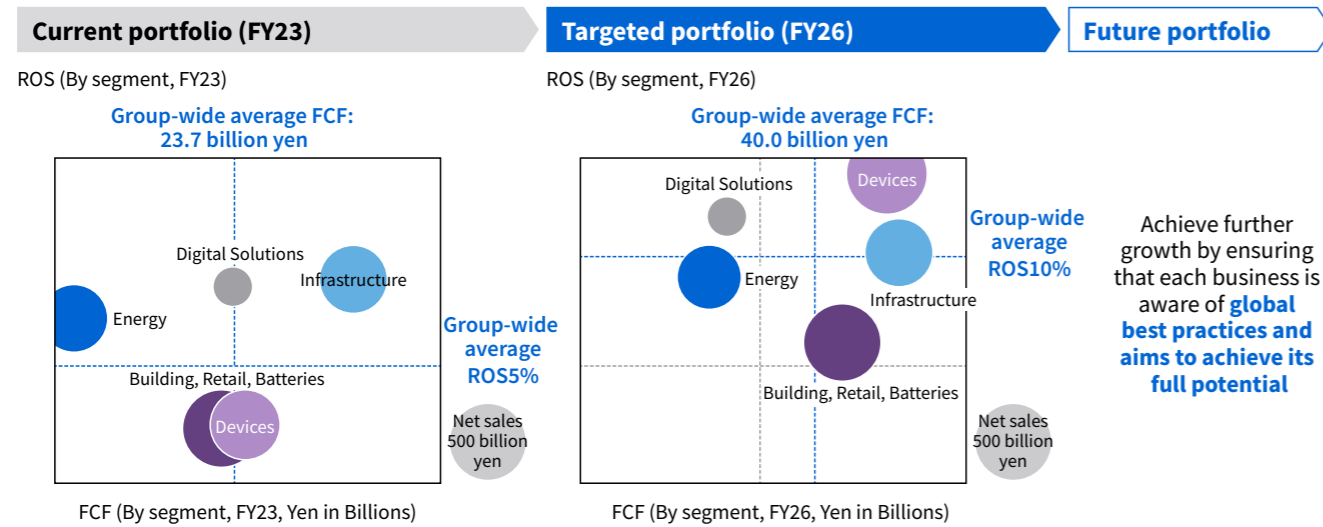
	Strengthen Areas		Improvement/Challenge Areas		New Fields
	High Growth Businesses	Revenue Growth Businesses	Transformation Businesses	PJ Loss Prevention Business	New Fields
Applicable Business	Businesses with superior market positioning in growing markets	Businesses with superior market positioning in mature markets	Businesses with low profitability	Businesses whose earnings are deteriorating due to specific PJs	Businesses being launched as new business fields
Policy	• To achieve its full potential, the company will focus resources on increasing sales and market share.	• Manage fixed costs and capital investments to maximize profits.	• Identify the structural factors behind declining profitability and implement targeted improvement measures.	• Identify the structural factors behind losses; HQ and BUs to act as one to implement countermeasures.	• Thoroughly implement a gate management system to make objective investment and withdrawal decisions.
Expected Profit	Further profit growth through increased scale	Achieve an ROS of 10% or more	Achieve an ROS of 5% or more		Set according to each business
Main Products and Services	Power Generation	T&D Semiconductors	Public infrastructure Digital	Railway, Industrial systems Elevators, Lighting	Retail and printing HDD

We have redefined our business portfolio into five categories. At the forefront are our high-growth businesses, which hold leadership positions in expanding markets. We will concentrate our resources in these areas to unlock their full potential and accelerate growth.

Revenue growth businesses operate in mature markets, but they have strong positions with a stable revenue base. Here we aim to achieve an ROS of 10% or more through appropriate management of fixed costs and capital investment.

We will improve on low profitability in transformation businesses and project loss prevention businesses by identifying factors behind profit declines and taking improvement measures, with the aim of securing an ROS of 5% or more.

Toshiba Group Management Policy



Our overall business portfolio generated a company-wide average ROS of around 5% in May 2024. We aim to raise this to 10% by FY2026, the final year of the current plan. The Energy and Infrastructure segments have long provided Toshiba with stable foundations, but current demand expansion is about to transform them into growth businesses. The Device segment, while having high market growth expectations, faces challenges in profitability. By reforming the earning structure, we aim to capitalize on growing markets and achieve significant growth.

While we will work on improving profitability through FY2026, achieving the plan is not our final goal. By making sure that all businesses are aware of global best practices, and that they show their full potential, we aim to achieve continued growth beyond the medium-term business plan.

Restructuring Management Infrastructure


We are advancing the reconstruction of management infrastructure through KPIs, monitoring, managerial accounting, and project management. First, we carefully selected simple KPIs linked to the plan's policy through thorough discussions with business divisions, and set them according to the characteristics and challenges facing each business, and have started monthly monitoring. By aligning business divisions and the headquarters through standardized KPIs, we enhance early risk detection and facilitate proactive countermeasure discussions. From now, we will promote the penetration of KPIs in business divisions and affiliated companies, in Japan and overseas.

Next, in managerial accounting, we are addressing the challenge of not being able to obtain required figures with appropriate granularity in a timely manner by improving our data infrastructure. Specifically, we are managing figures by business units, sub-divisions of business divisions, designing cost criteria that allow cross-company lateral comparisons, visualizing project profitability, and increasing the granularity of cost management. Doing this will build a system that goes beyond getting a simple grasp of the company's financial status, and that provides data and information that contributes to decision-making.

Finally, in project management, to minimize losses, we are reviewing the management structure for highly difficult projects and the decision-making structure of the approval process, ensuring thorough project profitability management by the headquarters. We believe that visualization of lifetime profitability will allow us to make decisions from a medium- to long-term perspective, and to set appropriate sales prices and conditions that take future risks (losses) into account.

Growth Strategies for the Future

Two key concepts underpin our forward-looking growth strategy: "Establish strong hardware in Energy and Infrastructure" and "Enhance added value by combining hardware and digital technologies." We recognize that utilizing digital technology on highly competitive hardware will allow us to expand our business and increase profitability, and we are promoting collaboration with our Research and Development Center, which has cultivated advanced technologies, and business divisions engaged in digital businesses.

<p>Energy segment</p>  <p>External environment and business opportunities</p> <ul style="list-style-type: none"> • Accelerating change in the market environment, including progress in renewable energy and grid reinforcement <ul style="list-style-type: none"> - Changes in decarbonization scenarios and electricity mix as a result of the 7th Basic Energy Plan - Against a backdrop of progress in renewable energy and moves to strengthen grid resilience, investment in the grid, where Toshiba has strengths, is expected to increase. <p>Initiatives currently under consideration</p> <ul style="list-style-type: none"> • Toshiba is currently considering a bold growth strategy based on an accurate understanding of the macro environment, including the power mix in the energy market and policy trends, and on defining growth areas to target. 	<p>Infrastructure segment</p>  <p>External environment and business opportunities</p> <ul style="list-style-type: none"> • Further strengthening of defense sector and infrastructure resilience <ul style="list-style-type: none"> - Government budgets for defense have expanded, and demand for defense equipment such as radar systems and command and control systems, in which Toshiba excels, has increased sharply. - Aging domestic infrastructure and labor shortages <p>Initiatives currently under consideration</p> <ul style="list-style-type: none"> • Formulate growth strategies centered on the Defense and Electronic Systems Div. and the Social Systems Div., handling the core business of the infrastructure segment.
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We foresee major shifts in the Energy and Infrastructure segments—not as challenges, but as strategic growth opportunities. The Energy segment is being carried forward on the tailwinds of increased electricity demand and the expansion of renewable energy, both expected to continue for a long time. Responding to this, and to the future energy mix trends considered in Japan's Seventh Basic Energy Plan, we will formulate a growth strategy built on our vision of society in 2040.

Along with further reinforcing our power transmission and distribution business, which is currently experiencing strong demand, we aim to expand our business in line with the increase in businesses related to renewable energy and nuclear power generation. Additionally, we plan to invest the funds generated from existing businesses into future GX solutions, such as next-generation renewable energy, including hydrogen, to support our customers' decarbonization. We also believe that it is necessary to consider collaborations with other companies.

In the Infrastructure segment, Japan is expanding its defense budget. Demand for defense equipment where we have strengths, such as radar systems and guidance devices, is expected to increase rapidly, and we have already received many orders. We are meeting them by making new capital investments to increase production. We will also utilize our advanced technologies in areas like AI and quantum cryptography communications. Regarding future market growth, we intend to position the defense business at the center of our growth strategy and to commit to it by strengthening our technical, proposal and supply capabilities, reinforcing our resources, including personnel, and also to consider collaborations with third parties, including established defense contractors and startups. We are now, as a unified Group, actively discussing a growth strategy centered on energy and infrastructure, and it will be a key element of our FY25 medium-term business plan.

In the Devices segment, we aim to expand the scale of the business by strengthening third-party partnerships to meet increasing global demand for power semiconductors and hard disk drives. In the Digital segment, we will further strengthen our system integration business, which is performing well in the government and transportation sectors, by combining its capabilities with hardware. Both segments are advancing research into elemental technologies with our Research and Development Center, and the results will also contribute to the development of differentiated technologies for the Energy and Infrastructure segments.

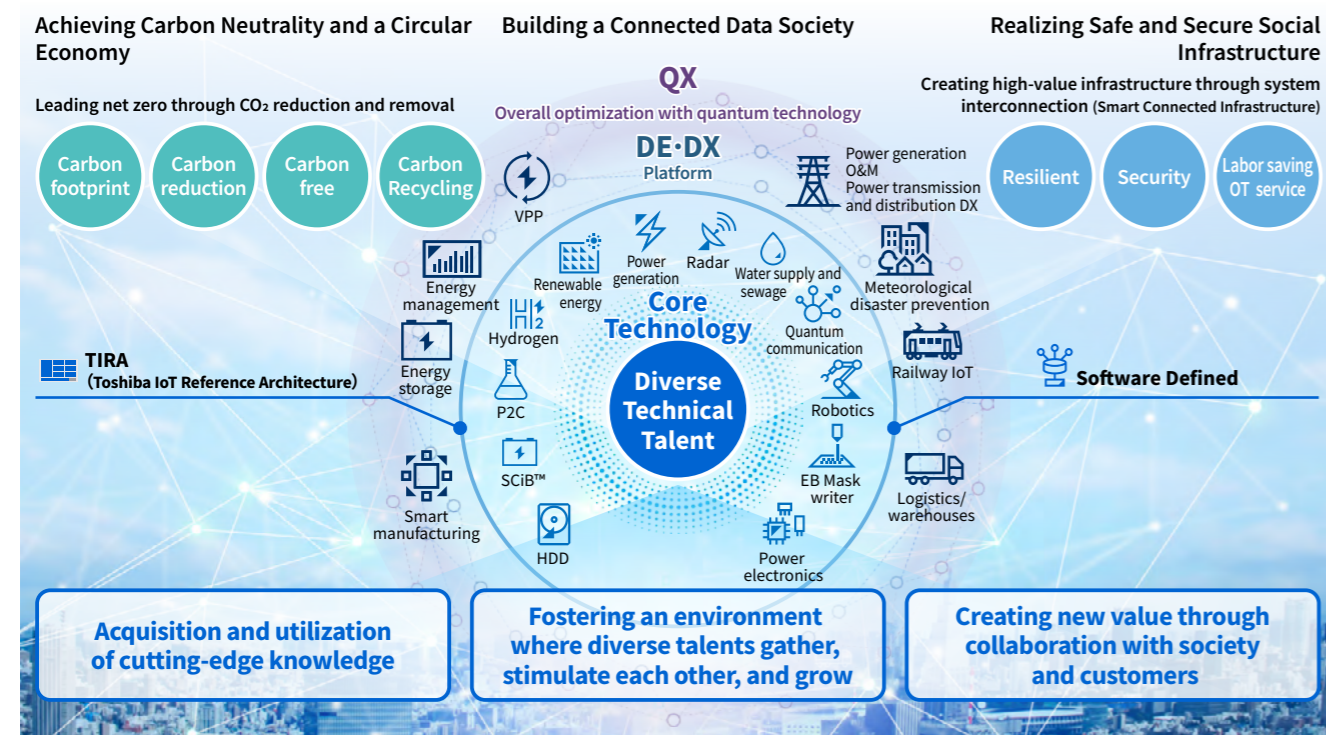
Toshiba Group Technology Strategy

Basic Policy

Guided by its Basic Commitment, “Committed to People, Committed to the Future.,” Toshiba Group leverages its proven technologies to develop products, solutions, and services that realize safe, reliable infrastructure and contribute to the achievement of carbon neutrality and a circular economy.

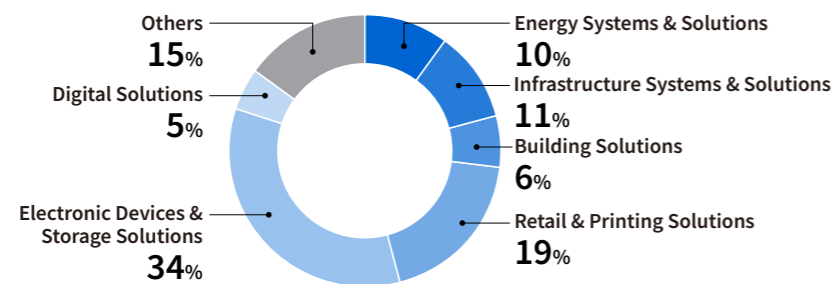
We drive innovation and the development of core physical technologies by making the most of our technological diversity—our core strength—and by cultivating and motivating the talented people who form the foundations of our capabilities. In the digital realm, promoting the concept of software-defined ensures that we can generate new value for our customers by advancing digital evolution (DE), digital transformation (DX) and quantum transformation (QX), and by building a connected data society.

Toshiba Group’s R&D Vision



Reinforcing our research and development capabilities to stimulate innovation is a key material issue. We are doing this by maintaining our investment in R&D at approximately 5% of sales, and an approach that prioritizes focused investments in strategic businesses and emphasizes efficiency and effectiveness in decisions on R&D expenditure.

Breakdown of R&D expenses (FY2023)



Research and Development Structure

Our research and development (R&D) organization structure consists of the R&D division of Toshiba Corporation and the R&D, design, and technology divisions of major group companies. Each division plays a distinct role, ensuring that R&D activities are efficiently coordinated across the organization.

Toshiba Corporation’s R&D division takes a long-term approach to deepening foundational technologies, driving innovative and forward-thinking research aimed at:

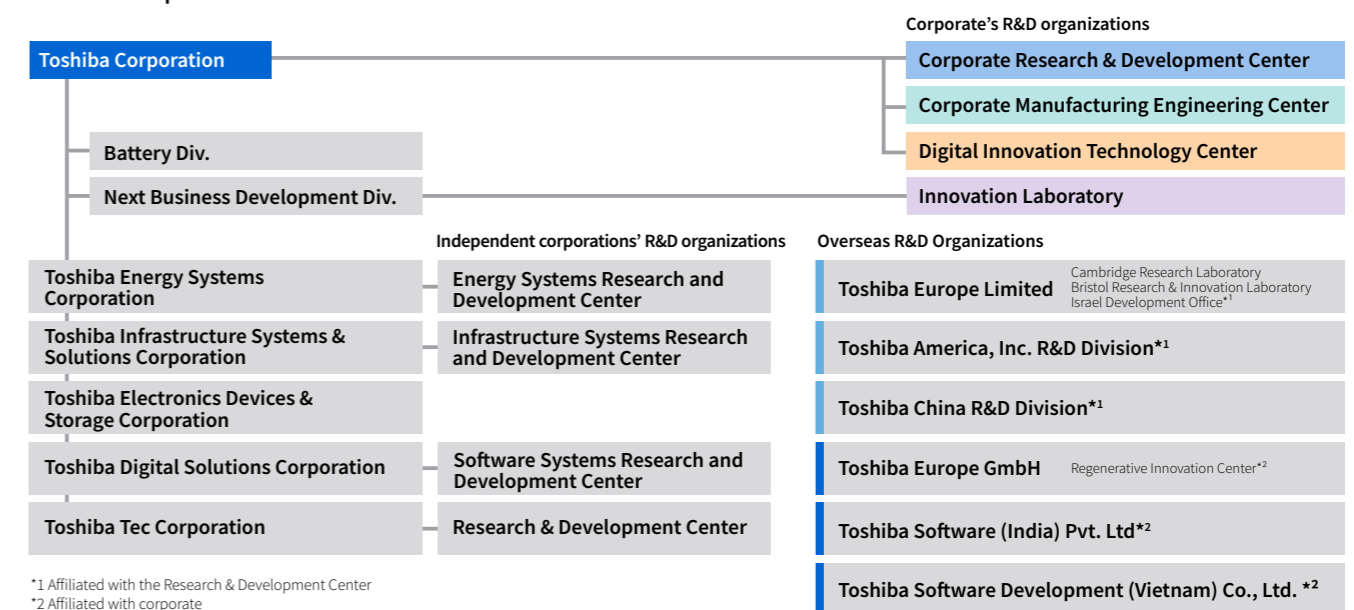
- Developing new products;
- Significantly enhancing the value of existing products; and
- Improving productivity and quality in existing businesses through technology development and real-world applications.

Meanwhile, the R&D, design, and technology divisions of major group companies support core technologies within their respective business domains. Their efforts focus on:

- Developing new products and differentiated technologies in alignment with business strategies; and
- Commercializing and scaling production to meet customer needs.

By fostering close collaboration among these divisions, we ensure the seamless introduction of innovative products into the market.

Toshiba Group R&D Structure

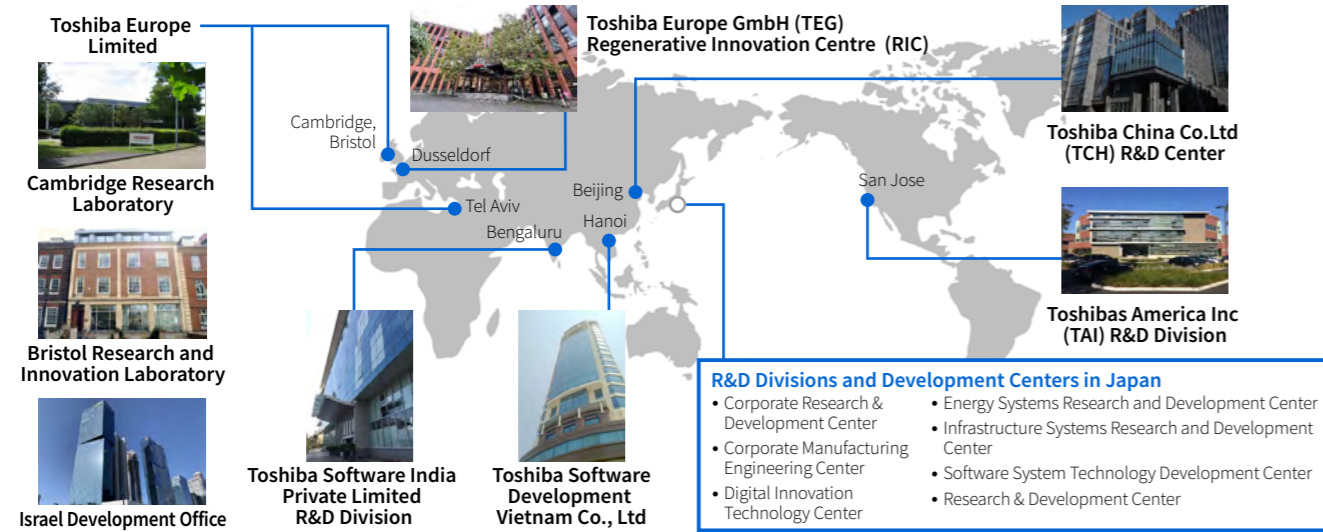


*1 Affiliated with the Research & Development Center
*2 Affiliated with corporate

Beyond Japan, Toshiba Group operates R&D centers in the United States, Europe, India, Vietnam, and Israel. Their research work is organically linked with that of R&D centers in Japan, realizing cutting-edge research and development on a global scale. Our determination to advance carbon neutrality and a circular economy through digitization can be seen in the Regenerative Innovation Centre we have established in Düsseldorf, Germany. This new R&D operation is our hub for building strong industry partnerships across Europe, and for promoting research collaborations that focus on the development of state-of-the-art technologies, and their real-world validation, implementation and standardization.

Toshiba Group Technology Strategy

Major Research and Development Centers



Examples of R&D Contributing to Addressing Social Challenges

Through R&D, Toshiba advances technological innovations that address pressing social challenges, including the realization of a carbon-neutral society and the need for a safe and secure world in response to rising geopolitical risks. One recent breakthrough is our latest SCiB™ lithium-ion battery, which maintains the defining features of Toshiba's SCiB™—ultra-fast charging and long lifespan—while achieving higher volumetric energy density. Another innovation is in spatial security management technology: a walk-through screening solution that utilizes millimeter-wave radar modules originally developed for automotive applications. Without requiring individuals to stop for inspection, the system detects hazardous items hidden inside clothing.

Development of a Lithium-Ion Battery with Ultra-Fast Charging and Long Lifespan, Offering Energy Density Equivalent to LFP Batteries

Toshiba has developed a lithium-ion battery with a niobium titanium oxide (NTO) anode that achieves an energy density*¹ comparable to that of lithium iron phosphate (LFP) batteries while also offering ultra-fast charging and a long lifespan—approximately 10 times more cycles*² than LFP batteries—making it ideal for buses, trucks, and other large commercial vehicles.

This high-performance battery was made possible through advanced electrode manufacturing technology that uniformly distributes nano-level conductive agents on the surface of NTO particles, forming a robust conductive network between them. This innovation enhances both energy density and battery longevity while enabling ultra-fast charging.

The new battery achieves an approximately 70% charge in just five minutes and maintains over 80% capacity even after more than 15,000 ultra-fast charge and discharge cycles. Its structure fundamentally prevents lithium deposition, significantly reducing the risk of smoke emission or combustion, ensuring safe operation in both low- and high-temperature environments.

Given that commercial vehicles operate at high utilization rates in extreme conditions, this battery meets critical requirements for electrification by combining ultra-fast charging, high safety, and reliability. Additionally, its long lifespan and rapid charging capabilities reduce the overall battery size and replacement frequency, leading to lower initial and operating costs.

In 2018, Toshiba entered a joint development agreement with CBMM, headquartered in São Paulo, Brazil, and Sojitz Corporation of Japan to commercialize this battery. As part of this collaboration, a real-world demonstration of electric buses equipped with this battery began in June 2024 at CBMM's Araxá Mine in Minas Gerais, Brazil.*³

*¹ The amount of energy stored per unit volume

*² Toshiba comparison. Based on partial charge and discharge cycles within a certain capacity range (not full charge and discharge cycles) assumed for ultra-fast charging cycles.

*³ Press Release, "Toshiba, Sojitz and CBMM Unveil an Ultra-Fast Charging Electric Bus Prototype Powered by Next-Generation Lithium-ion Batteries with Niobium Titanium Oxide Anodes - Now in demonstration operations at CBMM's industrial plant in Araxá, Brazil, further paving the way to battery commercialization." (Announced on June 20, 2024)



At the opening ceremony to mark the launch of EV bus demonstration project by Toshiba, Sojitz, and CBMM

Development of a Walk-Through Hazard Detection System Using Millimeter-Wave Radar for Secure Space Management Solutions

In recent years, the threat of terrorism in public spaces—impacting both the general public and high-profile individuals—has increased. In response, Toshiba is advancing the development of a secure space management solution that utilizes millimeter-wave radar technology,*¹ originally designed for automotive applications. This system rapidly detects hazardous objects hidden inside clothing, without requiring individuals to stop for screening.

Familiar body scanners, like those at international airport security checkpoints, use microwave radar,*² requiring approximately 3 to 5 seconds per scan. These systems necessitate stationary inspections, limiting their usability to high-traffic areas. In contrast, our new millimeter-wave radar-based system detects concealed hazardous items in under one second, allowing for seamless, walk-through screening. This innovation eliminates the need for individuals to pause for inspection, making it ideal for train stations, shopping malls, event venues, and other public spaces.

Designed with flexibility and ease of deployment in mind, the system allows for software-defined customization, enabling calibration at installation and AI-driven hazard detection to be tailored to specific operational environments. This enhances both deployment efficiency and operational effectiveness.

At CEATEC 2023, Japan's premier electronics trade show, this system received the Minister for Internal Affairs and Communications Award as part of the CEATEC AWARD 2023. It was recognized for its modular hardware design, which enables functionality to be defined via software for versatile applications, as well as its potential for non-destructive inspections using millimeter-wave technology across multiple industries. Additionally, the system was highly evaluated for its practicality and market potential. Toshiba is committed to further refining this technology and accelerating its implementation in real-world applications.

*¹ Millimeter waves have a frequency range of 30 GHz (gigahertz) to 300 GHz and a wavelength range of 1 millimeter to 1 centimeter. They have excellent resolution compared to microwaves. They also have high transparency, unlike visible light and infrared.

*² Microwaves have a frequency range of 3 GHz to 30 GHz and a wavelength range of 1 centimeter to 10 centimeters. They are used in applications like wireless LAN, satellite communications, defense, and weather radar.



Image of the walk-through hazard detection system using millimeter-wave imaging radar

Toshiba Group Technology Strategy

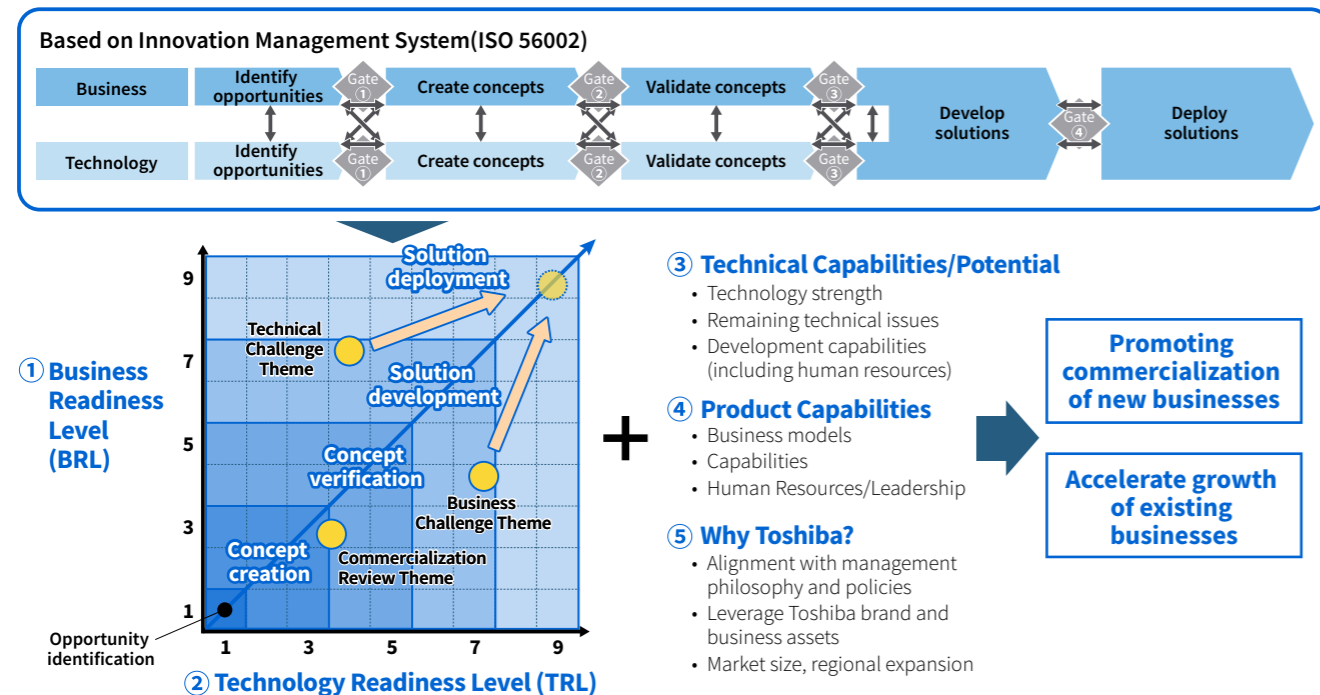
Innovation Management in Research and Development

We recognize continuous innovation as the key driver of success. Drawing on the principles of the Innovation Management System defined in the ISO 5600 series of standards, we bring a structured approach to managing R&D, and assess research topics through multiple gate evaluations based on five key criteria:

1. Business Readiness Level (BRL)
2. Technology Readiness Level (TRL)
3. Technical Strength and Potential
4. Product Competitiveness
5. Why Toshiba? (Validate the strategic significance of pursuing commercialization within Toshiba.)

This framework ensures the timely delivery of innovative products and services aligned with societal needs and contributes to sustainable growth.

Management of Research and Development Themes Based on Innovation Management



Innovation Management and Rule-Making Activities

Enhancing the BRL of R&D themes requires a strong focus on rule-making activities, including standardization. This must encompass both de jure standards—international standards (ISO, etc.) and national standards (JIS, etc.)—and forum standards developed by industry groups, forums, and consortia.

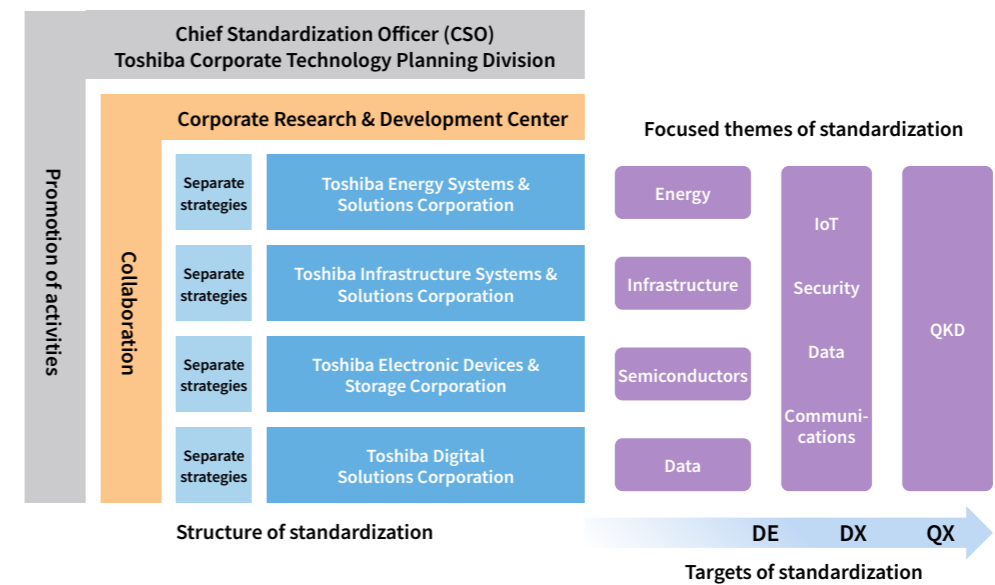
At lower levels of BRL, the aim is to identify and analyze existing standards and regulations. At medium levels, open/close strategies are devised, and rule creation is promoted as a way to establish open areas within industries. At higher levels, leveraging rules and standards facilitates market entry by multiple stakeholders, driving further market expansion. By aligning with this approach to rulemaking, we aim to contribute to society's sustainable development.

Framework for Rule-Making Activities

The Chief Standardization Officer (CSO) oversees Toshiba's standardization and rule-making activities, with the Corporate Technology Planning Division operating under the CSO's leadership as the central hub for coordinating efforts across corporate R&D and four key group companies.

The division supports rulemaking at key group companies by gathering and sharing relevant information, developing strategies in collaboration with business units, and disseminating best practices. It integrates these activities with intellectual property strategies in order to maximize the impact of open/close approaches, working in close collaboration with the intellectual property team.

Structure and focused themes of Toshiba's standardization activities



A notable example of our standardization efforts is our leadership in IEC Technical Committee 120 on "Electrical Energy Storage Systems." We played a pivotal role in setting up the committee, and continue to promote progress by providing its secretariat.

Beyond current business areas, in alignment with our management vision, we are extending our participation in promoting standardization to DE, DX and QX. Initiatives here include contributing to IEC's Subcommittee 3D, "Product Classes, Properties, and Identification – Common Data Dictionary (CDD)" in support of digitizing the carbon footprint of products (CFP) and advancing quantum cryptography communications standards.

Looking to the future and Toshiba Group's long-term development, we will continue to advance standardization as critical to sustained growth and innovation.

Intellectual Property

Basic Policy

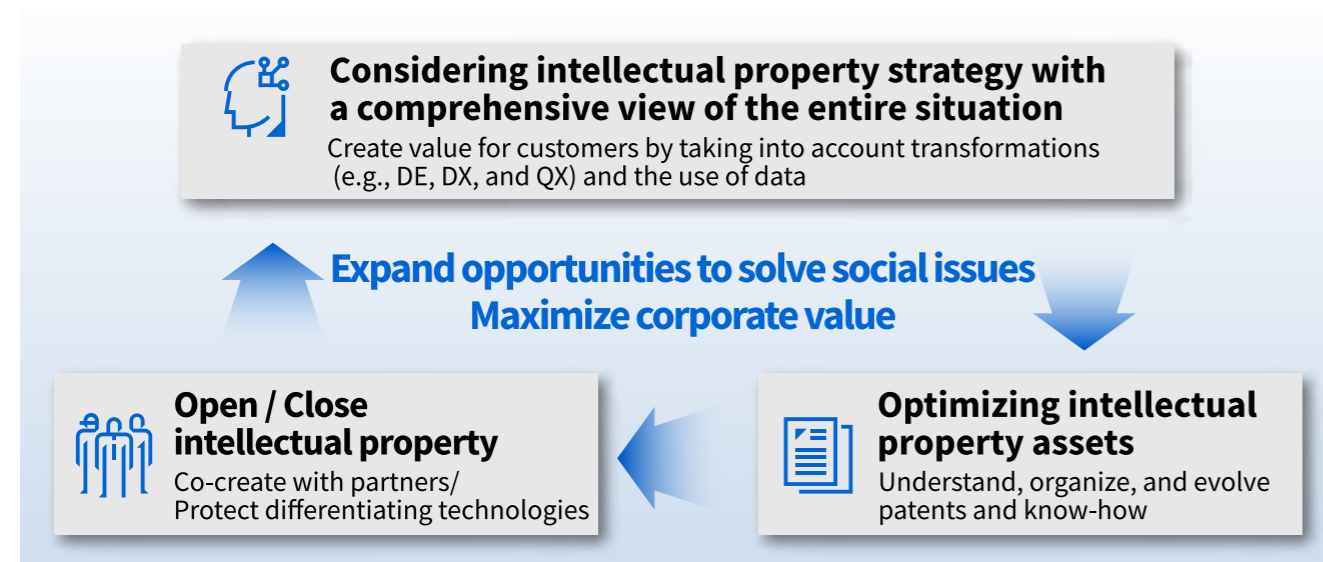
Toshiba Group promotes a co-creation cycle that generates new value through three key initiatives:

1. Developing an intellectual property strategy with a holistic perspective
2. Optimizing intellectual property assets
3. Managing intellectual property through an open/close approach

“Developing an intellectual property strategy with a holistic perspective” is the most important step. From the early stages of business design, we take a comprehensive view of the landscape, considering changes in the external environment, the company’s patents, intellectual assets such as know-how, and overall management and business strategies. We evaluate how intellectual property can be leveraged and linked to the value provided to customers, while taking into account transformations such as DE (Digital Evolution), DX (Digital Transformation), and QX (Quality Transformation) as well as the utilization of data.

“Optimizing intellectual property assets” is another critical step. This involves executing the intellectual property strategy by accurately assessing how our core-value intellectual assets—including not only intellectual property rights but also technology, know-how, human resources, skills, and brands—are structured. Any missing intellectual property is acquired, while confidential information, such as know-how, is safeguarded through strict secrecy measures to prevent leaks. Through these efforts, we are enhancing and refining the quality of our intellectual property portfolio.

“Managing intellectual property through an open/close approach” is an essential cycle. On the “close” side, we secure sustainable business competitiveness by protecting differentiating technologies through patents and safeguarding proprietary know-how. On the “open” side, we explore standardization while utilizing an optimized intellectual property portfolio to collaborate with corporate partners and customers. This collaboration expands opportunities to address societal challenges that Toshiba Group alone cannot resolve, ultimately contributing to the maximization of corporate value.

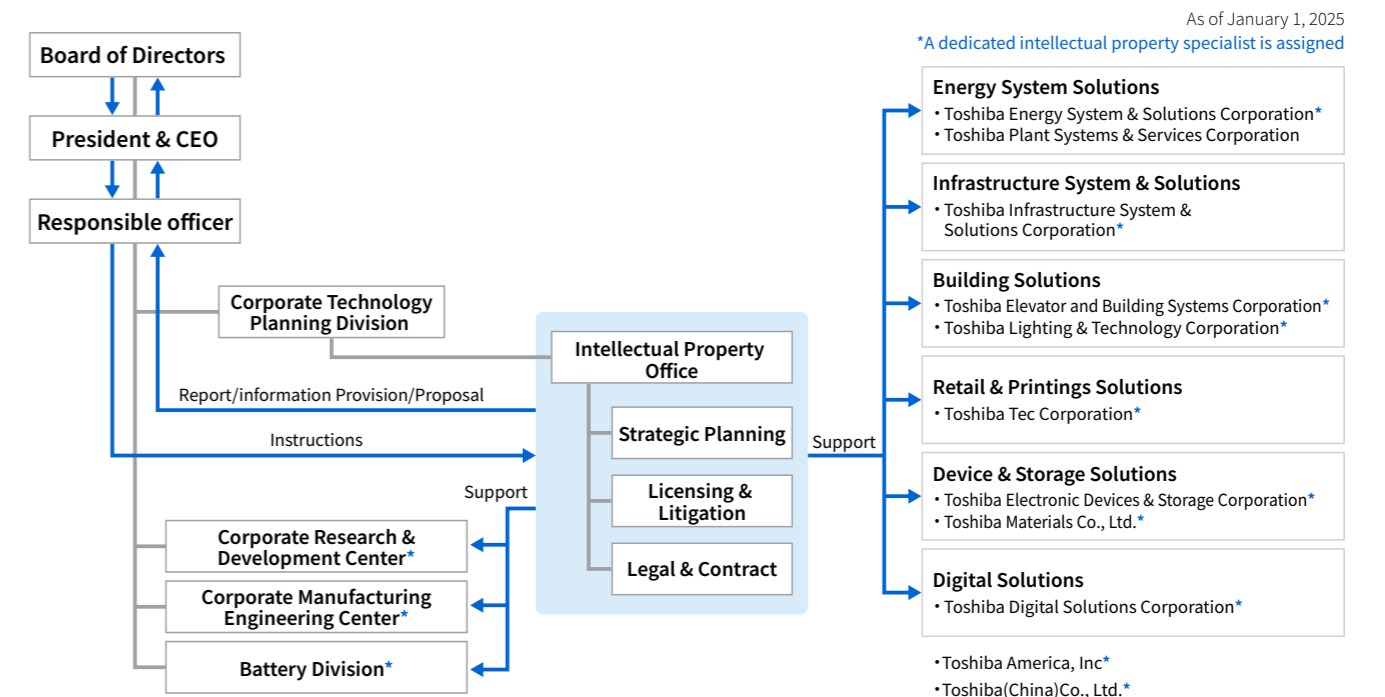


Organizational Structure

The Strategic Planning Group, Legal & Contract Group, and Licensing & Litigation Group of the Intellectual Property Office are responsible for developing intellectual property strategies that take a comprehensive view of management and business strategies, changes in the external environment, and intellectual assets. They also formulate intellectual property policies that apply across Toshiba Group by swiftly gathering information on legal amendments and other regulatory changes, as well as providing analyses, recommendations, and insights based on patent data and other information. Additionally, they handle intellectual property compliance matters, including those related to Copyright Act and Unfair Competition Prevention Act, as well as intellectual property education, securing business advantages, and managing contracts and dispute resolution with a forward-looking approach to risk mitigation.

Meanwhile, the Intellectual Property Division, which is dedicated to research laboratories and business units, develops intellectual property strategies tailored to each development and business domain, working to build and optimize intellectual property portfolios. To drive its global intellectual property strategy, Toshiba has intellectual property specialists stationed in both the United States and China.

Regarding investment in intellectual assets and the allocation of management resources, as well as the execution of business portfolio strategies, executive officers report on progress to the Board of Directors, which provides oversight and guidance.



Intellectual Property

Education in Intellectual Property

For All Employees

As part of the education on the Standards of Conduct for Toshiba Group, employees in Japan receive annual e-learning training to reinforce their understanding of the Standards of Conduct regarding intellectual property rights, with a particular focus on raising awareness of copyright-related issues. The participation rate for FY2023 was 99.6%.

Newly hired employees undergo general intellectual property training as part of the Corporate Entry Program. This is followed by level-specific training programs tailored to the policies and needs of each business division.

Our subsidiaries in China, South Korea, Hong Kong, and Taiwan provide copyright education on topics such as the proper use of software, while our U.S. subsidiaries conduct intellectual property education programs tailored to regional requirements, utilizing a Learning Management System. In this way, Toshiba Group ensures that its overseas subsidiaries receive region-appropriate intellectual property education.

For Intellectual Property Employees

Employees working in intellectual property follow a basic training program designed to ensure they can perform practical tasks within two years. This includes acquiring knowledge of intellectual property rights in Japan and overseas, learning to draft patent specifications, and on-the-job training and intermediate processing exercises.

Toshiba Group Patent Conference

Toshiba Group hosts the Toshiba Group Patent Conference annually, recognizing outstanding inventions with the “Excellent Invention Awards.” In 2023, the conference awarded:

- Five Business Contribution Prizes to honor inventions that made significant contributions to the company’s business.
- Two Future Value Creation Prizes for inventions expected to contribute to business growth or provide value to society in the future.



Representatives of the award winners

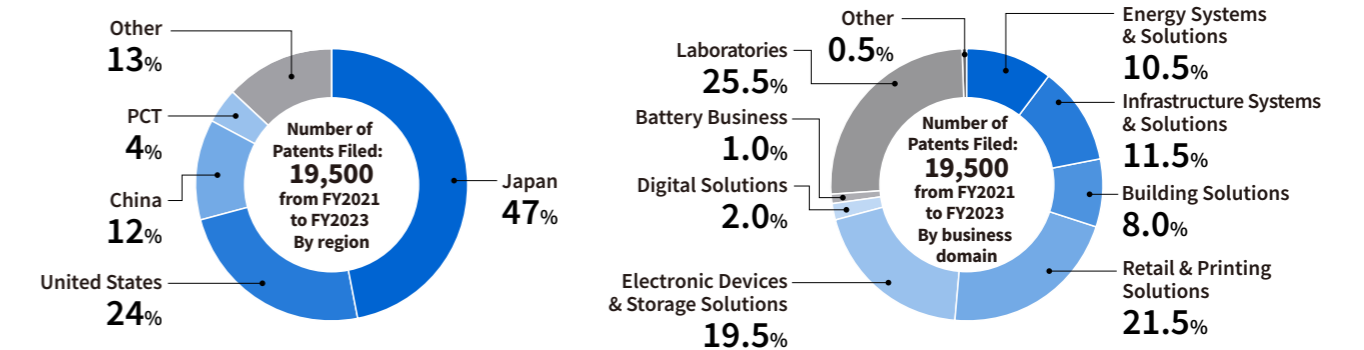
The final stage of the conference featured a special lecture by an external guest speaker and multiple webinars under the theme “Connecting Intellectual Property, Bridging Industries.” These sessions aimed to foster an intellectual property mindset and discover new perspectives on intellectual property activities. Moving forward, we will continue to enhance the environment to facilitate invention and strive to further motivate employees to innovate.

Global Patent Portfolio

Reflecting our global expansion, more than half of our patent applications are filed internationally, with a particular focus on the United States and China. In each business domain, we carefully select and file patents to build an optimal portfolio aligned with our intellectual property strategy.

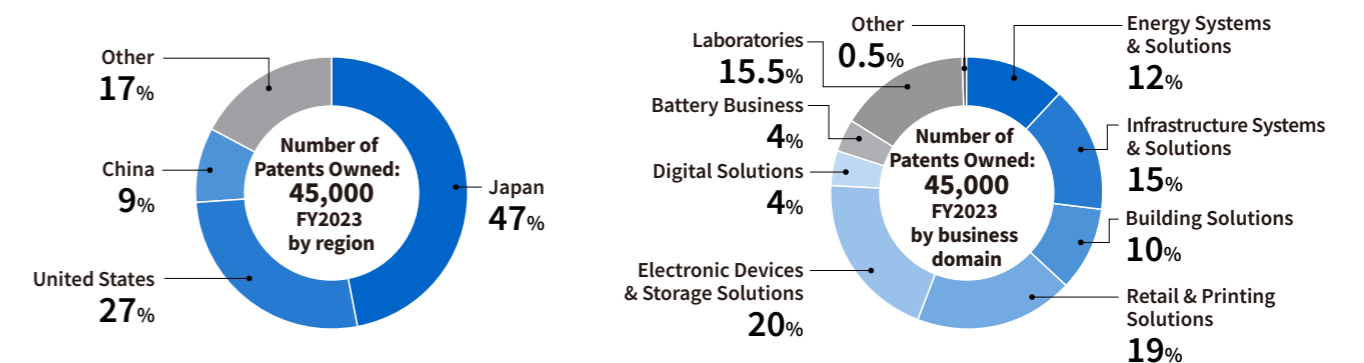
The number of patent applications filed over the past three years is detailed below.

Number and Breakdown of Patents Filed (April 2021-March 2024)



Number and Breakdown of Patents Owned (as of March 2024)

Each year, we conduct a comprehensive evaluation of all registered patents and create an optimized portfolio for each business domain based on the results.



Intellectual Property

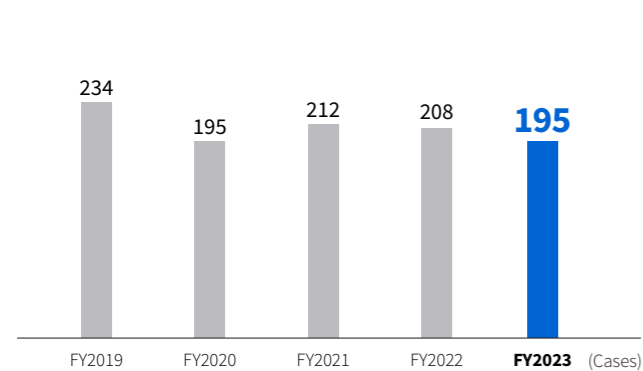
Protection of Toshiba Brand

The Toshiba brand represents the corporate value of Toshiba Group, as well as the quality and reliability of the products and services we provide. To ensure the protection of the Toshiba brand, we actively manage trademark rights and take measures to eliminate counterfeit products.

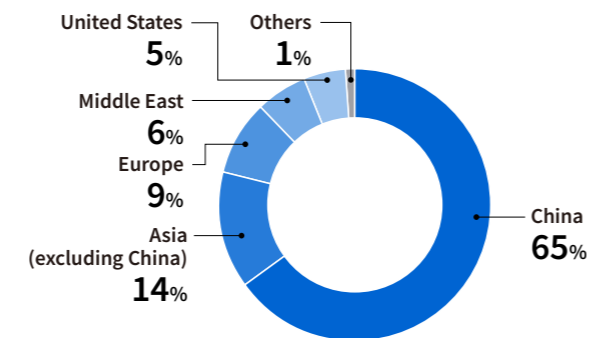
Failure to address counterfeit Toshiba products not only undermines our brand value and public trust, but also poses risks to customers who may mistakenly purchase counterfeits that do not meet expected quality standards. Additionally, counterfeit products increase the risk of accidents.

To combat this issue, we actively work to eradicate counterfeit products, collaborating with anti-counterfeit organizations in Japan and internationally and engaging with local government agencies to advocate for stronger enforcement measures.

Trends in Incidents of Counterfeit Products up to FY2023



Breakdown of Incidents of Counterfeit Products by Country and Region in FY2023



Evaluation by External Parties

Toshiba Group's state-of-the-art technologies and the Toshiba brand are widely recognized and highly valued by society. Below is a list of key awards and recognitions we have received in the field of intellectual property.

Selected for Clarivate Top 100 Global Innovators™ 2024

Clarivate, a global information services company, has selected Toshiba for 13 years running as one of the Clarivate Top 100 Global Innovators™, a list of the best 100 innovative companies and institutions around the world, based on Clarivate's patent data analyses.



“High-Safety Battery Module and Energy Storage System” Wins the Kanto Region Invention Encouragement Award for FY 2023

Our high-safety battery module and energy storage system has been recognized by the Japan Institute of Invention and Innovation (JIII) in its program to honor outstanding inventions. This system was awarded the Invention Encouragement Prize. Equipped with enhanced fail-safe mechanisms, the system achieves the high safety standards required for mass transportation fields, such as railways.

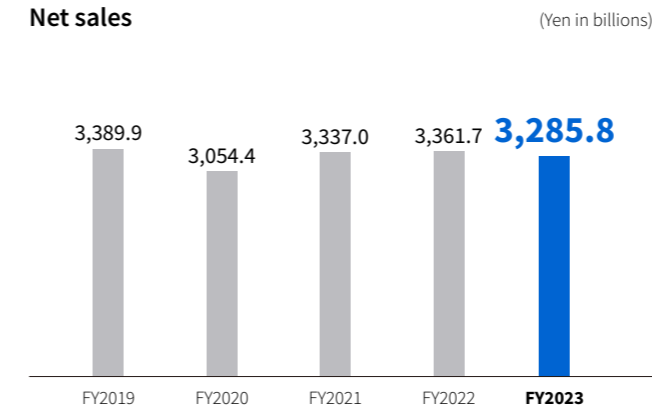
The system's protection mechanism features multiple independent circuits for detecting over-temperature and over-voltage. These circuits monitor for abnormalities within their respective systems, preventing fault propagation from one system to another and significantly improving reliability.

Battery Module Type-S and component products, which incorporate this invention, employ a configuration of two parallel and 12 serial battery cells. They have achieved Safety Integrity Level 4 (SIL4) of the RAMS (Reliability, Availability, Maintainability, and Safety) standard, the highest safety level. These products are now being deployed both in Japan and international markets.

Financial Highlights (Consolidated)

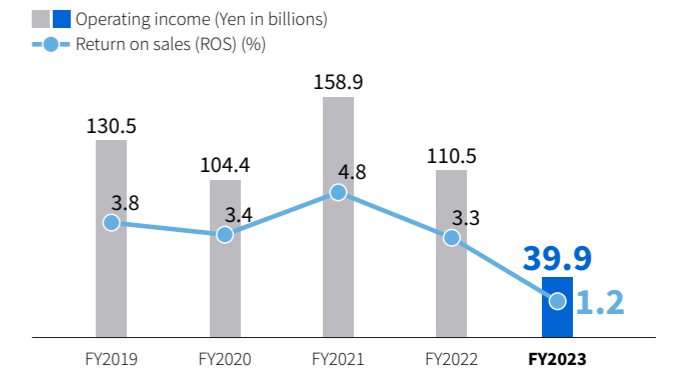
Performance Trends Over the Past 5 Years

Net sales



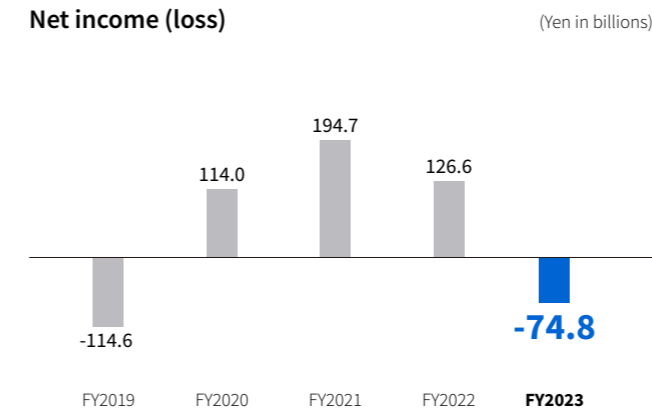
Net sales for Retail & Printing and Infrastructure Systems increased due to higher volumes; however, overall net sales decreased year-on-year, primarily due to the impact of the sale of Toshiba Carrier Corporation (-94.9 billion yen), resulting in total net sales of 3,285.8 billion yen.

Operating income/Return on sales (ROS)



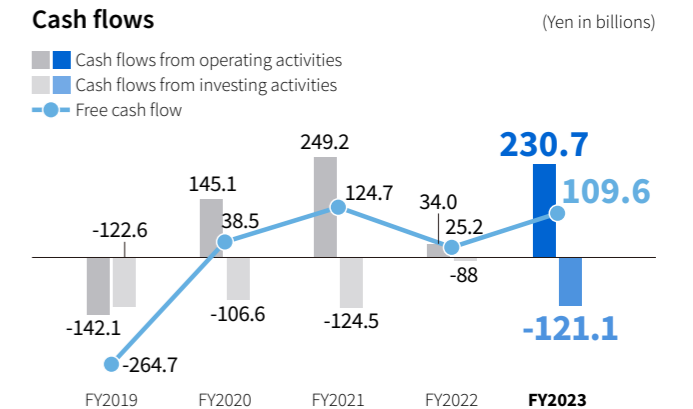
Operating profit was positively impacted by strong performances in Public Infrastructure, Transmission & Distribution Systems, and Power Generation Systems. On the other hand, it was negatively impacted by losses, such as provisions for product warranties in HDDs and Power Generation Systems (-36.8 billion yen), cost reassessments in projects (-30.8 billion yen), and goodwill impairment in the Printing business (-11.5 billion yen), resulting in total operating income of 39.9 billion yen.

Net income (loss)



Net income resulted in a net loss of 74.8 billion yen, due to the equity losses from Kioxia Holdings Corporation (-87.3 billion yen), booked tax expenses, etc.

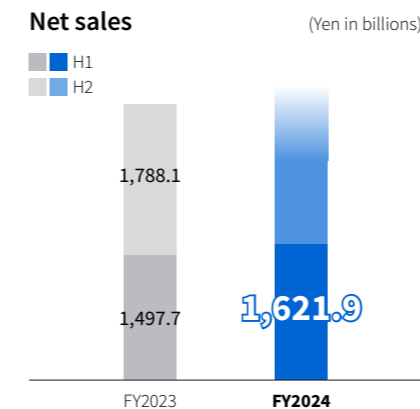
Cash flows



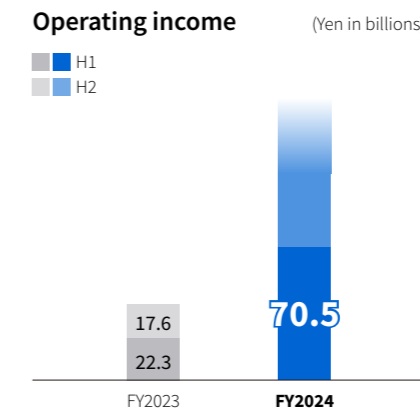
Free cash flow improved due to better working capital management, resulting in cash inflow of 109.6 billion yen.

First-Half Results for FY2024: Year-on-Year Comparison

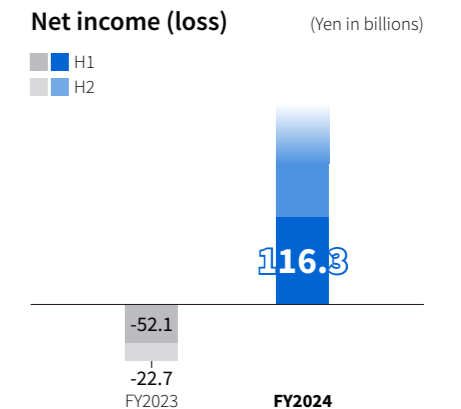
Net sales



Operating income



Net income (loss)



Business performance in the first half of FY2024 saw a significant improvement over the same period last year, driven by strong performances in HDDs, Power Generation Systems, and Retail & Printing. Additionally, the Building Solutions segment, which posted a loss last year, showed improvement.

Operating income of 70.5 billion yen was 3.2 times higher than for the same period last year, and marked the highest record since its business portfolio was changed in fiscal year 2018 to exclude the memory business. This was largely due to the result of management reforms, such as pricing strategies and fixed cost reduction. Net income also increased significantly year-on-year, driven by improved equity earnings from Kioxia Holdings Corporation.