Financial Report
For the Fiscal Year ended March 31, 2023

Toshiba Corporation

FIVE-YEAR SUMMARY

Toshiba Corporation and Consolidated Subsidiaries The Fiscal Years ended March 31	Millions of yen, except per share amounts and ratio				
	2023	2022	2021	2020	2019
Net sales (Note 3)	**¥ 3,361,657**	¥ 3,336,967	¥ 3,054,375	¥ 3,389,871	¥ 3,693,539
Operating income (Note 4)	**110,549**	158,945	104,402	130,460	35,447
Income (loss) from continuing operations, before income taxes and noncontrolling interests	**188,965**	239,105	153,488	(47,539)	10,909
Net income (loss) attributable to shareholders of the Company	**126,573**	194,651	113,981	(114,633)	1,013,256
Comprehensive income (loss) attributable to shareholders of the Company	**166,677**	242,947	242,267	(138,915)	1,083,664
Equity attributable to shareholders of the Company	**1,247,381**	1,206,634	1,164,534	939,806	1,456,659
Total equity (Note 5)	**1,337,067**	1,366,664	1,304,530	1,076,426	1,699,045
Total assets	**3,539,268**	3,734,519	3,500,636	3,383,433	4,297,344
Per share of common stock (Yen) (Note 6)	**2,883.27**	2,788.95	2,565.95	2,071.98	2,691.21
Earnings (loss) per share attributable to shareholders of the Company (Yen) (Notes 7 and 8)					
−Basic	**292.56**	442.05	251.25	(236.39)	1,641.85
−Diluted	**292.56**	440.87	-	-	-
Shareholders' equity ratio (%) (Note 6)	**35.2**	32.3	33.3	27.8	33.9
Return on equity ratio (%) (Note 6)	**10.3**	16.4	10.8	(9.6)	90.5
Price-to-earnings ratio (PER) (Note 9)	**15.19**	10.52	14.89	-	2.15
Net cash provided by (used in) operating activities	**34,040**	249,244	145,145	(142,148)	124,855
Net cash provided by (used in) investing activities	**(8,811)**	(124,521)	(106,671)	(122,514)	1,305,434
Net cash provided by (used in) financing activities	**(142,347)**	(216,832)	97,811	(687,244)	(645,018)
Cash, cash equivalents and restricted cash at the end of the fiscal year	**326,690**	421,219	525,456	376,973	1,335,520
Number of employees (Note 10)	**106,648**	116,224	117,300	125,648	128,697

Notes: 1) The Group's Consolidated Financial Statements are based on US Generally Accepted Accounting Principles.
2) The Memory business (including its SSD business, but excluding its image sensor business) was classified as discontinued operations in accordance with Accounting Standards Codification (ASC) No. 205-20 "Presentation of Financial Statements - Discontinued Operations" in the fiscal year ended March 31, 2018. The results of the Memory business were reported as discontinued operations for the first two months of the fiscal year ended March 31, 2019, and the results of the rest of the year were accounted for using the equity method.
3) Consumption tax is not included in the Net sales.
4) Operating income is derived by deducting the cost of sales, selling, general and administrative expenses and impairment loss on goodwill from net sales. This result is regularly reviewed to support decision-making in allocation of resources and to assess performance. Certain expenses such as restructuring charges and legal settlement costs are not charged to operating income.
5) Total equity is the sum of Equity attributable to shareholders of the Company and Equity attributable to noncontrolling interests.
6) The calculation of "Per share of common stock", "Shareholders' equity ratio" and "Return on equity ratio" is based on Equity attributable to shareholders of the Company in the consolidated balance sheets.
7) Basic earnings (loss) per share attributable to shareholders of the Company (EPS) is computed based on the weighted-average number of shares of common stock outstanding during each period. Diluted EPS is computed by taking into account the impact of stock acquisition rights issued by the equity-method affiliate of the Company. For the fiscal year ended March 31, 2023, the stock options issued by the companies accounted for under the equity method are excluded from the calculation of diluted net earnings per share attributable to shareholders of the Company, because they have an antidilutive effect.
8) Diluted EPS for the years ended on March 31, 2021, 2020, and 2019 have been omitted because the Company did not have potential common shares that were outstanding.
9) Price-to-earnings ratio (PER) for the year ended on March 31, 2020 have been omitted because of Net loss attributable to shareholders of the Company.
10) The number of employees is the sum of the regular and fixed-term employees who are expected to work or have worked over a year.

Toshiba Corporation and Consolidated Subsidiaries
As at March 31, 2023 and 2022

	Millions of yen		Thousands of US dollars (Note 1)
Assets	**2023**	2022	**2023**
Current assets:			
Cash and cash equivalents	¥ **326,690**	¥ 421,219	$ **2,437,985**
Notes, accounts receivable and contract assets (Notes 6 and 13):			
Notes receivable	**44,357**	47,061	**331,022**
Accounts receivable and contract assets	**815,910**	828,166	**6,088,881**
Allowance for doubtful notes, accounts receivable and contract assets	**(18,321)**	(16,041)	**(136,724)**
Inventories (Note 7)	**594,156**	531,788	**4,434,000**
Other receivables	**96,088**	61,398	**717,075**
Prepaid expenses and other current assets (Notes 3, 4 and 21)	**202,988**	392,450	**1,514,836**
Total current assets	**2,061,868**	2,266,041	**15,387,075**
Long-term receivables and investments:			
Long-term receivables (Notes 6 and 13)	**5,987**	5,161	**44,679**
Investments in and advances to affiliates (Notes 8 and 9)	**430,450**	475,952	**3,212,314**
Marketable securities and other investments (Notes 4 and 5)	**99,705**	82,494	**744,067**
Total long-term receivables and investments	**536,142**	563,607	**4,001,060**
Property, plant and equipment (Notes 22 and 28):			
Land	**34,624**	34,681	**258,388**
Buildings	**653,956**	643,425	**4,880,269**
Machinery and equipment	**1,254,586**	1,227,712	**9,362,582**
Construction in progress	**34,926**	36,456	**260,642**
	1,978,092	1,942,274	**14,761,881**
Accumulated depreciation	**(1,486,714)**	(1,481,948)	**(11,094,881)**
Total property, plant and equipment	**491,378**	460,326	**3,667,000**
Operating lease right-of-use assets (Note 22):			
Total operating lease right-of-use assets	**92,044**	105,027	**686,895**
Other assets:			
Goodwill and other intangible assets (Notes 4 and 10)	**157,551**	158,360	**1,175,754**
Deferred tax assets (Note 18)	**65,989**	86,146	**492,455**
Other assets (Notes 4, 12 and 21)	**134,296**	95,012	**1,002,209**
Total other assets	**357,836**	339,518	**2,670,418**
Total assets	¥ **3,539,268**	¥ 3,734,519	$ **26,412,448**

The accompanying notes are an integral part of these statements.

Toshiba Corporation and Consolidated Subsidiaries
As at March 31, 2023 and 2022

Liabilities and equity		Millions of yen 2023		2022		Thousands of US dollars (Note 1) 2023
Current liabilities:						
Short-term borrowings (Note 11)	¥	**16,281**	¥	11,209	$	**121,500**
Current portion of long-term debt (Notes 11 and 21)		**43,669**		64,471		**325,888**
Notes and accounts payable		**448,131**		482,266		**3,344,261**
Other payables and accrued expenses (Note 27)		**261,846**		274,965		**1,954,075**
Current lease liabilities (Note 22)		**36,631**		36,515		**273,366**
Accrued income and other taxes (Note 18)		**42,011**		38,983		**313,515**
Advance payments received (Note 13)		**327,814**		348,069		**2,446,373**
Other current liabilities (Notes 3, 4, 13, 21, 24 and 25)		**192,455**		253,389		**1,436,231**
Total current liabilities		**1,368,838**		1,509,867		**10,215,209**
Long-term liabilities:						
Long-term debt (Notes 11 and 21)		**332,418**		317,659		**2,480,731**
Accrued pension and severance costs (Note 12)		**261,791**		277,057		**1,953,664**
Non-current lease liabilities (Note 22)		**59,411**		72,568		**443,366**
Deferred tax liabilities (Note 18)		**62,506**		65,603		**466,463**
Other liabilities (Notes 4, 18, 21, 24, 25, 27 and 29)		**117,237**		125,101		**874,903**
Total long-term liabilities		**833,363**		857,988		**6,219,127**
Total liabilities	¥	**2,202,201**	¥	2,367,855	$	**16,434,336**
Equity attributable to shareholders of the Company (Note 19):						
Common stock:						
Authorized - 1,000,000,000 shares issued:						
2023 and 2022 - 433,137,955 shares	¥	**200,869**	¥	200,869	$	**1,499,022**
Additional paid-in capital		**-**		-		**-**
Retained earnings		**1,118,763**		1,118,039		**8,348,978**
Accumulated other comprehensive loss		**(69,907)**		(110,011)		**(521,694)**
Treasury stock, at cost:						
2023 - 511,457 shares 2022 - 489,871 shares		**(2,344)**		(2,263)		**(17,493)**
Total equity attributable to shareholders of the Company		**1,247,381**		1,206,634		**9,308,813**
Equity attributable to noncontrolling interests		**89,686**		160,030		**669,299**
Total equity	¥	**1,337,067**	¥	1,366,664	$	**9,978,112**
Commitments and contingent liabilities (Notes 23, 24 and 25)						
Total liabilities and equity	¥	**3,539,268**	¥	3,734,519	$	**26,412,448**

The accompanying notes are an integral part of these statements.

Toshiba Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2023 and 2022

	Millions of yen 2023	Millions of yen 2022	Thousands of US dollars (Note 1) 2023
Sales and other income:			
Net sales (Note 13)	¥ **3,361,657**	¥ 3,336,967	$ **25,086,993**
Interest and dividend income	**18,827**	2,885	**140,500**
Equity in earnings of affiliates (Notes 8 and 9)	**-**	57,523	**-**
Other income (Notes 4, 5, 16, 21, 25 and 28)	**146,664**	51,002	**1,094,507**
	3,527,148	3,448,377	**26,322,000**
Costs and expenses:			
Cost of sales (Notes 12, 14, 22, 26, 27 and 28)	**2,471,682**	2,449,757	**18,445,388**
Selling, general and administrative expenses (Notes 12, 14, 15, 26, 27 and 28)	**758,832**	728,265	**5,662,925**
Impairment loss on goodwill (Notes 4 and 10)	**20,594**	-	**153,687**
Interest expenses (Note 21)	**4,853**	4,366	**36,216**
Equity in losses of affiliates (Notes 8 and 9)	**43,013**	-	**320,993**
Other expenses (Notes 5, 6, 12, 16, 21 and 25)	**39,209**	26,884	**292,604**
	3,338,183	3,209,272	**24,911,813**
Income before income taxes and noncontrolling interests	**188,965**	239,105	**1,410,187**
Income taxes (Note 18):			
Current	**49,886**	31,652	**372,284**
Deferred	**14,087**	(6,807)	**105,127**
	63,973	24,845	**477,411**
Net income before noncontrolling interests	**124,992**	214,260	**932,776**
Less: Net income (loss) attributable to noncontrolling interests	**(1,581)**	19,609	**(11,799)**
Net income attributable to shareholders of the Company	¥ **126,573**	¥ 194,651	$ **944,575**

Per Share Data

	Yen 2023	Yen 2022	US dollars (Note 1) 2023
Basic net earnings per share attributable to shareholders of the Company (Note 20)	¥ **292.56**	¥ 442.05	$ **2.18**
Diluted net earnings per share attributable to shareholders of the Company (Note 20)	**292.56**	440.87	**2.18**
Cash dividends per share	¥ **220.00**	¥ 220.00	$ **1.64**

The accompanying notes are an integral part of these statements.

Toshiba Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2023 and 2022

		Millions of yen				Thousands of US dollars (Note 1)
		2023		2022		**2023**
Net income before noncontrolling interests	¥	**124,992**	¥	214,260	$	**932,776**
Other comprehensive income (loss), net of tax (Note 19)						
Net unrealized gains and losses on securities (Note 5)		**(326)**		(231)		**(2,433)**
Foreign currency translation adjustments		**14,347**		40,937		**107,067**
Pension liability adjustments (Note 12)		**20,053**		20,609		**149,649**
Net unrealized gains and losses on derivative instruments (Note 21)		**2,396**		(1,709)		**17,881**
Total other comprehensive income (loss)		**36,470**		59,606		**272,164**
Comprehensive income before noncontrolling interests		**161,462**		273,866		**1,204,940**
Less: Comprehensive income (loss) attributable to noncontrolling interests		**(5,215)**		30,919		**(38,918)**
Comprehensive income attributable to shareholders of the Company	¥	**166,677**	¥	242,947	$	**1,243,858**

The accompanying notes are an integral part of these statements.

Toshiba Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2023 and 2022

	Millions of yen							
	Common stock	Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive loss	Treasury stock	Equity attributable to shareholders of the Company	Equity attributable to non controlling interests	Total equity
Balance at March 31, 2021	¥ 200,558	207	1,127,130	(158,307)	(5,054)	1,164,534	139,996	1,304,530
Transfer to retained earnings (accumulated deficit) from additional paid-in capital (Note 19)		1,867	(1,867)					
Change in ownership for noncontrolling interests and others	311	(2,074)				(1,763)	(1,276)	(3,039)
Dividends attributable to shareholders of the Company			(98,992)			(98,992)		(98,992)
Dividends attributable to noncontrolling interests							(9,609)	(9,609)
Comprehensive income (loss):								
Net income			194,651			194,651	19,609	214,260
Other comprehensive income (loss), net of tax (Note 19)								
Net unrealized gains and losses on securities (Note 5)				(231)		(231)		(231)
Foreign currency translation adjustments				31,711		31,711	9,226	40,937
Pension liability adjustments (Note 12)				18,524		18,524	2,085	20,609
Net unrealized gains and losses on derivative instruments (Note 21)				(1,708)		(1,708)	(1)	(1,709)
Total comprehensive income						242,947	30,919	273,866
Purchase, disposal and retirement of treasury stock, net, at cost			(102,883)		2,791	(100,092)		(100,092)
Balance at March 31, 2022	200,869	¥ -	¥1,118,039	¥ (110,011)	¥ (2,263)	¥1,206,634	¥ 160,030	¥1,366,664
Transfer to retained earnings (accumulated deficit) from additional paid-in capital (Note 19)		383	(383)					
Change in ownership for noncontrolling interests and others		(383)				(383)	(54,696)	(55,079)
Dividends attributable to shareholders of the Company			(125,466)			(125,466)		(125,466)
Dividends attributable to noncontrolling interests							(10,433)	(10,433)
Comprehensive income (loss):								
Net income			126,573			126,573	(1,581)	124,992
Other comprehensive income (loss), net of tax (Note 19)								
Net unrealized gains and losses on securities (Note 5)				(326)		(326)		(326)
Foreign currency translation adjustments				18,072		18,072	(3,725)	14,347
Pension liability adjustments (Note 12)				19,963		19,963	90	20,053

Toshiba Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2023 and 2022

	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
Net unrealized gains and losses on derivative instruments (Note 21)				2,395		2,395	1	2,396
Total comprehensive income						166,677	(5,215)	161,462
Purchase, disposal and retirement of treasury stock, net, at cost					(81)	(81)		(81)
Balance at March 31, 2023	**¥ 200,869**	**¥ -**	**¥1,118,763**	**¥ (69,907)**	**¥ (2,344)**	**¥1,247,381**	**¥ 89,686**	**¥1,337,067**

The accompanying notes are an integral part of these statements.

Note: In Change in ownership for noncontrolling interests and others for the fiscal year ended March 31, 2023, equity attributable to noncontrolling interests includes impact of ¥(55,332) million ($(412,925) thousand) from proceeds from sale of Toshiba Carrier Corporation stock.

	Thousands of US dollars (Note 1)							
	Common stock	Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehen-sive loss	Treasury stock	Equity attributable to shareholders of the Company	Equity attributable to non controlling interests	Total equity
Balance at March 31, 2022	$ 1,499,022	$ -	$ 8,343,575	$ (820,977)	$ (16,889)	$ 9,004,731	$ 1,194,254	$10,198,985
Transfer to retained earnings (accumulated deficit) from additional paid-in capital (Note 19)		2,858	(2,858)					
Change in ownership for noncontrolling interests and others		(2,858)				(2,858)	(408,179)	(411,037)
Dividends attributable to shareholders of the Company			(936,314)			(936,314)		(936,314)
Dividends attributable to noncontrolling interests							(77,858)	(77,858)
Comprehensive income (loss):								
Net income			944,575			944,575	(11,799)	932,776
Other comprehensive income (loss), net of tax (Note 19)								
Net unrealized gains and losses on securities (Note 5)				(2,433)		(2,433)		(2,433)
Foreign currency translation adjustments				134,866		134,866	(27,799)	107,067
Pension liability adjustments (Note 12)				148,977		148,977	672	149,649
Net unrealized gains and losses on derivative instruments (Note 21)				17,873		17,873	8	17,881
Total comprehensive income						1,243,858	(38,918)	1,204,940
Purchase, disposal and retirement of treasury stock, net, at cost					(604)	(604)		(604)
Balance at March 31, 2023	**$ 1,499,022**	**$ -**	**$ 8,348,978**	**$ (521,694)**	**$ (17,493)**	**$ 9,308,813**	**$ 669,299**	**$ 9,978,112**

The accompanying notes are an integral part of these statements.

Toshiba Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2023 and 2022

	Millions of yen		Thousands of US dollars (Note 1)
	2023	2022	**2023**
Cash flows from operating activities			
Net income before noncontrolling interests	¥ **124,992**	¥ 214,260	$ **932,776**
Adjustments to reconcile net income before noncontrolling interests to net cash provided by operating activities:			
Depreciation and amortization	**95,328**	85,157	**711,403**
Provisions for pension and severance costs, less payments	**(35,404)**	(25,508)	**(264,209)**
Deferred income taxes	**14,087**	(6,807)	**105,127**
Equity in (earnings) losses of affiliates, net of dividends	**51,151**	(51,044)	**381,724**
(Gain) loss from sales, disposal and impairment of property, plant and equipment and intangible assets, net	**17,640**	(775)	**131,642**
(Gain) loss from sales and impairment of securities, net	**(92,401)**	935	**(689,560)**
Changes in operating assets and liabilities:			
(Increase) decrease in notes, accounts receivable and contract assets	**33,463**	(2,655)	**249,724**
Increase in inventories	**(52,806)**	(73,857)	**(394,075)**
Increase (decrease) in notes and accounts payable, trade	**(47,447)**	24,211	**(354,082)**
Increase (decrease) in accrued income and other taxes	**4,745**	(7,759)	**35,410**
Increase (decrease) in advance payments received	**(26,001)**	103,372	**(194,037)**
Others	**(53,307)**	(10,286)	**(397,813)**
Net cash provided by operating activities	**34,040**	249,244	**254,030**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangible assets	**11,495**	9,941	**85,784**
Proceeds from sale of securities	**1,105**	6,035	**8,246**
Acquisition of property, plant and equipment	**(118,673)**	(94,779)	**(885,619)**
Acquisition of intangible assets	**(29,826)**	(35,762)	**(222,582)**
Purchase of securities	**(1,934)**	(7,982)	**(14,433)**
Decrease in investments in affiliates	**31,459**	5,698	**234,769**
Proceeds from sale of Toshiba Carrier Corporation stock	**89,134**	-	**665,179**
Others	**8,429**	(7,672)	**62,902**
Net cash used in investing activities	**(8,811)**	(124,521)	**(65,754)**
Cash flows from financing activities			
Proceeds from long-term debt	**55,223**	837	**412,112**
Repayment of long-term debt	**(66,283)**	(6,176)	**(494,649)**
Increase in short-term borrowings, net	**3,585**	1,993	**26,754**
Dividends paid	**(134,774)**	(109,429)	**(1,005,776)**
Purchase of treasury stock, net	**(82)**	(100,166)	**(612)**
Others	**(16)**	(3,891)	**(120)**
Net cash used in financing activities	**(142,347)**	(216,832)	**(1,062,291)**
Effect of exchange rate changes on cash and cash equivalents	**910**	9,551	**6,791**
Net decrease in cash and cash equivalents	**(116,208)**	(82,558)	**(867,224)**
Cash and cash equivalents at the beginning of the fiscal year	**442,898**	525,456	**3,305,209**
Cash and cash equivalents at end of the year	**326,690**	442,898	**2,437,985**
Less: Cash and cash equivalents classified as assets and liabilities held for sale	**-**	21,679	**-**
Cash and cash equivalents, exclusding held for sale, at end of the year	¥ **326,690**	¥ 421,219	$ **2,437,985**

Toshiba Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2023 and 2022

Supplemental disclosure of cash flow information

	Millions of yen				Thousands of US dollars (Note 1)	
		2023		2022		**2023**
Cash paid during the fiscal year:						
Interest	¥	**4,465**	¥	4,355	$	**33,321**
Income taxes		**61,803**		36,671		**461,216**
Sale of Toshiba Carrier Corporation stock:						
Assets transferred (net of cash and cash equivalents)	¥	**195,883**	¥	-	$	**1,461,813**
Liabilities relinquished		**87,674**		-		**654,284**

The accompanying notes are an integral part of these statements.

Toshiba Corporation and Consolidated Subsidiaries
March 31, 2023

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

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

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

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

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

As used in the notes accompanying the consolidated financial statements, the “Company” represents Toshiba Corporation and the “Group” represents Toshiba Corporation and its consolidated subsidiaries, unless otherwise required by the context.

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

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

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

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

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

6) Held for sale
In accordance with ASC No. 205-20 “Presentation of Financial Statements - Discontinued Operations”, the group has classified the disposal group as held for sale. Refer to Note 3 for the presentation of disposal group under ASC No. 360-10 “Property, Plant, and Equipment - Overall”.

7) Income tax expenses or benefits
In accordance with ASC No. 740-20 “Intra-period Tax Allocation”, the Group allocates total income tax expenses or benefits to different components of comprehensive income and shareholders' equity. Refer to Note 18 for the presentation of income taxes.

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

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

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

US DOLLAR AMOUNTS

US dollar amounts are included solely for convenience of readers. These translations should not be construed as a representation that the yen could be converted into US dollars at this rate or any other rates. The amounts shown in US dollars are not intended to be computed in accordance with generally accepted accounting principles in the United States for the translation of foreign currency amounts. The rate of ¥134=US $1, the approximate current rate of exchange at March 31, 2023, has been used throughout for the purpose of presentation of the US dollar amounts in the accompanying consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) BASIS OF CONSOLIDATION AND INVESTMENTS IN AFFILIATES

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

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

2) USE OF ESTIMATES

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

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

3) CASH EQUIVALENTS

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

4) FOREIGN CURRENCY TRANSLATION

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

5) ALLOWANCE FOR DOUBTFUL NOTES AND ACCOUNTS RECEIVABLE

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

6) MARKETABLE SECURITIES AND OTHER INVESTMENTS

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

Other investments without quoted market prices are stated at cost.

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

7) INVENTORIES

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

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

8) PROPERTY, PLANT AND EQUIPMENT

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

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

9) IMPAIRMENT OF LONG-LIVED ASSETS

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

10) GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

11) ENVIRONMENTAL LIABILITIES

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

12) INCOME TAXES

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

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

13) ACCRUED PENSION AND SEVERANCE COSTS

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

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

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

15) REVENUE RECOGNITION

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

The key goods and services of the Group include mass-produced standard products (e.g., semiconductors, multi-function peripherals, and Point of Sale (POS) systems), made-to-order products under a construction-type or production-type contract with specifications unique to a customer (e.g., nuclear power generation systems, thermal power generation systems, public infrastructure and train, industrial systems) and services, such as maintenance services. The Group recognizes revenue when (or as) the promised goods or services are transferred to customers, which occurs when (or as) the customers obtain control of the promised goods or services. The revenue is calculated by deducting expected rebates from the promised consideration under the agreement with a customer.

16) PROVISION FOR CONTRACT LOSSES

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

17) SHIPPING AND HANDLING COSTS

The Group includes shipping and handling costs, which totaled ¥40,096 million ($299,224 thousand) and ¥44,291 million for the fiscal years ended March 31, 2023 and 2022 respectively, in selling, general and administrative expenses.

18) DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses a variety of derivative financial instruments, which include forward exchange contracts, interest rate swap agreements, currency swap agreements and currency options for the purpose of currency exchange rate and interest rate risk management. The Group's policies prohibit holding or issuing derivative financial instruments for speculative or trading purposes. Refer to Note 21 for descriptions of these financial instruments.

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

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

19) LEASES

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

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

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

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

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

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

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

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

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

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

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

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

22) NEW ACCOUNTING STANDARDS
In June 2016, the Financial Accounting Standards Board issued ASU No. 2016-13 “Financial Instruments - Credit Losses - (Topic 326): Measurement of Credit Losses on Financial Instruments”, which requires entities to use a current expected credit loss model to measure impairments of certain financial assets. Using this model results in earlier recognition of losses than under the incurred loss approach, which requires waiting to recognize a loss until it is probable of being incurred. The company will adopt the guidance from the first quarter beginning April 1, 2023. The adoption of this guidance is not expected to have a material impact on its consolidated results of operation and financial condition.

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

3. HELD FOR SALE

The Company initially announced the transfer on February 7, 2022, that the Company and the US-based Carrier Corporation, a subsidiary of US-based Carrier Global Corporation (together, Carrier), had signed a share purchase agreement to transfer 55% of the outstanding shares of Toshiba Carrier Corporation (TCC) held by Toshiba, and the transfer had anticipated completion of the transfer by September 30, 2022, after regulatory approval and other customary closing conditions. Subsequently, in response to a request from Carrier, the purchaser was amended from Carrier Corporation to Global Comfort Solutions LLC, a wholly owned subsidiary of Carrier Corporation. The sales process was completed on August 1, 2022. Refer to Note 16 for details regarding the gain on sale of shares.

As of March 31, 2022, the Company has reclassified assets and liabilities owned by TCC and consolidated subsidiaries of TCC as held for sale. There are no valuation losses recorded as a result of this reclassification. Due to the completion of the sale on August 1, 2022, assets and liabilities owned by TCC and consolidated subsidiaries of TCC are not included in the Company's consolidated statements.

The details of assets and liabilities classified as held for sale are as follows. These assets and liabilities are reported in "Prepaid expenses and other current assets" and "Other current liabilities" in the Consolidated Balance Sheet.

	Millions of yen		Thousands of US dollars
March 31	**2023**	2022	**2023**
Cash and cash equivalents	¥ -	¥ 21,679	$ -
Notes, accounts receivable and contract assets	-	66,688	-
Inventories	-	36,306	-
Other receivables	-	1,484	-
Investments in and advances to affiliates	-	31,550	-
Property, plant and equipment	-	44,570	-
Other assets	-	13,137	-
Total assets	¥ -	¥ 215,414	$ -

	Millions of yen		Thousands of US dollars
March 31	**2023**	2022	**2023**
Short term borrowings	¥ -	¥ 1,916	$ -
Notes and accounts payable	-	43,323	-
Other payables and accrues expenses	-	10,486	-
Advance payments received	-	6,935	-
Accrued pension and severance costs	-	10,234	-
Other liabilities	-	19,766	-
Total liabilities	¥ -	¥ 92,660	$ -

4. FAIR VALUE MEASUREMENTS

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

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

Assets and liabilities measured at fair value on a recurring basis
Assets and liabilities that are measured at fair value on a recurring basis at March 31, 2023 and 2022 are as follows:

	Millions of yen			
March 31, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Equity securities	**¥ 43,104**	**¥ -**	**¥ -**	**¥ 43,104**
Debt securities	**-**	**2,703**	**0**	**2,703**
Derivative assets:				
Forward exchange contracts	**-**	**1,215**	**-**	**1,215**
Interest rate swap agreements	**-**	**100**	**-**	**100**
Total assets	**¥ 43,104**	**¥ 4,018**	**¥ 0**	**¥ 47,122**
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	**¥ -**	**¥ 1,724**	**¥ -**	**¥ 1,724**
Interest rate swap agreements	**-**	**3**	**-**	**3**
Total liabilities	**¥ -**	**¥ 1,727**	**¥ -**	**¥ 1,727**

	Millions of yen			
March 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Equity securities	¥ 37,736	¥ 157	¥ -	¥ 37,893
Debt securities	-	3,177	0	3,177
Derivative assets:				
Forward exchange contracts	-	2,031	-	2,031
Total assets	¥ 37,736	¥ 5,365	¥ 0	¥ 43,101
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	¥ -	¥ 8,055	¥ -	¥ 8,055
Interest rate swap agreements	-	215	-	215
Total liabilities	¥ -	¥ 8,270	¥ -	¥ 8,270

March 31, 2023	Thousands of US dollars Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities:				
Equity securities	**$ 321,672**	**$ -**	**$ -**	**$ 321,672**
Debt securities	**-**	**20,172**	**0**	**20,172**
Derivative assets:				
Forward exchange contracts	**-**	**9,067**	**-**	**9,067**
Interest rate swap agreements	**-**	**746**	**-**	**746**
Total assets	**$ 321,672**	**$ 29,985**	**$ 0**	**$ 351,657**
Liabilities:				
Derivative liabilities:				
Forward exchange contracts	**$ -**	**$ 12,866**	**$ -**	**$ 12,866**
Interest rate swap agreements	**-**	**22**	**-**	**22**
Total liabilities	**$ -**	**$ 12,888**	**$ -**	**$ 12,888**

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

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

Analyses of the changes in Level 3 assets measured at fair value on a recurring basis for the fiscal years ended March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of US dollars
	Marketable securities		
The Fiscal Year ended March 31	**2023**	2022	**2023**
Balance at the beginning of the fiscal year	**¥ 0**	¥ 30	**$ 0**
Total gains or losses (realized or unrealized):			
Included in gains (losses):	**-**	-	-
Purchases	**-**	-	-
Sales	**-**	-	-
Issuances	**-**	-	-
Settlements	-	-	-
Reclassification to assets and liabilities held for sale	-	(30)	-
Balance at the end of the fiscal year	**¥ 0**	¥ 0	**$ 0**

At March 31, 2023 and 2022, Level 3 assets measured at fair value on a recurring basis consisted of corporate bonds.

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

Assets that are measured at fair value on a non-recurring basis and the recognized losses at March 31, 2023 and 2022 are as follows:

	Millions of yen				
	Fair value				Impairment losses
The Fiscal Year ended March 31, 2023	Level 1	Level 2	Level 3	Total	
Assets:					
Residual equity in deconsolidation	¥ -	¥ -	¥ **11,455**	¥ **11,455**	¥ -
Goodwill	-	**22,492**	-	**22,492**	**20,594**
Total assets	¥ -	¥ **22,492**	¥ **11,455**	¥ **33,947**	¥ **20,594**

	Thousands of US dollars				
	Fair value				Impairment losses
The Fiscal Year ended March 31, 2023	Level 1	Level 2	Level 3	Total	
Assets:					
Residual equity in deconsolidation	**$ -**	**$ -**	**$ 85,485**	**$ 85,485**	**$ -**
Goodwill	**-**	**167,851**	**-**	**167,851**	**153,687**
Total assets	**$ -**	**$ 167,851**	**$ 85,485**	**$ 253,336**	**$ 153,687**

Residual equity in deconsolidation are the fair value of the residual equity at the time of exclusion of TCC in the fiscal year ended March 31, 2023. This fair value was classified as Level 3 because it was valued by unobservable input from the share transfer price. The difference between the previous carrying amount of residual equity and the fair value is recorded as gain on valuation, and gain on valuation is described in Note 16.

There are no revaluations of the residual equity at the time of exclusion of the subsidiary in the fiscal year ended March 31, 2022.

The impaired goodwill was classified within Level 2 as it was valued based on the stock market price in active markets for the fiscal year ended March 31, 2023. The impaired goodwill is described in Note 10.

The recognized impairment losses for the fiscal year ended March 31, 2023 are included in impairment loss on goodwill in the consolidated statements of operations.

There are no significant impairment losses recorded in the fiscal year ended March 31, 2022.

5. MARKETABLE SECURITIES AND OTHER INVESTMENTS

The aggregate cost, gross unrealized holding gains and losses, and aggregate fair value for marketable debt securities classified as available-for-sale securities by security type at March 31, 2023 and 2022 are as follows:

	Millions of yen			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
March 31, 2023:				
Debt securities	**¥ 3,500**	**¥ -**	**¥ (797)**	**¥ 2,703**
March 31, 2022:				
Debt securities	¥ 3,500	¥ -	¥ (323)	¥ **3,177**

	Thousands of US dollars			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
March 31, 2023:				
Debt securities	**$ 26,119**	**$ -**	**$ (5,947)**	**$ 20,172**

At March 31, 2023 and 2022, debt securities mainly consist of public bonds, corporate bonds and investment trusts.

Contractual maturities of debt securities classified as available-for-sale at March 31, 2023 are as follows:

	Millions of yen		Thousands of US dollars	
March 31, 2023	Cost	Fair value	Cost	Fair value
Due within one year	**¥ -**	**¥ -**	**$ -**	**$ -**
Due after one year through five years	**1,000**	**818**	**7,462**	**6,105**
Due after five years through ten years	**2,500**	**1,885**	**18,657**	**14,067**
Due after ten years	**0**	**0**	**0**	**0**
	¥ 3,500	**¥ 2,703**	**$ 26,119**	**$ 20,172**

The realized and unrealized gains of equity securities on marketable securities and other investments in the consolidated balance sheets for the fiscal years ended March 31, 2023 and 2022 are as follows:

	Millions of yen	Thousands of US dollars
The Fiscal Year ended March 31, 2023	**2023**	**2023**
Net gains (losses) recognized during the period on equity securities	**¥ 5,254**	**$ 39,209**
Less: Net gains (losses) recognized during the period on equity securities sold during the period	**(144)**	**(1,075)**
Unrealized gains (losses) recognized during the reporting period on equity securities still held at March 31, 2023	**¥ 5,398**	**$ 40,284**

	Millions of yen
The Fiscal Year ended March 31, 2022	2022
Net gains (losses) recognized during the period on equity securities	¥ 4,368
Less: Net gains (losses) recognized during the period on equity securities sold during the period	2,177
Unrealized gains (losses) recognized during the reporting period on equity securities still held at March 31, 2022	¥ 2,191

The aggregate cost of equity securities that do not have readily determinable fair value as of March 31, 2023 and 2022 totaled ¥53,603 million ($400,022 thousand) and ¥40,931 million, respectively.

Impacts from changes in observable price or impairment are not material for the fiscal years ended March 31, 2023 and 2022.

6. SECURITIZATIONS

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

The Group recognized no loss on the transfers of receivables for the fiscal year ended March 31, 2023. The Group recognized losses of ¥3 million on the transfers of receivables for the fiscal year ended March 31, 2022.

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

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

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2023**	2022	**2023**
Proceeds from new securitizations	¥ **620**	¥ 3,756	$ **4,627**
Repurchase of delinquent or unqualified receivables	**-**	-	**-**

Quantitative information about delinquencies, net credit losses, and components of securitized receivables as of and for the fiscal years ended March 31, 2023 and 2022 are as follows. Of these receivables, there were no deferred proceeds for the receivables transferred as of March 31, 2023. Deferred proceeds for the receivables transferred as of March 31, 2022 were ¥203 million and were recorded as notes receivable.

	Millions of yen					
	Total principal amount of receivables		Amount 90 days or more past due		Net credit losses	
	March 31				The Fiscal Year ended March 31	
	2023	2022	**2023**	2022	**2023**	2022
Accounts receivable and contract assets	¥ **821,897**	¥ 833,327	¥ **23,372**	¥ 19,226	¥ **838**	¥ 504
Notes receivable	**44,357**	48,420	**-**	-	**-**	-
Total managed portfolio	¥ **866,254**	¥ 881,747	¥ **23,372**	¥ 19,226	¥ **838**	¥ 504
Securitized receivables	**-**	(1,359)				
Total receivables	¥ **866,254**	¥ 880,388				

	Thousands of US dollars		
	Total principal amount of receivables	Amount 90 days or more past due	Net credit losses
	March 31, 2023		The Fiscal Year ended March 31, 2023
Accounts receivable and contract assets	$ **6,133,560**	$ **174,418**	$ **6,254**
Notes receivable	**331,022**	**-**	**-**
Total managed portfolio	$ **6,464,582**	$ **174,418**	$ **6,254**
Securitized receivables	**-**		
Total receivables	$ **6,464,582**		

7. INVENTORIES

Inventories at March 31, 2023 and 2022 consist of the following:

	Millions of yen		Thousands of US dollars
March 31	**2023**	2022	**2023**
Finished products	¥ **165,587**	¥ 169,038	$ **1,235,724**
Work in process:			
Long-term contracts	**90,259**	71,146	**673,575**
Other	**194,080**	183,784	**1,448,358**
Raw materials	**144,230**	107,820	**1,076,343**
	¥ **594,156**	¥ 531,788	$ **4,434,000**

8. SHARES OF Kioxia Holdings Corporation

Company's investment for Kioxia Holdings Corporation (KHC) is classified as investments in affiliated companies accounted for under the equity method. As of March 31, 2023, the total amount of investments for KHC is ¥268.0 billion ($2,000,000 thousand) and the Company's stake in KHC is 40.6%.

The Company pledges the shares of KHC as collateral to Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd., and Sumitomo Mitsui Trust Bank, Ltd., etc. for outstanding debt obligations related borrowings owed to financial institutions by KHC.

The results of operations of Kioxia Group (KHC and its consolidated subsidiaries) and the Group's equity in earnings (losses) of affiliates for Kioxia Group for the current fiscal year are as follows:

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2023**	2022	**2023**
The pretax income (loss)	¥ **(191,768)**	¥ 153,748	$ **(1,431,104)**
Net income (loss)	**(141,817)**	103,717	**(1,058,336)**
The Group's equity in earnings (losses) of affiliates	**(57,578)**	42,109	**(429,687)**

9. INVESTMENTS IN AND ADVANCES TO AFFILIATES

The Group's significant investments in affiliated companies accounted for under the equity method along with the percentage of the Group's ownership of voting shares at March 31, 2023 are: Kioxia Holdings Corporation (40.6%); Toshiba Mitsubishi-Electric Industrial Systems Corporation (50.0%); SBS Toshiba Logistics Corporation (33.4%); Dalian Toshiba Locomotive Electric Equipment Co., Ltd. (50.0%); and TMEIC Corporation Americas (50.0%).

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

	Millions of yen		Thousands of US dollars
March 31	**2023**	2022	**2023**
Current assets	¥ **1,451,359**	¥ 1,735,872	$ **10,831,037**
Other assets including property, plant and equipment	**2,514,251**	2,245,841	**18,763,067**
Total assets	¥ **3,965,610**	¥ 3,981,713	$ **29,594,104**
Current liabilities	¥ **1,237,059**	¥ 1,190,813	$ **9,231,784**
Long-term liabilities	**1,703,502**	1,664,368	**12,712,701**
Equity	**1,025,049**	1,126,532	**7,649,619**
Total liabilities and equity	¥ **3,965,610**	¥ 3,981,713	$ **29,594,104**

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2023**	2022	**2023**
Sales	¥ **2,055,579**	¥ 2,164,284	$ **15,340,142**
Net income (loss)	**(103,356)**	141,241	**(771,313)**

KHC Group's assets and liabilities, ¥3,092,125 million ($23,075,560 thousand) and ¥2,457,993 million ($18,343,231 thousand) respectively, are included in the above summarized balance sheet as of March, 31, 2023. KHC Group's assets and liabilities, ¥3,168,196 million and ¥2,405,082 million respectively, are included in the above summarized balance sheet as of March, 31, 2022. Also, KHC Group's net loss, ¥141,817 million ($1,058,336 thousand), is included in the net income for the fiscal year ended March 31, 2023. KHC Group's net income, ¥103,717 million, is included in the net income for the fiscal year ended March 31, 2022.

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

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2023**	2022	**2023**
Sales	¥ **153,441**	¥ 141,100	$ **1,145,082**
Purchases	**68,988**	103,759	**514,836**
Dividends	**5,589**	3,631	**41,709**

	Millions of yen		Thousands of US dollars
March 31	**2023**	2022	**2023**
Notes and accounts receivable, trade	¥ **54,243**	¥ 53,896	$ **404,799**
Other receivables	**2,810**	2,414	**20,970**
Advance payments	**55**	118	**410**
Notes and accounts payable, trade	**14,892**	17,858	**111,134**
Other payables	**8,329**	8,011	**62,157**
Advance payments received	**7,913**	5,003	**59,052**

10. GOODWILL AND OTHER INTANGIBLE ASSETS

The Group tested goodwill for impairment in accordance with ASC No. 350 applying a fair value based test and recorded impairment losses of ¥20,594 million ($153,687 thousand) on goodwill attributable to the Retail & Printing Solutions segment in the fiscal year ended March 31, 2023. This was due to a decrease in fair value compared with book value of the reporting unit as a result of significant decline in stock prices of Toshiba Tec Corporation, a consolidated subsidiary. The fair value was measured using the stock market price method and comparable peer company analysis. The measurement date was December 31, 2022.

The Group tested goodwill for impairment applying a fair value based test and has concluded that there was no impairment for the fiscal year ended March 31, 2022.

The Group recorded impairment losses on intangible assets excluding goodwill in the fiscal years ended March 31, 2023 and 2022. The amounts of impairment losses on intangible assets excluding goodwill in the fiscal years ended March 31, 2023 and 2022 are immaterial.

The components of acquired intangible assets excluding goodwill at March 31, 2023 and 2022 are as follows:

	Millions of yen		
March 31, 2023	Gross carrying amount	Accumulated amortization	Net carrying amount
Software	¥ **246,883**	¥ **159,195**	¥ **87,688**
Core and current technology	**31,941**	**28,984**	**2,957**
Customer relationship	**22,397**	**16,921**	**5,476**
Other	**38,454**	**28,058**	**10,396**
Total	¥ **339,675**	¥ **233,158**	¥ **106,517**

	Millions of yen		
March 31, 2022	Gross carrying amount	Accumulated amortization	Net carrying amount
Software	¥ 225,080	¥ 155,595	¥ 69,485
Core and current technology	31,897	28,667	3,230
Customer relationship	20,887	14,652	6,235
Other	40,904	28,070	12,834
Total	¥ 318,768	¥ 226,984	¥ 91,784

	Thousands of US dollars		
March 31, 2023	Gross carrying amount	Accumulated amortization	Net carrying amount
Software	**$ 1,842,410**	**$ 1,188,022**	**$ 654,388**
Core and current technology	**238,366**	**216,299**	**22,067**
Customer relationship	**167,142**	**126,276**	**40,866**
Other	**286,970**	**209,388**	**77,582**
Total	**$ 2,534,888**	**$ 1,739,985**	**$ 794,903**

Other intangible assets not subject to amortization that have been included in the gross and net carrying amount of "Other" for the fiscal years ended March 31, 2023 and 2022 are ¥397 million ($2,963 thousand) and ¥410 million, respectively.

Other intangible assets acquired during the fiscal year ended March 31, 2023 primarily consisted of software of ¥27,834 million ($207,716 thousand). The weighted-average amortization period of software for the fiscal year ended March 31, 2023 was approximately 5.0 years.

The weighted-average amortization periods for other intangible assets were approximately 6.5 years and 6.6 years for the fiscal years ended March 31, 2023 and 2022, respectively.

Amortization expenses of other intangible assets subject to amortization for the fiscal years ended March 31, 2023 and 2022 are ¥13,178 million ($98,343 thousand) and ¥14,574 million, respectively. The future amortization expense for each of the next 5 years relating to other intangible assets currently recorded in the consolidated balance sheet at March 31, 2023 is estimated as follows:

The Fiscal year ending March 31	Millions of yen		Thousands of US dollars	
2024	¥	23,911	$	178,440
2025		21,125		157,649
2026		18,873		140,843
2027		16,536		123,403
2028		14,802		110,463

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired. The changes in the carrying amount of goodwill for the fiscal years ended March 31, 2023 and 2022 are as follows:

	Millions of yen				Thousands of US dollars	
The Fiscal Year ended March 31		**2023**		2022		**2023**
Balance at the beginning of the fiscal year	**¥**	**66,576**	¥	58,692	**$**	**496,836**
Goodwill acquired during the year		**-**		3,335		**-**
Impairment losses		**(20,594)**		-		**(153,687)**
Foreign currency translation adjustments		**5,052**		4,915		**37,702**
Reclassification to assets and liabilities held for sale		**-**		(366)		**-**
Balance at the end of the fiscal year	**¥**	**51,034**	¥	66,576	**$**	**380,851**

As of March 31, 2023 and 2022, goodwill allocated to Building Solutions is ¥12,749 million ($95,142 thousand) and ¥11,893 million, Retail & Printing Solutions is ¥22,763 million ($169,873 thousand) and ¥39,591 million, respectively. The rest was primarily allocated to Electronic Devices & Storage Solutions.

As of March 31, 2023 and 2022, accumulated impairment losses were ¥66,740 million ($498,060 thousand) and ¥45,169 million, respectively.

11. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2023 and 2022 consist of the following:

	Millions of yen				Thousands of US dollars	
March 31		**2023**		2022		**2023**
Loans and overdrafts, principally from banks, with						
weighted-average interest rate of 1.58% at March 31, 2023, and 2.95% at March 31, 2022:						
Secured	¥	**-**	¥	-	$	**-**
Unsecured		**16,281**		11,209		**121,500**
	¥	**16,281**	¥	11,209	$	**121,500**

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

As of March 31, 2023, the Group had unused committed lines of credit from short-term financing arrangements aggregating ¥258,000 million ($1,925,373 thousand). The lines of credit will expire in March 2024.

Long-term debt at March 31, 2023 and 2022 consist of the following:

	Millions of yen				Thousands of US dollars	
March 31		**2023**		2022		**2023**
Loans, principally from banks,						
due 2023 to 2039 with weighted-average interest rate of 0.52% at March 31, 2023, and due 2022 to 2039 with weighted-average interest rate of 0.46% at March 31, 2022:						
Secured	¥	**-**	¥	-	$	**-**
Unsecured		**368,076**		371,484		**2,746,836**
Finance lease obligations		**8,011**		10,646		**59,783**
		376,087		382,130		**2,806,619**
Less - Portion due within one year		**(43,669)**		(64,471)		**(325,888)**
	¥	**332,418**	¥	317,659	$	**2,480,731**

The aggregate annual maturities of long-term debt, as of March 31, 2023 and 2022, excluding those of finance lease obligations, are as follows:

	Millions of yen				Thousands of US dollars	
March 31		**2023**		2022		**2023**
2023	¥	**-**	¥	60,823	$	**-**
2024		**40,753**		34,459		**304,127**
2025		**160,032**		128,968		**1,194,269**
2026		**159,048**		141,563		**1,186,925**
2027		**872**		336		**6,507**
Thereafter		**-**		5,335		**-**
2028		**5,361**		-		**40,008**
Thereafter		**2,010**		-		**15,000**
	¥	**368,076**	¥	371,484	$	**2,746,836**

12. ACCRUED PENSION AND SEVERANCE COSTS

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

The Company and certain subsidiaries in Japan have amended their pension plan under the agreement between employees and management in January 2011, and introduced a cash balance plan from April 2011. This plan is designed that each plan participant has a notional account, which is accumulated based on salary standards, interest rates in financial markets and others. The funding policy for the plans is to contribute amounts required to maintain sufficient plan assets to provide for accrued benefits, subject to the limitation on deductibility imposed by Japanese income tax laws. In addition, for the purpose of supporting post-retirement life plans of employees and responding to diverse needs for retirement benefits, a defined contribution pension plan was introduced by the Company and some of its subsidiaries in Japan on October 1, 2015. Under this plan, a portion of the contribution to lump-sum retirement benefits was replaced by defined contribution pension plan and individual employees take control of their own fund management and direct investments.

The following figures include the effects of assets and liabilities held for sale relating to the Air-Conditioning business in the fiscal year ended March 31, 2022.

The changes in the benefit obligation and plan assets for the fiscal years ended March 31, 2023 and 2022 and the funded status at March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of US dollars
March 31	**2023**	2022	**2023**
Change in benefit obligation:			
Benefit obligation at the beginning of the fiscal year	**¥ 1,209,680**	¥ 1,248,092	**$ 9,027,463**
Service cost	**31,767**	34,244	**237,066**
Interest cost	**7,852**	6,704	**58,597**
Plan participants' contributions	**10**	-	**75**
Plan amendments	**442**	-	**3,299**
Actuarial loss (gain)	**(31,813)**	(12,338)	**(237,410)**
Benefits paid	**(71,183)**	(67,022)	**(531,216)**
Acquisitions and divestitures	**(32,775)**	-	**(244,590)**
Benefit obligation at the end of the fiscal year	**¥ 1,113,980**	¥ 1,209,680	**$ 8,313,284**
Change in plan assets:			
Fair value of plan assets at the beginning of the fiscal year	**¥ 968,459**	¥ 952,650	**$ 7,227,306**
Actual return on plan assets	**992**	26,556	**7,402**
Employer contributions	**36,136**	34,634	**269,672**
Plan participants' contributions	**10**	-	**75**
Benefits paid	**(46,944)**	(45,381)	**(350,328)**
Acquisitions and divestitures	**(16,026)**	-	**(119,597)**
Fair value of plan assets at the end of the fiscal year	**¥ 942,627**	¥ 968,459	**$ 7,034,530**
Funded status	**¥ (171,353)**	¥ (241,221)	**$ (1,278,754)**

Note: Major acquisitions and divestitures for the fiscal year ended March 31, 2023 represent the effects of sale of the Air-Conditioning business.

Amounts recognized in the consolidated balance sheets at March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of US dollars
March 31	**2023**	2022	**2023**
Accrued pension and severance costs	**¥ (261,791)**	¥ (287,291)	**$ (1,953,664)**
Other assets	**90,438**	46,070	**674,910**
	¥ (171,353)	¥ (241,221)	**$ (1,278,754)**

Amounts recognized in accumulated other comprehensive loss at March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of US dollars
March 31	**2023**	2022	**2023**
Unrecognized actuarial loss	**¥ 243,838**	¥ 269,450	**$ 1,819,687**
Unrecognized prior service cost	**(3,041)**	(4,425)	**(22,694)**
	¥ 240,797	¥ 265,025	**$ 1,796,993**

The accumulated benefit obligation at March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of US dollars
March 31	**2023**	2022	**2023**
Accumulated benefit obligation	**¥ 1,103,424**	¥ 1,196,506	**$ 8,234,507**

The components of the net periodic pension and severance cost for the fiscal years ended March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2023**	2022	**2023**
Service cost	**¥ 31,767**	¥ 34,244	**$ 237,068**
Interest cost on projected benefit obligation	**7,852**	6,704	**58,597**
Expected return on plan assets	**(22,973)**	(22,719)	**(171,440)**
Amortization of prior service cost	**(933)**	(937)	**(6,963)**
Recognized actuarial loss	**11,782**	14,488	**87,925**
Net periodic pension and severance cost	**¥ 27,495**	¥ 31,780	**$ 205,187**

Other changes in plan assets and benefit obligation recognized in the other comprehensive income (loss) for the fiscal years ended March 31, 2023 and 2022 are as follows:

The Fiscal Year ended March 31	Millions of yen 2023	Millions of yen 2022	Thousands of US dollars 2023
Current year actuarial gain	¥ **(9,832)**	¥ (16,175)	$ **(73,374)**
Recognized actuarial loss	**(11,782)**	(14,488)	**(87,925)**
Prior service cost due to plan amendments	**442**	-	**3,299**
Amortization of prior service cost	**933**	937	**6,963**
	¥ **(20,239)**	¥ (29,726)	$ **(151,037)**

The Group expects to contribute ¥29,115 million ($217,276 thousand) to its defined benefit plans, which include the cash balance plan, in the fiscal year ending March 31, 2024.

The following benefit payments are expected to be paid:

The Fiscal Year ending March 31	Millions of yen	Thousands of US dollars
2024	¥ 74,811	$ 558,291
2025	79,331	592,022
2026	80,432	600,239
2027	80,793	602,933
2028	86,824	647,940
2029 - 2033	383,888	2,864,836

The projected benefit obligation and fair value of plan assets for the pension plans where the projected benefit obligation exceeded the plan assets, and the accumulated benefit obligation and fair value of plan assets where accumulated benefit obligation exceeded plan assets as of March 31, 2023 and 2022 are as follows:

March 31	Millions of yen 2023	Millions of yen 2022	Thousands of US dollars 2023
Plans with projected benefit obligation in excess of plan assets:			
Projected benefit obligation	¥ **323,376**	¥ 357,574	$ **2,413,254**
Fair value of plan assets	**61,585**	70,283	**459,590**
Plans with accumulated benefit obligation in excess of plan assets:			
Accumulated benefit obligation	¥ **322,504**	¥ 356,297	$ **2,406,746**
Fair value of plan assets	**61,585**	70,283	**459,590**

Weighted-average assumptions used to determine benefit obligations as of March 31, 2023 and 2022 and net periodic pension and severance cost for the fiscal years then ended are as follows:

March 31	**2023**	2022
Discount rate	**1.1%**	0.7%
Rate of compensation increase	**3.1%**	3.0%
Interest crediting rate for cash balance plans	**1.0%**	1.0%

The Fiscal Year ended March 31	**2023**	2022
Discount rate	**0.7%**	0.6%
Expected long-term rate of return on plan assets	**2.4%**	2.4%
Rate of compensation increase	**3.0%**	3.0%
Interest crediting rate for cash balance plans	**1.0%**	1.0%

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

The Group's investment policies and strategies are to assure adequate plan assets to provide for future payments of pension and severance benefits to participants, with reasonable risks. The Group designs the basic target allocation of the plan assets to mirror the best portfolio based on estimation of mid-term and long-term return on the investments. The Group periodically reviews the actual return on the investments and adjusts the portfolio to achieve the assumed long-term rate of return on the investments. The Group targets its investments in equity securities at 25% or more of total investments, and investments in equity securities, debt securities and life insurance company general accounts at 70% or more of total investments.

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

The three levels of input used to measure fair value are more fully described in Note 4. The plan assets that are measured at fair value at March 31, 2023 and 2022 by asset category are as follows:

	Millions of yen			
March 31, 2023	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥ **34,476**	¥ **-**	¥ **-**	¥ **34,476**
Equity securities:				
Domestic companies	**85,643**	**-**	**-**	**85,643**
Foreign companies	**14,554**	**-**	**-**	**14,554**
Pooled funds	**-**	**155,279**	**-**	**155,279**
Debt securities:				
Government bonds	**116,031**	**-**	**-**	**116,031**
Municipal bonds	**-**	**7,239**	**-**	**7,239**
Corporate bonds	**-**	**12,660**	**-**	**12,660**
Pooled funds	**-**	**163,743**	**-**	**163,743**
Other assets:				
Hedge funds	**-**	**-**	**171,369**	**171,369**
Real estate	**-**	**-**	**89,926**	**89,926**
Life insurance company general accounts	**-**	**88,108**	**-**	**88,108**
Other assets	**-**	**3,599**	**-**	**3,599**
Total	¥ **250,704**	¥ **430,628**	¥ **261,295**	¥ **942,627**

Notes: 1) Pooled funds in equity securities invest in listed equity securities consisting of approximately 11% domestic companies and 89% foreign companies.
2) Government bonds include approximately 85% for Japanese government bonds, and 15% for foreign government bonds.
3) Pooled funds in debt securities invest in approximately 25% for Japanese government bonds, 51% for foreign government bonds, and 24% for municipal bonds and corporate bonds.

March 31, 2022	Millions of yen Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥ 26,846	¥ -	¥ -	¥ 26,846
Equity securities:				
Domestic companies	94,738	-	-	94,738
Foreign companies	48,049	-	-	48,049
Pooled funds	-	147,517	-	147,517
Debt securities:				
Government bonds	119,363	-	-	119,363
Municipal bonds	-	8,607	-	8,607
Corporate bonds	-	13,047	-	13,047
Pooled funds	-	164,806	-	164,806
Other assets:				
Hedge funds	-	-	179,511	179,511
Real estate	-	-	83,794	83,794
Life insurance company general accounts	-	87,970	-	87,970
Other assets	-	(5,789)	-	(5,789)
Total	¥ 288,996	¥ 416,158	¥ 263,305	¥ 968,459

Notes: 1) Pooled funds in equity securities invest in listed equity securities consisting of approximately 7% domestic companies and 93% foreign companies.
2) Government bonds include approximately 84% for Japanese government bonds, and 16% for foreign government bonds.
3) Pooled funds in debt securities invest in approximately 25% for Japanese government bonds, 46% for foreign government bonds, and 29% for municipal bonds and corporate bonds.

March 31, 2023	Thousands of US dollars Level 1	Level 2	Level 3	Total
Cash and cash equivalents	**$ 257,284**	**$ -**	**$ -**	**$ 257,284**
Equity securities:				
Domestic companies	**639,126**	**-**	**-**	**639,126**
Foreign companies	**108,612**	**-**	**-**	**108,612**
Pooled funds	**-**	**1,158,799**	**-**	**1,158,799**
Debt securities:				
Government bonds	**865,903**	**-**	**-**	**865,903**
Municipal bonds	**-**	**54,022**	**-**	**54,022**
Corporate bonds	**-**	**94,478**	**-**	**94,478**
Pooled funds	**-**	**1,221,963**	**-**	**1,221,963**
Other assets:				
Hedge funds	**-**	**-**	**1,278,873**	**1,278,873**
Real estate	**-**	**-**	**671,090**	**671,090**
Life insurance company general accounts	**-**	**657,522**	**-**	**657,522**
Other assets	**-**	**26,858**	**-**	**26,858**
Total	**$ 1,870,925**	**$ 3,213,642**	**$ 1,949,963**	**$ 7,034,530**

Notes: 1) Pooled funds in equity securities invest in listed equity securities consisting of approximately 11% domestic companies and 89% foreign companies.
2) Government bonds include approximately 85% for Japanese government bonds, and 15% for foreign government bonds.
3) Pooled funds in debt securities invest in approximately 25% for Japanese government bonds, 51% for foreign government bonds, and 24% for municipal bonds and corporate bonds.

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

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

An analysis of the changes in Level 3 plan assets measured at fair value for the fiscal years ended March 31, 2023 and 2022 are as follows:

	Millions of yen		
The Fiscal Year ended March 31, 2023	Hedge funds	Real estate	Total
Balance at the beginning of the fiscal year	**¥ 179,511**	**¥ 83,794**	**¥ 263,305**
Actual return:			
Relating to assets sold	**(1,295)**	**9**	**(1,286)**
Relating to assets still held	**16,950**	**2,458**	**19,408**
Purchases, issuances and settlements	**(23,797)**	**3,665**	**(20,132)**
Balance at the end of the fiscal year	**¥ 171,369**	**¥ 89,926**	**¥ 261,295**

	Millions of yen		
The Fiscal Year ended March 31, 2022	Hedge funds	Real estate	Total
Balance at the beginning of the fiscal year	¥ 171,191	¥ 75,122	¥ 246,313
Actual return:			
Relating to assets sold	2,519	7	2,526
Relating to assets still held	9,065	5,680	14,745
Purchases, issuances and settlements	(3,264)	2,985	(279)
Balance at the end of the fiscal year	¥ 179,511	¥ 83,794	¥ 263,305

	Thousands of US dollars		
The Fiscal Year ended March 31, 2023	Hedge funds	Real estate	Total
Balance at the beginning of the fiscal year	**$ 1,339,634**	**$ 625,329**	**$ 1,964,963**
Actual return:			
Relating to assets sold	**(9,664)**	**67**	**(9,597)**
Relating to assets still held	**126,493**	**18,343**	**144,836**
Purchases, issuances and settlements	**(177,590)**	**27,351**	**(150,239)**
Balance at the end of the fiscal year	**$ 1,278,873**	**$ 671,090**	**$ 1,949,963**

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

Defined contribution pension cost for the fiscal years ended March 31, 2023 and 2022 were ¥7,243 million ($54,052 thousand) and ¥7,174 million, respectively.

13. REVENUE

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

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

Revenue from made-to-order products under a construction-type or production-type contract with specifications unique to a customer (e.g., nuclear power generation systems, thermal power generation systems, public infrastructure and train, industrial systems), is recognized for the amount of the transaction price in relation to the progress of the work. The amount for the fiscal year ended March 31, 2023 is ¥552,790 million ($4,125,299 thousand). However, if reliable estimates of the costs to completion or progress of work cannot be reasonably made, revenue is recognized only to the extent of costs incurred that are expected to be collectable until the transfer of ownership is completed.

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

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

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

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

The Group applies the practical expedients as prescribed in ASC No. 606 and does not adjust significant financing components for the effects of the time value of money when the expected length of time between revenue recognition and collection of all contractual payments is one year or less.

The Group principally recognizes unbilled amounts due from customers related to made-to-order products under a construction-type or production-type contract with specifications unique to a customer as contract assets that are included in "Notes, accounts receivable and contract assets" and "Long-term receivables" in the consolidated balance sheets. The contract assets as of March 31, 2023 and 2022 are ¥235,224 million ($1,755,403 thousand) and ¥248,494 million, respectively.

The Group also recognizes the amount of consideration received from customers before control of goods or services transfers to customers as contract liabilities that are included in "Advance payments received" and "Other current liabilities" in the consolidated balance sheets. The contract liabilities as of March 31, 2023 and 2022 are ¥349,148 million ($2,605,582 thousand) and ¥366,582 million, respectively. The amount of ¥242,716 million ($1,811,313 thousand) included in the contract liabilities as of March 31, 2022 is recognized as revenue for the fiscal year ended March 31, 2023.

The total amount of the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as of March 31, 2023 is ¥2,132,785 million ($15,916,306 thousand), and approximately 40% of which is expected to be recognized as revenue within one year. The amount of remaining performance obligations of contracts that have an original expected duration of one year or less is not included in the amount above.

Revenue by goods or services and by region is described in Note 31.

14. RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred and amounted to ¥156,379 million ($1,167,007 thousand) and ¥151,946 million for the fiscal years ended March 31, 2023 and 2022, respectively.

15. ADVERTISING COSTS

Advertising costs are expensed as incurred and amounted to ¥5,057 million ($37,739 thousand) and ¥6,236 million for the fiscal years ended March 31, 2023 and 2022, respectively.

16. OTHER INCOME AND OTHER EXPENSES

The fiscal year ended March 31, 2023

SALE OF STOCK OF A COMPANY ACCOUNTED FOR UNDER THE EQUITY METHOD.

The Group transferred the shares of Guangdong Meizhi Precision Manufacturing Co., Ltd. and Guangdong Mishiba Macro Compressor Ltd., which were equity-method affiliates of the Group on June 21, 2022. As a result, ¥20,024 million ($149,433 thousand) in profit was recorded in the fiscal year ended March 31, 2023.

SALE OF CHUBU TOSHIBA ENGINEERING CORPORATION (NOW RENAMED KIOXIA ENGINEERING CORPORATION)

The Group transferred the shares of Chubu Toshiba Engineering Corporation, a consolidated subsidiary of the Group, to Kioxia Corporation on June 1, 2022. As a result, ¥10,051 million ($75,007 thousand) in profit was recorded in the fiscal year ended March 31, 2023.

SALE OF TOSHIBA CARRIER CORPORATION

The Group transferred 55% of its shares in Toshiba Carrier Corporation to Global Comfort Solutions LLC, on August 1, 2022. As a result, ¥75,967 million ($566,918 thousand) in profit was recorded in the fiscal year ended March 31, 2023, which comprised of the profit from transfer of shares of ¥65,662 million ($490,015 thousand) and stock valuation gain of ¥10,305 million ($76,903 thousand).

The fiscal year ended March 31, 2022

There are no material transactions within other income and other expenses for the fiscal year ended March 31, 2022.

17. IMPAIRMENT OF LONG-LIVED ASSETS

There are no significant impairment losses recorded in the fiscal years ended March 31, 2023 and 2022.

18. INCOME TAXES

The Group is subject to a number of different income taxes which, in the aggregate, result in an effective statutory tax rate in Japan of approximately 30.6% for the fiscal years ended March 31, 2023 and 2022, respectively.

A reconciliation table between the reported income tax expense and the amount computed by multiplying the income before income taxes and noncontrolling interests by the applicable statutory tax rate is as follows:

	Millions of yen				Thousands of US dollars	
The Fiscal Year ended March 31		**2023**		2022		**2023**
Expected income tax expense	¥	**57,861**	¥	73,214	$	**431,799**
Increase (decrease) in taxes resulting from:						
Tax credits		**(14,508)**		(3,453)		**(108,269)**
Non-deductible expenses and tax-exempt income		**2,387**		3,250		**17,813**
Net change in valuation allowance		**(305)**		(38,913)		**(2,276)**
Tax rate difference relating to foreign subsidiaries		**(5,660)**		(7,098)		**(42,239)**
Deferred tax liabilities on undistributed earnings of foreign subsidiaries and affiliates, etc.		**18,475**		(10,284)		**137,873**
Other		**5,723**		8,129		**42,709**
Income tax expense	¥	**63,973**	¥	24,845	$	**477,410**

The significant components of deferred tax assets and deferred tax liabilities as of March 31, 2023 and 2022 are as follows:

	Millions of yen				Thousands of US dollars	
March 31		**2023**		2022		**2023**
Deferred tax assets:						
Inventories	¥	**19,629**	¥	17,803	$	**146,485**
Accrued pension and severance costs		**65,379**		81,200		**487,903**
Tax loss carryforwards		**217,760**		233,891		**1,625,075**
Accrued expenses		**77,727**		69,136		**580,052**
Depreciation and amortization		**34,064**		36,435		**254,209**
Loss from valuation of securities		**10,776**		20,225		**80,418**
Operating lease liabilities		**24,549**		28,068		**183,201**
Other		**76,007**		83,124		**567,217**
Gross deferred tax assets		**525,891**		569,882		**3,924,560**
Valuation allowance for deferred tax assets		**(436,262)**		(449,767)		**(3,255,687)**
Deferred tax assets	¥	**89,629**	¥	120,115	$	**668,873**
Deferred tax liabilities:						
Property, plant and equipment	¥	**(2,734)**	¥	(729)	$	**(20,403)**
Unrealized gains on securities		**(7,275)**		(4,866)		**(54,291)**
Undistributed earnings of foreign subsidiaries and affiliates, etc.		**(24,466)**		(34,768)		**(182,582)**
Goodwill and other intangible assets		**(5,318)**		(8,037)		**(39,687)**
Operating lease right-of-use assets		**(23,735)**		(27,433)		**(177,127)**
Other		**(22,618)**		(23,739)		**(168,790)**
Gross deferred tax liabilities		**(86,146)**		(99,572)		**(642,880)**
Net deferred tax assets	¥	**3,483**	¥	20,543	$	**25,993**

The net change in the total valuation allowance for the fiscal years ended March 31, 2023 and 2022 was a decrease of ¥13,505 million ($100,784 thousand) and a decrease of ¥25,029 million, respectively.

The increase of ¥26,685 million ($199,142 thousand) in the beginning of the fiscal year balance of the valuation allowance was due to a change in judgement about the realizability of the related deferred tax assets in future years for the fiscal year ended March 31, 2023. The decrease of ¥8,703 million in the beginning of the fiscal year balance of the valuation allowance was due to a change in judgement about the realizability of the related deferred tax assets in future years for the fiscal year ended March 31, 2022.

The Group's tax loss carryforwards for the corporate and local taxes at March 31, 2023 amounted to ¥587,795 million ($4,386,530 thousand) and ¥1,065,659 million ($7,952,679 thousand), respectively, the majority of which will expire during the period from the fiscal year ending March 2024 through 2033.

The amounts of benefits due to use of tax loss carryforwards included in income tax expense for the fiscal years ended March 31, 2023 and 2022 were ¥24,398 million ($182,075 thousand) and ¥6,535 million, respectively.

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

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

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2023**	2022	**2023**
Balance at the beginning of the fiscal year	**¥ 493**	¥ 1,123	**$ 3,679**
Additions for tax positions of the current fiscal year	**591**	1	**4,410**
Additions for tax positions of prior fiscal years	**36**	24	**269**
Reductions for tax positions of prior fiscal years	**(230)**	(627)	**(1,716)**
Lapse of statute of limitations or closed audits	**(27)**	(60)	**(201)**
Foreign currency translation adjustments	**26**	32	**193**
Balance at the end of the fiscal year	**¥ 889**	¥ 493	**$ 6,634**

The total amounts of unrecognized tax benefits that would reduce the effective tax rate, if recognized, are ¥604 million ($4,507 thousand) and ¥114 million at March 31, 2023 and 2022, respectively.

The Group recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of operations. Both interest and penalties accrued in the consolidated balance sheets as of March 31, 2023 and 2022, and interest and penalties included in income taxes in the consolidated statements of operations for the fiscal years ended March 31, 2023 and 2022 were immaterial.

The Group believes its estimates and assumptions of unrecognized tax benefits are reasonable and based on each of the items of which the Group is aware of at March 31, 2023, no significant changes to the unrecognized tax benefits are expected within the next twelve months.

The Group files income tax returns in Japan and various foreign tax jurisdictions. In Japan, the Group is no longer subject to regular income tax examinations by the tax authority for years before the fiscal year ended March 31, 2022 with a few exceptions. Some other major foreign subsidiaries are no longer subject to regular income tax examinations by tax authorities for years before the fiscal year ended March 31, 2016 with a few exceptions.

19. EQUITY

COMMON STOCK

The total number of authorized shares of the Company is 1,000,000,000. The total number of shares issued for the fiscal years ended March 31, 2023 and 2022 are 433,137,955.

RETAINED EARNINGS

Retained earnings as at March 31, 2023 and 2022 include a legal reserve. The Company's and its Japanese subsidiaries' legal reserve are ¥45,883 million ($342,410 thousand) and ¥35,841 million, respectively. The Corporation Law of Japan requires that an amount equal to 10% of the distributions from retained earnings paid by the Company and its Japanese subsidiaries be appropriated as a legal reserve. No further appropriations are required when the total amount of the additional paid-in capital and the legal reserve equals 25% of their respective stated capital. The Corporation Law of Japan also requires that additional paid-in capital and the legal reserve are available for transfer to retained earnings for distributions by the resolution of the shareholders.

The amount of retained earnings available for distributions is based on the Company's retained earnings determined in accordance with generally accepted accounting principles in Japan and the Corporation Law of Japan.

Retained earnings (accumulated deficit) at March 31, 2023 included the Group's share in undistributed earnings of equity method investees in the amount of ¥269,565 million ($2,011,679 thousand).

ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in accumulated other comprehensive loss for the fiscal years ended March 31, 2023 and 2022 are as follows:

	Millions of yen				
The Fiscal Year ended March 31, 2023	Net unrealized gains and losses on securities	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized gains and losses on derivative instruments	Total
Balance at the beginning of the fiscal year	**¥ (227)**	**¥ 14,150**	**¥ (119,821)**	**¥ (4,113)**	**¥ (110,011)**
Other comprehensive income (loss) arising during year	**(326)**	**27,295**	**12,434**	**(7,307)**	**32,096**
Amounts reclassified from accumulated other comprehensive loss	**-**	**(9,223)**	**7,529**	**9,702**	**8,008**
Net current year change	**(326)**	**18,072**	**19,963**	**2,395**	**40,104**
Balance at the end of the fiscal year	**¥ (553)**	**¥ 32,222**	**¥ (99,858)**	**¥ (1,718)**	**¥ (69,907)**

	Millions of yen				
The Fiscal Year ended March 31, 2022	Net unrealized gains and losses on securities	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized gains and losses on derivative instruments	Total
Balance at the beginning of the fiscal year	¥ 4	¥ (17,561)	¥ (138,345)	¥ (2,405)	¥ (158,307)
Other comprehensive income (loss) arising during year	(231)	35,917	9,147	(1,785)	43,048
Amounts reclassified from accumulated other comprehensive loss	-	(4,206)	9,377	77	5,248
Net current year change	(231)	31,711	18,524	(1,708)	48,296
Balance at the end of the fiscal year	¥ (227)	¥ 14,150	¥ (119,821)	¥ (4,113)	¥ (110,011)

	Thousands of US dollars				
The Fiscal Year ended March 31, 2023	Net unrealized gains and losses on securities	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized gains and losses on derivative instruments	Total
Balance at the beginning of the fiscal year	**$ (1,694)**	**$ 105,597**	**$ (894,187)**	**$ (30,694)**	**$ (820,978)**
Other comprehensive income (loss) arising during year	**(2,433)**	**203,694**	**92,791**	**(54,530)**	**239,522**

Amounts reclassified from accumulated other comprehensive loss	-	(68,828)	56,187	72,403	59,762
Net current year change	(2,433)	134,866	148,978	17,873	299,284
Balance at the end of the fiscal year	$ (4,127)	$ 240,463	$ (745,209)	$ (12,821)	$ (521,694)

Amounts reclassified from accumulated other comprehensive loss for the fiscal years ended March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of US dollars	
	Amounts reclassified from accumulated other comprehensive loss			Affected line item in Consolidated Statements of Operations
	2023	2022	**2023**	
Net unrealized gains and losses on securities				
	¥ **-**	¥ -	$ **-**	Other income and other expenses
	-	-	**-**	Income taxes
	-	-	**-**	Net income before noncontrolling interests
	-	-	**-**	Less: Net income attributable to noncontrolling interests
	-	-	**-**	Net income attributable to shareholders of the Company
Foreign currency translation adjustments				
	(9,223)	(4,206)	**(68,828)**	Other income and other expenses
	-	-	**-**	Income taxes
	(9,223)	(4,206)	**(68,828)**	Net income before noncontrolling interests
	-	-	**-**	Less: Net income attributable to noncontrolling interests
	(9,223)	(4,206)	**(68,828)**	Net income attributable to shareholders of the Company
Pension liability adjustments				
	10,849	13,551	**80,963**	Net periodic pension and severance cost (Note 1)
	(3,320)	(4,147)	**(24,776)**	Income taxes
	7,529	9,404	**56,187**	Net income before noncontrolling interests
	-	27	**-**	Less: Net income attributable to noncontrolling interests
	7,529	9,377	**56,187**	Net income attributable to shareholders of the Company
Net unrealized gains and losses on derivative instruments				
	9,730	111	**72,612**	Interest, other income and other expenses
	(28)	(34)	**(209)**	Income taxes
	9,702	77	**72,403**	Net income before noncontrolling interests
	-	-	**-**	Less: Net income attributable to noncontrolling interests
	9,702	77	**72,403**	Net income attributable to shareholders of the Company
Total reclassifications-net of tax and noncontrolling interests	¥ **8,008**	¥ 5,248	$ **59,762**	

Notes: 1) Details of the computation of net periodic pension and severance cost are disclosed in Note 12.
2) Increase (decrease) of amounts reclassified from accumulated other comprehensive loss indicates decrease (increase) of income in Consolidated Statements of Operations.

Tax effect allocated to each component of other comprehensive income (loss) for the fiscal years ended March 31, 2023 and 2022 are shown as follows:

	Millions of yen		
	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
For the year ended March 31, 2023:			
Net unrealized gains and losses on securities:			
Unrealized gains arising during year	**¥ (470)**	**¥ 144**	**¥ (326)**
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	**-**	**-**	**-**
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	**25,959**	**1,336**	**27,295**
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	**(9,223)**	**-**	**(9,223)**
Pension liability adjustments:			
Pension liability adjustments arising during year	**13,266**	**(832)**	**12,434**
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	**10,849**	**(3,320)**	**7,529**
Net unrealized gains and losses on derivative instruments:			
Unrealized losses arising during year	**(7,222)**	**(85)**	**(7,307)**
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	**9,730**	**(28)**	**9,702**
Other comprehensive income	**¥ 42,889**	**¥ (2,785)**	**¥ 40,104**
For the year ended March 31, 2022:			
Net unrealized gains and losses on securities:			
Unrealized gains arising during year	¥ (333)	¥ 102	¥ (231)
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	-	-	-
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	37,335	(1,418)	35,917
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	(4,206)	-	(4,206)
Pension liability adjustments:			
Pension liability adjustments arising during year	13,217	(4,070)	9,147
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	13,512	(4,135)	9,377
Net unrealized gains and losses on derivative instruments:			
Unrealized losses arising during year	166	(1,951)	(1,785)
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	111	(34)	77
Other comprehensive income	¥ 59,802	¥ (11,506)	¥ 48,296

	Thousands of US dollars		
	Pre-tax amount	Tax benefit (expense)	Net-of-tax amount
For the year ended March 31, 2023:			
Net unrealized gains and losses on securities:			
Unrealized gains arising during year	**$ (3,508)**	**$ 1,075**	**$ (2,433)**
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	**-**	**-**	**-**
Foreign currency translation adjustments:			
Currency translation adjustments arising during year	**193,724**	**9,970**	**203,694**
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	**(68,828)**	**-**	**(68,828)**
Pension liability adjustments:			
Pension liability adjustments arising during year	**99,000**	**(6,209)**	**92,791**
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	**80,963**	**(24,776)**	**56,187**
Net unrealized gains and losses on derivative instruments:			
Unrealized losses arising during year	**(53,896)**	**(634)**	**(54,530)**
Less: reclassification adjustment for gains included in net income attributable to shareholders of the Company	**72,612**	**(209)**	**72,403**
Other comprehensive income	**$ 320,067**	**$ (20,783)**	**$ 299,284**

REPURCHASE AND RETIREMENT OF TREASURY STOCK

The Company resolved, at its Board of Directors Meeting held on June 7, 2021, matters related to the purchase of treasury stock of the Company up to 100 billion yen (acquired ¥99,999 million of treasury stock, pursuant to such resolution, in the fiscal year ended March 31, 2022), pursuant to the Corporation Law of Japan. The purchase of treasury stock based on the resolution has ended on September 9, 2021.

In addition, the Company retired the acquired shares of treasury stock on September 30, 2021 (retired ¥102,883 million in the fiscal year ended March 31, 2022). With regards to the retirement of treasury stock, the acquisition cost of the treasury stock is subtracted from retained earnings.

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

The following reconciliation table of the numerators and denominators sets forth the computation of basic and diluted net earnings per share attributable to shareholders of the Company for the fiscal years ended March 31, 2023 and 2022.

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2023**	2022	**2023**
Net income attributable to shareholders of the Company:			
−Basic	¥ **126,573**	¥ 194,651	$ **944,575**
−Diluted	**126,573**	194,132	**944,575**

	Thousands of shares	
The Fiscal Year ended March 31	**2023**	2022
Weighted-average number of shares of common stock outstanding for the year:		
−Basic	**432,636**	440,342
−Diluted	**432,636**	440,342

	Yen		US dollars
The Fiscal Year ended March 31	**2023**	2022	**2023**
Net earnings per share attributable to shareholders of the Company:			
−Basic	¥ **292.56**	¥ 442.05	$ **2.18**
−Diluted	**292.56**	440.87	**2.18**

Note: Diluted net earnings per share attributable to shareholders of the Company for the fiscal years ended March 31, 2023 and 2022 is effected by the stock options issued by KHC.
For the fiscal year ended March 31, 2023, the stock options issued by the companies accounted for under the equity method are excluded from the calculation of diluted net earnings per share attributable to shareholders of the Company, because they have an antidilutive effect.

21. FINANCIAL INSTRUMENTS

(1) DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

Interest rate swap agreements are used to limit the Group's exposure to losses in relation to underlying debt instruments resulting from adverse fluctuations in interest rates. These agreements mature between 2023 and 2025.

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

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

Cash Flow Hedge

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

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

The Group expects to reclassify ¥180 million ($1,343 thousand) of net loss on derivative financial instruments from accumulated other comprehensive loss to net income (loss) attributable to shareholders of the Company during the next 12 months due to the collection of accounts receivable denominated in foreign currencies and the payments of accounts payable denominated in foreign currencies and variable interest, etc. associated with the floating-rate debts.

Net Investment Hedge

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

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

There was no foreign-currency-denominated debt for hedging investments in foreign subsidiaries at March 31, 2023.

Derivatives Not Designated as Hedging Instruments

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

The changes in the fair value of those contracts and ineffective components are recorded in earnings immediately.

The Group's forward exchange contract amounts, the aggregate notional principal amounts of interest rate swap agreements at March 31, 2023 and 2022 are summarized as follows:

March 31	Millions of yen 2023	Millions of yen 2022	Thousands of US dollars 2023
Forward exchange contracts:			
To sell foreign currencies	¥ **101,154**	¥ 208,837	$ **754,881**
To buy foreign currencies	**42,602**	48,278	**317,925**
Interest rate swap agreements	**137,500**	170,000	**1,026,119**

(2) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Group's financial instruments and the location in the consolidated balance sheets at March 31, 2023 and 2022 are summarized as follows:

March 31	Location at balance sheet	Millions of yen 2023	Millions of yen 2022	Thousands of US dollars 2023
Derivatives designated as hedging instruments:				
Assets:				
Forward exchange contracts	Prepaid expenses and other current assets	¥ **-**	¥ 87	$ **-**
Interest rate swap agreements	Other assets	**100**	-	**746**
Liabilities:				
Forward exchange contracts	Other current liabilities	**(67)**	(1,170)	**(500)**
Interest rate swap agreements	Other current liabilities	**(3)**	(23)	**(22)**
	Other liabilities	**-**	(192)	**-**
Derivatives not designated as hedging instruments:				
Assets:				
Forward exchange contracts	Prepaid expenses and other current assets	**1,213**	1,944	**9,052**
	Other assets	**2**	-	**15**
Liabilities:				
Forward exchange contracts	Other current liabilities	**(1,397)**	(6,476)	**(10,425)**
	Other liabilities	**(260)**	(409)	**(1,940)**

March 31	Millions of yen 2023 Carrying amount	Millions of yen 2023 Fair value	Millions of yen 2022 Carrying amount	Millions of yen 2022 Fair value
Nonderivative financial instruments:				
Liabilities:				
Long-term debt, including current portion	¥ **(368,076)**	¥ **(368,805)**	¥ (371,484)	¥ (372,276)

March 31	Thousands of US dollars 2023 Carrying amount	Thousands of US dollars 2023 Fair value
Nonderivative financial instruments:		
Liabilities:		
Long-term debt, including current portion	$ **(2,746,836)**	$ **(2,752,276)**

The above table excludes the financial instruments for which fair value approximates their carrying amounts and those related to leasing activities. The table also excludes marketable securities and other investments which are disclosed in Note 5.

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

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

Quoted market prices are used for a number of marketable securities and other investments.

The fair value of long-term debts is estimated from the interest rate applied at the time of borrowing from each financial institution, weighted averaged by period, and the entire amount is classified within Level 3. This is classified within Level 3 because of an unobservable input due to discounted value of future cash flows.

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

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

The effect of derivative instruments on the consolidated statements of operations for the fiscal year ended March 31, 2023 is as follows:

Cash flow hedge:

	Millions of yen		
	Amount of gain (loss) recognized in OCI	Amount of gain (loss) reclassified from OCI into income (loss)	
	Amount recognized	Financial Statement Classification	Amount recognized
Forward exchange contracts	¥ **(7,371)**	Other expenses	¥ **(9,550)**
Interest rate swap agreements	**64**	Interest expenses	**(152)**

Derivatives not designated as hedging instruments:

	Millions of yen	
	Amount of gain (loss) recognized in income (loss)	
	Financial Statement Classification	Amount recognized
Forward exchange contracts	Other expenses	¥ **(17,887)**

Cash flow hedge:

	Thousands of US dollars		
	Amount of gain (loss) recognized in OCI	Amount of gain (loss) reclassified from OCI into income (loss)	
	Amount recognized	Financial Statement Classification	Amount recognized
Forward exchange contracts	$ **(55,007)**	Other expenses	$ **(71,269)**
Interest rate swap agreements	**478**	Interest expenses	**(1,134)**

Derivatives not designated as hedging instruments:

	Thousands of US dollars	
	Amount of gain (loss) recognized in income (loss)	
	Financial Statement Classification	Amount recognized
Forward exchange contracts	Other expenses	$ **(133,485)**

The effect of derivative instruments on the consolidated statements of operations for the fiscal year ended March 31, 2022 is as follows:

Cash flow hedge:

	Millions of yen				
	Amount of gain (loss) recognized in OCI		Amount of gain (loss) reclassified from OCI into income (loss)		
	Amount recognized		Financial Statement Classification	Amount recognized	
Forward exchange contracts	¥	(2,079)	Other income	¥	31
Interest rate swap agreements		294	Interest expenses		(108)

Derivatives not designated as hedging instruments:

	Millions of yen		
	Amount of gain (loss) recognized in income (loss)		
	Financial Statement Classification	Amount recognized	
Forward exchange contracts	Other expenses	¥	(10,629)

22. LEASES

The Group leases certain machinery and equipment under finance leases.

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

The costs of machinery and equipment under finance leases from affiliates of the Company and the related accumulated amortization as of March 31, 2023 and 2022 are immaterial.

Right-of-use assets

The carrying amount of finance lease right-of-use assets which is included in the carrying amount of property, plant and equipment as of March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of US dollars
March 31	**2023**	2022	**2023**
Finance leases			
Machinery and equipment	**¥ 22,096**	¥ 21,325	**$ 164,896**
Accumulated depreciation	**(12,291)**	(11,406)	**(91,724)**
	¥ 9,805	¥ 9,919	**$ 73,172**

Lease expenses

The lease expenses for the fiscal years ended March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2023**	2022	**2023**
Depreciation of finance lease right-of-use assets	**¥ 4,306**	¥ 3,795	**$ 32,134**
Interest expenses of finance lease liabilities	**573**	660	**4,276**
Finance lease expenses	**4,879**	4,455	**36,410**
Operating lease expenses	**39,443**	43,936	**294,351**
Total lease expenses	**¥ 44,322**	¥ 48,391	**$ 330,761**

Other information relating to leases

Other information relating to leases for the fiscal years ended March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2023**	2022	**2023**
Cash paid relating to finance lease liabilities			
Cash flows from operating activities	**¥ 573**	¥ 660	**$ 4,276**
Cash flows from financing activities	**3,998**	4,646	**29,836**
Cash paid relating to operating lease liabilities			
Cash flows from operating activities	**41,486**	44,372	**309,597**
Right-of-use assets arising from recognizing lease liabilities (noncash)			
Finance leases	**2,519**	3,552	**18,799**
Operating leases	**33,596**	33,267	**250,716**
Weighted-average remaining lease term (in years)			
Finance leases	**6.09**	5.88	
Operating leases	**3.83**	4.24	
Weighted-average discount rate			
Finance leases	**2.39%**	1.88%	
Operating leases	**1.33%**	1.41%	

Maturity analysis of lease liabilities

Minimum lease payments for the Group's finance and operating leases as of March 31, 2023 is as follows:

	Millions of yen		Thousands of US dollars	
The Fiscal Year ending March 31	Finance leases	Operating leases	Finance leases	Operating leases
2024	¥ 3,044	¥ 37,621	$ 22,716	$ 280,754
2025	1,850	26,314	13,806	196,373
2026	1,077	15,427	8,037	115,127
2027	533	8,449	3,978	63,052
2028	335	5,036	2,500	37,582
Thereafter	1,533	5,842	11,441	43,597
Total minimum lease payments	8,372	98,689	62,478	736,485
Amounts representing interest	(361)	(2,647)	(2,695)	(19,753)
Present value of net minimum lease payments	8,011	96,042	59,783	716,732
Less−current portion	2,916	36,631	21,761	273,366
	¥ 5,095	¥ 59,411	$ 38,022	$ 443,366

23. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments for the purchase of property, plant and equipment, and long-term capacity reservation agreement outstanding at March 31, 2023 and 2022, totaled ¥37,219 million ($277,754 thousand) and ¥19,876 million, respectively.

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

The Fiscal Year ending March 31	Millions of yen	Thousands of US dollars
2024	¥ 30,368	$ 226,627
2025	6,091	45,455
2026	760	5,672
2027	-	-
2028	-	-
Thereafter	-	-
Total of commitments	¥ 37,219	$ 277,754

24. GUARANTEES

GUARANTEES OF UNCONSOLIDATED AFFILIATES AND THIRD PARTY DEBT

The Group guarantees debt as well as certain financial obligations of unconsolidated affiliates and third parties to support the sale of the Group's products and services. Expiration dates vary from 2023 to 2037 and from 2022 to 2037 as of March 31, 2023 and 2022, respectively or the guarantees terminate on payment and/or cancellation of the obligation. A payment by the Group would be triggered by the failure of the guaranteed party to fulfill its obligation under the guarantee. The maximum potential payments under these guarantees were ¥2,417 million ($18,037 thousand) and ¥3,437 million as of March 31, 2023 and 2022, respectively.

The carrying amounts of the liabilities for the Group's obligations under the guarantees described above as of March 31, 2023 and 2022 were immaterial.

WARRANTY

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

The following is a reconciliation table of the product warranty accrual for the fiscal years ended March 31, 2023 and 2022:

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2023**	2022	**2023**
Balance at the beginning of the fiscal year	¥ **21,228**	¥ 21,589	$ **158,418**
Warranties issued	**37,978**	14,540	**283,418**
Settlements made	**(10,625)**	(12,691)	**(79,291)**
Foreign currency translation adjustments	**344**	524	**2,567**
Reclassification to assets and liabilities held for sale	**-**	(2,734)	**-**
Balance at the end of the fiscal year	¥ **48,925**	¥ 21,228	$ **365,112**

25. LEGAL PROCEEDINGS

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

Damage compensation claims have been demanded against the Company in Japan as well with the plaintiffs claiming to have suffered damage due to inappropriate financial reporting by the Company. The Company accrued a reasonably estimated amount expected to be paid for the damage compensation. Certain of these claims have been pending with several courts including seeking payment by (1) foreign institutional investors of approximately ¥13,657 million ($101,918 thousand) in June 2016, ¥21,759 million ($162,381 thousand) and ¥43,561 million ($325,082 thousand) in April 2017, ¥9,227 million ($68,858 thousand) in June 2017, ¥33,000 million ($246,269 thousand) and ¥837 million ($6,246 thousand) in September 2017 and ¥4,051 million ($30,231 thousand) in April 2018, (2) Trust & Custody Services Bank, Ltd (currently Custody Bank of Japan, Ltd.), of approximately ¥14,026 million ($104,672 thousand) in March 2017.

In June 2021, the Group received petition for a provisional disposition order filed by Teraoka Seiko Co., Ltd. at the Tokyo District Court, based on patent right infringement related to semi-checkout system. In February 2022, the Group received additional petition for a provisional disposition order, hereinafter referred to as "the lawsuit".

In response to the lawsuit, the Group has filed several petitions for provisional injunctions against Teraoka Seiko Co., Ltd. and its group company DIGI I's Co., Ltd., as debtors, at the Tokyo Distinct Court. The Court issued a recommendation of reconciliation in July 2022. The Group reached settlement with the plaintiff on November 30, 2022.

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.

Toshiba Corporation and Consolidated Subsidiaries
March 31, 2023

26. BUSINESS STRUCTURAL REFORM

The fiscal year ended March 31, 2023

Outstanding liabilities and expenses related to exit and disposal activities for the fiscal year ended March 31, 2023 were not material.

The fiscal year ended March 31, 2022

As noted in the tables below, the Group implements structural reforms such as continuous implementation of early retirement incentive plans and payment of premium severance costs associated with the liquidation of subsidiaries.

Changes in the Outstanding liabilities related to exit and disposal activities for the fiscal year ended March 31, 2022 are shown in the table below.

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

	Millions of yen			
	Retirement related expenses	Contract termination costs	Others	Total
Outstanding liabilities as of March 31, 2021	¥ 1,483	¥ 268	¥ 193	¥ 1,944
Restructuring charge incurred during the year	4,877	120	824	5,821
Non-cash expenditures	(172)	(5)	(182)	(359)
Payments and settlements with cash payout	(4,919)	(241)	(688)	(5,848)
Foreign currency translation adjustments	84	12	4	100
Outstanding liabilities as of March 31, 2022	¥ 1,353	¥ 154	¥ 151	¥ 1,658

Expenses for exit and disposal activities by major segment for the fiscal year ended March 31, 2022 are as follows. These expenses were recorded at ¥694 million in cost of sales, and at ¥5,127 million in selling, general and administrative expenses in the Consolidated Statements of Operations.

	Millions of yen			
Segments	Retirement related expenses	Contract termination costs	Others	Total
Infrastructure Systems & Solutions	¥ 1,960	¥ -	¥ -	¥ 1,960
Retail & Printing Solutions	1,267	101	-	1,368
Others (Note)	1,650	19	824	2,493
Total	¥ 4,877	¥ 120	¥ 824	¥ 5,821

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

27. ENVIRONMENTAL LIABILITIES

The Japanese environmental regulation, “The Law concerning Special Measures for Promotion of Proper Treatment of polychlorinated biphenyl (PCB) Wastes” requires PCB waste holders to dispose of all PCB waste by March 2027. The Group accrued ¥13,479 million ($100,590 thousand) and ¥14,792 million at March 31, 2023 and 2022, respectively, for environmental remediation and restoration costs for products or equipment with PCB which some Group's operations in Japan have retained.

28. GOVERNMENT GRANTS

Government grants received by the Group principally relate to purchase of plant and equipment and research and development activities. Government grants recorded for the fiscal years ended March 31, 2023 are ¥7,027 million ($52,440 thousand).

Government grants related to purchase of assets are recognized by deducting the grant in arriving at the carrying amount of the asset or including grants in “Other income”.

Government grants related to research and development activities are recognized by deducting the grant from “Cost of sales” or “Selling, general and administrative expenses” or including grants in “Other income”.

29. ASSET RETIREMENT OBLIGATIONS

The Group records asset retirement obligations in accordance with ASC No. 410 "Asset Retirement and Environmental Obligations". Asset retirement obligation was related primarily to the restoration obligations associated with the real estate lease agreement.

The changes in the carrying amount of asset retirement obligations for the fiscal years ended March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of US dollars
The Fiscal Year ended March 31	**2023**	2022	**2023**
Balance at the beginning of the fiscal year	¥ **9,537**	¥ 8,067	$ **71,172**
Accretion expense	**213**	133	**1,590**
Liabilities settled	**(846)**	(1,007)	**(6,313)**
Liabilities incurred	**174**	644	**1,299**
Revisions in estimated cash flows	**574**	1,246	**4,284**
Foreign currency translation adjustments	**30**	476	**222**
Reclassification to assets and liabilities held for sale	**-**	(22)	**-**
Balance at the end of the fiscal year	¥ **9,682**	¥ 9,537	$ **72,254**

30. VARIABLE INTEREST ENTITIES

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

Consolidated Variable Interest Entities
As of March 31, 2023 and 2022, there are no VIEs.

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

KK6 SAFETY MEASURES JOINT VENTURE CORPORATION of Energy Systems & Solutions is a joint venture which was established in June 2020 for the purpose of designing and managing Unit 6 of the Kashiwazaki-Kariwa Nuclear Power Station safety measures construction project. For Energy Systems & Solutions VIEs, the Group still retains significant variable interests in a business entity since the Group owns the common stock in KK6 SAFETY MEASURES JOINT VENTURE CORPORATION. The Group concluded that it is not the primary beneficiary of the VIE because the Group does not have the power to direct the activities that most significantly affect the VIE's economic performance. The Group accounts for the VIE under the equity method.

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

As of March 31, 2023 and 2022, the total assets of those VIEs, carrying amounts of assets and liabilities that relate to the Group's variable interests in the VIEs and the Group's maximum exposures to losses as a result of the Group's involvement with the VIEs are summarized as follows:

	Millions of yen	
March 31, 2023	Energy Systems & Solutions VIEs	Other VIEs
Total assets of VIEs	**¥ 47,207**	**¥ 3,092,125**
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	**4,836**	**299,935**
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	**1,239**	**7,217**
Maximum exposures to losses	**3,597**	**292,718**

	Millions of yen	
March 31, 2022	Energy Systems & Solutions VIEs	Other VIEs
Total assets of VIEs	¥ 48,680	¥ 3,168,196
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	4,124	355,717
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	370	11,955
Maximum exposures to losses	3,754	343,762

	Thousands of US dollars	
March 31, 2023	Energy Systems & Solutions VIEs	Other VIEs
Total assets of VIEs	**$ 352,291**	**$ 23,075,560**
Carrying amounts of assets that relate to the Group's variable interests in the VIEs	**36,090**	**2,238,321**
Carrying amounts of liabilities that relate to the Group's variable interests in the VIEs	**9,246**	**53,858**
Maximum exposures to losses	**26,843**	**2,184,463**

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

31. SEGMENT INFORMATION

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

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

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

Principal products that belong to each segment are as follows:

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

Note: In August 2022, the Company sold 55% of the outstanding shares of TCC, a consolidated subsidiary of the Company, to Global Comfort Solutions LLC, a wholly owned subsidiary of US-based Carrier Corporation. As a result, TCC and its subsidiaries were deconsolidated from the Group. Accordingly, the Air-Conditioning business has been excluded from the Building Solutions segment. Therefore, figures for the Air-Conditioning business are not included from August 2022 onwards.

BUSINESS SEGMENTS

Financial information by segments as of and for the fiscal years ended March 31, 2023 and 2022 are as follows:

As of and for the fiscal year ended March 31, 2023 — Millions of yen

	Energy Systems & Solutions	Infrastructure Systems & Solutions	Building Solutions	Retail & Printing Solutions	Electronic Devices & Storage Solutions	Digital Solutions	Others	Total	Corporate and Eliminations	Consolidated
Net sales										
(1) Unaffiliated customers	**¥ 658,029**	**¥ 665,031**	**¥ 444,768**	**¥ 511,600**	**¥ 791,849**	**¥ 188,327**	**¥ 102,053**	**¥ 3,361,657**	**¥ -**	**¥ 3,361,657**
(2) Intersegment	**11,518**	**28,203**	**3,300**	**1,541**	**5,239**	**47,303**	**130,637**	**227,741**	**(227,741)**	**-**
Total	**¥ 669,547**	**¥ 693,234**	**¥ 448,068**	**¥ 513,141**	**¥ 797,088**	**¥ 235,630**	**¥ 232,690**	**¥ 3,589,398**	**¥ (227,741)**	**¥ 3,361,657**
Segment operating income (loss)	**¥ 30,373**	**¥ 45,049**	**¥ 5,936**	**¥ (4,099)**	**¥ 42,910**	**¥ 27,034**	**¥ (42,136)**	**¥ 105,067**	**¥ 5,482**	**¥ 110,549**
Identifiable assets	**¥ 687,900**	**¥ 828,976**	**¥ 238,973**	**¥ 345,290**	**¥ 714,918**	**¥ 181,799**	**¥ 582,221**	**¥ 3,580,077**	**¥ (40,809)**	**¥ 3,539,268**
Depreciation and amortization	**14,443**	**12,644**	**5,752**	**14,246**	**35,929**	**2,952**	**9,362**	**95,328**	**-**	**95,328**
Capital expenditures	**8,926**	**12,001**	**8,616**	**10,548**	**69,970**	**948**	**32,975**	**143,984**	**-**	**143,984**

As of and for the fiscal year ended March 31, 2022 — Millions of yen

	Energy Systems & Solutions	Infrastructure Systems & Solutions	Building Solutions	Retail & Printing Solutions	Electronic Devices & Storage Solutions	Digital Solutions	Others	Total	Corporate and Eliminations	Consolidated
Net sales										
(1) Unaffiliated customers	¥ 544,287	¥ 624,119	¥ 595,866	¥ 451,199	¥ 852,918	¥ 183,059	¥ 85,519	¥ 3,336,967	¥ -	¥ 3,336,967
(2) Intersegment	14,759	30,537	3,115	2,046	6,918	47,494	130,943	235,812	(235,812)	-
Total	¥ 559,046	¥ 654,656	¥ 598,981	¥ 453,245	¥ 859,836	¥ 230,553	¥ 216,462	¥ 3,572,779	¥ (235,812)	¥ 3,336,967
Segment operating income (loss)	¥ 35,631	¥ 41,723	¥ 26,317	¥ 11,727	¥ 65,677	¥ 24,410	¥ (52,793)	¥ 152,692	¥ 6,253	¥ 158,945
Identifiable assets	¥ 665,524	¥ 768,587	¥ 437,970	¥ 360,336	¥ 613,062	¥ 168,196	¥ 782,548	¥ 3,796,223	¥ (61,704)	¥ 3,734,519
Depreciation and amortization	11,681	12,951	11,760	12,810	24,174	3,131	8,650	85,157	-	85,157
Capital expenditures	16,749	14,146	12,286	10,335	58,892	1,857	34,136	148,401	-	148,401

As of and for the fiscal year ended March 31, 2023 — Thousands of US dollars

	Energy Systems & Solutions	Infrastructure Systems & Solutions	Building Solutions	Retail & Printing Solutions	Electronic Devices & Storage Solutions	Digital Solutions	Others	Total	Corporate and Eliminations	Consolidated
Net sales										
(1) Unaffiliated customers	**$ 4,910,664**	**$ 4,962,918**	**$ 3,319,164**	**$ 3,817,910**	**$ 5,909,321**	**$ 1,405,425**	**$ 761,591**	**$ 25,086,993**	**$ -**	**$ 25,086,993**
(2) Intersegment	**85,955**	**210,470**	**24,627**	**11,500**	**39,097**	**353,008**	**974,902**	**1,699,559**	**(1,699,559)**	**-**
Total	**$ 4,996,619**	**$ 5,173,388**	**$ 3,343,791**	**$ 3,829,410**	**$ 5,948,418**	**$ 1,758,433**	**$ 1,736,493**	**$ 26,786,552**	**$ (1,699,559)**	**$ 25,086,993**
Segment operating income (loss)	**$ 226,664**	**$ 336,187**	**$ 44,299**	**$ (30,590)**	**$ 320,224**	**$ 201,746**	**$ (314,448)**	**$ 784,082**	**$ 40,911**	**$ 824,993**
Identifiable assets	**$ 5,133,582**	**$ 6,186,388**	**$ 1,783,381**	**$ 2,576,791**	**$ 5,335,209**	**$ 1,356,709**	**$ 4,344,933**	**$ 26,716,993**	**$ (304,545)**	**$ 26,412,448**
Depreciation and amortization	**107,784**	**94,358**	**42,925**	**106,313**	**268,127**	**22,030**	**69,866**	**711,403**	**-**	**711,403**
Capital expenditures	**66,612**	**89,560**	**64,299**	**78,716**	**522,164**	**7,075**	**246,081**	**1,074,507**	**-**	**1,074,507**

Notes: 1) Transfer prices between segments are determined by mutual agreement of both segments taking into consideration the market price in reference to the general terms and conditions.
2) Business results in the segment information are presented on the basis of the organizational structure as of March 31, 2023.
3) Corporate assets, included in Corporate and Eliminations of Identifiable assets, are mainly marketable securities of the Company.

A reconciliation table between the total of the segment operating income (loss) and the income from continuing operations, before income taxes and noncontrolling interests for the fiscal years ended March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of US dollars
The fiscal year ended March 31	**2023**	2022	**2023**
The total of the segment operating income (loss)	**¥ 105,067**	¥ 152,692	**$ 784,082**
Corporate and Eliminations	**5,482**	6,253	**40,911**
Sub Total	**¥ 110,549**	¥ 158,945	**$ 824,993**
Interest and dividend income	**18,827**	2,885	**140,500**
Equity in earnings (losses) of affiliates	**(43,013)**	57,523	**(320,993)**
Other income	**146,664**	51,002	**1,094,507**
Interest expenses	**(4,853)**	(4,366)	**(36,216)**
Other expenses	**(39,209)**	(26,884)	**(292,604)**
Income before income taxes and noncontrolling interests	**¥ 188,965**	¥ 239,105	**$ 1,410,187**

Net sales by goods or services for the fiscal years ended March 31, 2023 and 2022 are as follows:

	Millions of yen		Thousands of US dollars
The fiscal year ended March 31	**2023**	2022	**2023**
Energy Systems & Solutions			
Nuclear Power Systems	**¥ 181,337**	¥ 146,582	**$ 1,353,261**
Thermal & Hydro Power Systems	**268,573**	235,582	**2,004,276**
Transmission & Distribution Systems	**233,073**	183,044	**1,739,351**
Others	**(13,436)**	(6,162)	**(100,269)**
Total	**669,547**	559,046	**4,996,619**
Infrastructure Systems & Solutions			
Public Infrastructure	**384,456**	403,342	**2,869,075**
Railways and Industrial Systems	**362,893**	309,052	**2,708,157**
Others	**(54,115)**	(57,738)	**(403,844)**
Total	**693,234**	654,656	**5,173,388**
Building Solution			
Building and Facilities	**449,639**	602,104	**3,355,515**
Others	**(1,571)**	(3,123)	**(11,724)**
Total	**448,068**	598,981	**3,343,791**
Retail & Printing Solutions			
POS systems, Multi-function peripherals, etc.	**513,141**	453,245	**3,829,410**
Electronic Devices & Storage Solutions			
Semiconductor	**445,407**	364,048	**3,323,933**
HDDs & Others	**351,681**	495,788	**2,624,485**
Total	**797,088**	859,836	**5,948,418**
Digital Solutions			
Digital Solutions, etc.	**235,630**	230,553	**1,758,433**
Others	**232,690**	216,462	**1,736,493**
Eliminations	**(227,741)**	(235,812)	**(1,699,559)**
Consolidated	**¥ 3,361,657**	¥ 3,336,967	**$ 25,086,993**

Notes: 1) "Other" in each segment includes eliminations related to internal sales.
2) From fiscal year 2022, due to the reorganization of Energy System Solutions, a portion of the information previously included in "Other" has been changed the classification of Net sales by goods or services into "Transmission & Distribution Systems". Net sales by goods or services for fiscal year 2021 is disclosed based on the classification after the change.

GEOGRAPHIC INFORMATION

Net sales

Net sales by region based on the location of the customer for the fiscal years ended March 31, 2023 and 2022 are as follows:

The Fiscal Year ended March 31	Millions of yen 2023	Millions of yen 2022	Thousands of US dollars 2023
Japan	¥ **1,844,209**	¥ 1,765,472	$ **13,762,754**
Overseas	¥ **1,517,448**	¥ 1,571,495	$ **11,324,239**
Asia	**789,313**	875,861	**5,890,396**
North America	**429,704**	373,054	**3,206,746**
Europe	**201,860**	234,377	**1,506,418**
Others	**96,571**	88,203	**720,679**
Total	¥ **3,361,657**	¥ 3,336,967	$ **25,086,993**

Property, plant and equipment

Property, plant and equipment by region at March 31, 2023 and 2022 are as follows:

March 31	Millions of yen 2023	Millions of yen 2022	Thousands of US dollars 2023
Japan	¥ **471,230**	¥ 453,393	$ **3,516,642**
Overseas	¥ **112,192**	¥ 111,960	$ **837,254**
Asia	**69,906**	70,971	**521,687**
North America	**24,888**	24,770	**185,731**
Europe	**14,152**	12,208	**105,612**
Others	**3,246**	4,011	**24,224**
Total	¥ **583,422**	¥ 565,353	$ **4,353,896**

Notes: 1) There are no individually material countries which should be separately disclosed.
2) There are no material sales to a single unaffiliated customer.
3) Property, plant and equipment by region at March 31, 2023 and 2022 include right-of-use assets of operating leases.

32. TRANSACTIONS WITH RELATED PARTIES

Transactions between the Group's consolidated subsidiaries and related parties

Transactions between the Group's consolidated subsidiaries and related parties as of and for the fiscal years ended March 31, 2023 and 2022 are as follows:

As of and for the fiscal year ended March 31, 2023

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

Type	Name or name of Company	Relationship	Transaction	Amounts (Millions of yen)	Accounts	Ending balance (Millions of yen)
Affiliated company	Kioxia Holdings Corporation	Provision of collateral	Provision of collateral (Note 2)	**–**	–	**–**

As of and for the fiscal year ended March 31, 2022

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

Type	Name or name of Company	Relationship	Transaction	Amounts (Millions of yen)	Accounts	Ending balance (Millions of yen)
Affiliated company	Kioxia Corporation	Payment for indemnity	Payment for indemnity as stated in share purchase agreement (Note 1)	¥ 7,710	–	–
	Kioxia Holdings Corporation	Provision of collateral	Provision of collateral (Note 2)	–	–	–

As of and for the fiscal year ended March 31, 2023

Type	Name or name of Company	Location	Capital or investments in capital (Millions of yen)	Business description	Holding ratio of voting rights (Owned)
Affiliated company	Kioxia Holdings Corporation	Minato-Ku, Tokyo	**$ 74,627**	Holding company of Kioxia Corporation	**40.6%**

Type	Name or name of Company	Relationship	Transaction	Amounts (Millions of yen)	Accounts	Ending balance (Millions of yen)
Affiliated company	Kioxia Holdings Corporation	Provision of collateral	Provision of collateral (Note 2)	**–**	–	–

Notes: 1) The indemnification clause in the share purchase agreement of Kioxia Corporation states that the Company has an obligation for the indemnification for any losses incurred as the result of any breach of representations and warranties, the determination of a United States International Trade Commission investigation, specific litigations and other patent claims, and any patent license agreements with certain counterparties specified in advance.

2) All the shares of Kioxia Holdings Corporation owned by the Company amounting to ¥83,956 million ($626,537 thousand) are provided to financial institutions as collateral for loan agreements that Kioxia Holdings Corporation concludes with financial institutions.

33. SUBSEQUENT EVENTS

The Group has evaluated subsequent events up to June 28, 2023 in accordance with ASC No. 855 "Subsequent Events". However, there are no significant subsequent events to describe.

INDEPENDENT AUDITOR'S REPORT

Toshiba Corporation
Representative Executive Officer
President and Chief Executive Officer
Taro Shimada

Opinion

We have audited the consolidated financial statements of Toshiba Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheet as of March 31, 2023, and the consolidated statement of operations, consolidated statement of comprehensive income, consolidated statement of equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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Key Audit Matters

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

<table>
<tr><td colspan="2">Reasonableness of estimations on Total Cost of Construction and Variable Consideration (Refer to Notes to the Consolidated Financial Statements, 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES and 13. REVENUE)</td></tr>
<tr><th>Key audit matter</th><th>How our audit addressed the matter</th></tr>
<tr><td>The Group receives orders, manufactures and sells made-to-order products under a construction-type or production-type contract with specifications unique to a customer. Revenue from certain of these contracts for made-to-order products with specifications unique to a customer ("construction contracts"), is recognized over time in relation to the progress of work, based on Accounting Standards Codification 606, Revenue from Contracts with Customers. In the current year, revenue recognized for the amount of the transaction price in relation to the progress of work was 552,790 million yen, which was primarily related to construction contracts in the Energy Systems & Solutions segment and the Infrastructure Systems & Solutions segment.
The construction contracts of the Group include losses expected to be incurred, and the Group recorded provision for contract losses as of March 31, 2023.
The Group estimates the total cost of construction and variable consideration for each contract in order to measure progress of work and to calculate the provision for contract losses.

We determined the reasonableness of estimations on total cost of construction and variable consideration as a key audit matter due to the following factors:
● Revenue recognized based on progress of work, measured based on estimated total cost of construction and variable consideration, is significant to the Group's consolidated financial statements.
● The estimated total cost of construction and the estimated variable consideration, which are required for the calculation of revenue recognized based on the transaction price and percentage of completion, and provision of contract losses, include highly uncertain</td><td>In planning the audit procedures, we obtained an understanding of the internal controls from the signing of the construction contracts to the revenue recognition.
We tested the operating effectiveness of the related internal controls over revenue recognition for construction contracts and recognition of provisions for contract losses, including those controls over the estimates of the total cost of construction and variable consideration.

The Group designs and operates the controls to verify independently the reasonableness of the estimates of the total cost of construction and variable consideration. The independent division has established a checklist in order to monitor the objectivity and quality in the judgments involved. In addition, the monitoring checklist is reviewed each fiscal year in order to ensure it is updated to capture the impact of recently identified issues on other contracts.
For this reason, taking into consideration the results of monitoring by and inquiry of the independent division, we performed the following audit procedures in order to assess the reasonableness of the estimates of the total cost of construction and variable consideration, focusing on significant construction contracts, such as projects with material total contract value, projects with low profit margins or expected losses due to production delays, new projects with no past experience, and projects with significant changes in estimates during the period:
● We examined the relevant contract documents, and performed risk assessment analytics for each contract. We also examined project management documentation and performed inquiries with the project managers in order to assess the effect of the delays and the reasonableness of</td></tr>
</table>

management assumptions, such as changes in specifications and other conditions, production delays, changes in regulation that impact the Group’s contracts, and significant material cost increases. Significant assumptions used in the estimation include man-hours, unit prices, and outsourcing costs. Based on the above, we determined that the accounting estimate includes a high degree of estimation uncertainty.	those factors which cause changes in estimates. In inquiry to the project managers, we confirmed significant assumptions included in the estimates of the total cost of construction and variable consideration for each project and the intention and ability to execute the project based on current estimates, taking into consideration past performance and current resources. ● We examined the breakdown of the estimates of the total cost of construction and variable consideration and tested significant cost items by agreeing information to relevant supporting documents, and for those projects that include significant assumptions, including man-hours, unit price, and outsourcing cost, we performed analysis on such projects. Additionally, we performed a trend analysis of the estimates of the total cost of construction and variable consideration made at each reporting period to identify significant changes, and understood the root cause and assess the reasonableness of such changes in estimates. Furthermore, we assessed the impact of such changes on similar projects if the changes resulted from technical issues that could affect estimates of total estimated cost to completion for multiple projects. ● We inspected project sites for specific construction contracts where the work is ongoing, and ascertained their location and progress status of construction projects.

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Assessment of Investment in Kioxia Holdings Corporation (Refer to Notes to the Consolidated Financial Statements, 8. SHARES OF Kioxia Holdings Corporation and 9. INVESTMENTS IN AND ADVANCES TO AFFILIATES)	
Key audit matter	How our audit addressed the matter
The Group recorded an investment of 267,994 million yen in the consolidated financial statements as of March 31, 2023 with respect to Kioxia Holdings Corporation (“KHC”). As the Group owns 40.6% of the voting rights of KHC, it is accounted for as an equity method investment, and is included in the “Investments in and advances to affiliates”. The Group applies the equity method to the valuation of investment in KHC. Under accounting principles generally accepted in the United States of America, a loss in value of an investment that is other-than-temporary decline shall be recognized. One of the key factors for determining whether there is an other-than-temporary decline in the investment in KHC is assessment of long-lived assets recorded by KHC. KHC’s business performance for the fiscal year ended March 31, 2023 resulted in a consolidated net loss of 141,817 million yen, and considering the production adjustments made in line with memory industry demand trends, it is necessary to carefully consider the future prospects of KHC’s business performance and the relevant memory industry. We determined the assessment of investment in KHC as a key audit matter, considering the following factors: ● The impact is significant to the consolidated financial statements of whether there is any other-than-temporary decline in investment in KHC. ● In assessing whether there is an other-than-temporary decline in investment in KHC, which is accounted for by the equity method, it is necessary to determine in accordance with the requirements of the relevant accounting standards, considering the corporate value of KHC, as KHC is an unlisted entity. In addition, it is necessary to consider KHC’s recent business performance and the future prospects of the industry to which the memory business belongs. These considerations are inherently complex and judgmental based on various management assumptions.	We obtained management’s assessment of investment in KHC and obtained an understanding of the internal controls over the assessment. Concerning the assessment of investment in KHC, we assessed the reasonableness of the Group’s judgment that there is no other-than-temporary decline of the fair value by primarily performing the following procedures: ● Through a review of KHC’s consolidated financial statements, we confirmed the following: - No impairment losses of goodwill, intangible assets and long-lived assets were recorded at KHC during the current period. - There is no substantial doubt regarding the KHC’s ability to continue as a going concern. ● We understood and evaluated the audit procedures performed and conclusions reached by the component auditor. ● We confirmed whether there is a significant deterioration in the fair value of KHC, and ensured the consistency between the assumptions used in calculating fair value with the future projections of the flash memory market provided by external market research institutions. ● We compared KHC’s business performance with peers in the memory industry and confirmed whether there was any significant deterioration or whether KHC’s level of earnings or the quality of its assets is below that of the KHC’s peers.

Measurement of Impairment Losses on Goodwill attributable to the Retail & Printing Solutions Segment (Refer to Notes to the Consolidated Financial Statements, 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES and 10. GOODWILL AND OTHER INTANGIBLE ASSETS)	
Key audit matter	How our audit addressed the matter
The Group recorded goodwill attributable to the Retail & Printing Solutions segment of 22,763 million yen in the consolidated financial statements as of March 31, 2023, inclusive of the 20,594 million yen impairment losses recognized during the period. The Group does not amortize goodwill, but instead conducts goodwill impairment tests at least once a year, and also in the event that changes in business environment suggests a decline in corporate value. In assessing the impairment of goodwill, goodwill is allocated to the reporting units, and if the carrying amount of the reporting units' goodwill exceeds its fair value, the Group recognizes an impairment loss to the amount equal to the excess on the condition that it does not exceed the total amount of goodwill allocated to that reporting unit. In order to test impairment of goodwill attributable to the Retail & Printing Solutions Segment, firstly the Group calculates the fair value of Toshiba Tec Corporation ("Toshiba Tec") group that runs the entire business of Retail & Printing Solutions segment using the stock market price method, and secondly allocates the fair value to the reporting unit of Toshiba Tec group. Since Toshiba Tec is a listed company, when measuring the fair value in the assessment of goodwill impairments, the Group refers to market environments, business prospects of the Toshiba Tec group and the Toshiba Tec stock price, and further, incorporates assumptions such as the control premium and the stock price used. During the current fiscal year, a situation arose regarding changes in the business environment which suggested a decline in Toshiba Tec's corporate value, mainly due to the decline in stock price of Toshiba Tec, and the Group identified impairment indicators for goodwill attributable to the Retail & Printing Solutions segment. As a result of the impairment test performed, the fair value of the reporting unit decreased below its carrying amount, and therefore the Group recognized impairment losses of 20,594 million yen on goodwill attributable to the Retail & Printing Solutions segment.	In assessing the measurement of impairment losses on goodwill attributable to the Retail & Printing Solutions segment, we mainly performed the following audit procedures: ● We obtained management's assessment related to the measurement of impairment losses on goodwill attributable to the Retail & Printing Solutions segment and assessed the operating effectiveness of the internal controls. ● We obtained management's assessment related to impairment recognition of goodwill attributable to the Retail & Printing Solutions segment and compared the carrying amount of the reporting unit with its fair value, and checked to ensure that the impairment loss is recognized as the amount by which the carrying amount exceeds the fair value. ● Regarding the assumptions in the measurement of the fair value, we understood the management's decision method, compared the control premium and the stock price used against the ratio adopted in past TOB cases and available external data by using a valuation expert of our network firm, and evaluated the reasonableness.

Considering the relevant fair value measurement of the reporting unit of Toshiba Tec group includes certain levels of complexities, estimation uncertainties and involves significant management judgements, we used a valuation expert of our network firm to evaluate the reasonableness of the control premium. As a result, we determined that the measurement of impairment losses on goodwill attributable to the Retail & Printing Solutions Segment as a key audit matter.	

Other Information

Other information comprises the information included in the Financial Reports, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. In addition, the Audit Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in the United States of America, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2023 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in "US Dollar Amounts" within the notes to the consolidated financial statements.

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

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

Yoshihisa Chiyoda
Designated Engagement Partner
Certified Public Accountant

Masahide Kato
Designated Engagement Partner
Certified Public Accountant

Hiroyuki Inoue
Designated Engagement Partner
Certified Public Accountant

Takahiro Ohara
Designated Engagement Partner
Certified Public Accountant

/s/PricewaterhouseCoopers Aarata LLC

June 28, 2023

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