

February 13, 2019  
Toshiba Corporation

FOR IMMEDIATE RELEASE

**Toshiba Announces Consolidated Results for the First Nine Months  
and the Third Quarter for Fiscal Year 2018, Ending March 2019**

TOKYO--Toshiba Corporation (TOKYO: 6502) (hereinafter “Toshiba” or “the Company”) today announced its consolidated results for the first nine months (April-December) and the third quarter (October-December) of fiscal year (FY) 2018, ending March 31, 2019. All comparisons in the following schedules are based on the same period a year earlier, unless otherwise stated.

**1. Overview of Consolidated Results for the First Nine Months of FY2018  
(April-December 2018)**

(Yen in billions)

|  | First nine months of<br>FY2018 | Change from first nine<br>months of FY2017 |
|--|--------------------------------|--|
| Net sales  | 2,647.2                        | (153.1)                                    |
| Operating income   | 8.2                            | (47.3)                                     |
| Income from continuing<br>operations, before income<br>taxes and noncontrolling<br>interests | 10.4                           | (77.5)                                     |
| Net income attributable to<br>shareholders of the<br>Company                                 | 1,021.6                        | 994.6                                      |

During the first nine months of FY2018 growth was generally solid in the US economy, but the Eurozone economy began to slow down in autumn following a period of moderate growth. Growth slowed in the UK on concerns about the impact of Brexit. Growth also slowed in the Chinese economy, due to reduced domestic demand and investments in fixed assets, and as the influence of US tariff rises started to become apparent at the end of the calendar year. In Japan, the overall economy moved towards a slow recovery, consumer spending patterns improved, and capital investment trended up.

In these circumstances, Toshiba Group’s net sales decreased by 153.1 billion yen to 2,647.2 billion yen (US\$23,848.3 million). Although Infrastructure Systems & Solutions and Storage & Devices Solutions recorded higher sales, Energy Systems & Solutions saw lower sales, primarily due to the deconsolidation of Landis+Gyr and lower sales in Thermal & Hydro Power Systems and Transmission & Distribution Systems, while Industrial ICT

Solutions recorded flat sales.

Operating income was 8.2 billion yen (US\$73.9 million), a decrease of 47.3 billion yen, 14.2 billion of which was attributable to the scaling back of emergency measures that were in place in FY2017, including reducing cuts in bonus payments. While Industrial ICT Solutions reported higher operating income, Energy Systems & Solutions, Infrastructure Systems & Solutions, Storage & Electronic Devices Solutions and Retail & Printing Solutions all saw decreases. Income from continuing operations, before income taxes and noncontrolling interests decreased by 77.5 billion yen to 10.4 billion yen (US\$93.7 million), due to the impact of the gain on the sale of shares of Landis+Gyr recorded in non-operating income in the previous fiscal year, plus other factors, and lower operating income. Net income attributable to shareholders of the Company was 1,021.6 billion yen (US\$9,203.8 million), an increase of 994.6 billion yen, inclusive of profit from completion of the sale of Toshiba Memory Corporation (hereinafter TMC).

**Consolidated Results for the First Nine Months of FY2018, by Segment**  
**(April-December 2018)**

(Yen in billions)

|  | Net Sales      |                |             | Operating Income (Loss) |               |
|--|----------------|----------------|-------------|-------------------------|---------------|
|  |                | Change*        |             |                         | Change*       |
| Energy Systems & Solutions             | 451.1          | (156.8)        | (26%)       | (21.7)                  | (14.2)        |
| Infrastructure Systems & Solutions     | 863.7          | 33.1           | 4%          | 10.3                    | (1.0)         |
| Retail & Printing Solutions            | 361.6          | (17.7)         | (5%)        | 15.6                    | (3.2)         |
| Storage & Electronic Devices Solutions | 690.9          | 29.9           | 5%          | 12.6                    | (36.3)        |
| Industrial ICT Solutions               | 176.2          | (0.7)          | 0%          | 1.6                     | 4.2           |
| Others                                 | 331.9          | (51.1)         | (13%)       | (14.4)                  | 2.9           |
| Eliminations                           | (228.2)        | (10.2)         | -           | 4.2                     | 0.3           |
| <b>Total</b>                           | <b>2,647.2</b> | <b>(153.1)</b> | <b>(5%)</b> | <b>8.2</b>              | <b>(47.3)</b> |

(\* Change from the year-earlier period)

**Energy Systems & Solutions: Lower Sales and Greater Operating Loss**

The Energy Systems & Solutions segment as a whole saw lower sales, as Landis+Gyr was deconsolidated and the Thermal & Hydro Power Systems and Transmission & Distribution Systems businesses reported lower sales, although Nuclear Power Systems reported higher sales.

The segment as a whole saw a larger operating loss. Although operating income improved in Nuclear Power Systems, Landis+Gyr was deconsolidated and Thermal & Hydro Power Systems and Transmission & Distribution Systems saw larger operating losses.

### **Infrastructure Systems & Solutions: Higher Sales and Lower Operating Income**

The Infrastructure Systems & Solutions segment reported higher sales. Public Infrastructure, Building and Facilities, and Railways and Industrial Systems all recorded higher sales.

The segment as a whole saw lower operating income. Although Building and Facilities recorded higher operating income, Public Infrastructure and Railway and Industrial Systems saw lower operating income.

### **Retail & Printing Solutions: Lower Sales and Lower Operating Income**

The Retail & Printing Solutions segment recorded lower sales. Both the Printing and the Retail businesses saw lower sales, the latter due to a decrease in large-scale contracts in the domestic market.

The segment as a whole reported lower operating income. Although the overseas retail business saw higher operating income, the overall retail business recorded lower operating income. The Printing business also recorded lower operating income.

### **Storage & Electronic Devices Solutions: Higher Sales and Lower Operating Income**

The Storage & Electronic Devices Solutions segment as a whole saw higher sales. This was driven by increased sales in the HDDs & Others businesses, although the Semiconductor business recorded lower sales

The segment as a whole saw lower operating income in all businesses.

### **Industrial ICT Solutions: Same Level of Sales and Higher Operating Income**

Sales in the Industrial ICT Solutions segment as a whole were flat. This reflects a decrease due to the sale of affiliate companies and other factors, despite higher sales in system projects for government and manufacturing industry, and increased sales at affiliate companies.

The segment as a whole saw higher operating income, despite the impact of scaling back emergency measures, as system projects recorded higher operating income and there were positive contributions from earlier structural reforms, such as reductions in fixed costs.

### **Others: Lower Sales and an Improved Operating Loss**

The Others segment saw lower sales, as the transfer of the PC business was completed on October 1, 2018, resulting in the deconsolidation of the business in the third quarter of FY2018.

**Notes:**

Toshiba Group's Quarterly Consolidated Financial Statements are based on U.S. generally accepted accounting principles ("GAAP").

Operating income (loss) is derived by deducting from net sales the cost of sales, selling, general and administrative expenses and loss on impairment of goodwill from net sales. This result is regularly reviewed to support decision-making in allocations of resources and to assess performance. Certain operating expenses such as litigation settlement and other costs are not included.

Qualitative data herein are compared with the same period of the previous year, unless otherwise noted.

**2. Financial Position and Cash Flows for the First Nine Months of FY2018**

Total assets decreased by 137.5 billion yen from the end of March 2018 to 4,320.7 billion yen (US\$38,925.5 million).

Shareholders' equity, or equity attributable to the shareholders of the Company, was 1,586.4 billion yen (US\$14,291.9 million), an increase of 803.3 billion yen from the end of March 2018.

Total interest-bearing debt decreased by 243.7 billion yen from the end of March 2018 to 448.7 billion yen (US\$4,042.3 million).

As a result of the foregoing, the shareholders' equity ratio at the end of December 2018 was 36.7%, a 19.1 point increase from the end of March 2018.

Free cash flow increased by 1,851.6 billion yen to 1,405.4 billion yen (US\$12,661.6 million).

**3. Explanation of Future Estimate Information, and Performance Forecast for FY2018**

Toshiba revised down its full year forecast for operating income by 40.0 billion yen. Toshiba has recorded an impairment loss and a provision made for NuFlare Technology, Inc., a consolidated subsidiary (hereinafter "NFT"). Following a fall in the price of NFT's stock, part of a steep decline in stock prices across the market, Toshiba responded by carrying out impairment assessment, as required by the accounting standards, which specify that the stock price trend is a factor to consider in respect of goodwill impairment. This assessment found evidence of impairment, which was confirmed by further impairment tests. Accordingly, Toshiba has recognized an impairment to NFT's goodwill in the amount of 9.8 billion yen in its third quarter results. After this process, the balance of goodwill in NFT at the end of December 2018 stood at 8.0 billion yen. NFT's FY2018 forecast remains unchanged from the initial May 11, 2018 announcement, and NFT is now performing well. Notwithstanding this, if the market environment continues to deteriorate, impairment assessment will be carried out again, as required by the accounting standards. Given that Toshiba can foresee the possibility of additional impairment, it has made provision for

impairment risk to NFT's 8.0 billion yen balance of goodwill. As a result, Toshiba has incorporated operating loss of approximately 18.0 billion yen in total into the FY2018 full year forecast for the Storage & Electronic Devices Solutions segment.

In addition, Toshiba has recorded additional operating loss of approximately 17.0 billion yen into the FY2018 full year forecast for the Energy Systems & Solutions segment, resulting mainly from additional provision made for projects including large-scale Transmission & Distribution project in Japan.

Mainly due to these factors, the forecast for full year operating income had been revised down from the previous FY2018 forecast.

The forecast for Income from continuing operations, before income taxes and noncontrolling interests has been revised down by 70.0 billion yen. In addition to the above impacts to operating income, this revision is due to the deterioration of equity earnings from Toshiba Memory Corporation associated with the impact of Purchase Price Allocation procedures on acquired assets and underwritten liabilities at the buyer of the Memory business completed in the third quarter, and the latest business performance trends.

As a result of the foregoing, the forecast for Basic earnings per share attributable to shareholders of the Company has been revised down by 50.0 billion yen from the previous FY2018 forecast.

In line with the foregoing, Toshiba has revised the full year business forecast for FY2018 announced on November 8, 2018, as below. For further information, please refer to the February 13, 2019 announcement, "Notice Regarding Revision of Toshiba Corporation's Business Results Forecast for FY2018."

|   | (Yen in billions) |                  |        |         |
|---|-------------------|------------------|--------|---------|
|   | (A)               | (B)              | (B-A)  | (B)/(A) |
|   | Previous Forecast | Revised Forecast |        |         |
| Net Sales   | 3,600.0           | 3,620.0          | 20.0   | 100.6%  |
| Operating income  | 60.0              | 20.0             | (40.0) | 33.3%   |
| Income from continuing operations, before income taxes and noncontrolling interests | (40.0)            | (110.0)          | (70.0) | -       |
| Net income attributable to shareholders of the Company                              | 920.0             | 870.0            | (50.0) | 94.6%   |
| Basic earnings per share attributable to shareholders of the Company                | ¥1,411.79         | ¥1,404.31        | -      | -       |

#### **4. Others**

- (1) Changes in significant subsidiaries during the period (changes in Specified Subsidiaries (“Tokutei Kogaisha”) involving changes in the scope of consolidation):  
In April 2018, the Company sold all the shares of Toshiba Nuclear Energy Holdings (US) Inc. (hereinafter TNEH (US)). As a result, TNEH (US) and its subsidiaries were deconsolidated from Toshiba Group.

In June 2017, the Company split off its Memory business, including the Solid State Drive business and excluding the Image Sensor business, into TMC. Subsequently, in June 2018, the Company sold all the shares of TMC to K.K. Pangea (Pangea), a special purpose company formed and controlled by a consortium led by Bain Capital Private Equity. Along with the sale of TMC to Pangea, Toshiba Group reinvested in the common stock of Pangea, thereby retaining an equity interest in the Memory business. As a result of the sale, TMC was deconsolidated from Toshiba Group. As of August 2018, Pangea merged with TMC. And Pangea changed its name to “Toshiba Memory Corporation.” TMC is now treated as an affiliate accounted for by the equity method.

- (2) Use of simplified accounting procedures, and particular accounting procedures in preparation of quarterly consolidated financial statements:

##### Income taxes

Interim income tax expense (benefit) is computed by multiplying income (loss) before income taxes and noncontrolling interests for the nine-months period ending December 31, 2018 by a reasonably estimated annual effective tax rate after applying the effect of deferred taxes for FY2018, ending March 31, 2019.

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

- (3) Change in accounting policies:

In May 2014, Financial Accounting Standard Board (FASB) issued Accounting Standard Update (ASU) No. 2014-09 “Revenue from Contracts with Customers.” ASU No. 2014-09 supersedes all previous revenue recognition requirements and affects any entity that either enters into contracts with customers for transfers of goods or services, or enters into contracts for transfers of nonfinancial assets, unless those contracts are within the scope of other standards. Under ASU No. 2014-09, an entity should apply the five-step approach to recognizing revenue. ASU No. 2014-09 also requires an entity to disclose its contracts with customers; the significant judgments, and changes in judgments, made in applying the new standard to those contracts; and the qualitative and quantitative information about assets recognized from the costs of obtaining or fulfilling a contract with a customer. The Company adopted ASU No.

2014-09 effective from the first quarter, beginning April 1, 2018, and applied the modified retrospective method to contracts that were not completed as of the date of adoption. As a result, the Company changed its revenue recognition for certain transactions from at the point of completion to a fixed term based on the transfer of control of goods or services. In addition, the Company modified the separation of performance obligations and the allocation of transaction prices for transactions whose revenue had been deferred due to the absence of vendor-specific objective evidence of the fair value of goods or services transferred for allocating transaction prices. While the adoption of ASU No. 2014-09 partially affected the Company's revenue recognition, especially with regard to the transactions above, the Company assessed the impact on the consolidated financial statements as immaterial.

The Company adopted ASU No. 2016-01 "Financial Instruments Overall Recognition and Measurement of Financial Assets and Financial Liabilities" effective from the first quarter, beginning April 1, 2018. ASU No. 2016-01 made revisions concerning the recognition, measurement, presentation and disclosure of financial instruments, and the amendments in this update require equity investments excluding investments in consolidated subsidiaries and affiliated companies to be measured at fair value, with changes in fair value recognized in net income (loss). As a result of adopting this standard, a cumulative-effect adjustment to retained earnings of 37,147 million yen was recognized as the after-tax unrealized gains of available-for-sale equity securities previously recognized in accumulated other comprehensive income at the beginning of the fiscal year.

The Company adopted ASU No. 2016-16 "Income Taxes Intra-Entity Transfers of Assets Other Than Inventory" effective from the first quarter, beginning April 1, 2018. This ASU requires recognition of the income tax consequences of an intra-entity transfer of assets other than inventory when the transfer occurs. Prior to the adoption of this ASU, US GAAP prohibited the recognition of income tax consequences for asset transfers, other than inventory, until the asset was sold to a third party. ASU No. 2016-16 requires an entity to recognize the cumulated adjustment amount to opening retained earnings at the beginning of the fiscal year on a modified retrospective basis, and the Company assessed the impact of the adoption on the consolidated financial statements as immaterial.

The Company adopted ASU No. 2016-18 "Statement of Cash Flows Restricted Cash (a consensus of the FASB Emerging Issues Task Force)" effective from the first quarter, beginning April 1, 2018. This ASU requires an entity to report restricted cash and cash equivalents in cash and cash equivalents in the consolidated cash flow statement. As a result of adopting this standard, cash, cash equivalents and restricted cash amounts in the consolidated cash flow statements for the first nine months of FY2017 and FY2018 have been disclosed in cash and cash equivalents including

restricted cash balances.

The Company adopted ASU No. 2017-07 “Compensation Retirement Benefits Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost” effective from the first quarter, beginning April 1, 2018. This ASU requires an entity to separate the service component from other components of the net benefit cost, and to recognize it with other employee compensation costs in the income statement. Other components of the net benefit cost are recognized separately, such as in other income (expense). As a result of adopting this standard, 2,632 million yen from cost of sales and 3,292 million yen from selling, general and administrative cost were reclassified to other expenses in the first nine months of FY2017, and 891 million yen from cost of sales and 1,115 million yen from selling, general and administrative cost were reclassified to other expenses in the third quarter of FY2017, and 1,384 million yen from cost of sales and 1,945 million yen from selling, general and administrative cost were reclassified to other expenses in the first nine months of FY2018, and 55 million yen from cost of sales and 94 million yen from selling, general and administrative cost were reclassified to other expenses in the third quarter of FY2018.

The Company adopted ASU No. 2016-15 “Statement of Cash Flows Classification of Certain Cash Receipts and Cash Payments (a consensus of the FASB Emerging Issues Task Force)” effective from the first quarter, beginning April 1, 2018. This ASU adds or clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows. As a result of adopting this standard, 1,218 million yen of cash flows from operating activities was reclassified to cash flows from investing activities in the consolidated cash flow statement in the first nine months of FY2017.

**Disclaimer:**

This report of business results contains forward-looking statements concerning future plans, strategies and forecasts of Toshiba Group business results. These statements are based on management’s assumptions and beliefs in light of the economic, financial and other data currently available. Since Toshiba Group is promoting business under various market environments in many countries and regions, they are subject to a number of their risks and uncertainties. Toshiba therefore wishes to caution readers that actual results might differ materially from our expectations. Major risk factors that may have a material influence on results are indicated below, although this list is not necessarily exhaustive.

- Major disasters, including earthquakes and typhoons;
- Disputes, including lawsuits, in Japan and other countries;
- Success or failure of alliances or joint ventures promoted in collaboration with other companies;
- Success or failure of new businesses or R&D investment;
- Changes in political and economic conditions in Japan and abroad; unexpected

- regulatory changes;
- Rapid changes in the supply and demand situation in major markets and intensified price competition;
  - Significant capital expenditure for production facilities and rapid changes in the market;
  - Changes in financial markets, including fluctuations in interest rates and exchange rates.

**Note:**

For convenience only, all dollar figures used in reporting the first nine months of FY2018 are calculated at 111 yen to the dollar.

###

## Toshiba Group

**Consolidated Financial Statements**

For the First Nine Months and the Third Quarter of Fiscal Year Ending March 2019

**1. Nine Months Results**

(¥ in billions, US\$ in millions, except for earnings per share)

|   | Nine Months ended December 31 |          |           |         |            |
|---|-------------------------------|----------|-----------|---------|------------|
|   | 2018(A)                       | 2017(B)  | (A)-(B)   | (A)/(B) | 2018       |
| Net sales   | ¥2,647.2                      | ¥2,800.3 | ¥(153.1)  | 95%     | \$23,848.3 |
| Operating income  | 8.2                           | 55.5     | (47.3)    | 15%     | 73.9       |
| Income from continuing operations,<br>before income taxes and<br>noncontrolling interests | 10.4                          | 87.9     | (77.5)    | 12%     | 93.7       |
| Net income attributable to<br>shareholders of the Company                                 | 1,021.6                       | 27.0     | 994.6     | —       | 9,203.8    |
| Basic earnings per share<br>attributable to shareholders of<br>the Company                | ¥1,603.62                     | ¥60.61   | ¥1,543.01 |         | \$14.45    |

**2. Third Quarter Results**

(¥ in billions, US\$ in millions, except for earnings per share)

|  | Three months ended December 31 |         |           |         |           |
|--|--------------------------------|---------|-----------|---------|-----------|
|  | 2018(A)                        | 2017(B) | (A)-(B)   | (A)/(B) | 2018      |
| Net sales  | ¥869.2                         | ¥926.5  | ¥(57.3)   | 94%     | \$7,830.7 |
| Operating income   | 1.2                            | 19.3    | (18.1)    | 6%      | 11.0      |
| Income (loss) from continuing operations,<br>before income taxes and<br>noncontrolling interests | (60.2)                         | 14.3    | (74.5)    | —       | (542.0)   |
| Net income (loss) attributable to<br>shareholders of the Company                                 | (60.5)                         | 76.8    | (137.3)   | —       | (545.2)   |
| Basic earnings (losses) per share<br>attributable to shareholders of<br>the Company              | ¥(98.36)                       | ¥159.92 | ¥(258.28) |         | \$(0.89)  |

Notes:

- 1) Consolidated Financial Statements are based on generally accepted accounting principles in the U.S.
- 2) The U.S. dollar is valued at ¥111 throughout this statement for convenience only.

**Comparative Consolidated Balance Sheets**

(¥ in millions, US\$ in thousands)

|  | Dec. 31, 2018<br>(A) | Mar. 31, 2018<br>(B) | (A)-(B)     | Dec. 31, 2018       |
|--|----------------------|----------------------|-------------|---------------------|
| <b>Assets</b>  |                      |                      |             |                     |
| Current assets   | <b>¥3,091,073</b>    | ¥3,579,096           | ¥(488,023)  | <b>\$27,847,505</b> |
| Cash and cash equivalents                                      | <b>1,424,470</b>     | 500,820              | 923,650     | <b>12,833,063</b>   |
| Notes and accounts receivable, trade                           | <b>876,212</b>       | 968,146              | (91,934)    | <b>7,893,802</b>    |
| Inventories  | <b>550,899</b>       | 469,767              | 81,132      | <b>4,963,054</b>    |
| Prepaid expenses and other current assets                      | <b>239,492</b>       | 343,882              | (104,390)   | <b>2,157,586</b>    |
| Assets of discontinued operations - current                    | —                    | 1,296,481            | (1,296,481) | —                   |
| Long-term receivables  | <b>6,366</b>         | 7,862                | (1,496)     | <b>57,351</b>       |
| Investments  | <b>601,673</b>       | 237,978              | 363,695     | <b>5,420,477</b>    |
| Property, plant and equipment                                  | <b>378,633</b>       | 365,635              | 12,998      | <b>3,411,108</b>    |
| Other assets   | <b>242,984</b>       | 267,640              | (24,656)    | <b>2,189,045</b>    |
| Total assets   | <b>¥4,320,729</b>    | ¥4,458,211           | ¥(137,482)  | <b>\$38,925,486</b> |
| <b>Liabilities and equity</b>                                  |                      |                      |             |                     |
| Current liabilities  | <b>¥1,764,356</b>    | ¥2,430,940           | ¥(666,584)  | <b>\$15,895,099</b> |
| Short-term borrowings<br>and current portion of long-term debt | <b>319,185</b>       | 301,558              | 17,627      | <b>2,875,541</b>    |
| Notes and accounts payable, trade                              | <b>633,124</b>       | 684,687              | (51,563)    | <b>5,703,820</b>    |
| Other current liabilities                                      | <b>812,047</b>       | 1,095,087            | (283,040)   | <b>7,315,738</b>    |
| Liabilities of discontinued operations - current               | —                    | 349,608              | (349,608)   | —                   |
| Accrued pension and severance costs                            | <b>418,285</b>       | 443,092              | (24,807)    | <b>3,768,333</b>    |
| Long-term debt and other liabilities                           | <b>316,687</b>       | 573,445              | (256,758)   | <b>2,853,036</b>    |
| Equity   | <b>1,821,401</b>     | 1,010,734            | 810,667     | <b>16,409,018</b>   |
| Equity attributable to shareholders of the Company             | <b>1,586,401</b>     | 783,135              | 803,266     | <b>14,291,901</b>   |
| Common stock   | <b>200,044</b>       | 499,999              | (299,955)   | <b>1,802,198</b>    |
| Additional paid-in capital                                     | <b>390</b>           | 357,153              | (356,763)   | <b>3,514</b>        |
| Retained earnings  | <b>1,696,078</b>     | 223,615              | 1,472,463   | <b>15,279,982</b>   |
| Accumulated other comprehensive loss                           | <b>(259,430)</b>     | (295,572)            | 36,142      | <b>(2,337,207)</b>  |
| Treasury stock   | <b>(50,681)</b>      | (2,060)              | (48,621)    | <b>(456,586)</b>    |
| Equity attributable to noncontrolling interests                | <b>235,000</b>       | 227,599              | 7,401       | <b>2,117,117</b>    |
| Total liabilities and equity                                   | <b>¥4,320,729</b>    | ¥4,458,211           | ¥(137,482)  | <b>\$38,925,486</b> |

Breakdown of accumulated other comprehensive loss

|   |                 |           |            |                    |
|---|-----------------|-----------|------------|--------------------|
| Unrealized gains on securities              | ¥1              | ¥37,147   | ¥(37,146)  | \$9                |
| Foreign currency translation adjustments    | (31,849)        | (82,514)  | 50,665     | (286,928)          |
| Pension liability adjustments               | (226,914)       | (248,874) | 21,960     | (2,044,270)        |
| Unrealized losses on derivative instruments | (668)           | (1,331)   | 663        | (6,018)            |
| Total interest-bearing debt                 | <b>¥448,697</b> | ¥692,418  | ¥(243,721) | <b>\$4,042,315</b> |

## Comparative Consolidated Statements of Operations

### 1. Nine Months ended December 31

(¥ in millions, US\$ in thousands)

|  | Nine months ended December 31 |            |            |         |                    |
|--|-------------------------------|------------|------------|---------|--------------------|
|  | 2018(A)                       | 2017(B)    | (A)-(B)    | (A)/(B) | 2018               |
| <b>Sales and other income</b>  |                               |            |            |         |                    |
| Net sales  | ¥2,647,161                    | ¥2,800,331 | ¥(153,170) | 95%     | \$23,848,297       |
| Interest   | 4,016                         | 5,354      | (1,338)    | 75%     | 36,180             |
| Dividends  | 1,175                         | 845        | 330        | 139%    | 10,586             |
| Equity in earnings of affiliates   | 11,780                        | 5,613      | 6,167      | 210%    | 106,126            |
| Other income   | 46,233                        | 99,102     | (52,869)   | 47%     | 416,514            |
| <b>Costs and expenses</b>  |                               |            |            |         |                    |
| Cost of sales  | 1,999,475                     | 2,097,260  | (97,785)   | 95%     | 18,013,288         |
| Selling, general and administrative  | 629,646                       | 647,578    | (17,932)   | 97%     | 5,672,486          |
| Loss on impairment of goodwill   | 9,838                         | —          | 9,838      | —       | 88,631             |
| Interest   | 8,535                         | 22,035     | (13,500)   | 39%     | 76,892             |
| Other expense  | 52,473                        | 56,490     | (4,017)    | 93%     | 472,730            |
| <b>Income from continuing operations, before income taxes and noncontrolling interests</b> | <b>10,398</b>                 | 87,882     | (77,484)   | 12%     | <b>93,676</b>      |
| <b>Income taxes</b>  | <b>16,351</b>                 | 1,732      | 14,619     | 944%    | <b>147,307</b>     |
| <b>Income(loss) from continuing operations, before noncontrolling interests</b>            | <b>(5,953)</b>                | 86,150     | (92,103)   | —       | <b>(53,631)</b>    |
| <b>Income(loss) from discontinued operations, before noncontrolling interests</b>          | <b>1,044,012</b>              | (27,299)   | 1,071,311  | —       | <b>9,405,514</b>   |
| <b>Net income before noncontrolling interests</b>  | <b>1,038,059</b>              | 58,851     | 979,208    | —       | <b>9,351,883</b>   |
| <b>Less: Net income attributable to noncontrolling interests</b>                           | <b>16,436</b>                 | 31,809     | (15,373)   | 52%     | <b>148,072</b>     |
| <b>Net income attributable to shareholders of the Company</b>                              | <b>¥1,021,623</b>             | ¥27,042    | ¥994,581   | —       | <b>\$9,203,811</b> |

**2.Third Quarter ended December 31**

(¥ in millions, US\$ in thousands)

|  | <b>Three months ended December 31</b> |          |            |         |                    |
|--|---------------------------------------|----------|------------|---------|--------------------|
|  | <b>2018(A)</b>                        | 2017(B)  | (A)-(B)    | (A)/(B) | <b>2018</b>        |
| <b>Sales and other income</b>  |                                       |          |            |         |                    |
| Net sales  | <b>¥869,209</b>                       | ¥926,577 | ¥(57,368)  | 94%     | <b>\$7,830,712</b> |
| Interest   | <b>878</b>                            | 1,921    | (1,043)    | 46%     | <b>7,910</b>       |
| Dividends  | <b>184</b>                            | 172      | 12         | 107%    | <b>1,658</b>       |
| Equity in earnings of affiliates   | —                                     | 1,185    | (1,185)    | —       | —                  |
| Other income   | <b>3,819</b>                          | 14,903   | (11,084)   | 26%     | <b>34,405</b>      |
| <b>Costs and expenses</b>  |                                       |          |            |         |                    |
| Cost of sales  | <b>648,108</b>                        | 701,936  | (53,828)   | 92%     | <b>5,838,811</b>   |
| Selling, general and administrative  | <b>210,037</b>                        | 205,302  | 4,735      | 102%    | <b>1,892,225</b>   |
| Loss on impairment of goodwill   | <b>9,838</b>                          | —        | 9,838      | —       | <b>88,631</b>      |
| Interest   | <b>2,020</b>                          | 8,691    | (6,671)    | 23%     | <b>18,198</b>      |
| Equity in losses of affiliates   | <b>38,543</b>                         | —        | 38,543     | —       | <b>347,234</b>     |
| Other expense  | <b>25,704</b>                         | 14,588   | 11,116     | 176%    | <b>231,568</b>     |
| <b>Income(loss) from continuing operations, before income taxes and noncontrolling interests</b> | <b>(60,160)</b>                       | 14,241   | (74,401)   | —       | <b>(541,982)</b>   |
| <b>Income taxes</b>  | <b>(3,986)</b>                        | (21,023) | 17,037     | —       | <b>(35,910)</b>    |
| <b>Income(loss) from continuing operations, before noncontrolling interests</b>                  | <b>(56,174)</b>                       | 35,264   | (91,438)   | —       | <b>(506,072)</b>   |
| <b>Income(loss) from discontinued operations, before noncontrolling interests</b>                | <b>(340)</b>                          | 59,323   | (59,663)   | —       | <b>(3,063)</b>     |
| <b>Net income(loss) before noncontrolling interests</b>  | <b>(56,514)</b>                       | 94,587   | (151,101)  | —       | <b>(509,135)</b>   |
| <b>Less:Net income attributable to noncontrolling interests</b>                                  | <b>3,999</b>                          | 17,760   | (13,761)   | 23%     | <b>36,027</b>      |
| <b>Net income(loss) attributable to shareholders of the Company</b>                              | <b>¥(60,513)</b>                      | ¥76,827  | ¥(137,340) | —       | <b>\$(545,162)</b> |

## Comparative Consolidated Statements of Comprehensive Income

### 1. Nine Months ended December 31

(¥ in millions, US\$ in thousands)

|  | <b>Nine months ended December 31</b> |          |            |         |                    |
|--|--------------------------------------|----------|------------|---------|--------------------|
|  | <b>2018(A)</b>                       | 2017(B)  | (A)-(B)    | (A)/(B) | <b>2018</b>        |
| <b>Net income before noncontrolling interests</b>                          | <b>¥1,038,059</b>                    | ¥58,851  | ¥979,208   | —       | <b>\$9,351,883</b> |
| <b>Other comprehensive income (loss), net of tax</b>                       |                                      |          |            |         |                    |
| Unrealized gains on securities   | 1                                    | 9,470    | (9,469)    | 0%      | 9                  |
| Foreign currency translation adjustments                                   | 49,603                               | (34,887) | 84,490     | —       | 446,874            |
| Pension liability adjustments  | 21,072                               | 13,697   | 7,375      | 154%    | 189,838            |
| Unrealized gains on derivative instruments                                 | 785                                  | 1,278    | (493)      | 61%     | 7,072              |
| <b>Total other comprehensive income (loss)</b>                             | <b>71,461</b>                        | (10,442) | 81,903     | —       | <b>643,793</b>     |
| <b>Comprehensive income</b>  | <b>1,109,520</b>                     | 48,409   | 1,061,111  | —       | <b>9,995,676</b>   |
| <b>Less: Comprehensive income attributable to noncontrolling interests</b> | <b>14,608</b>                        | 23,361   | (8,753)    | 63%     | <b>131,604</b>     |
| <b>Comprehensive income attributable to shareholders of the Company</b>    | <b>¥1,094,912</b>                    | ¥25,048  | ¥1,069,864 | —       | <b>\$9,864,072</b> |

### 2. Third Quarter ended December 31

(¥ in millions, US\$ in thousands)

|  | <b>Three months ended December 31</b> |         |            |         |                    |
|--|---------------------------------------|---------|------------|---------|--------------------|
|  | <b>2018(A)</b>                        | 2017(B) | (A)-(B)    | (A)/(B) | <b>2018</b>        |
| <b>Net income (loss) before noncontrolling interests</b>                       | <b>¥(56,514)</b>                      | ¥94,587 | ¥(151,101) | —       | <b>\$(509,135)</b> |
| <b>Other comprehensive income, net of tax</b>                                  |                                       |         |            |         |                    |
| Unrealized gains on securities   | 8                                     | 198     | (190)      | 4%      | 72                 |
| Foreign currency translation adjustments                                       | (3,117)                               | 4,736   | (7,853)    | —       | (28,081)           |
| Pension liability adjustments  | 4,349                                 | 3,558   | 791        | 122%    | 39,180             |
| Unrealized gains on derivative instruments                                     | 435                                   | 522     | (87)       | 83%     | 3,919              |
| <b>Total other comprehensive income</b>  | <b>1,675</b>                          | 9,014   | (7,339)    | 19%     | <b>15,090</b>      |
| <b>Comprehensive income (loss)</b>   | <b>(54,839)</b>                       | 103,601 | (158,440)  | —       | <b>(494,045)</b>   |
| <b>Less: Comprehensive income attributable to noncontrolling interests</b>     | <b>1,850</b>                          | 24,272  | (22,422)   | 8%      | <b>16,667</b>      |
| <b>Comprehensive income (loss) attributable to shareholders of the Company</b> | <b>¥(56,689)</b>                      | ¥79,329 | ¥(136,018) | —       | <b>\$(510,712)</b> |

## Comparative Consolidated Statements of Cash Flows

Nine months ended December 31

(¥ in millions, US\$ in thousands)

|   | Nine months ended December 31 |           |           |              |
|---|-------------------------------|-----------|-----------|--------------|
|   | 2018(A)                       | 2017(B)   | (A)-(B)   | 2018         |
| <b>Cash flows from operating activities</b>   |                               |           |           |              |
| Net income before noncontrolling interests  | ¥1,038,059                    | ¥58,851   | ¥979,208  | \$9,351,883  |
| Depreciation and amortization   | 57,571                        | 98,836    | (41,265)  | 518,657      |
| Equity in earnings of affiliates, net of dividends  | (6,477)                       | (3,990)   | (2,487)   | (58,351)     |
| Gain from sales and impairment of securities, net   | (937,290)                     | (52,559)  | (884,731) | (8,444,054)  |
| Decrease in notes and accounts receivable, trade  | 99,255                        | 50,170    | 49,085    | 894,189      |
| Increase in inventories   | (148,402)                     | (119,396) | (29,006)  | (1,336,955)  |
| Decrease in notes and accounts payable, trade   | (37,775)                      | (16,311)  | (21,464)  | (340,315)    |
| Others  | 4,218                         | (400,470) | 404,688   | 38,000       |
| Adjustments to reconcile net income (loss) before noncontrolling interests to net cash provided by (used in) operating activities | (968,900)                     | (443,720) | (525,180) | (8,728,829)  |
| Net cash provided by (used in) operating activities   | 69,159                        | (384,869) | 454,028   | 623,054      |
| <b>Cash flows from investing activities</b>   |                               |           |           |              |
| Proceeds from sale of property, plant and equipment, intangible assets and securities   | 3,292                         | 25,062    | (21,770)  | 29,658       |
| Acquisition of property, plant and equipment  | (101,855)                     | (115,064) | 13,209    | (917,613)    |
| Acquisition of intangible assets  | (10,871)                      | (13,090)  | 2,219     | (97,937)     |
| Purchase of securities  | (872)                         | (16,387)  | 15,515    | (7,856)      |
| Increase in investments in affiliates   | (30,438)                      | (75,108)  | 44,670    | (274,216)    |
| Proceeds from sale of Toshiba Memory Corporation stock  | 1,458,289                     | -         | 1,458,289 | 13,137,739   |
| Others  | 18,733                        | 133,215   | (114,482) | 168,766      |
| Net cash provided by (used in) investing activities   | 1,336,278                     | (61,372)  | 1,397,650 | 12,038,541   |
| <b>Cash flows from financing activities</b>   |                               |           |           |              |
| Proceeds from long-term debt  | 3,750                         | 2,152     | 1,598     | 33,784       |
| Repayment of long-term debt   | (174,687)                     | (186,843) | 12,156    | (1,573,757)  |
| Increase (decrease) in short-term borrowings, net   | (71,205)                      | 120,880   | (192,085) | (641,486)    |
| Dividends paid  | (11,284)                      | (10,489)  | (795)     | (101,658)    |
| Proceeds from stock offering  | -                             | 597,900   | (597,900) | -            |
| Purchase of treasury stock, net   | (294,605)                     | (105)     | (294,500) | (2,654,099)  |
| Others  | 18,422                        | (131,140) | 149,562   | 165,964      |
| Net cash provided by (used in) financing activities   | (529,609)                     | 392,355   | (921,964) | (4,771,252)  |
| <b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>  | (15)                          | 4,389     | (4,404)   | (136)        |
| <b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>  | 875,813                       | (49,497)  | 925,310   | 7,890,207    |
| <b>Cash, cash equivalents and restricted cash at beginning of the period</b>  | 548,657                       | 723,231   | (174,574) | 4,942,856    |
| <b>Cash, cash equivalents and restricted cash at end of the period</b>  | 1,424,470                     | 673,734   | 750,736   | 12,833,063   |
| <b>Less: Cash, cash equivalents and restricted cash of discontinued operations at end of the period</b>                           | -                             | 19,354    | (19,354)  | -            |
| <b>Cash, cash equivalents and restricted cash of continuing operations at end of the period</b>                                   | ¥1,424,470                    | ¥654,380  | ¥770,090  | \$12,833,063 |

Cash, cash equivalents and restricted cash of continuing operations at end of the period are included in the following accounts in the quarterly consolidated balance sheets.

|  |            |          |          |              |
|--|------------|----------|----------|--------------|
| Cash and cash equivalents  | 1,424,470  | 638,842  | 785,628  | \$12,833,063 |
| Restricted cash included in other assets   | -          | 15,538   | (15,538) | -            |
| Cash, cash equivalents and restricted cash of continuing operations at end of the period | ¥1,424,470 | ¥654,380 | ¥770,090 | \$12,833,063 |

**Industry Segment Information****1.Nine Months ended December 31**

(¥ in millions, US\$ in thousands)

|  |   | Nine months ended December 31 |                     |                     |         |                     |
|--|---|-------------------------------|---------------------|---------------------|---------|---------------------|
|  |   | 2018(A)                       | 2017(B)             | (A)-(B)             | (A)/(B) | 2018                |
| Net sales<br>(Share of<br>total sales)   | Energy Systems & Solutions                | <b>¥451,098</b><br>(16%)      | ¥607,884<br>(20%)   | ¥(156,786)<br>(-4%) | 74%     | <b>\$4,063,946</b>  |
|  | Infrastructure Systems & Solutions        | <b>863,738</b><br>(30%)       | 830,584<br>(27%)    | 33,154<br>(3%)      | 104%    | <b>7,781,423</b>    |
|  | Retail & Printing Solutions               | <b>361,600</b><br>(13%)       | 379,342<br>(12%)    | (17,742)<br>(1%)    | 95%     | <b>3,257,658</b>    |
|  | Storage & Electronic Devices<br>Solutions | <b>690,910</b><br>(24%)       | 661,029<br>(22%)    | 29,881<br>(2%)      | 105%    | <b>6,224,414</b>    |
|  | Industrial ICT Solutions                  | <b>176,222</b><br>(6%)        | 176,861<br>(6%)     | (639)<br>(-)        | 100%    | <b>1,587,586</b>    |
|  | Others                                    | <b>331,824</b><br>(11%)       | 382,975<br>(13%)    | (51,151)<br>(-2%)   | 87%     | <b>2,989,405</b>    |
|  | Total                                     | <b>2,875,392</b><br>(100%)    | 3,038,675<br>(100%) | (163,283)           | 95%     | <b>25,904,432</b>   |
|  | Eliminations                              | <b>(228,231)</b>              | (238,344)           | 10,113              | —       | <b>(2,056,135)</b>  |
| Consolidated                             |   | <b>¥2,647,161</b>             | ¥2,800,331          | ¥(153,170)          | 95%     | <b>\$23,848,297</b> |
| Segment<br>operating<br>income<br>(loss) | Energy Systems & Solutions                | <b>¥(21,706)</b>              | ¥(7,488)            | ¥(14,218)           | —       | <b>\$(195,550)</b>  |
|  | Infrastructure Systems & Solutions        | <b>10,305</b>                 | 11,259              | (954)               | 92%     | <b>92,838</b>       |
|  | Retail & Printing Solutions               | <b>15,577</b>                 | 18,760              | (3,183)             | 83%     | <b>140,333</b>      |
|  | Storage & Electronic Devices<br>Solutions | <b>12,552</b>                 | 48,855              | (36,303)            | 26%     | <b>113,081</b>      |
|  | Industrial ICT Solutions                  | <b>1,643</b>                  | (2,615)             | 4,258               | —       | <b>14,802</b>       |
|  | Others                                    | <b>(14,363)</b>               | (17,161)            | 2,798               | —       | <b>(129,396)</b>    |
|  | Total                                     | <b>4,008</b>                  | 51,610              | (47,602)            | 8%      | <b>36,108</b>       |
|  | Eliminations                              | <b>4,194</b>                  | 3,883               | 311                 | —       | <b>37,784</b>       |
| Consolidated                             |   | <b>¥8,202</b>                 | ¥55,493             | ¥(47,291)           | 15%     | <b>\$73,892</b>     |

**2.Third Quarter ended December 31**

(¥ in millions, US\$ in thousands)

|  |   | Three months ended December 31 |                     |                    |         |                    |
|--|---|--------------------------------|---------------------|--------------------|---------|--------------------|
|  |   | 2018(A)                        | 2017(B)             | (A)-(B)            | (A)/(B) | 2018               |
| Net sales<br>(Share of<br>total sales)   | Energy Systems & Solutions                | <b>¥147,993</b><br>(16%)       | ¥177,487<br>(18%)   | ¥(29,494)<br>(-2%) | 83%     | <b>\$1,333,270</b> |
|  | Infrastructure Systems & Solutions        | <b>295,719</b><br>(31%)        | 278,480<br>(27%)    | 17,239<br>(4%)     | 106%    | <b>2,664,135</b>   |
|  | Retail & Printing Solutions               | <b>120,611</b><br>(13%)        | 131,503<br>(13%)    | (10,892)<br>(-)    | 92%     | <b>1,086,586</b>   |
|  | Storage & Electronic Devices<br>Solutions | <b>234,131</b><br>(25%)        | 228,463<br>(23%)    | 5,668<br>(2%)      | 102%    | <b>2,109,288</b>   |
|  | Industrial ICT Solutions                  | <b>58,596</b><br>(6%)          | 58,143<br>(6%)      | 453<br>(-)         | 101%    | <b>527,892</b>     |
|  | Others                                    | <b>83,375</b><br>(9%)          | 139,735<br>(13%)    | (56,360)<br>(-4%)  | 60%     | <b>751,126</b>     |
|  | Total                                     | <b>940,425</b><br>(100%)       | 1,013,811<br>(100%) | (73,386)           | 93%     | <b>8,472,297</b>   |
|  | Eliminations                              | <b>(71,216)</b>                | (87,234)            | 16,018             | —       | <b>(641,585)</b>   |
| Consolidated                             |   | <b>¥869,209</b>                | ¥926,577            | ¥(57,368)          | 94%     | <b>\$7,830,712</b> |
| Segment<br>operating<br>income<br>(loss) | Energy Systems & Solutions                | <b>¥(17,845)</b>               | ¥(6,720)            | ¥(11,125)          | —       | <b>\$(160,766)</b> |
|  | Infrastructure Systems & Solutions        | <b>8,854</b>                   | 8,526               | 328                | 104%    | <b>79,766</b>      |
|  | Retail & Printing Solutions               | <b>7,617</b>                   | 7,470               | 147                | 102%    | <b>68,622</b>      |
|  | Storage & Electronic Devices<br>Solutions | <b>1,916</b>                   | 16,001              | (14,085)           | 12%     | <b>17,261</b>      |
|  | Industrial ICT Solutions                  | <b>2,953</b>                   | (712)               | 3,665              | —       | <b>26,604</b>      |
|  | Others                                    | <b>(3,492)</b>                 | (8,788)             | 5,296              | —       | <b>(31,460)</b>    |
|  | Total                                     | <b>3</b>                       | 15,777              | (15,774)           | 0%      | <b>27</b>          |
|  | Eliminations                              | <b>1,223</b>                   | 3,562               | (2,339)            | —       | <b>11,018</b>      |
| Consolidated                             |   | <b>¥1,226</b>                  | ¥19,339             | ¥(18,113)          | 6%      | <b>\$11,045</b>    |

Notes:

- 1) Segment sales total includes intersegment transactions.
- 2) Segment operating income (loss) is derived by deducting the segment's cost of sales, selling, general and administrative expenses and loss on impairment of goodwill from net sales. This result is regularly reviewed to support decision-making in allocations of resources and to assess performance. Certain operating expenses such as legal settlement costs have been excluded from segment operating income (loss) presentation herein.
- 3) Prior-period data relating to the consolidated segment information has been reclassified to conform with the current classification.

**Net Sales by Region**

**1.Nine Months ended December 31**

(¥ in millions, US\$ in thousands)

|               | <b>Nine months ended December 31</b> |                      |                   |                |                     |
|---------------|--------------------------------------|----------------------|-------------------|----------------|---------------------|
|               | <b>2018(A)</b>                       | <b>2017(B)</b>       | <b>(A)-(B)</b>    | <b>(A)/(B)</b> | <b>2018</b>         |
| Japan         | <b>¥1,431,503</b><br>(54%)           | ¥1,498,075<br>(53%)  | ¥(66,572)<br>(1%) | 96%            | <b>\$12,896,423</b> |
| Overseas      | <b>1,215,658</b><br>(46%)            | 1,302,256<br>(47%)   | (86,598)<br>(-1%) | 93%            | <b>10,951,874</b>   |
| Asia          | <b>720,716</b><br>(27%)              | 687,116<br>(25%)     | 33,600<br>(2%)    | 105%           | <b>6,492,937</b>    |
| North America | <b>250,150</b><br>(9%)               | 290,615<br>(10%)     | (40,465)<br>(-1%) | 86%            | <b>2,253,604</b>    |
| Europe        | <b>169,680</b><br>(6%)               | 206,198<br>(7%)      | (36,518)<br>(-1%) | 82%            | <b>1,528,649</b>    |
| Others        | <b>75,112</b><br>(4%)                | 118,327<br>(5%)      | (43,215)<br>(-1%) | 63%            | <b>676,684</b>      |
| Net Sales     | <b>¥2,647,161</b><br>(100%)          | ¥2,800,331<br>(100%) | ¥(153,170)        | 95%            | <b>\$23,848,297</b> |

**2.Third Quarter ended December 31**

(¥ in millions, US\$ in thousands)

|               | <b>Three months ended December 31</b> |                    |                    |                |                    |
|---------------|---------------------------------------|--------------------|--------------------|----------------|--------------------|
|               | <b>2018(A)</b>                        | <b>2017(B)</b>     | <b>(A)-(B)</b>     | <b>(A)/(B)</b> | <b>2018</b>        |
| Japan         | <b>¥460,485</b><br>(53%)              | ¥515,768<br>(56%)  | ¥(55,283)<br>(-3%) | 89%            | <b>\$4,148,514</b> |
| Overseas      | <b>408,724</b><br>(47%)               | 410,809<br>(44%)   | (2,085)<br>(3%)    | 99%            | <b>3,682,198</b>   |
| Asia          | <b>239,938</b><br>(28%)               | 231,256<br>(25%)   | 8,682<br>(3%)      | 104%           | <b>2,161,604</b>   |
| North America | <b>89,909</b><br>(10%)                | 81,084<br>(9%)     | 8,825<br>(1%)      | 111%           | <b>809,991</b>     |
| Europe        | <b>54,404</b><br>(6%)                 | 63,556<br>(7%)     | (9,152)<br>(-1%)   | 86%            | <b>490,126</b>     |
| Others        | <b>24,473</b><br>(3%)                 | 34,913<br>(3%)     | (10,440)<br>(-)    | 70%            | <b>220,477</b>     |
| Net Sales     | <b>¥869,209</b><br>(100%)             | ¥926,577<br>(100%) | ¥(57,368)          | 94%            | <b>\$7,830,712</b> |

Notes:

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