

OS AA01

Statement of details of parent law and other
information for an overseas company



Companies House

Do 1760 / 80

☒ What this form is for
You may use this form to
accompany your accounts
disclosed under parent law.

☐ What this form is for
You cannot use this form
for an alteration of management
with accounting requirements.

TUESDAY



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A22

19/05/2020

#75

COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of
overseas company ¹

KC 032 / 45

TOSHIBA EUROPE GmbH

UK establishment
number

B R 0 1 7 2 1 5

→ Filling in this form

Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

¹ This is the name of the company in
its home state.

Part 2 Statement of details of parent law and other
information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited.

Legislation ²

GERMAN

² This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ No. Go to Section A3.

☒ Yes. Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3.

³ Please insert the name of the
appropriate accounting organisation
or body.

Name of organisation
or body ³

GERMAN GAAP (HGB, HANDELSGESETZBUCH)

A3 Accounts

Accounts

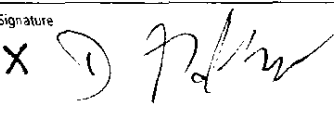
Have the accounts been audited? Please tick the appropriate box.

☐ No. Go to Section A5.

☒ Yes. Go to Section A4.

OS AA01

Statement of details of parent law and other information for an overseas company

| | | |
|---------------------------------------|--|---|
| A4 Audited accounts | | |
| Audited accounts | Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. <input type="checkbox"/> No. Go to Part 3 'Signature' . <input checked="" type="checkbox"/> Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature' . | 1 Please insert the name of the appropriate accounting organisation or body. |
| Name of organisation or body 1 | GERMAN GAAS CIDW PRÜFUNGSSTANDARDS) | |
| A5 Unaudited accounts | | |
| Unaudited accounts | Is the company required to have its accounts audited? Please tick the appropriate box. <input type="checkbox"/> No. <input checked="" type="checkbox"/> Yes. | |
| Part 3 Signature | | |
| | I am signing this form on behalf of the overseas company. | |
| Signature | Signature <input checked="" type="checkbox"/>  DIRK DÖRMÖSE, CEO | <input checked="" type="checkbox"/> |
| | This form may be signed by: Director, Secretary, Permanent representative. | |

OS AA01

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Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

JURAGEN SCHULZ

Company name

WTS TAX ADVISORS

Address

PIETER-HUIJZEN-STR. 7P

Post town

DUSSELDORF

County/Region

Postcode

40468

Country

GERMANY

DX

Telephone



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We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☒ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☒ You have completed all sections of the form, if appropriate.
- ☒ You have signed the form.



Important information

Please note that all this information will appear on the public record.



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Audit Certificate

Toshiba Europe GmbH
Neuss

Annual Financial Statements for the Financial Year
Ending March 31, 2018
and Management Report for Financial Year 2017/18

Independent Auditor's Report

(Translation - the German text is authoritative)

*I HEREBY CERTIFY THAT THIS IS
A TRUE AND ACCURATE TRANSLATION
OF THE ORIGINAL DOCUMENT*

NEUSS 5.5.2020
D. Hornsch, CPA



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Toshiba Europe GmbH, Neuss

Management Report for Financial Year 2017/18

1. Bases of the Company

Toshiba Europe GmbH ("TEG") is a sales company of the globally operating Toshiba Group. The Group is divided into the following segments:

- Energy Systems & Solutions
- Infrastructure Systems & Solutions
- Retail & Printing Solutions
- Storage & Electronic Devices Solutions
- Industrial ICT Solutions
- Others

Toshiba Europe GmbH belongs to the segment Others, generating its revenues largely from the following business units:

- Personal Computers
- Visual Products
- Others

Our activities focus on the sale of notebooks (Personal Computers unit), which are assembled and equipped in Asia, and delivered via a third-party logistics center in Duisburg.

The Visual Products unit sells signage displays and hotel TVs.

Others comprise the units "Electronic Systems Operation" (distribution of money counting and letter sorting machines) and "Industrial Camera Systems" (distribution of camera systems for medical applications and broadcast).

The offered products are mainly produced in Asia and purchased within the Group. The products are mainly sold to distribution partners.

Transfer price agreements, providing for an appropriate profit distribution to the individual trade levels customary in the market, were concluded with companies to which significant purchase relations exist. These agreements are based on benchmark studies and risk-function profiles.

As of the balance sheet date, Toshiba Europe GmbH is represented, in addition to its main domicile in Neuss, with sales branches in Spain, the Netherlands, the UK, France, Belgium, Austria, Portugal, Italy as well as Poland, whereby the branches in the UK and in France are the largest representations outside Germany, measured in terms of the respective number of employees. The operating facility in Regensburg provides technical service for the Personal Computers product line.

TEG, as a sales company, does not perform any research and development activities.

2. Economic Report

a) Macro-economic environment

The economy in Europe continued to recover, having achieved growth above the prior-year level. In the European Union (EU 28), economic output grew by 2.5 % in 2017 compared to the prior year. The government surplus amounted to 1.2 % of gross domestic product.

In 2017, the German economy reported growth of more than 1.5 % for the fourth year in succession. This strong growth was again driven by the buying power of consumers which resulted in strong demand in Germany as well as the strong international demand for German exports. The good situation on the labor market and the low level of interest rates also made a contribution to economic growth. Experts anticipate that the upswing will continue in the new year.

According to publications of market research institutions, the global PC market stagnated in 2017, mainly at a low level. There were mixed developments in volume sales in different regions and market segments. Overall however, there was a slowdown in the contraction of the market which has been evident in recent years. In the EMEA region, the first quarter of 2018 saw signs of slight growth compared with the prior-year period.

The forecasts for the future periods are indicating a mixed situation. However, the market research institutions agree that the conditions for the PC market as a whole will continue to be challenging.

b) Course of business

The expired financial year recorded a reduction of EUR 158.6 million in revenues; we therefore achieved total revenues of EUR 187.3 million. Broken down according to units, revenues developed as follows:

| | 2017/18 EUR million | 2016/17 EUR million | Change EUR million |
|--------------------|------------------------|------------------------|-----------------------|
| Personal Computers | 161.1 | 210.3 | -49.2 |
| Storage Products | 0.0 | 109.4 | -109.4 |
| Visual Products | 5.1 | 5.2 | -0.1 |
| Other revenues | 21.1 | 21.1 | 0.1 |
| | 187.3 | 345.9 | -158.6 |

The decline in revenues is mainly attributable to the spinning-off of the business unit “Storage Products” as well as lower revenues generated by “Personal Computers”. The development of the business units with their individual performance indicators is addressed below.

Personal Computers (PCs)

In addition to a decline of EUR 41.8 million in B2B operations, B2C revenues also declined by EUR 7.3 million. The B2C segment of the “Personal Computers” business segment was closed in the financial year 2015/16; however, revenues were still generated in the financial year 2016/17 resulting from sales of residual stocks. The downturn in B2B revenues is mainly attributable to weak demand in the markets which are served as well as difficult market conditions in PC business.

Storage Products (SPD)

The SPD segment was spun off as planned to Toshiba Electronics Europe GmbH (“TEE”) effective April 1, 2017, and accordingly did not generate any further revenues in the reporting year (prior year: EUR 109.4 million).

Visual Products

Revenues generated with sales of signage displays and hotel TVs declined by EUR 0.1 million compared with the prior year.

Other business units

Revenues in the other business units were stable at EUR 21.1 million compared with the prior year.

The Electronic Systems Operations unit (sale of money counting and letter sorting machines), conducts project business which is naturally exposed to strong fluctuations. Revenues increased by EUR 3.9 million compared with the prior year.

The “Automotive Systems” unit was also spun off to TEE effective April 1, 2017 (as was the case with the SPD unit), and therefore did not generate any further revenues in the reporting year (prior year: EUR 4.7 million).

Major events for the economic development of TEG

In addition to the business development in the individual units, the following events have significantly influenced TEG's economic development in the reporting year:

- TEG had indirect pension obligations due to employees in Great Britain; these are handled via a pension scheme (Toshiba pension and assurance scheme of “Toshiba Pension Scheme Trustee Limited, Weybridge/Great Britain”). For financing the pension scheme, TEG had concluded an agreement with Toshiba Reservoir Trustee Limited and Toshiba Pension Scheme Trustee Limited, agreeing to pay a total of GBP 80 million (EUR 92.8 million) into the Toshiba Pension Reservoir Trust; these payments were made by March 31, 2017. However, as a result of the classification of beneficial ownership, the funds continue to be recognized as cash at banks of TEG; the corresponding payment obligations with regard to the pension scheme were recognized as other liabilities.

In preparation for transferring pension obligations to an insurance company, Toshiba Reservoir Trustee Limited transferred the funds of GBP 80 million (EUR 92.8 million) to the pension scheme in the reporting year. The cash at banks and the other liabilities were consequently derecognized. In an agreement of March 22, 2018 with the pension scheme, Rothesay Life PLC and 20-20 Trustees Limited, and within the framework of transferring the pension obligations to Rothesay Life PLC and 20-20 Trustees Limited, TEG agreed to make a further payment of GBP 13.8 million (EUR 15.9 million) into the pension scheme. This amount had also been paid as of the balance sheet date, and is disclosed in these annual financial statements as retirement benefit costs.

- In the financial year 2014/15, the sole shareholder adopted a resolution to distribute an amount of EUR 146.9 million out of the capital reserve of TEG. This figure had previously been disclosed as liabilities due to affiliated companies. The amount was paid out in the reporting year.
- In March 2018, the sole shareholder adopted a resolution to pay an amount of EUR 32.0 million into the capital reserve of TEG. The amount has been credited to the Company's bank account.

c) Results of operations

TEG's results of operations compared to the prior year are shown in the following table:

| | Apr 1, 2017 to Mar 31, 2018 | Apr 1, 2016 to Mar 31, 2017 | Change | |
|---------------------------|--------------------------------|--------------------------------|--------------|---------------|
| | EUR million | EUR million | EUR million | in % |
| Revenues | 187.3 | 345.9 | -158.6 | -45.9% |
| Change in inventories | 5.9 | 0.0 | 5.9 | 100.0% |
| Cost of materials | 150.9 | 270.1 | -119.2 | -44.1% |
| Gross profit | 42.2 | 75.8 | -33.6 | -44.3% |
| Gross profit in % | 22.5% | 21.9% | | |
| Other operating income | 7.4 | 18.7 | -11.3 | -60.3% |
| Operating expenses | 39.5 | 107.3 | -67.8 | -63.2% |
| Amortization/depreciation | 1.2 | 2.2 | -1.0 | -46.9% |
| Other operating expenses | 45.0 | 58.8 | -13.8 | -23.4% |
| Operating result | -36.1 | -73.8 | 37.7 | 51.1% |
| Financial result | 25.6 | 15.9 | 9.7 | 60.9% |
| Loss before taxes | -10.5 | -57.9 | 47.4 | 81.9% |

For the development of revenues please refer to the statements made in the preceding section.

The change in inventories is attributable to the recognition of unfinished products in the "Electronic Systems Operations" unit.

Compared with the prior year, gross profit has declined by EUR 33.6 million as a result of the lower volume of business. However, expressed as percentage of revenues, the margin has improved slightly from 21.9 % to 22.5 %.

The other operating income includes income attributable to other periods relating to the reversal of provisions in the amount of EUR 3.8 million (prior year: EUR 15.1 million). The currency gains amounted to EUR 1.8 million compared with EUR 0.9 million in the prior year.

Wages and salaries decreased accordingly as a result of the considerably reduced number of employees (annual average). The costs of the current year also include an amount of

EUR 15.9 million in connection with the disposal of indirect pension obligations. A figure of EUR 70.4 million had been recognized for these obligations in the prior year.

The decline in amortization/depreciation on tangible and intangible assets is due to impairments recognized in the prior year as well as low new investments in the reporting year.

The decrease in other operating expenses was mainly due to the lower volume of business. Compared with the prior year, the costs of advertising measures declined by EUR 5.9 million, and guarantee expenses declined by EUR 2.5 million. The costs of consultancy, outsourcing and other services also declined from EUR 12.9 million in the prior year to EUR 9.7 million in the reporting year.

Operating result has improved by EUR 37.7 million compared with the prior year, but is still negative at EUR -36.1 million due to the lower volume of overall business and the exceptional factors. The financial result, which at EUR 20.0 million (prior year: EUR 15.1 million) essentially comprises the profit transfer of the subsidiary TEE as well as the interest income, has improved by EUR 9.7 million compared with the prior year. With a loss before tax of EUR 10.5 million and taxes on income of EUR 2.4 million, the Company has closed the financial year 2017/18 with a net loss of EUR 12.9 million.

d) Net assets

Compared with the prior year, the balance sheet total has declined by EUR 277.3 million to EUR 210.0 million. This was due primarily to the following:

- The payment of the profit distribution of EUR 146.9 million which had been adopted in 2014; this was opposed by the payment of EUR 32.0 million into the capital reserve;
- The settlement of the liabilities due to Toshiba Pension Scheme Trustee Limited in the amount of EUR 92.8 million as well as the payment of EUR 15.9 million in connection with the process of transferring the pension obligations to an insurance company;
- In addition, the decline in overall business activity has also resulted in a reduction in assets and liabilities.

Depreciation was recognized in relation to fixed assets in the reporting year. The process of spinning-off the Storage Products and Automotive Systems units, which was associated with a transfer of current assets and liabilities in the amount of EUR 10.6 million (net), resulted in a corresponding increase in the shares in affiliated companies.

Inventories have for the first time included unfinished products relating to the processing of an “Electronic Systems Operations” project.

As a result of the decline in revenues, the trade receivables have declined by EUR 7.8 million compared with the prior year.

The decline in receivables due from affiliated companies is mainly due to lower cash pooling receivables as a consequence of the cash-effective settlement of a dividend liability due to the shareholder.

Liquid assets have declined by EUR 98.6 million, mainly as a result of a payment of EUR 92.8 million into the pension scheme in Great Britain. Shareholders' equity has increased by EUR 19.1 million to EUR 34.0 million, resulting from a payment of EUR 32.0 million made by the shareholder into the capital reserve and a net loss for the year of EUR 12.9 million. The equity ratio amounted to 16.2 % compared with 3.0 % in the prior year.

With the exception of the provisions for copyright fees, guaranties and long-service awards, all provisions are of short-term nature. Long-term provisions have been discounted accordingly.

The decline in liabilities due to affiliated companies is due to the cash-effective settlement of a dividend liability due to the shareholder.

The other liabilities have declined compared with the prior year, mainly as a result of the payment of EUR 92.8 million into the pension scheme in Great Britain.

e) Liquidity situation

Toshiba Europe GmbH maintains bank accounts in most of the European countries in which sales agencies of the Company operate. At the same time, the Company has business accounts with several large banks in Germany. The business accounts are coordinated on a daily basis, concentrating the available liquidity. In addition, TEG participates in a cash pooling system with Toshiba of Europe Ltd. in London, to which the free liquidity is made available. This takes place through short-term financial investments or overnight deposits.

The Company operates a working capital management arrangement, taking care to ensure that outstanding receivables do not become too large, and stock levels correspond to the respective performance level.

The Company's liquid funds are pooled with an affiliated company in the UK (cash pooling). Since the beginning of financial year 2016/17, the funds have been made available to the affiliated company in the form of short-term loans, which usually have a term of only a few days, being disclosed in receivables from affiliated companies. The balance of short-term financial investments declined by EUR 144.9 million, from EUR 224.0 million in the prior year to EUR 79.1 million as of the balance sheet date. The loans had a term of up to 10 days. The cash at banks declined by EUR 5.8 million from EUR 9.4 million (excl. the funds reserved for the transfer to the pension scheme) in the prior year to EUR 3.6 million on the balance sheet date.

f) Employees

During the financial year 2017/18, the Company had an average number of 214 employees (prior year: 297). Of these employees, 93 worked in Germany and 121 worked at foreign branches. As a corporate pension scheme, the Company concluded a group life insurance in the form of a direct insurance policy for its employees of the German operating facilities on April 1, 1991.

3. Opportunities and Risk Report

a) Opportunities of future development

The Company operates as the European headquarters for the remaining business units. Opportunities arise primarily from the process of developing new sales regions, developing new markets with new product groups and rendering services to affiliated companies.

b) Risks of future development

TEG operates an active risk management function. The reporting system is based on detailed corporate planning and monthly key figure analyses in comparison with the actual development. In various regular meetings, the business development as well as all risks of the business are discussed, countermeasures are taken and feedback is given by the department concerned on the respective implementation of the measures.

TEG is a sales company of the Toshiba Group and, therefore, integrated in the group structure. The products sold originate almost exclusively from the Toshiba Group. The Company is integrated in the cash pooling system of the Toshiba Group, and had short-term loan receivables of EUR 79.1 million from this system as of the balance sheet date. There are numerous personnel links with other group companies.

Sales risks exist due to strong competitive intensity in an extremely fast-moving market. This may lead to demand shifts resulting in lower revenues for individual products or entire product groups.

The markets in which Toshiba Europe GmbH operates are subject to a constant and rapid process of technological change. Due to short product lifecycles of electronic devices, there is a risk that the products are not in line with the corresponding market requirements or are replaced by new technologies. Moreover, product innovations almost automatically result in a price decline of the products' respective predecessor generation.

We sell products that are subject to copyright fees, which, in the past, had been charged and distributed to authors, artists and publishing houses by the Verwertungsgesellschaft [collecting agency] Wort, and are currently charged and distributed by the Zentralstelle für private Überspielungsrechte [Central Organization for Private Recording Rights]. The amount of fees demanded by the associations has been very controversial for many years, having resulted, in almost all cases, in legal disputes which were often decided by the highest court. For some of our products sold, a decision has not yet been taken by the highest court. We cannot exclude the possibility that the amounts to be determined by the courts will be higher than the amounts of the provisions set up.

Our Company purchases and sells goods and services in several local currencies, mainly in euro, US dollar and British pound. Accordingly, there is a risk that exchange rate fluctuations may influence our results. To manage this risk, we regularly reconcile receivables, payables and cash at banks in the respective currencies and hedge major deficits through forward exchange transactions.

In addition to the above risks, there are other risks, namely bad debt risks, legal and tax risks. These risks are also constantly monitored; the Company combats these risks by means of appropriate countermeasures, e.g. credit insurance and indemnity declaration of the parent company.

4. Forecast Report

a) Probable development according to budgeting

For financial year 2018/19, we expect an increase in revenues of approx. EUR 8.5 million to EUR 195.8 million.

In the Personal Computers unit, we plan to increase revenues by approx. EUR 10.2 million to EUR 171.3 million. The process of expanding our sales area by way of territorial expansion (which was initiated in the financial year 2017/18) will be continued. Distribution agreements with new partners in the corresponding regions are currently the subject of negotiation.

We are also pressing on ahead with developing new market segments by way of diversification of our product portfolio. The financial year 2017/18 saw the conclusion of a partnership with a specialist provider of software solutions for application in assisted-reality data glasses. In conjunction with our Edge computers of the dynaEdge series, we consider that there is great potential in the market for these solutions.

For our other business units, we also expect to see a decline in revenues of approx. EUR 1.7 million to a total of EUR 24.5 million. We expect to see higher revenues in the still relatively recent unit “Visual B2B” (signage displays and hotel TVs), whereas we expect to see a downturn in revenues in the “ESO” unit (money counting machines and letter sorting machines) in line with normal fluctuations in project business.

The continued business units are expected to generate a positive result. We currently assume – including the expected profit transfer of TEE - a profit before taxes in the amount of approx. EUR 8.5 million.

The forecast set out in the prior-year report, according to which revenues were expected to decline considerably as a result of the planned transfer of the “Storage Products” and “Automotive” units to TEE, has been fulfilled.

So far, we have only partially been able to realize the revenue growth of continued operations forecast in the prior-year report. The territorial expansion which commenced in the prior financial year has not yet been completed as a result of lengthy and difficult processes in establishing new distribution partnerships, and the process will be continued in the financial year 2018/19.

b) Current developments

On June 5, 2018, Toshiba Corporation announced the signature of an agreement for selling 80.1 % of shares in the previously wholly-owned subsidiary Toshiba Client Solutions Corporation to Sharp Corporation. October 1, 2018 is planned as the reference date for the sale.

Toshiba Client Solutions Corporation is responsible for “Personal Computers” business within the Toshiba Group. Within the framework of the partial sale of Toshiba Client Solutions Corporation to Sharp Corporation, there are plans for the “Personal Computers” unit of Toshiba Europe GmbH to be transferred to a new subsidiary of Toshiba Client Solutions Corporation which will have to be set up.

As described in point 4.a), planning for the financial year 2018/19 was drawn up before the announcement of the partial sale of Toshiba Client Solutions Corporation to Sharp Corporation. Depending on the time of implementing the planned transfer of the “Personal Computers” unit of TEG to a subsidiary of Toshiba Client Solutions, it is possible that the revenues generated in the “Personal Computers” unit might be significantly lower than originally forecast. The partial sale might also have a considerable impact on earnings before tax.

Balance Sheet as of March 31, 2018

Assets

| | March 31, 2018 EUR | March 31, 2017 EUR |
|---|-----------------------|-----------------------|
| A. Fixed assets | | |
| I. Intangible assets | | |
| 1. Purchased software | 309,794.57 | 661,184.52 |
| 2. Goodwill | 1,068,900.03 | 1,781,500.03 |
| 3. Prepayments | 0.00 | 26,410.00 |
| | 1,378,694.60 | 2,469,094.55 |
| II. Tangible assets | | |
| Operational and office equipment | 331,932.15 | 587,952.82 |
| | 331,932.15 | 587,952.82 |
| III. Financial assets | | |
| 1. Shares in affiliated companies | 12,816,358.34 | 2,262,893.50 |
| | 12,816,358.34 | 2,262,893.50 |
| | 14,526,985.09 | 5,319,940.87 |
| B. Current assets | | |
| I. Inventories | | |
| 1. Unfinished products | 5,873,228.86 | 0.00 |
| 2. Merchandise | 6,366,123.08 | 9,730,638.01 |
| | 12,239,351.94 | 9,730,638.01 |
| II. Receivables and other assets | | |
| 1. Trade receivables | 56,473,014.18 | 64,305,430.20 |
| 2. Receivables due from affiliated companies | 102,117,002.38 | 276,229,023.13 |
| 3. Other assets | 12,921,322.10 | 18,916,820.14 |
| | 171,511,338.66 | 359,451,273.47 |
| III. Cash in hand and cash at banks | 3,574,130.42 | 102,198,370.96 |
| | 187,324,821.02 | 471,380,282.44 |
| C. Prepaid expenses and deferred charges | 1,492,695.72 | 1,979,154.13 |
| D. Deferred tax assets | 6,618,613.33 | 8,559,234.33 |
| | 209,963,115.16 | 487,238,611.77 |

Shareholders' Equity and Liabilities

| | March 31, 2018 | March 31, 2017 |
|---|-----------------------|-----------------------|
| | EUR | EUR |
| A. Shareholders' equity | | |
| I. Subscribed capital | 64,269,389.46 | 64,269,389.46 |
| II. Capital reserve | 172,000,000.00 | 140,000,000.00 |
| III. Loss carried forward | -189,439,059.17 | -123,110,937.77 |
| IV. Net loss for the financial year | -12,873,323.94 | -66,328,121.40 |
| | 33,957,006.35 | 14,830,330.29 |
| B. Provisions | | |
| 1. Provisions for pensions and similar obligations | 1,711,061.95 | 1,706,505.00 |
| 2. Provisions for taxes | 56,737,132.81 | 64,704,931.17 |
| 3. Other provisions | 52,689,925.00 | 113,256,236.68 |
| | 111,138,119.76 | 179,667,672.85 |
| D. Liabilities | | |
| 1. Payments received on account of orders | 6,740,233.55 | 3,056,873.64 |
| 2. Trade payables | 19,586,418.32 | 5,862,571.19 |
| 3. Payables due to affiliated companies | 22,714,257.50 | 171,421,371.37 |
| 4. Other liabilities | 3,991,797.57 | 98,092,834.42 |
| - thereof for taxes: EUR 280.923,26 (prior year: EUR 211.132,61) | | |
| | 53,032,706.94 | 278,433,650.62 |
| E. Deferred items | 11,835,282.11 | 14,306,958.01 |
| | 209,963,115.16 | 487,238,611.77 |

Toshiba Europe GmbH, Neuss
**Income Statement for the Financial Year
from April 1, 2017 to March 31, 2018**

| | 2017/18 EUR | 2016/17 EUR |
|--|------------------------------|------------------------------|
| 1. Revenues | 187,298,337.41 | 345,926,195.52 |
| 2. Increase in inventories (unfinished products) | 5,873,228.86 | 0.00 |
| 3. Other operating income | 7,431,079.98 | 18,706,686.83 |
| - thereof currency translation EUR 1,819,264.44 (prior year: EUR 945,212.00) | | |
| 4. Cost of materials | | |
| Cost of purchased merchandise | -150,947,014.51 | -270,073,768.03 |
| 5. Personnel expenses | | |
| a) Wages and salaries | -20,672,836.96 | -30,991,965.57 |
| b) Social security, pension and other benefit costs | -18,858,363.38 | -76,333,343.21 |
| - thereof for pensions: EUR 15, 821,650.53) (prior year: EUR 73,010,456.18) | | |
| | -39,531,200.34 | <u>-107,325,308.78</u> |
| 6. Depreciation/ amortization of tangible and intangible assets | -1,189,718.53 | -2,238,994.51 |
| 7. Other operating expenses | -45,015,945.62 | -58,791,627.29 |
| - thereof currency translation: C17 EUR 1,570,973.79 (prior year: EUR 1,061,301.45) | | |
| 8. Profit received under profit transfer agreements | 19,967,490.14 | 15,084,151.70 |
| 9. Other interest and similar income | 6,077,340.09 | 1,000,396.08 |
| - thereof from affiliated companies EUR 5,924,507.12 (prior year: EUR 953,506.00) | | |
| 10. Interest and similar expenses | -456,166.99 | -156,906.67 |
| - thereof from compounding of interest: EUR 447,815.74 (prior year: 93,891,11) | | |
| 11. Taxes on income | | |
| - thereof expenses from changes in deferred taxes EUR 1,940,621.00 (prior year: 4,568,111,63) | -2,380,754.43 | <u>-8,458,946.25</u> |
| 12. Earnings after taxes | <u>-12,873,323.94</u> | <u>-66,328,121.40</u> |
| 13. Net loss for the financial year | <u>-12,873,323.94</u> | <u>-66,328,121.40</u> |

Toshiba Europe GmbH, Neuss

Notes to the Financial Statements for Financial Year 2017/18

1. Preliminary Remarks

Toshiba Europe GmbH's ("TEG") registered office is in Neuss. The Company is entered in the Commercial Register of the Neuss Local Court [Amtsgericht] under number HRB 3479.

The annual financial statements as of March 31, 2018 have been drawn up in accordance with the provisions of Articles 242 et seq. and 246 et seq. HGB (Handelsgesetzbuch; Commercial Code) and GmbHG (GmbH-Gesetz; German Limited Liabilities Companies Act). The provisions applicable to large corporations shall apply.

The income statement was prepared using the cost summary method.

The Company continued its restructuring measures in the reporting year and carried out and completed the following measures in this connection:

a) Spinning-off of business units

The "Storage Products" and "Automotive Systems" units were spun off to the subsidiary Toshiba Electronics Europe GmbH ("TEE") effective April 1, 2017. The prior-year balance sheet contained the following main assets and liabilities of these two units which have been transferred to TEE:

| | TEUR |
|----------------|--------|
| Fixed assets | 99 |
| Current assets | 35,264 |
| Provisions | 23,442 |
| Liabilities | 1,368 |

The transferred net assets amounted to TEUR 10,553. The carrying amount of TEE shown under the financial assets increased accordingly by this amount.

The income statement of the prior year contained the following major expense and income items of these two business units:

| | TEUR |
|--------------------------|---------|
| Revenues | 114,150 |
| Cost of materials | 101,392 |
| Other operating expenses | 8,648 |

As a result of these spin-offs, the balance sheets as of March 31, 2018 and 2017 as well as the income statements for the financial years 2016/17 and 2017/18 are only comparable to a limited extent.

b) **Transfer of indirect pension obligations to a third party**

As of the balance sheet date of the prior year, TEG had indirect pension obligations due to employees in Great Britain; these are handled via a pension scheme (Toshiba pension and assurance scheme of “Toshiba Pension Scheme Trustee Limited, Weybridge/Great Britain”). For financing the pension scheme, TEG had concluded an agreement with Toshiba Reservoir Trustee Limited and Toshiba Pension Scheme Trustee Limited, agreeing to pay a total of GBP 80 million (EUR 92.8 million) into the Toshiba Pension Reservoir Trust; these payments were made by March 31, 2017. According to the terms of this agreement, the amount of GBP 80.0 million was to be transferred to the pension scheme on July 1, 2017. However, due to the classification of beneficial ownership, the funds were still recognized as cash at banks of TEG as of the balance sheet of the prior year, and the corresponding payment obligations due to the pension scheme were recognized as other liabilities. In the reporting year, the funds were transferred from Toshiba Reservoir Trustee Limited to Toshiba Pension Scheme Trustee Limited, and the cash at banks and other liabilities were correspondingly derecognized.

In an agreement of March 22, 2018 with the pension scheme, Rothesay Life PLC and 20-20 Trustees Limited, and within the framework of transferring the pension obligations to Rothesay Life PLC and 20-20 Trustees Limited, TEG agreed to make a further payment of GBP 13.8 million (EUR 15.9 million) into the pension scheme. This amount had also been paid as of the balance sheet date, and is disclosed in these annual financial statements as retirement benefit costs.

2. **Accounting and Valuation policies**

Assets and liabilities were measured in accordance with the principle of individual valuation based on the going-concern assumption. The accounting principles and evaluation methods have been applied unchanged from the prior year.

3. **Comments on the Balance Sheet**

a) **Assets**

The development of **fixed assets** is shown in the fixed-asset movement schedule.

Acquired **intangible assets** and **tangible assets** are recognized at acquisition cost less scheduled amortization and depreciation. Prepayments are recognized at nominal value.

Scheduled use-related amortization and depreciation is determined using the straight-line method and based on estimated useful lives. These amount to:

| | |
|----------------------------------|--------------|
| Software | 3 to 5 years |
| Goodwill | 5 years |
| Operational and office equipment | 3 - 10 years |

Low-value assets with individual acquisition cost of up to EUR 410 (since January 1, 2018 EUR 800) are fully written down in the year of acquisition and shown as disposals in the fixed-asset movement schedule.

The capitalized goodwill results from business acquisitions and mainly refers to customer bases. Due to the short product life cycles and the generally strong volatility of the industry sector, a depreciation period of five years was taken into account, because the advantage of customer loyalty can be used over this period.

Financial assets are valued at acquisition cost less any necessary impairments where applicable.

Write-ups to fixed assets - with the exception of goodwill - are made if the reasons which caused the impairments ceased to exist.

The Company's shareholdings as of March 31, 2018 comprise the following:

| | Capital holding (%) | Financial statements as of | | |
|--|---------------------|----------------------------|----------------------|-----------------|
| | | March 31, 2017 | | |
| | | Currency | Shareholders' equity | Net profit/loss |
| Toshiba Electronics Europe GmbH, Dusseldorf | 100.0 | TEUR | 2,000 | 0 |
| Toshiba Systèmes (France) S.A., Puteaux / France | 4.83 | TEUR | 21,270 | 2,004 |
| Toshiba Information Systems (U.K.) Ltd., Weybridge / Great Britain | 0.66 | TGBP | 29,679 | -863 |

A profit and loss transfer agreement and a consolidated tax structure are in place with the subsidiary Toshiba Electronics Europe GmbH.

The **inventories** are measured as follows:

Unfinished products are shown with the costs of production which have to be capitalized in accordance with the percentage of completion. Because the products are manufactured almost entirely by sub-contractors, the costs of production consist almost exclusively of services invoiced by third parties and, to a minor extent, exceptional individual costs incurred by the Company. The principle of loss-free measurement is observed for determining the value of the unfinished products.

Merchandise is stated at cost of acquisition or lower replacement costs as of the balance sheet date. Non-moving and slow-moving inventories are accordingly written down in line with loss-free valuation. The value deductions are determined on the basis of a range of coverage procedure.

Receivables and other assets are stated at nominal values less specific valuation allowances set up for recognizable individual risks. The accounting treatment of receivables denominated in foreign currency is explained under "currency translation".

Valuation allowances in the amount of the expected default are recognized in relation to receivables for which either collection procedures or legal disputes are pending. Receivables which are older than 180 days and which have not been notified to the credit insurance are written down in full. In the case of insolvency, receivables covered by commercial credit insurance are written down by 10 % to 100 % on the part of the credit insurer prior to the determination of the liability commitment. A general valuation allowance on receivables has not been set up.

Receivables from affiliated companies include two short-term loans from the cash pooling of liquid funds with a fellow subsidiary in the amount of TEUR 79,100 (prior year: TEUR 224,000). The remaining receivables from affiliated companies result from ongoing supply and service transactions, and include receivables from the shareholder to the amount of TEUR 582 (prior year: TEUR 882).

Liquid funds are recognized at nominal amount. Cash at banks denominated in foreign currency were translated at the exchange rate applicable on the reporting date.

Prepaid expenses and deferred charges/deferred income contain payments / receipts before the balance sheet date which represent expenditure / income for a specific period after that date.

Deferred taxes are recognized in relation to the temporary differences between the figures shown in the commercial balance sheet and the tax balance sheet which will probably be reversed in subsequent financial years. In this context, temporary accounting differences which exist in foreign permanent establishments are also included. In addition, tax loss carry-forwards are taken into account in the calculation of the deferred taxes to an amount which the Company expects to utilize during the next five years. Deferred tax assets and deferred tax liabilities are shown as netted figures.

The deferred taxes for operating facilities in Germany are valued on the basis of a combined tax rate of 31.2 %. This rate comprises the corporation tax including solidarity surcharge and the trade tax. Temporary differences at foreign operating facilities are measured at the respective tax rates applicable in the respective countries, which are between 17 % and 34 %.

As of the balance sheet date, there are deferred tax assets to the amount of TEUR 6,634 and deferred tax liabilities to the amount of TEUR 15, thus giving rise to an overhang of TEUR 6,619 of deferred tax assets over deferred tax liabilities (prior year: TEUR 8,559). The deferred tax assets mainly result from the valuation of provisions or the discounting of liabilities for tax purposes (TEUR 2,475), various circumstances within the foreign branches (TEUR 2,144) and amortization and depreciation of intangible assets and tangible assets (TEUR 755). The deferred tax liabilities are attributable to issues within the international branches.

b) Liabilities

The **subscribed capital** is recognized at nominal value. It amounts to TDM 125,700 (TEUR 64,269).

In the reporting year, the shareholder made a payment of TEUR 32,000 into the **capital reserve** in accordance with Section 272 (2) No. 4 HGB.

The **provisions** cover all recognizable risks and contingent liabilities. They are set up at the settlement amount required according to reasonable commercial assessment. Increases in costs and prices have been taken into account in the calculation of the provisions. Long-term provisions are discounted using the average market interest rate of the previous seven years (pension provisions: ten years), corresponding to the term of the provisions.

Provisions for pensions take account of obligations which the Company has assumed towards employees in connection with the takeover of the sales territory of Toshiba Systèmes (France) S.A., Puteaux/France (TSF). The employees have to a large extent already left the Company. The provisions are measured on the basis of actuarial calculations using the projected unit credit method, taking account of the French INSEE 11-13 H&F / TGH05 life expectancy tables. They were discounted generally using the average market interest rate of the previous ten years as published by Deutsche Bundesbank (German Central Bank) applicable for an assumed residual term of the obligations of 15 years. This interest rate is 3.57 % (prior year: 3.94 %) p.a. The assumed salary trend is unchanged compared with the prior year (1 % or 1.5 % p.a.). The effect from the change of the discount rate was recognized in the financial result.

The obligations from pensions are netted against assets which serve the exclusive purpose of settling liabilities relating retirement benefits and similar obligations and which are ring-fenced with regard to all other creditors (so-called cover funds). The cover funds are measured at fair value.

There were pension obligations of TEUR 3,513 as of the balance sheet date (prior year: TEUR 3,519). This figure is TEUR 85 (difference) lower than the figure for pension provisions which would have been shown if the seven-year average rate had been applied as of March 31, 2018. The difference of TEUR 85 is subject to a payout restriction in accordance with Section 253 (6) Clause 2 HGB.

The fair value (TEUR 1,802, prior year: TEUR 1,453) of the netted assets has been determined on the basis of market prices on an active market. The costs of purchase of the netted assets correspond to the fair value of the netted assets.

The interest expenses relating to the compounding of the pension provisions and the interest income relating to the netted assets are recognized as a net amount in net interest income. The compounding amounted to TEUR 115, and interest income amounted to TEUR 32.

The **other provisions** were mainly set up for litigation, legal and consultancy costs (TEUR 21,699), copyright levies (TEUR 7,697), warranties (TEUR 6,177) as well as other obligations towards customers (TEUR 7,514) and employees (TEUR 4,033).

The provision for litigation, legal and consultancy fees covers risks relating to the enforcement of claims against the Company as well as costs incurred in connection with enforcing the Company's own claims.

The provision for copyright levies refers to obligations currently still in dispute relating to the payment of levies, which are supposed to remunerate secondary exploitations of copyrighted texts, pieces of music and films by consumers. The levies are charged by the associations Verwertungsgesellschaft Wort [Society for the Exploitation of Literary Works] and Zentralstelle für private Überspielungsrechte [Central Organization for Private Recording Rights] and distributed to authors, artists and publishers. The provision was calculated on the basis of the present legal situation and the assessment of the amounts probably to be paid.

The calculation of the warranty provision is based on a model which takes into account historical error rates, current quantities and agreements reached with third parties.

The provision for other obligations towards customers considers obligations related to the payment of traders' inventory value adjustments, customer bonuses and advertising subsidies. Traders receive an inventory value adjustment for products they hold in their portfolio at the balance sheet date and for which they have to grant a price reduction towards their customers.

The provisions for service anniversary obligations are measured using actuarial calculation methods (PUC method) and also in line with the French life expectancy tables INSEE 11-13 H&F. Matching maturity average market rates of the prior seven financial years (2.68 %; prior year: 3.12 %) and a general assumed remaining term of 15 years have been used for this purpose.

The **liabilities** are stated at settlement amounts.

The residual terms of the liabilities are presented in the following schedule of liabilities.

| Liabilities | Maturities, of which | | | Total TEUR |
|---|-----------------------------|------------------------|-------------------|-----------------------------|
| | < 1 year TEUR | > 1 year TEUR | > 5 years TEUR | |
| Advance payments received (prior year) | 6,740 (3,057) | 0 (0) | 0 (0) | 6,740 (3,057) |
| Trade payables (prior year) | 19,586 (5,863) | 0 (0) | 0 (0) | 19,586 (5,863) |
| Liabilities due to affiliated companies (prior year) | 22,714 (24,500) | 0 (146,921) | 0 (0) | 22,714 (171,421) |
| Other (prior year) | 3,992 (98,093) | 0 (0) | 0 (0) | 3,992 (98,093) |
| Total (prior year) | 53,033 (131,513) | 0 (146,921) | 0 (0) | 53,033 (278,434) |

Of the figure shown for liabilities due to affiliated companies, TEUR 128 relates to liabilities due to the shareholder (prior year: TEUR 148,445). As in the prior year, the liabilities due to affiliated companies comprise trade payables. The liability relating to a profit distribution resolution shown as of March 31, 2017 was settled by payment in the reporting year.

4. Notes to the Income Statement

The breakdown of **revenues** according to product groups and geographical markets is as follows:

| | 2017/18 EUR million | 2016/17 EUR million |
|--|------------------------|------------------------|
| Product groups | | |
| Personal Computers | 161 | 210 |
| Storage Products | 0 | 109 |
| Visual Products | 5 | 5 |
| Other revenue | 21 | 21 |
| | <hr/> 187 | <hr/> 346 |
| Geographical markets | | |
| Germany | 28 | 74 |
| European Community (excluding Germany) | 144 | 231 |
| Outside of the European Community | 15 | 41 |
| | <hr/> 187 | <hr/> 346 |

Other operating income includes income of TEUR 4,216 attributable to other periods (prior year: TEUR 15,142); thereof, TEUR 3,788 (prior year: TEUR 15,142) relating to income from the reversal of provisions.

The figure shown for **personnel expenses** includes exceptional expenses of TEUR 15,849. This relates to a payment in connection with the transfer of indirect pension obligations to third parties. Please refer to the explanations under "Preliminary comments".

The **other operating expenses** include expenses of TEUR 133 attributable to other periods; these relate mainly to expenses incurred in the Portuguese branch. The other operating expenses include other taxes of TEUR 95 (prior year: TEUR 154).

5. Other Disclosures

Management

In the reporting year, the Company's business was managed by the following persons:

Damian Jaume, Managing Director & President, Hückelhoven

Toshinori Yoshioka, Managing Director, Tokyo

The managing directors exercise their functions on a full-time basis.

As only two managing directors were remunerated by the Company, the information on management remuneration is not disclosed with reference to Section 286 (4) HGB.

Other financial obligations

The other financial obligations result from rental and lease agreements which break down by maturities as follows:

| | March 31, 2018 | March 31, 2017 |
|--------------------------------|----------------|----------------|
| | TEUR | TEUR |
| Due within one year | 1,957 | 1,941 |
| Due between two and five years | 4,343 | 3,938 |
| Due after more than five years | 868 | 435 |
| | <hr/> 7,168 | <hr/> 6,314 |

Of the total amount of other financial obligations from rental and lease agreements (TEUR 7,168), TEUR 240 relates to affiliated companies.

Treatment of foreign currency risks/currency translation (disclosure pursuant to Section 285 No. 23 HGB)

Our Company purchases and sells goods and services in various local currencies. The main currencies are the euro followed by the US dollar and the British pound. In addition, trading transactions are also conducted in other currencies.

We enter into forward exchange contracts to hedge against the foreign currency risks. These derivative financial instruments are combined together with the hedged underlying transactions (foreign currency receivables, foreign currency liabilities and cash at banks denominated in foreign currency) to form so-called macro valuation units and are netted to establish a net position. If a sufficient opposite nature of the items is ensured, they are recognized in accordance with the net hedge presentation method ["Einfrierungsmethode"], i.e. the fair values of the derivatives and the

effects from the foreign currency valuation of the hedged transactions are not recognized. If there is a non-hedged net position, this is treated in accordance with the general valuation principles.

As of the balance sheet date, receivables with a nominal volume/carrying amount of TEUR 17,942, cash at banks with a nominal volume/carrying amount of TEUR 880 and liabilities of TEUR 6,330 are included in the valuation units. This net position of TEUR 12,492 is offset by derivatives with a nominal volume of TEUR 13,314. The fair values of the derivatives amount to TEUR 13,396 (thereof negative market values of TEUR 81).

If we had not formed the valuation units, a provision for impending losses in the amount of TEUR 81 would have resulted as of the balance sheet date.

The transactions have a term of up to one month.

Non-hedged receivables and liabilities and cash at banks are treated in accordance with the general valuation principles.

Group affiliation

Toshiba Europe GmbH is a subsidiary of Toshiba Corporation, Tokyo. Toshiba Corporation holds 100 % of the shares in our Company. The Company is included in the consolidated financial statements prepared by Toshiba Corporation, which are published in Tokyo. Toshiba Corporation prepares the consolidated financial statements for the smallest and largest group of consolidated companies. The consolidated financial statements are available from the parent company's head office.

Related parties

The related parties (companies) include all companies of the consolidated group of Toshiba Corporation. Major supply relations exist primarily with companies in the consolidated group, and in particular Toshiba Client Solutions Co. Ltd., Tokyo.

In connection with the documentation of transfer pricing matters and to avoid transfer price risks, transfer price analyses have already been carried out several years ago which are based on so-called benchmark studies and risk/function profiles. On this basis, transfer price agreements have been concluded with the above-mentioned companies, which provide for an adequate standard market profit distribution to the different levels of trade. In business practice, special attention is paid to the fact that these requirements are satisfied when concluding and performing transactions with the relevant companies.

In addition, the Company did not engage in any significant transactions with members of the management or the supervisory board as well as other key management personnel or with companies in whose management or supervisory bodies those persons are represented. This also applies to close family members of this group of persons.

Number of employees (annual average)

In the financial year 2017/18, an average of 93 (prior year: 151) white-collar staff worked in the operating facilities in Germany and an average of 121 (prior year: 146) white-collar staff worked in the foreign branches.

Fees and services of the auditor

The total auditor's fees calculated for financial year 2017/18 amount to TEUR 205 and solely relate to financial statement auditing services.

Restriction on distribution / proposal for the appropriation of profit

As of the balance sheet date, shares in equity to the amount of TEUR 6,704 (prior year: TEUR 8,671) are subject to a restriction on distribution. The amount results from deferred tax assets (TEUR 6,619; prior year: TEUR 8,559) and the difference from the discounting of the pension provisions using a ten-year average market interest rate instead of a seven-year interest rate (TEUR 85).

The payout restriction is not applicable in view of the loss situation as of the balance sheet date.

The management proposes that the cumulative losses brought forward and the net loss for the year be carried forward to the new accounting period.

Events after the balance sheet date

On June 5, 2018, Toshiba Corporation announced the signature of an agreement for selling 80.1 % of shares in the previously wholly-owned subsidiary Toshiba Client Solutions Corporation to Sharp Corporation. October 1, 2018 is planned as the reference date for the sale.

Toshiba Client Solutions Corporation is responsible for "Personal Computer" business within the Toshiba Group. Within the framework of the partial sale of Toshiba Client Solutions Corporation to Sharp Corporation, there are plans for the "Personal Computer" unit of Toshiba Europe GmbH to be transferred to a new subsidiary of Toshiba Client Solutions Corporation which will have to be set up.

No other events of particular importance for the assessment of the net assets, financial position and results of operations of the Company have occurred after the balance sheet date.

No preparation of consolidated financial statements

Exercising the exemption provisions set forth in Sections 291, 292 HGB in conjunction with the German Regulation on Exempting Consolidated Financial Statements and Group Management Reports of Parent Companies with registered office in a Non-EU Country (KonBefrV), we have refrained from preparing consolidated financial statements and a group management report. Instead, we will submit the consolidated financial statements and group management report of Toshiba Corporation in German with the electronic Commercial Register. The exempting consolidated financial statements of Toshiba Corporation are prepared in accordance with US Generally Accepted Accounting Principles (US GAAP). Significant differences from HGB being relevant to our annual financial statements exist in the treatment of goodwill, pension provisions and inventory valuation. In our annual financial statements, goodwill is written down over a period of 60 months on a straight-line basis, while an annual impairment test has to be carried out according to US GAAP. As regards the accounting for pension provisions, US GAAP provides for an option to recognize them using the so-called corridor method. In this respect, actuarial gains and losses within the corridor threshold of 10 % can be directly recognized in equity. The determination of the discount rate pursuant to US GAAP is oriented towards the yields on first-rate corporate bonds. Furthermore, in individual cases, differences may arise with respect to the classification of plan assets according to US GAAP and cover funds according to HGB. Contrary to HGB accounting, the valuation of inventories in accordance with the lower-of-cost-or-market principle under US GAAP takes floors and ceilings into account, which limits the amount of valuation allowances. Moreover, in accordance with US GAAP, the balance sheet classification of assets is effected according to decreasing liquidity while liabilities are classified according to increasing terms and the income statement classification is performed using the cost of sales method.

Neuss, June 29, 2018

Toshiba Europe GmbH

--Management--

sgd. Damian Jaume

sgd. Toshinori Yoshioka

Fixed-Asset Movement Schedule for Financial Year 2017/18

| | April 1, 2017 | | | March 31, 2018 | | | April 1, 2017 | | | March 31, 2018 | | | March 31, 2017 | | |
|----------------------------------|---------------|---------------|------------|----------------|---------------|---------------|---------------|--------------|---------------|----------------|--------------|-----|----------------|-----|-----|
| | EUR | EUR | EUR | EUR | EUR | EUR | EUR | EUR | EUR | EUR | EUR | EUR | EUR | EUR | EUR |
| I. Intangible assets | | | | | | | | | | | | | | | |
| 1. Purchased software | 34,674,015.66 | 0.00 | 52,820.00 | 2,855,230.76 | 31,871,504.90 | 34,012,831.14 | 303,530.06 | 2,754,550.87 | 31,561,810.33 | 309,794.57 | 661,184.52 | | | | |
| 2. Goodwill | 15,582,645.66 | 0.00 | 0.00 | 0.00 | 15,582,645.66 | 13,801,145.63 | 712,600.00 | 0.00 | 14,513,745.63 | 1,068,900.03 | 1,781,500.03 | | | | |
| 3. Prepayments | 26,410.00 | 26,410.00 | -52,820.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 26,410.00 | | | | |
| | 50,283,071.32 | 26,410.00 | 0.00 | 2,855,230.76 | 47,454,250.66 | 47,813,976.77 | 1,016,130.06 | 2,754,550.87 | 46,075,555.96 | 1,378,694.60 | 2,469,094.55 | | | | |
| II. Tangible assets | | | | | | | | | | | | | | | |
| Operational and office equipment | 14,243,030.55 | 17,856.16 | 0.00 | 4,028,755.09 | 10,232,131.62 | 13,855,077.73 | 173,588.47 | 3,928,466.73 | 9,500,199.47 | 331,932.15 | 587,952.82 | | | | |
| | 14,243,030.55 | 17,856.16 | 0.00 | 4,028,755.09 | 10,232,131.62 | 13,855,077.73 | 173,588.47 | 3,928,466.73 | 9,500,199.47 | 331,932.15 | 587,952.82 | | | | |
| III. Financial assets | | | | | | | | | | | | | | | |
| Shares in affiliated companies | 3,305,889.55 | 10,553,464.84 | 0.00 | 0.00 | 13,859,353.39 | 1,042,995.05 | 0.00 | 0.00 | 1,042,995.05 | 12,816,358.34 | 2,262,893.50 | | | | |
| | 3,305,889.55 | 10,553,464.84 | 0.00 | 0.00 | 13,859,353.39 | 1,042,995.05 | 0.00 | 0.00 | 1,042,995.05 | 12,816,358.34 | 2,262,893.50 | | | | |
| | 67,831,990.42 | 10,597,731.00 | 0.00 | 6,883,985.85 | 71,545,735.57 | 62,512,049.55 | 1,189,718.53 | 6,683,017.60 | 57,018,750.48 | 14,526,985.09 | 5,319,940.87 | | | | |

INDEPENDENT AUDITOR'S REPORT

To Toshiba Europe GmbH, Neuss

Audit Opinions

We have audited the annual financial statements of Toshiba Europe GmbH, Neuss, which comprise the balance sheet as at March 31, 2018, and the statement of profit and loss for the financial year from April 1, 2017 to March 31, 2018 and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Toshiba Europe GmbH for the financial year from April 1, 2017 to March 31, 2018.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31. März 2018 and of its financial performance for the financial year from 1 April 2017 to 31. März 2018 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional 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 audit opinions on the annual financial statements and on the management report.

Responsibilities of the Executive Directors for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Fi-

nancial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, 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 audit opinions. 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 controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information

and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance 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.

Düsseldorf, June 29, 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd. Frank Pattusch)
Wirtschaftsprüfer
(German Public Auditor)

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