

TOSHIBA

FY2023 Third Quarter Consolidated Business Results

Toshiba Corporation
February 28, 2024

Forward-looking Statements

- This presentation contains forward-looking statements concerning future plans, strategies, and the performance of Toshiba Corporation (hereinafter “Toshiba” or “the Company”) and its consolidated subsidiaries (hereinafter “Toshiba Group” or “the 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 from the expectations.
- Toshiba Group’s fiscal year (FY) runs from April 1 to March 31. H1 refers to the first six months (April–September); H2 refers to the latter six months (October–March); Q1 refers to the first quarter (April–June); Q2 refers to the second quarter (July–September); Q3 refers to the third quarter (October–December); and Q4 refers to the fourth quarter (January–March).
- All figures are consolidated totals for the first nine months of FY2023, unless otherwise stated.
- Since Toshiba is not involved in the management of Kioxia Holdings Corporation (hereinafter “Kioxia”) and is not provided with any forecasted business results, Toshiba Group’s forward-looking statements concerning financial conditions, results of operation and cash flow do not include the impact of Kioxia.

Highlights

(Yen in billions)

	FY2022/Q1-Q3	FY2023/Q1-Q3	Difference		FY2022/Q1-Q3	FY2023/Q1-Q3	Difference
Net sales	2,370.2	2,256.7	-113.5	Free cash flows	-26.7	20.4	+47.1
Growth rate			-5%				
Operating income (before provisions, etc.)	68.7	55.1	-13.6	Cash flows from operating activities	-56.9	93.6	+150.5
ROS	2.9%	2.4%	-0.5%pt	Cash flows from investing activities	30.2	-73.2	-103.4
Provisions, etc.	-60.6	-67.0	-6.4				
Operating income	8.1	-11.9	-20.0				
ROS	0.3%	-0.5%	-0.8%pt				
EBITDA *1	98.1	75.0	-23.1				
EBITDA margin	4.1%	3.3%	-0.8%pt				
Income before income taxes	120.1	-93.5	-213.6				
Equity earnings from Kioxia (included)	-8.6	-100.9	-92.3				
Net income	84.0	-107.0	-191.0				
Average exchange rate (US\$) during the fiscal year	136yen	143yen	+7yen				

* The Group's financial statements are based on US-GAAP, where, unlike J-GAAP, temporary or irregular losses incurred outside regular day-to-day business operations are recorded in operating income.

*1 EBITDA=Operating income + Depreciation + Goodwill impairment

Comment on FY2023 Third Quarter Consolidated Business Results

Koji Ikeya, Corporate Senior Executive Vice President, made the following comment on the FY2023 Third Quarter Consolidated Business Results.

- This was the first announcement of quarterly business results under the new management. Main businesses such as Transmission & Distribution Systems and Public Infrastructure, etc., areas where Toshiba Group is strong, showed good performances, and operating income, excluding special factors, such as provisions, etc., was 55.1 billion yen. Despite meeting headwinds from a deteriorated HDD market and other factors, the Group's profitability remained solid. However, operating income including provisions, etc., was in the red at -11.9 billion yen.
- Regarding the provisions made, the Group looked to the future and carried out further risk analysis. That process resulted in the recording of additional goodwill impairment and provisions.
- Currently, the Group as a whole is drawing up its future growth strategy along with drastic profitability improvement measures. Including these, the next medium-term business plan will be finalized by the FY2023 consolidated business results announcement, scheduled for mid-May.

Supplementary Explanation on FY2023 Third Quarter Consolidated Business Results

- The Company's shares delisted on December 20, 2023. New management structure established on December 22, 2023.
- Net sales: decreased YoY, mainly on the impact of the sale of Toshiba Carrier Corporation (-94.9 billion yen).
- Operating income:
 - ✓ Transmission & Distribution Systems and Public Infrastructure saw improvement/expansion YoY on good performance.
 - ✓ Looking to the future, the Company carried out further risk analysis and made additional provisions, etc., resulting in a deterioration in YoY operating income.
(provisions for HDD product warranties, and for Power Generation Systems, etc.(-37.7 billion yen^{*1}), reanalysis of project costs, etc. (-14.6 billion yen^{*1}), and goodwill impairment in the Printing business (-11.5 billion yen^{*1})*², etc.)
- Net income deteriorated YoY due to equity earnings from Kioxia (-100.9 billion yen) and the impact of sales of businesses in the last fiscal year.
- YoY free cash flows increased on improvement of working capital, etc.
- Orders received increased 6% YoY, on orders for large-scale projects. Order backlog increased steadily.

*1: Figures are for amounts incurred in FY2023/Q1-Q3

*2: Treatment in the Group's consolidated level, as required by US-GAAP. In Toshiba Tec Corporation's consolidated accounting, most of the goodwill was equally amortized at the end of FY2021, in accordance with J-GAAP.

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