

TOSHIBA

Presentation on FY23 Management Policy

FY23~25 Mid-Term Business Plan (MTBP)

May 26, 2023

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Forward-looking statements concerning Toshiba Tec's future performance contained in this presentation represent certain reasonable assumptions based on economic, financial and competitive data and information currently available. However, actual results will be affected by the business and competitive environment and may differ materially from forecasts.

The business plan included in this presentation takes into consideration in part the impact of the integration of development and manufacturing of MFPs and other products by means of company split, etc. between Ricoh Co Ltd and Toshiba Tec Corporation, which was announced on 19 May 2023 in the “Notice regarding a Business Partnership between Ricoh Company, Ltd., and Toshiba Tec Corporation by necessary procedures such as Company Split (Simplified Absorption-type Company Split), and the conclusion of a Business Integration Agreement and a Shareholders Agreement related to the integration of MFPs’ development and manufacturing,” provided that such an integration will be implemented subject to the completion of all procedures under the Competition/Antitrust Laws in Japan and other countries and regions (including the filings to the authorities, competition/antitrust clearance, etc.) and the filings required under the laws and regulations of foreign direct investment.

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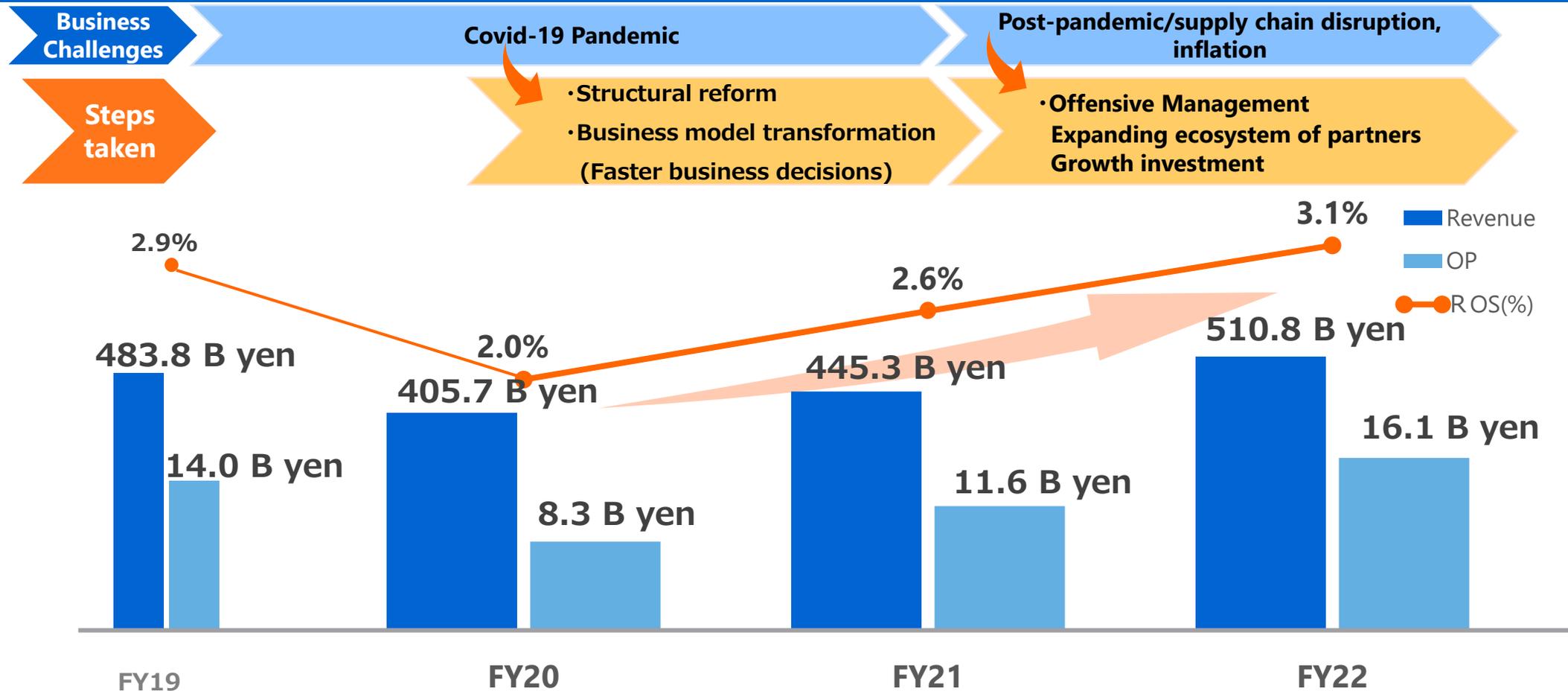
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Review of FY20 – FY22

Revenue and Profit Growth since FY20 Improved Base Profitability through 3 years Progress



● Fx Rate (average) (1 Local Currency = JPY)

	FY19	FY20	FY21	FY22
USD	109.13	105.79	112.05	135.11
EUR	121.27	123.21	130.54	140.86

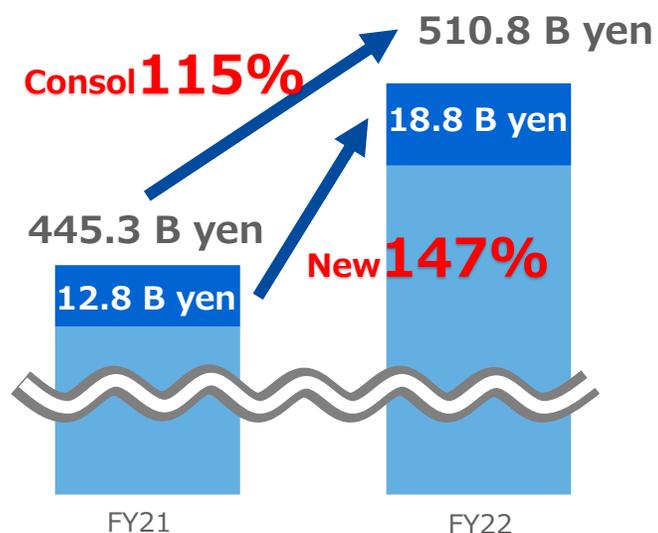
Review of FY20 – FY22

① Business expansion (Consolidated/New Biz)

Consolidated Sales/New business Sales
FY21 445.3/12.8 B yen
FY22 510.8/18.8 B yen
 (Overseas 66%, Japan 34%)

YoY Consolidated 115%
New Business 147%

■ Existing ■ New

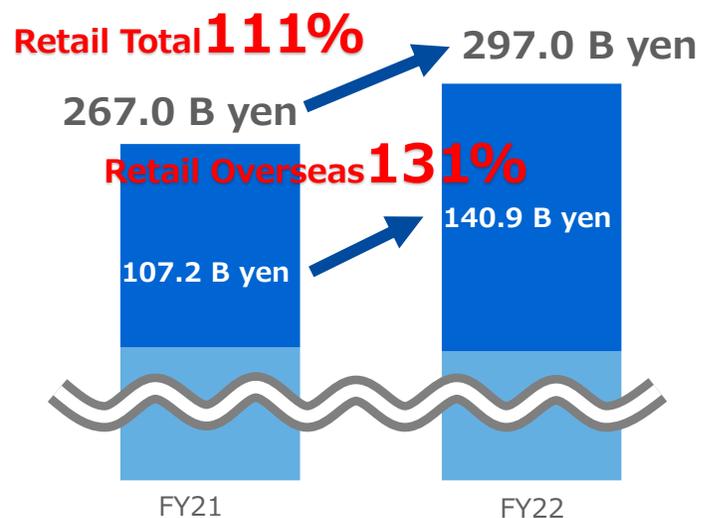


② Retail overseas growth

Retail Total Sales/Overseas Sales
FY21 267.0/107.2 B yen
FY22 297.0/140.9 B yen

YoY Retail total 111%
Retail Overseas 131%

■ Retail Overseas ■ Retail Total

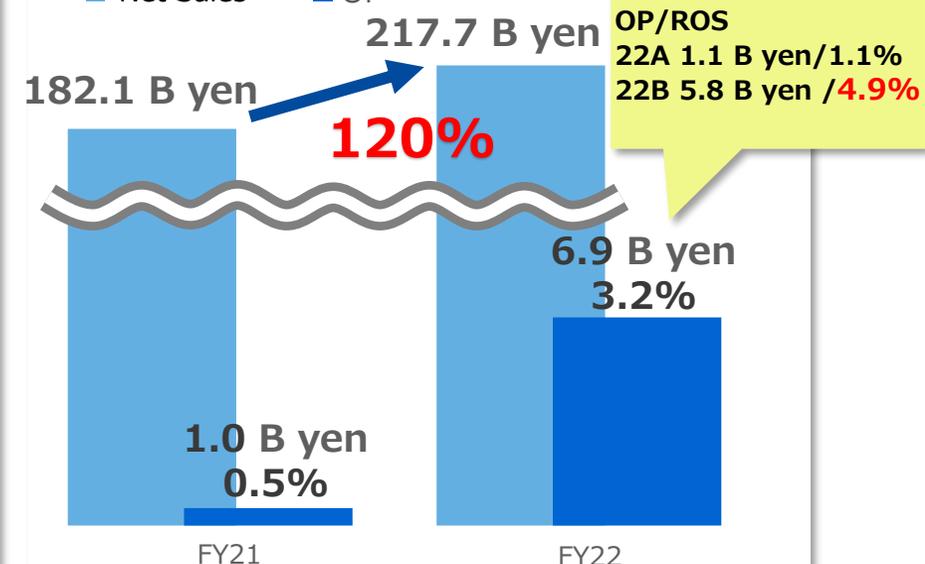


③ Enhance Workplace business

Workplace total Sales
FY21 182.1 B yen
FY22 217.7 B yen

YoY 120%

■ Net Sales ■ OP



Toshiba Tec's growth model

~ New value creation through co-creation with partners ~

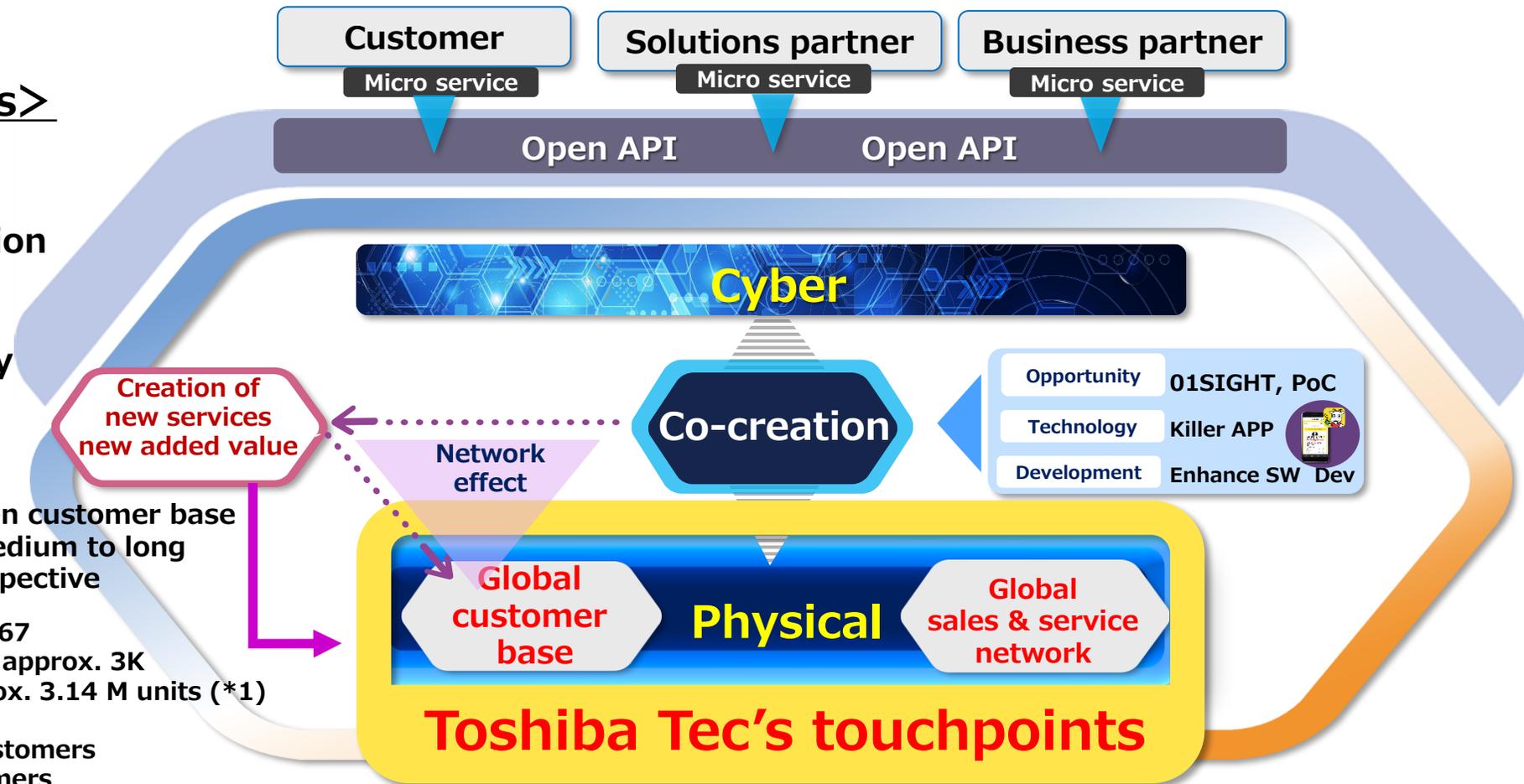
To become a **global top solutions partner** by generating new value through co-creation with the aim of contributing to the **resolution of social issues**

<Resolution of social issues>

- Reduction of waste loss
- Reduction of CO2
- Reduction of paper consumption
- Response to labor shortage
- Optimization of store·office
- Reduction of sales opportunity loss

Strengthen customer base from a medium to long term perspective

The # of global Toshiba Tec's subsidiaries: 67
 # Service tech Japan approx. 2K, Overseas approx. 3K
 The top global market share in POS : approx. 3.14 M units (*1)
 POS share in Japan: approx. 50%
 8 of the Japan's top 10 retailers are our customers
 6 of the top 10 U.S. retailers are our customers
 4 of the European top 10 retailers are our customers
 MFPs global installed units: approx. 1.4 M units (*2)



*1 (Source) RBR Global EPOS and Self-Checkout 2022 install base TOSHIBA and Toshiba TEC POS and SCO

*2 Based on our own research

Review of FY20 – FY22

Enhance management foundation

- Overseas Retail : New Leaders in Americas and Europe
- Workplace : Organization integration and improved profitability by resource re-allocation

(OP FY20 -5.1 =>FY21 +1.0 => FY22 +6.9, 22B ROS 4.9%)

- US/EU Leader hired from external
- Europe 4 region GM change



TGCS President & CEO
Rance Poehler ('20/11~)



TGCS EU MD
Andrew McDaniel ('22/1~)

Accelerate Innovation

- Expanding ecosystem of partners (FY20-FY22: 13 partners)
- PoC delivered for business development
- **ELERA** chosen by top retailers
(Top retailers in US, Latin America, Europe and Japan)



Establish innovation foundation

- Opening Innovation & Incubation hub in Dallas, Texas USA (FY22)
- Global ISV Partner Program Launched (FY21) *1
- New Business Strategy Division launched (FY21)



Photo Credit: Robert Tsai Photography

Currency: Billion JPY

*1 : ISV: Independent Software Vendor

Review of FY20 – FY22

Commercialization of Data service business

● Promotion service

Coupon ticketing cloud service
 Coupon Deli expansion
 Smart Receipt over 125 million subscribers



Coupon Deli
 WON : 3,500
 stores

Smart Receipt
 over
 125 million
 subscribers!



● My Number Card Cooperation

My Number Card x Smart Receipt

Smart Receipt and My Number Card Alignment

This alignment empowers government going digital

Benefits and characteristics of alignment:

- Application go digital
- Appropriate and rapid benefits pay out
- Action plan progress check (EBPM) by purchase data analysis (+)Evidence Based Policy Making

Choose topic from local authority's list of actions

Childcare Health Environment Travel Local community Inflation

Retail business growth through global collaboration

● Opened Innovation & Incubation hub in Dallas US

Deliver retail IoT, SaaS to customers worldwide



Strengthening of earnings power in the Workplace Solutions Business

● Collaboration with Ricoh (2023/5/19)

Continuously provide competitive and differentiated products based on the industry-leading scale



Looking Forward

• Establish Ecosystem

• Increase partner community
 • Expand use cases

• Accelerate innovation

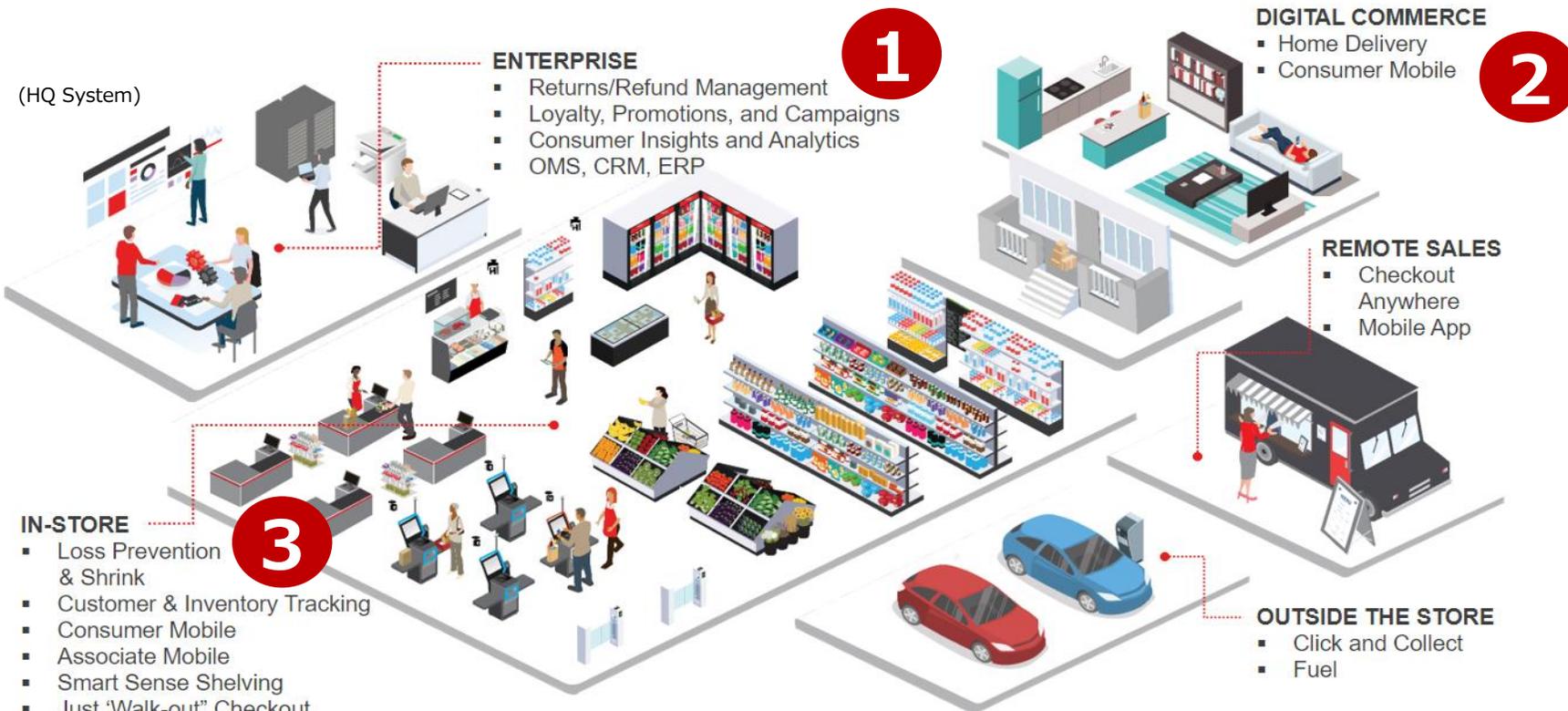
• Establish development and manufacturing JV
 1Q of FY24

3 Years in Review (FY20-22)

ELERA business cases overseas

- 1 Global major retailer **Returns/Refund management** at 700+ stores in US
- 2 Global major retailer **Digital commerce unification in-store & online**, expand delivery service
- 3 Major supermarket Provide **SCO loss prevention services** through product recognition by computer vision

Future ELERA Concept in Retail Industry



(American e-commerce company that sells furniture and home goods online)

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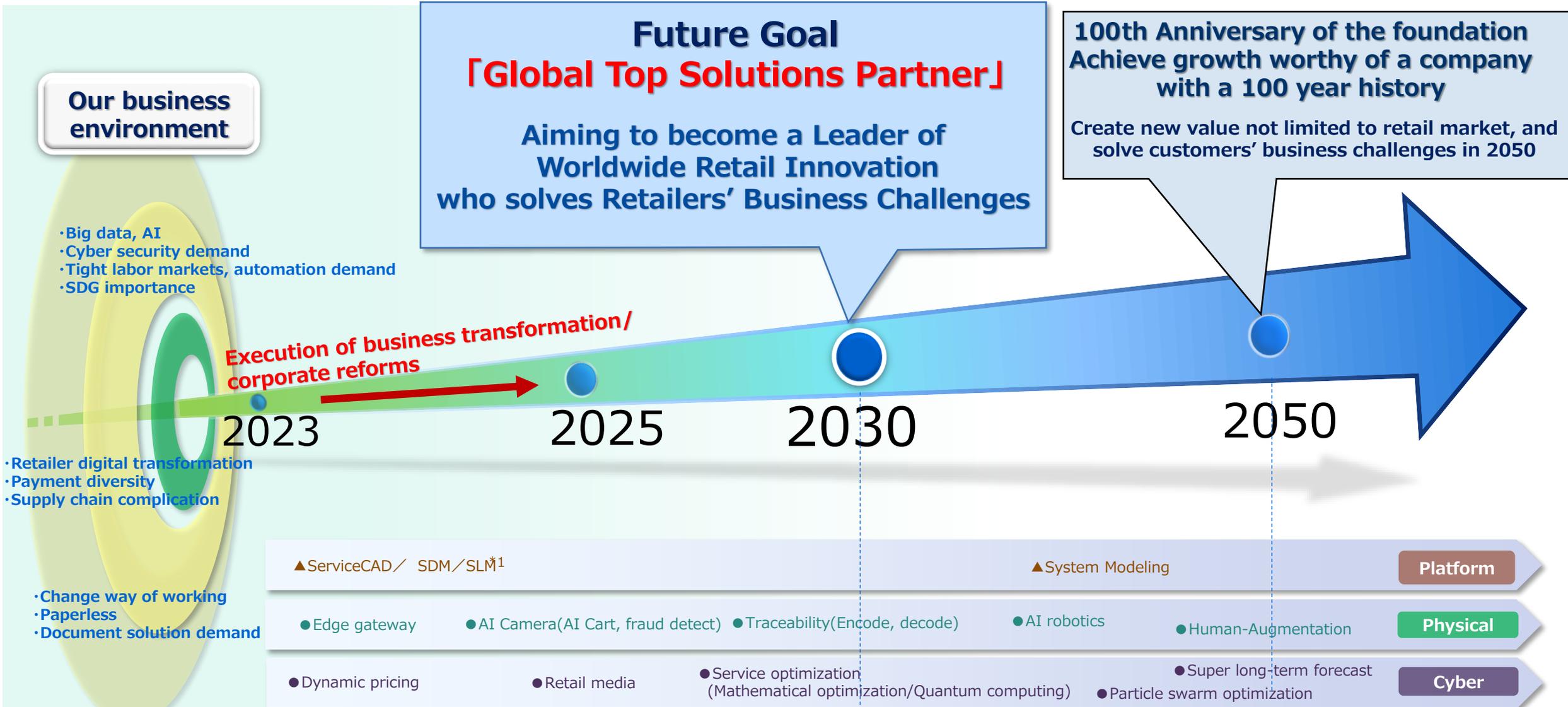
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02 FY23 MTBP

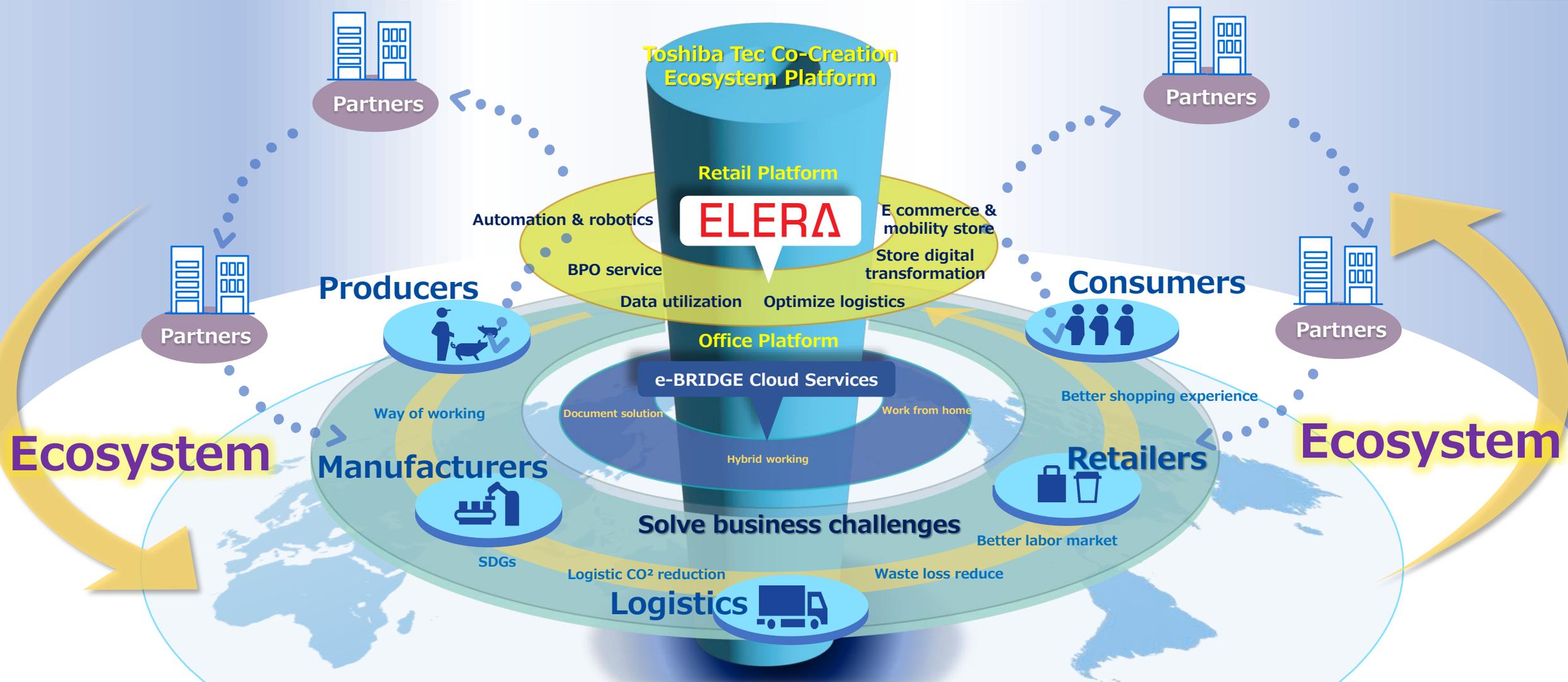
1. Our Business Environment and Future Vision

Our business environment and future vision



*1 CAD : Computer Aided Design, SDM : Service Data Management, SLM : Service Life Cycle Management

Realization of future goal by establishing Co-Creation Ecosystem



•The # of subsidiaries: 67
Americas13, EMEA27, APAC27

•The # of employees global 18,933
Domestic 6,400, Overseas 12,533

•The # of service tech global : Approx. 5K - Japan appx. 2K, Overseas approx. 3K

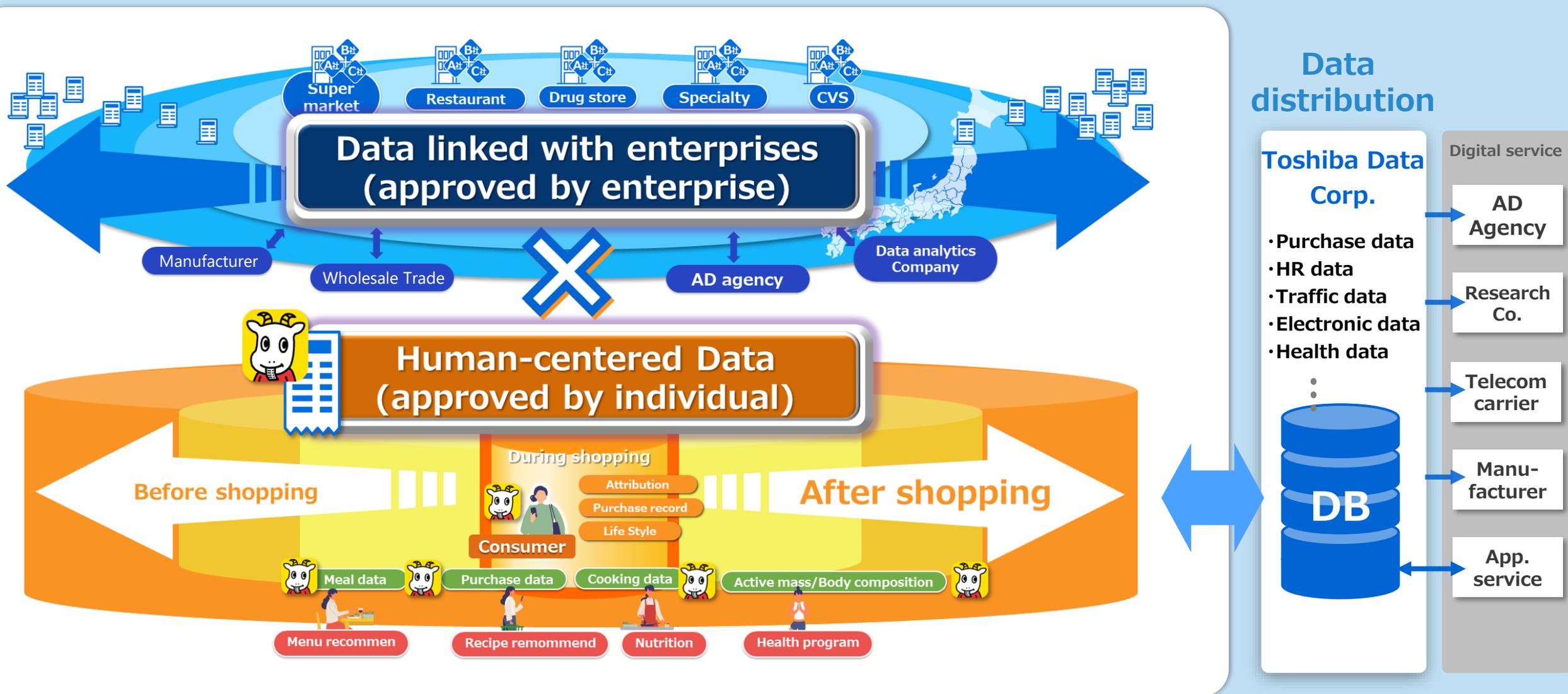
–Toshiba Tec’s touchpoints–

•MFPs global installed units: Approx. 1.4 M units
NA 610k, EU 460k, APAC330k

•Retail : 8 of the Japan’s top 10 retailers are our customers
6 of the top 10 U.S. retailers are our customers
4 of the European top 10 retailers are our customers

New value creation by data utilization

Spread of data solution multiplied by POS data & Smart receipt data



Growth potential of the Toshiba Tec group's global retail business

Recognized as Global Top Rated Strategic Solutions Partner

customer Survey

71% of our customers said we are **“Strategic”** Solutions Partner, rather than Vendor
(2023 TGCS Net Promoter Score surveys to NA customers)

Market Research Company Report

Top rated by IDC MarketScape back to back years

✓ Worldwide Point-of-Sale Software Vendors in Grocery and Food Store Retail, 2022 :

recognized as **“Leader”**

✓ Worldwide Retail Commerce Platform Software Provider, 2023 :

recognized as **“Major Player”**



About IDC MarketScape:

IDC MarketScape vendor assessment model is designed to provide an overview of the competitive fitness of ICT (information and communications technology) suppliers in a given market. The research methodology utilizes a rigorous scoring methodology based on both qualitative and quantitative criteria that results in a single graphical illustration of each vendor's position within a given market. IDC MarketScape provides a clear framework in which the product and service offerings, capabilities and strategies.

02 FY23 MTBP

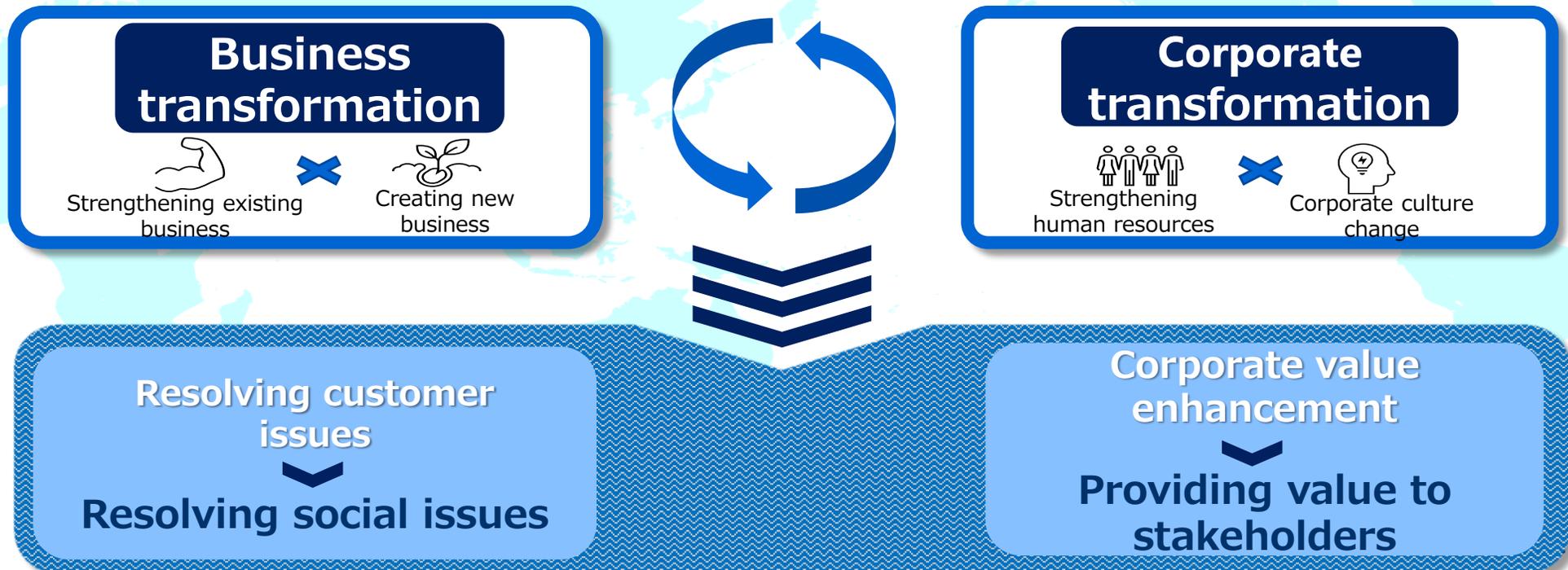
2. FY23 MTBP Basic strategy and Target Figures

Contribute to a resolution of social issues
by executing business transformation and corporate transformation

Our goal

「Global top solutions partner」

Create new value through “customer centric culture” and
“our touchpoints x co-creation with partners”



FY23 MTBP Financial Target

**Aim at 7.5% of ROS and 17.5% of ROIC in FY25
by executing business transformation and corporate transformation**

	FY23 Plan (USD 130yen, EUR 140yen)	FY24 Plan (USD 120yen, EUR 130yen)	FY25 Plan (USD 120yen, EUR 130yen)
Net Sales	520.0 B yen	515.0 B yen	520.0 B yen
Operating Profit	18.0 B yen	27.0 B yen	39.0 B yen
ROS(%)	3.5%	5.2%	7.5%
Current Net Profit	7.0 B yen	13.0 B yen	21.0 B yen
Cash flows from Operating activities	29.5 B yen	35.4 B yen	53.0 B yen
Return on invested capitals (ROIC^{*3})	9.5%	13.4%	17.5%

*1 RS Retail Solutions Business *2 WS Workplace Solutions Business

*3 $ROIC = \frac{\text{Operating profit after tax (Operating profit/loss} \times (1 - \text{tax rate}))}{\text{invested capital (average interest-bearing debt} + \text{net assets)}}$

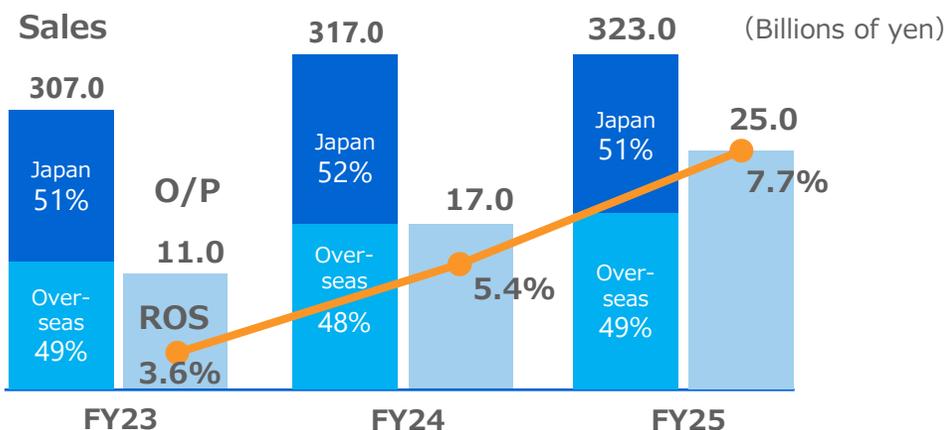
FY23 MTBP Financial Target by segment

Aim for ROS at 7% level by both Retail and Workplace business in FY25 by improving profitability through business transformation

Retail Solutions

Operating profit/ROS (Japan, Overseas)

FY23 11.0 B yen / 3.6% (4.8%, 2.3%)
FY24 17.0 B yen / 5.4% (6.0%, 4.6%)
FY25 25.0 B yen / 7.7% (8.1%, 7.3%)

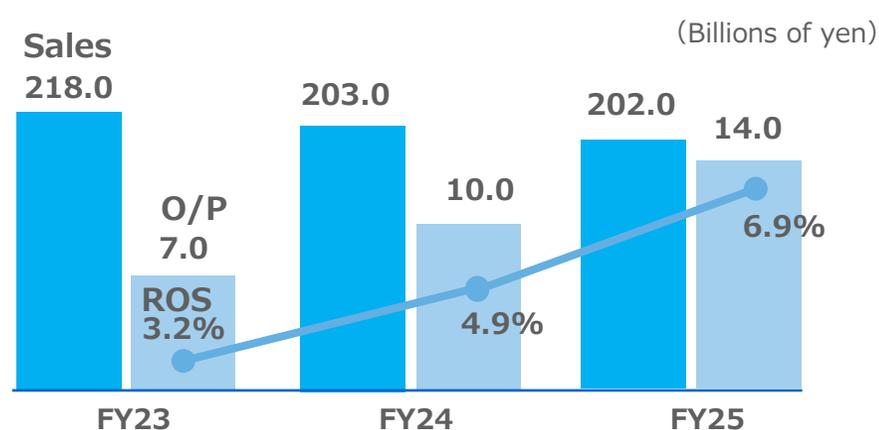


- Expand new businesses by utilizing **ELERA**
- Improve profitability by expanding recurring business

Workplace Solutions

Operating profit/ROS

FY23 7.0 B yen / 3.2%
FY24 10.0 B yen / 4.9%
FY25 14.0 B yen / 6.9%



- Improve profitability by expanding document solutions
- Increase basic earnings power of core business

Enhancement of corporate value by achieving business growth and stabilization of financial structure

Invest in growth markets while securing a stable financial structure
Execute flexible capital policies, including purchase of treasury stock, in response to changes in the business environment

		FY20 – 22 Results		FY23 – 25 Targets
Resource inputs	Investment	8.1 B yen/3 year total	2.90 times	23.5 B yen/3 year total
	CAPEX	47.2 B yen/3 year total	1.25 times	59.0 B yen/3 year total
	R&D	68.3 B yen/3 year total	1.14 times	78.0 B yen/3 year total
Financial targets	Capital adequacy ratio	30% or more		Maintain at least 30% or more
	Total asset turnover	1.4~1.6		Maintain 1.6 level
	ROIC	8.2% in FY22		17.5% in FY25
Return to shareholders	Aim for a continued increase while targeting around 30% of consolidated dividend ratio In consideration of business risks, in order to execute a flexible capital policy responding to changes of the management environment, investigate an adequate implementation of purchasing treasury stock			

02 FY23 MTBP

3 . FY23 MTBP Priority Measures

FY23-FY25 Priority Measures

Business Transformation



Corporate Transformation



- ① Toshiba Tec's unique acceleration of new business expansion
- ② Strengthening basic earnings power in the Workplace Solutions Business

- ③ Strengthening human resources
- ④ Corporate culture change

Our global touchpoints

Utilize Toshiba Tec's global assets

of consolidated subsidiaries total 67

North, Central, South Americas 13, Europe, Middle East, Africa 27, Asia Pacific region 27

Ratio of employees Overseas 66%, Japan 34%

Global consolidated headcount 18,933: Japan 6,400, Overseas 12,533

of service tech worldwide total approx. 5K

Japan approx. 2K, Overseas approx. 3K

Co-creation with our customers around the world

FY22 Sales composition ratio Overseas 66%, Japan 34%

MFP : MIF 1.4 M units (NA 610 K, Europe 460 K units, Asia 330 K)

Retail : 6 of the top 10 U.S. retailers are our customers
4 of the European top 10 retailers are our customers
8 of the Japan's top 10 retailers are our customers

① Toshiba Tec's unique acceleration of new business expansion

Business Transformation

Strengthening existing business  Creating new business

Leveraging Toshiba Tec's unique differentiating factors

Execution of 「Market-in」 business concept by utilization of unparalleled global customer base

* 1
POS Global No.1 share + MFP customers exceeding 100 K

↓

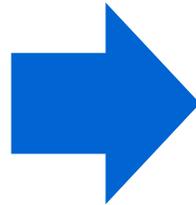
Utilization of VOCs around the world

Extensive strategic partnerships as a global player of industry leader

Global touchpoints
 (# of consolidated subsidiaries: 67)

↓

Establish an advanced business model through collaboration with partners

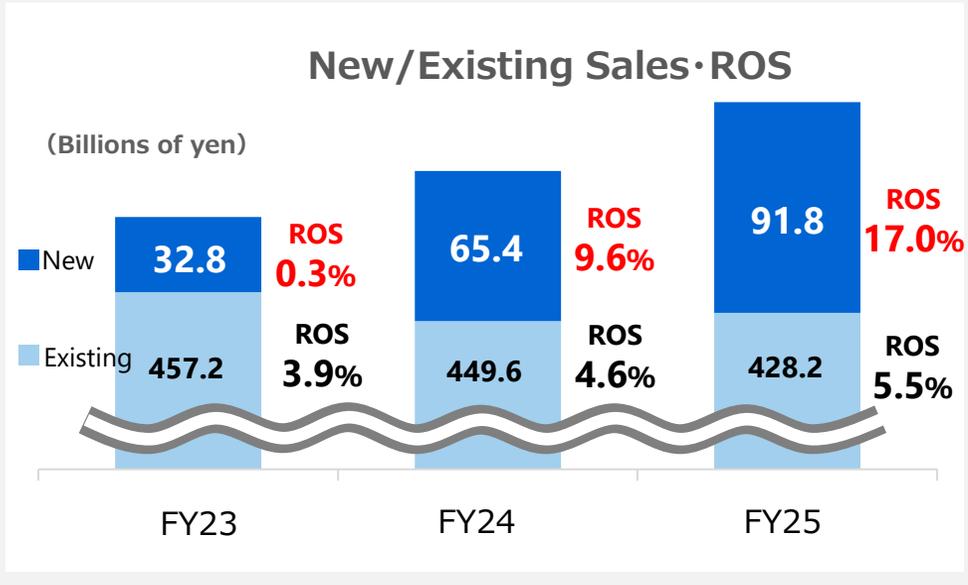


Profitability improvement

Improve company-wide profitability by expanding new business with higher profitability

Marginal profit ratio of New/Existing business

	FY23	FY24	FY25
New	55%	59%	64%
Existing	46%	42%	42%



* 1 *1(Source) RBR Global EPOS and Self-Checkout 2022
 Install base share of total 「TOSHIBA」 + 「Toshiba Tec」 POS terminal + Self-checkout

① Toshiba Tec's unique acceleration of new business expansion



Investing in Retail Innovation

Expanding investment to support growing demand to reimagine the retail experience and stores of the future

- Accelerating growth strategy through investments in cloud development, computer vision and retail IoT
- Broadening scope with new technology partnerships and development of innovative new products, services
- Increasing capital investments, including a new team dedicated to mergers & acquisition

4 initiatives for accelerating new business creation



① Toshiba Tec's unique acceleration of new business expansion



Strengthening digital human resources by global collaboration



Diversity of talent and market
⇒ Sensitivity to perceive changes

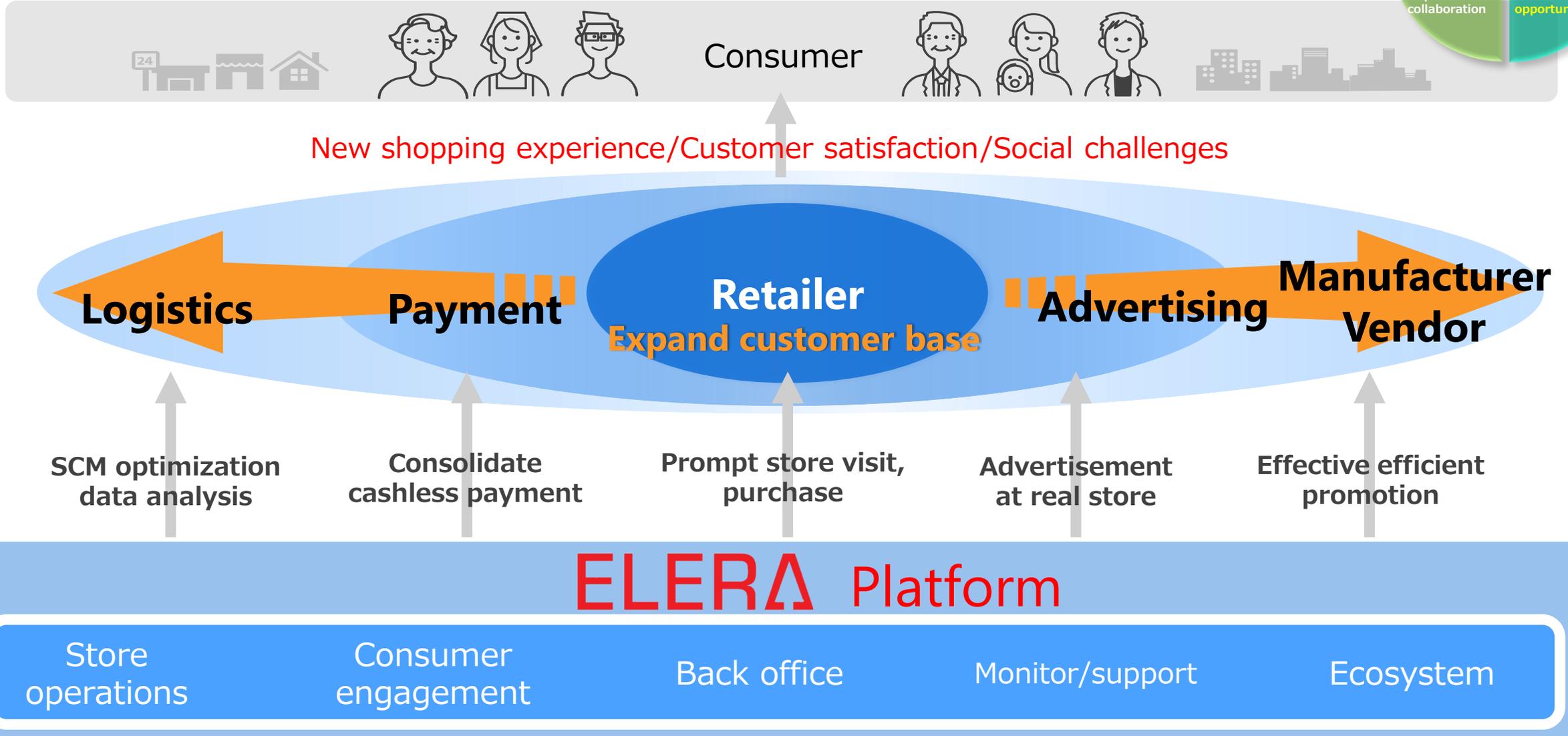
Speed
⇒ 24H time difference use operation



Acceleration of **ELERA**'s global development

① Toshiba Tec's unique acceleration of new business expansion

ELERA Evolution



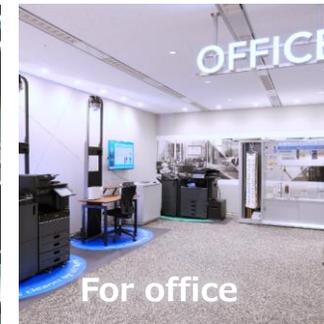
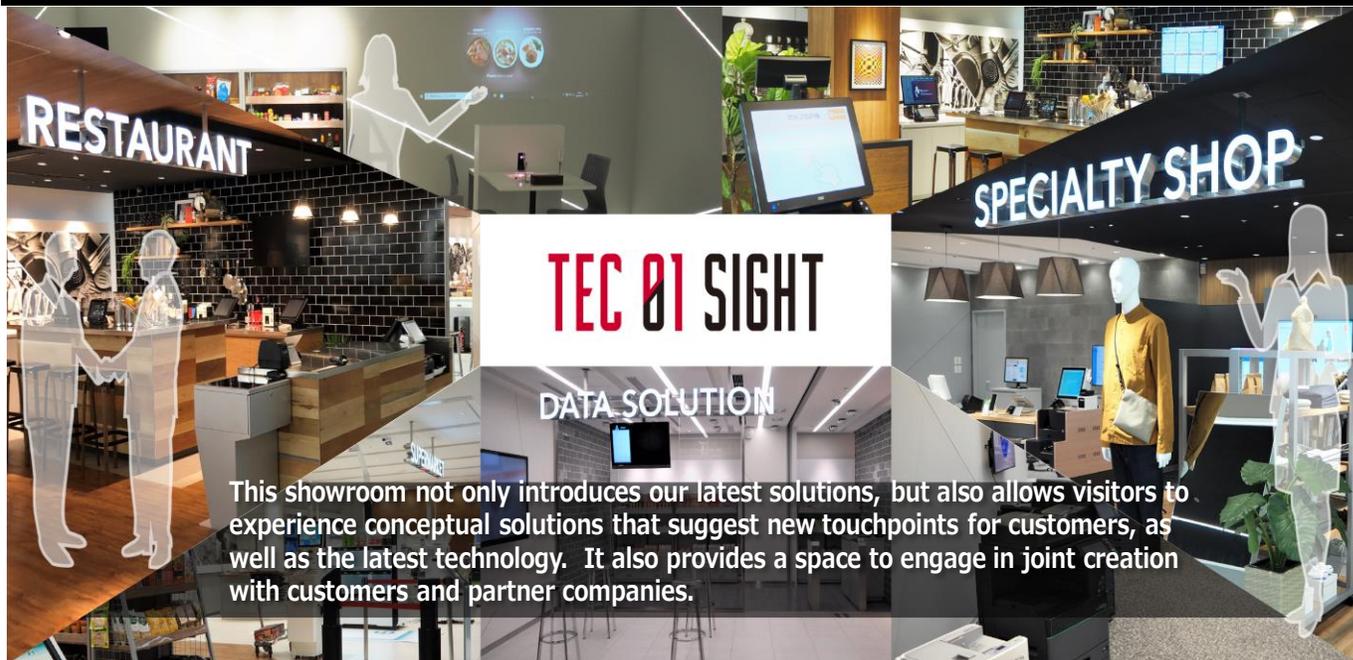
① Toshiba Tec's unique acceleration of new business expansion

Enhancing co-creation opportunities

TEC 01 SIGHT (Labo & Showroom, Since Oct 2020)

~Exceeding 5,700 visitors (Approx 1,600 companies)~

A showroom for feeling and creating the future together



① Toshiba Tec's unique acceleration of new business expansion



Opening Next generation Smart Store in FY2023 to accelerate new solution development with PoC at **real store**

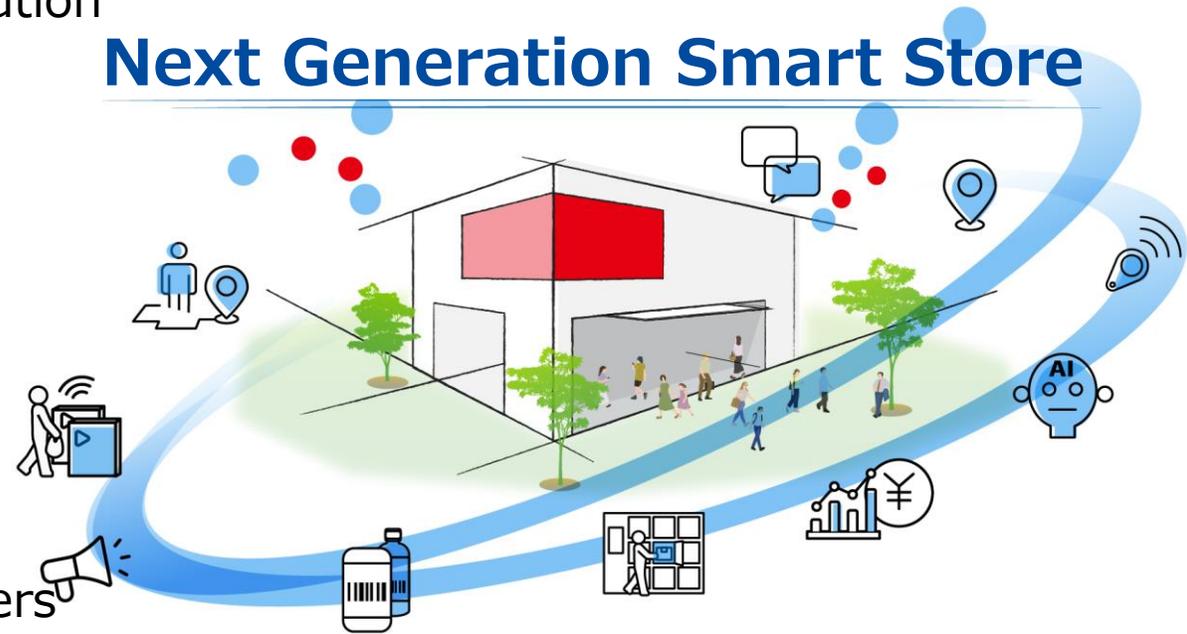
● Accelerate store digital transformation with **PoC at real store**

- Produce recognition technology latest check out solution
- AI security solution
- Optimized labor and automation at store



- ✓ React to VOC from consumer experiencing new way of shopping
- ✓ Consolidate retail knowledge from customers/partners
- ✓ Reduce time to market for adaptation of new solution

Next Generation Smart Store



① Toshiba Tec's unique acceleration of new business expansion



Opening Next generation Smart Store in FY2023 to accelerate new solution development with PoC at **real store**

Enormous ability to execute by having real store

- Investigate potential customer needs
- Quickly experiment what customers want to "try"

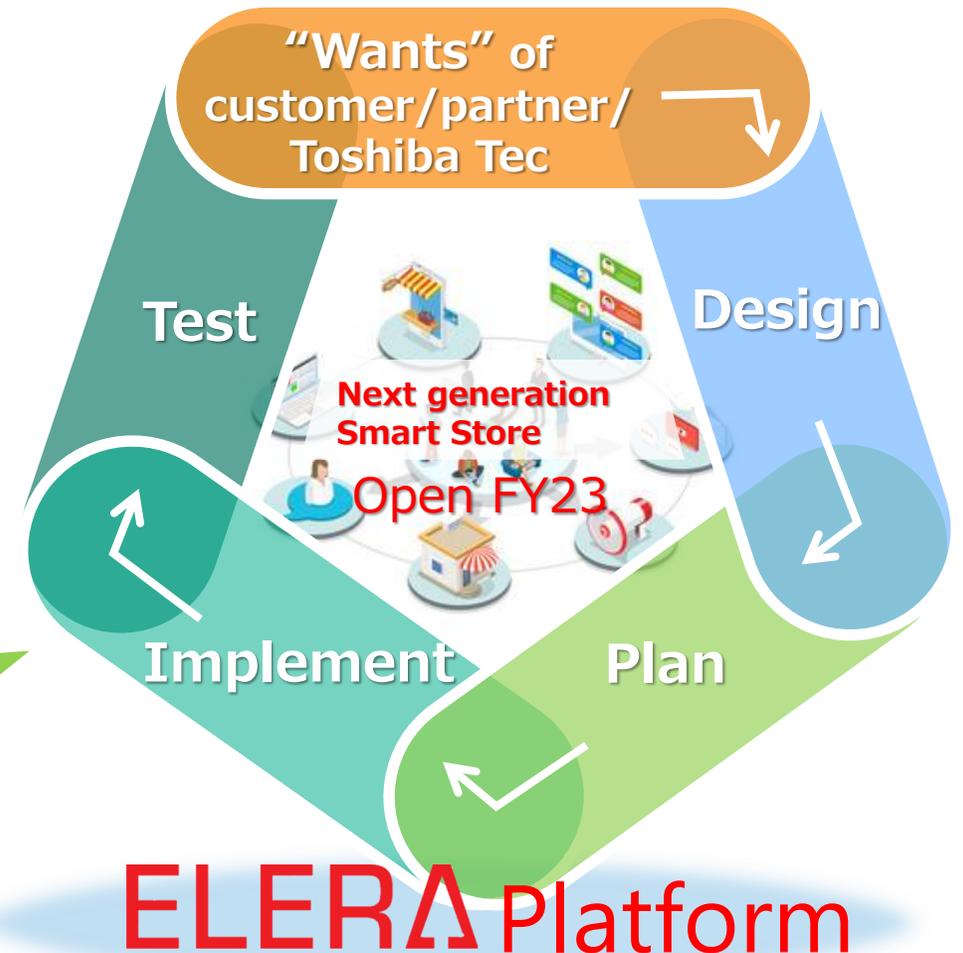
Decision making based on data from real store

- New solution development utilizing VOC
- Partner solution PoC



Improve Business Agility

**TRIAL
and
ERROR**



① Toshiba Tec's unique acceleration of new business expansion

Strengthen partnership alignment

~Co-Creation with  Digital Garage Group ~



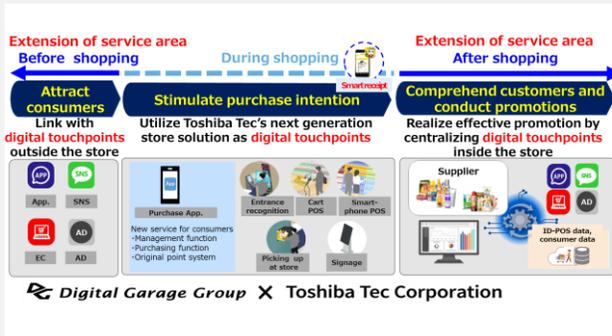
Store operation efficiency

FY21 collaboration scope

Various payment solution



Digital marketing



Delivery & Mobile Order & Order in Store – All in One



① Toshiba Tec's unique acceleration of new business expansion

Strengthen partnership alignment

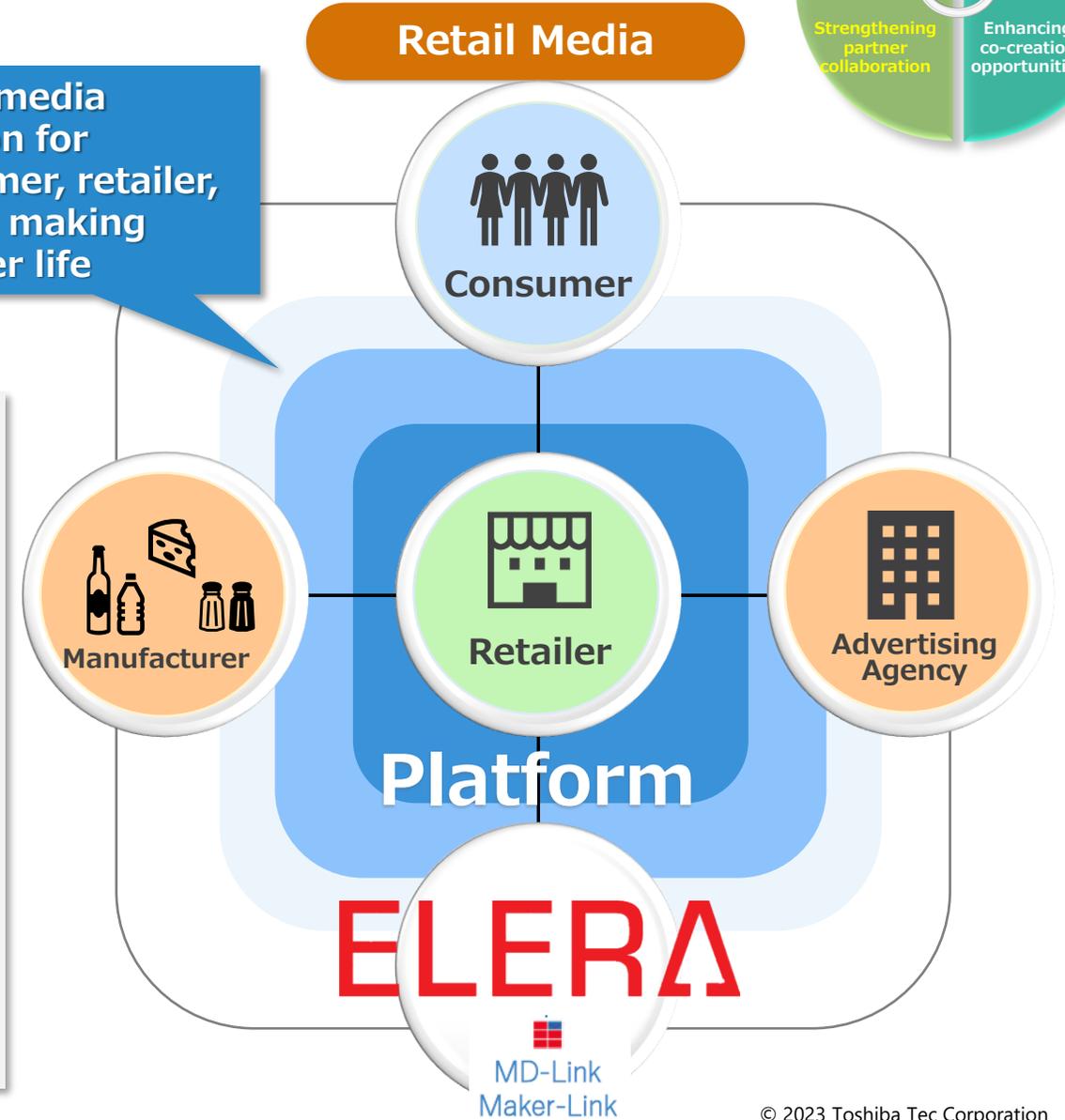
~Co-Creation with **Retail Ai**~



Retail media solution for consumer, retailer, brand, making smarter life

Retail Media Solution

- ① Consumer
 - ✓ Improve shopping experience, smarter shopping
 - Find item fits you
- ② Retailer
 - ✓ Sales opportunity increase and profit generation outside main stream
 - Use consumer touch point to gain advertisement revenue
- ③ Advertiser
 - ✓ Improve ROAS
 - Visualize effect of advertisement, making better action plans



① Toshiba Tec's unique acceleration of new business expansion



Strengthen partnership alignment

~Co-Creation with **POP id** ~

Frictionless Store Tech in Vision Kiosk



Innovation Concept for Toshiba Vision Kiosk at NRF 2023 includes PopID partnership

PopID Facial Recognition Payment Solution on ELERA Self-Service

ELERA

Computer vision self-service kiosks bypass barcodes for near real-time multi-item basket creation that delivers an enhance customer experience, high throughput, and low friction checkout



Large backdrop touchscreen provides digital signage real-estate for in-store promotional transaction uplift and retail media revenue generation, as well as consistent lighting capabilities provided by the

ELERA POS provides a point-of-sale terminal application that delivers next-gen unified commerce capabilities that are elegantly simple, infinitely adaptable, and future proof on any point-of-sale

Utilizing both computer vision and pressure pad technology increases transaction item accuracy, reducing customer errors and inventory shrinkage

② Strengthening of earnings power in the Workplace Solutions Business

Business Transformation

Strengthening existing business

Creating new business

RICOH

Toward a digital services company that supports our customer's "Work"



TOSHIBA

Aiming to become a global top solutions partner

Establishment of Joint Venture
(development and manufacturing)



Achieve Ricoh × Toshiba Tec both companies' business growth

Energize Japanese "manufacturing"

② Strengthening of earnings power in the Workplace Solutions Business

Business Transformation

Strengthening existing business  Creating new business

Enhance high-value-added products lineup by establishing a joint venture with Ricoh

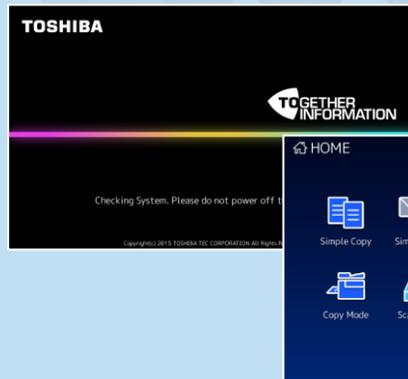
- Realize a robust products lineup (**Continued supply of Toshiba branded products**)
 - Competitive manufacturing and enhanced products lineup through integration of development and manufacturing of the two companies
 - Continued development of Toshiba unique differentiating UI, solutions and services



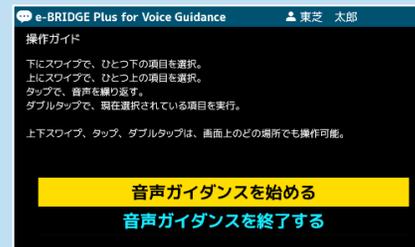
Device Management 

Serial No.	Model Name	IP Address	Color	Data Collected Date
00000001	e-STUDIO3055AC	192.168.11.3	Color	2023/08/17 17:11
00000002	e-STUDIO3055AC	192.168.11.4	Color	2023/08/17 14:30
00000003	e-STUDIO3055AC	192.168.11.5	Color	2023/08/16 17:43
00000004	e-STUDIO3055AC	192.168.11.6	Color	2023/08/16 16:40
00000005	e-STUDIO3055AC	192.168.11.7	Color	2023/08/16 08:11

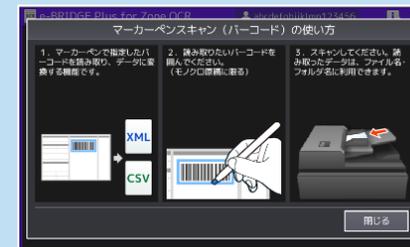
Group Name	Number of Devices	Description
Group A	1	1st Floor
Group B	5	2nd Floor
Group C	9	3rd Floor
Group D	7	4th Floor
Group E	3	5th Floor
Group F	0	6th Floor



Accessibility (Voice guidance UI)



Barcode scanning collaboration



② Strengthening of earnings power in the Workplace Solutions Business

Business Transformation

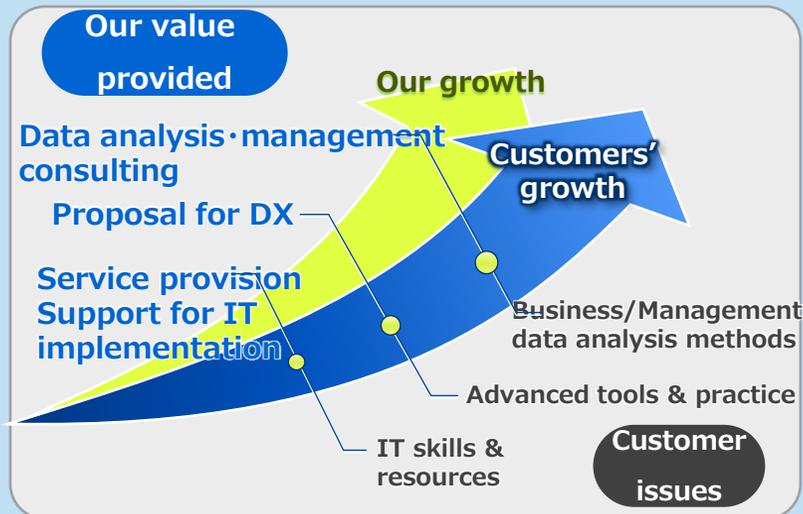
Strengthening existing business  Creating new business

Accelerate focus on growth areas and transformation of value provided through collaboration

■ Accelerate business in growth areas (Utilize new products generated by integrated technologies of the two companies)

- Expansion of DX·Workflow/Data management solutions
- Enhancement of Toshiba Tec's unique solutions integrating barcode printers and RFID to MFP
- Expansion of quick and detailed customization support by utilizing global sales network & development bases

DX closely tailored to customers' growth Toshiba Tec's unique solutions connecting offices and fields



③ Strengthening human resources

“Employees are the greatest asset”



Our goal

「Global top solutions partner」

Create new value through “customer centric culture” and “our touchpoints x co-creation with partners”



From our goals, Toshiba Tec has established the profile of human resources we seek now

- Have your own vision, ambition and passion
- Revisit existing common sense and conditions through an honest conversation while dealing with as your own matter
- Take actions without being afraid of making mistakes and learn lessons from them
- Support the growth of company by achieving individual growth



Strengthening human resources



Active investment in human resources

Develop and promote diverse human resources

Promotion of women’s activities
Selecting young talent
Development of senior management
Developing global human resources



Corporate culture change

Creating a workplace with excitement and satisfaction

Career autonomy support
Fostering an organizational culture

Job rotation
In-house recruitment
1 on 1 meeting
Work style reform

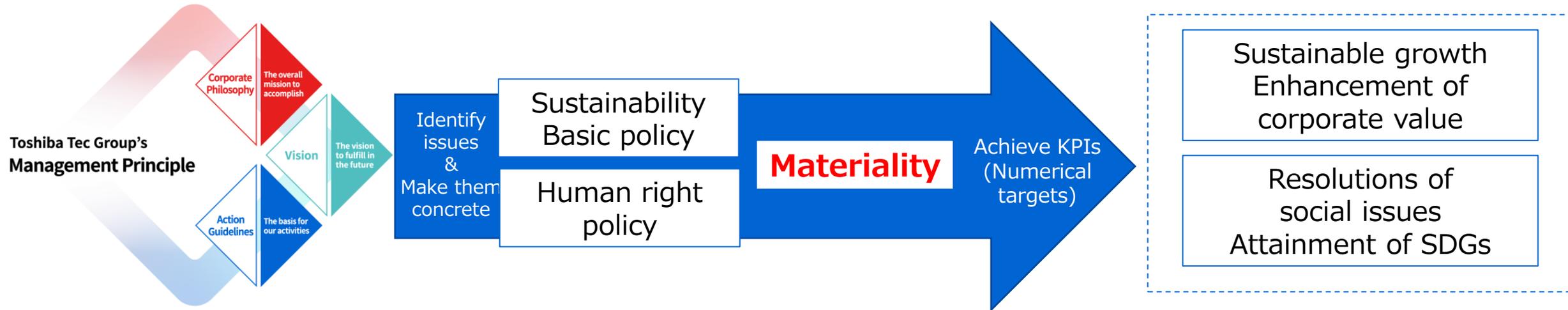


④ Toshiba Tec's sustainability management

Corporate Transformation

Strengthening human resources Corporate culture change

The Toshiba Tec Group will contribute to solving social issues by striving to achieve numerical targets on KPIs of "Materiality" identified from its management principle



Materiality		
Environment	Society	Governance
<ul style="list-style-type: none"> Respond to climate change Respond to circular economy Respond to ecosystem conservation 	<ul style="list-style-type: none"> Secure employment and its education Secure employee's health and safety Respect human rights Promote sustainable procurement activity Reinforce R&D to generate innovation 	<ul style="list-style-type: none"> Strengthen corporate governance Increase cyber resilience

TOSHIBA