



Presentation on FY21 Management Policy

FY21~23 Mid-term business plan (MTBP)

May 28, 2021

Hironobu Nishikori

President & CEO

Toshiba Tec Corporation

Contents

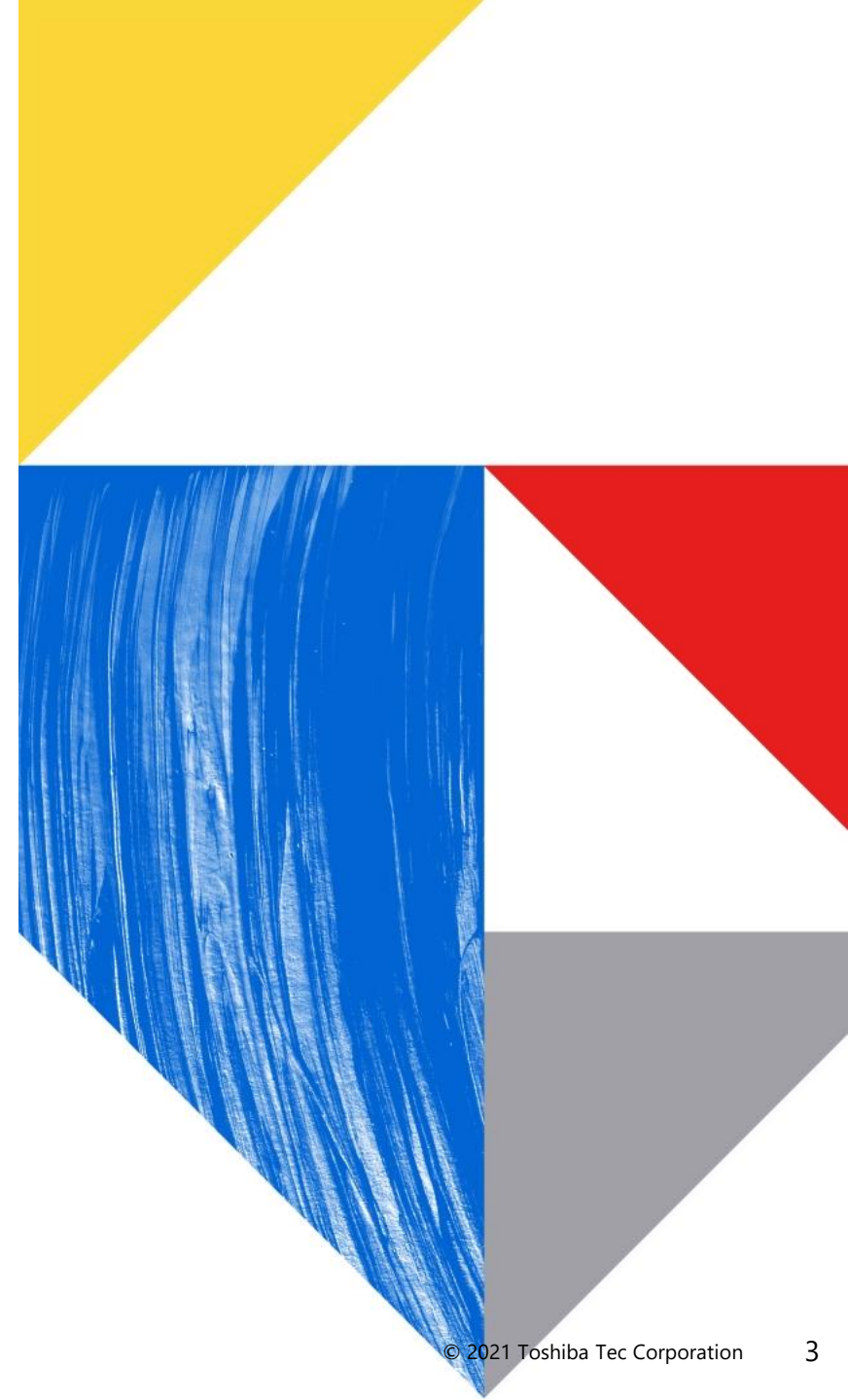
01 Looking back at FY2020

FY21 MTBP Basic Policy

- 02 - Business Strategy by segment
- Financial Target

01

Looking back at FY2020

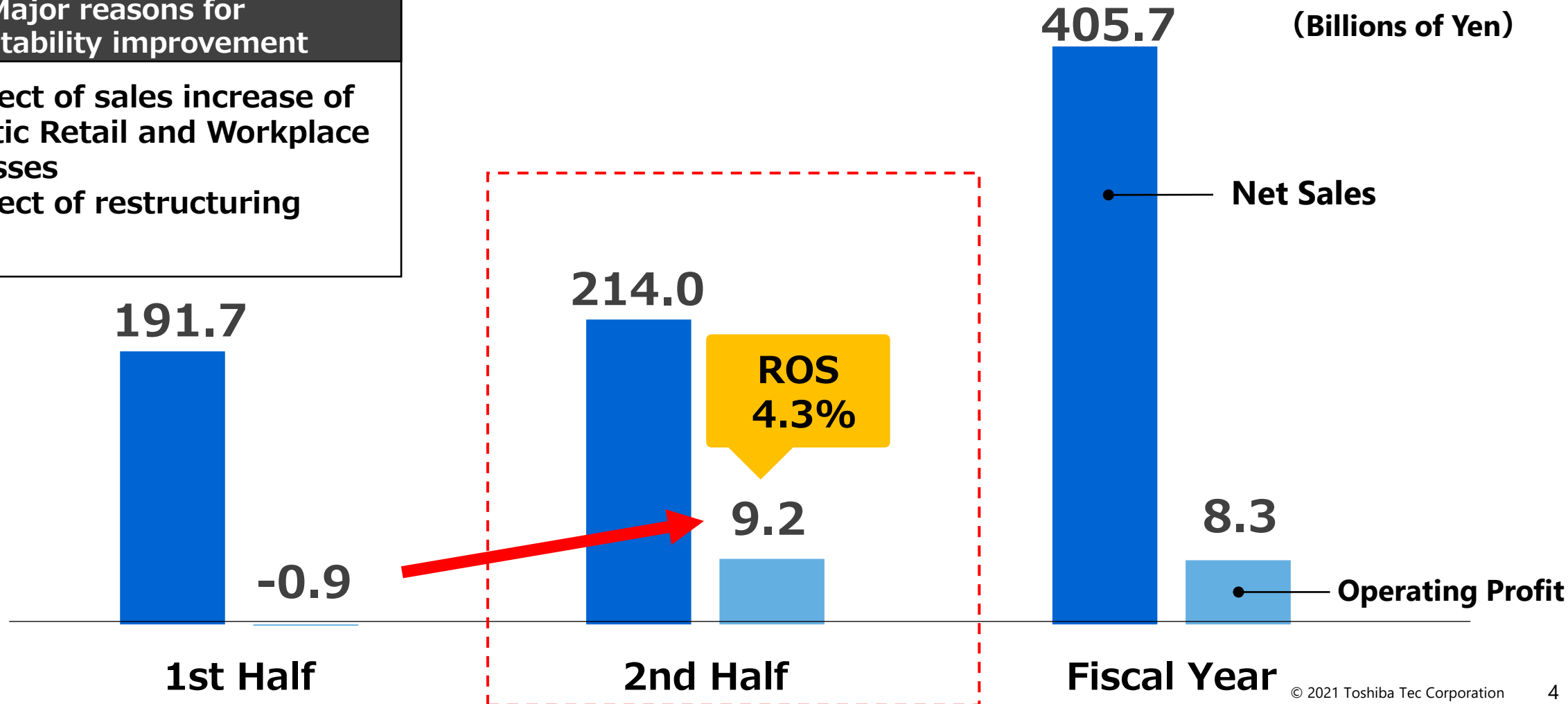


FY2020 Results

Earnings improved significantly (ROS 4.3%) in the 2nd half of the fiscal year due to sales recovery, resulting in **a return to profitability on a yearly basis**

Major reasons for profitability improvement

- ✓ The effect of sales increase of domestic Retail and Workplace businesses
- ✓ The effect of restructuring efforts



Strengthen “Defense” in preparation for “Offense” from FY21

Implemented structural reform aimed at transforming a flexible and leaner operating structure
Achieved **approximately 9 billion yen in annual fixed costs reduction ***

Reduced workforce by 1,100 in FY20



Improve management efficiency and optimize human resource allocation through accelerating Digital Transformation (DX)



Corporate

Reorganization of corporate staff to promote the autonomous and agile operation of business groups



Retail

Reinforce global cooperation
Aim at becoming a partner helping retail customers accelerate business innovation
<Development・Marketing>



Workplace

Robust and streamlined global operation
<Development・Manufacturing・Sales>

Comprehensive review of business foundation

Strengthen our “Defense strategy” in preparation for shifting to “Offense” from FY2021

Comprehensive review of FY2020

Structural Transformation

Business model innovation
(Increasing agility in management)

Work style reform
(Ability development of each employee)

Structural Reform

Global structural reforms
(Optimization of fixed costs)

FY2021~

Offensive Management

Concentrated investment in growth field and partner strategy



Initiatives to continue improving earnings of the overseas business

Topics① : Leading edge Solutions Lab & Showroom 「TEC 01 SIGHT」

TEC 01 SIGHT allows us to experience and create the future together
More than 1,000 visitors (300 companies) since the opening on Oct. 1, 2020 !



Topics ② : Promoting the distribution DX by utilization of POS platform (Smart Receipt)

Rapid expansion of Smart-Receipt

The # of stores implementing Smart-Receipt (incl. unofficial notification)
: 4 K (Sep/E, 20) → **Exceeding 20 K** (Mar/E, 21)
The # of registered members: **Exceeding 360 K** (Mar/E, 21)

DX in stores



Promote Data service business with Toshiba Group by capitalizing on Smart-Receipt

Improve efficiency of payment procedures (Paperless)

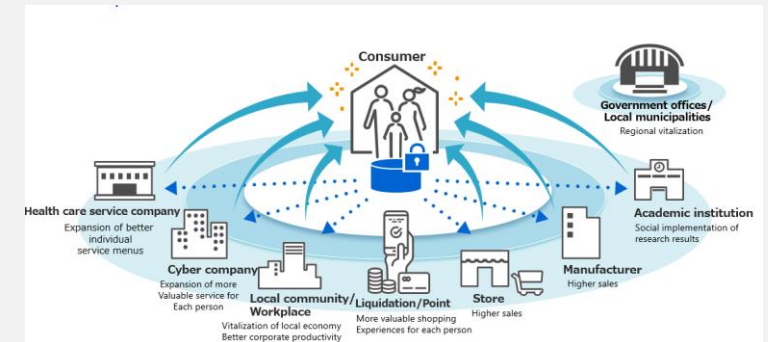
+

Increase consumers' convenience (Household account book, Medical deduction)

=

DX in the distribution promotion (Coupon deli, Point, Campaign)

Data linkage with healthcare, logistic data, human flow and traffic line, etc.



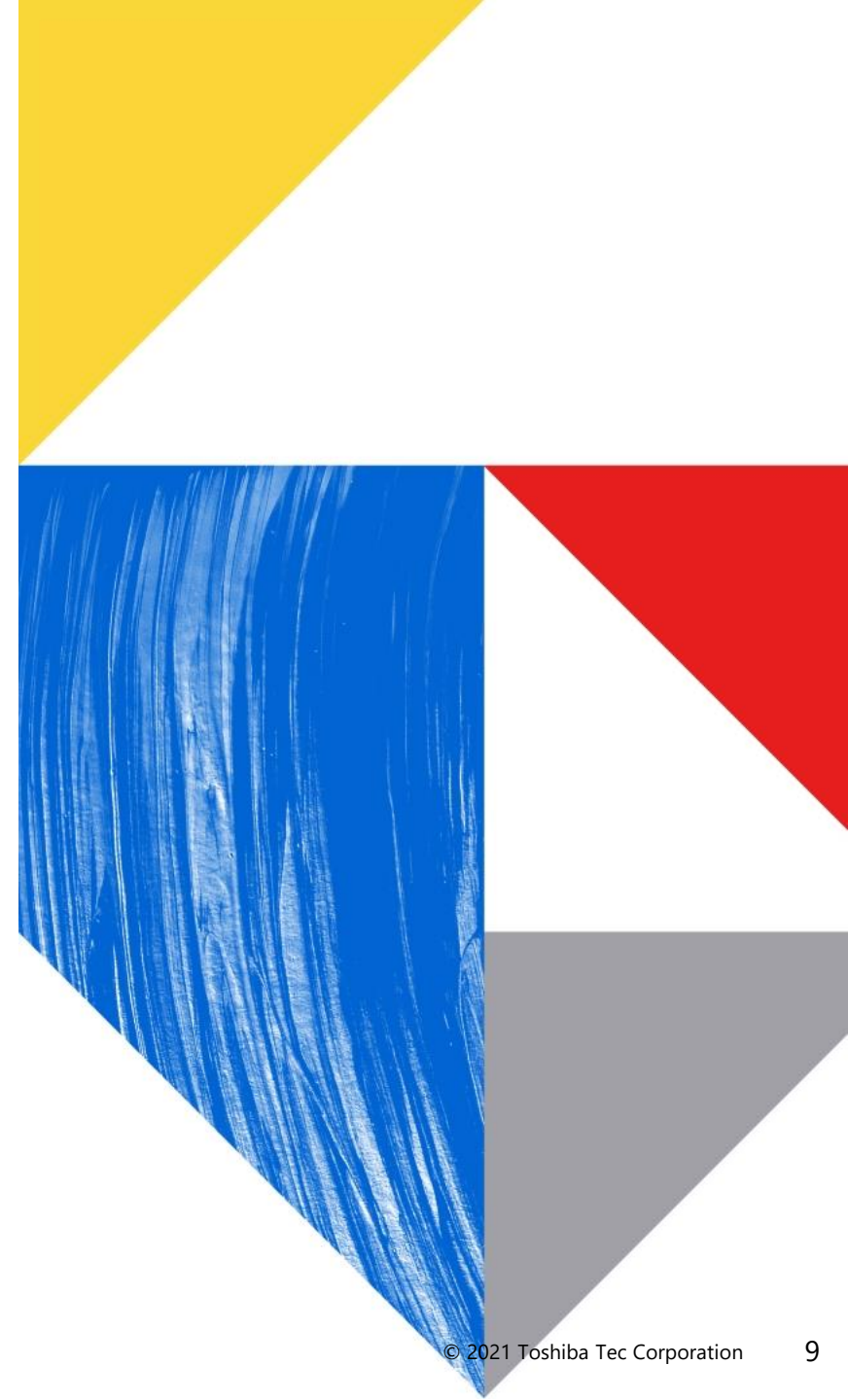
Toshiba Group's eco-system



02

FY21 MTBP Basic Policy

- Business Strategy by segment



FY21 MTBP Basic Policy

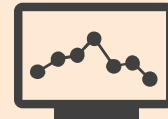
After the structural reform and transformation, accelerate concentrated investment in the growth field to **become a solutions partner by utilizing data effectively**

Business environment

Retail

Business opportunities of global common significance ahead of changes

- ✓ Changes of purchase behavior
- ✓ Changes of retail stores
- ✓ Changes of retail business
- ✓ Changes of manufacturing & logistics



Basic Policy

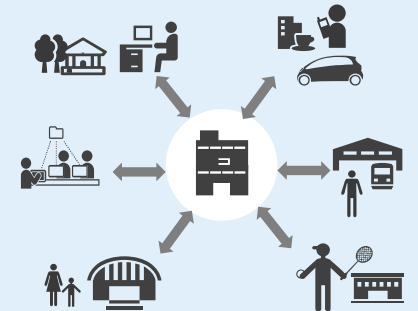
Accelerate to develop innovative business model aimed at becoming a global top retail partner

- ✓ Concentrated investment in the growth field
- ✓ Strategic partnership



Workplace (Printing)

Enhanced business scope: from Office to Workplace



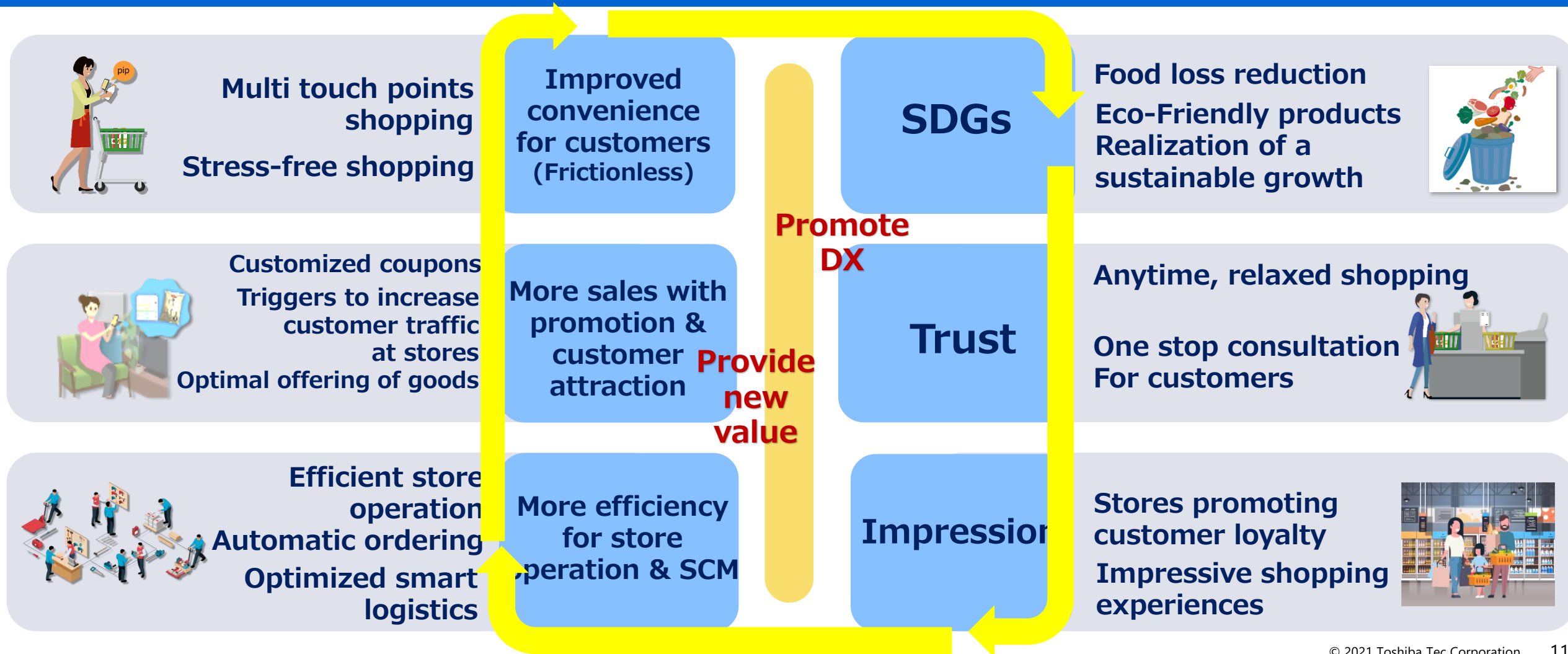
Recovery of profitability and strengthening of solutions

- ✓ **From Printing to Data Management**



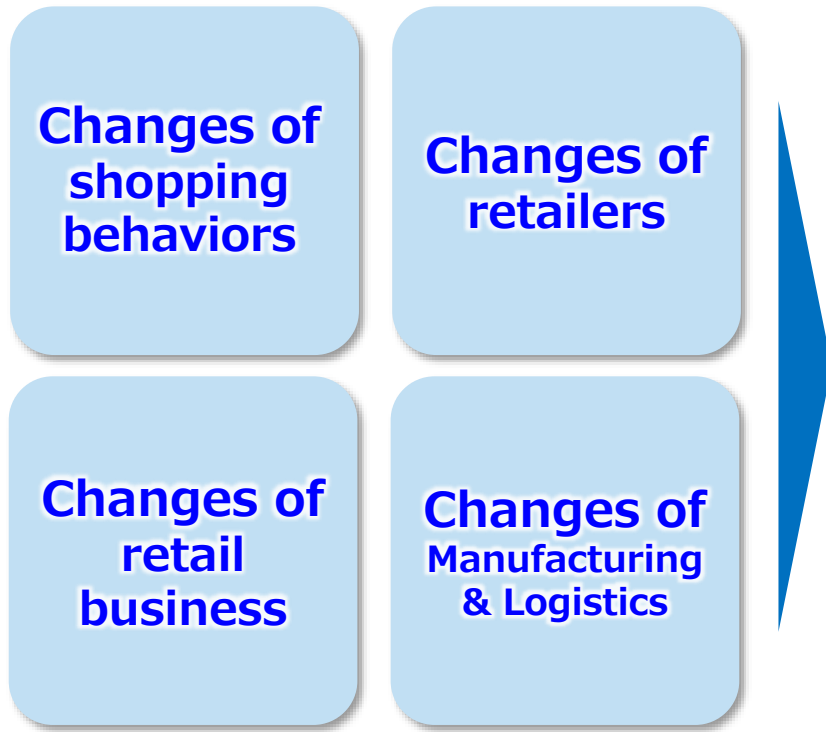
[Retail Business] The future direction

Solve customer issues by proactively responding to the changes in global retail environment
new value creation and proposal-based business



Aim at becoming a global top solutions partner in the distribution industry

Customer base・Service Network



Global Retail Platform 「ELERA-Retail*1」



*1 ELERA-Retail (Global Platform) It's time to accelerate the future of retail.

*2 DMP **D**ata **M**anagement **P**latform

[Retail Business] ELERA-Retail Transaction system

With Partner

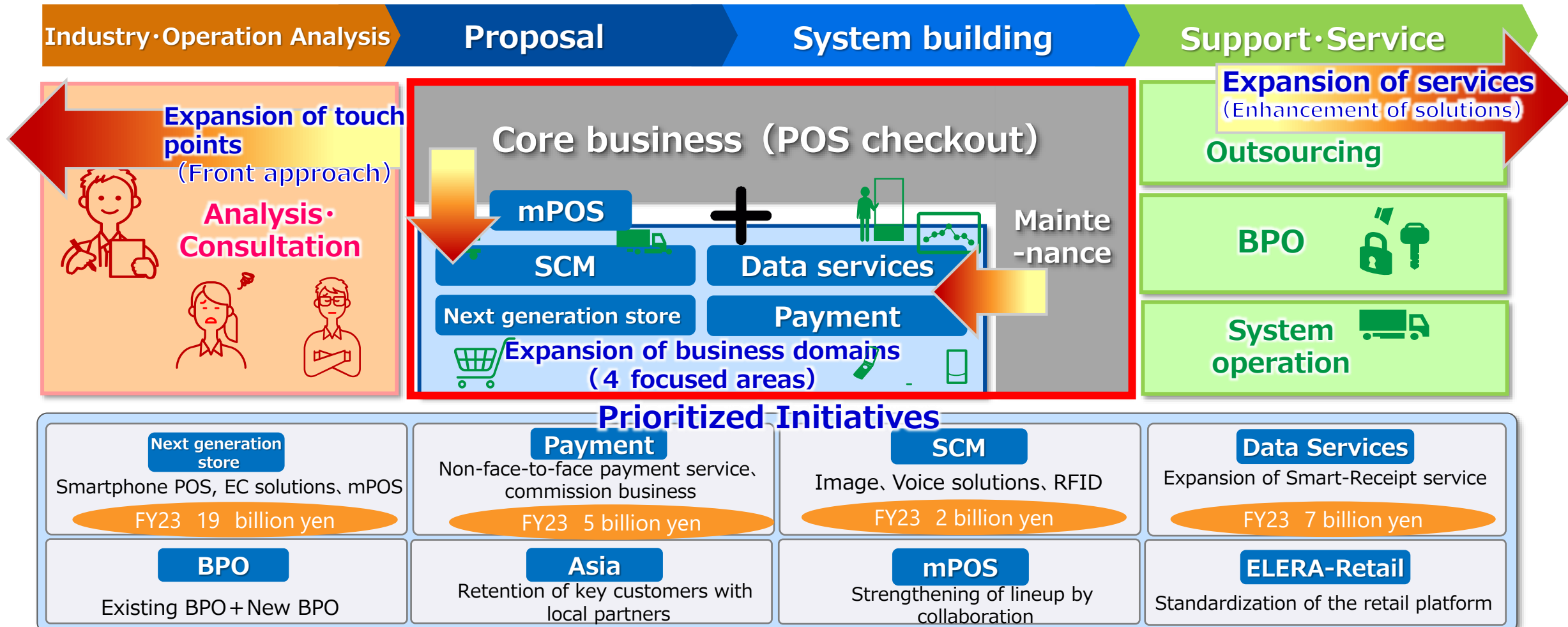
Build a retail platform that increases **touch points** and connects to **data services**



[Retail Business] Strategy for Japan/Asia

With Partner









Expand business through intensive investment and partnership strategy by identifying **data services, next generation stores, payment and SCM** as 4 focus domains
(Total target sales of 33 billion yen in FY23)



[Retail Business] Case ① Business incubation by PoC (Domestic)

Approaching customer issues through various contact points and implementing / planning a large number of PoC items

~At TEC 01 SIGHT, the number of visitors exceeded 1,000 (about 300 companies). since the opening in October last year ~

1	Cart POS security Cart POS system equipped with a meter and enhanced security functions		2	AI Cart system IMAGR Inc. H2O RETAILING CORPORATION Image recognition cart POS system using AI		3	Face recognition payment system Payment system by face recognition when self-accounting	
4	Communication display Optimal content display according to customer attributes entered in the handy terminal		5	AI-Camera OCR AI camera OCR determines the recycling type of waste batteries		6	Non-contact touch panel sensor Infrared sensor panel that enables non-contact POS terminal operation	
7	Smart Receipt Introduced one store as a verification store for convenience store model		8	Cart POS・Smart PhonePOS Ito-Yokado Co., Ltd POS system using shopping carts and smartphones		9	Serial inventory Serial management of inventories in distribution warehouses	
10	House prepaid data sale Cash back to customers who purchased the product using House prepaid card		11	RFID self-POS Open RFID self-POS at apparel stores		12	Order service A service that links smartphone orders to store POS / OES	
13	Real-time inventory information service A service that can provide inventory information in real time		14	Smart Receipt Aizu Wakamatsu City Cooperation of local currencies and electronic receipts in the smart city concept	 			

: Items that have already been implemented

: Items to be implemented in the future

* Another 13 PoC s are planned to be implemented in FY21

So far, the projects across regions have been also done in Okinawa area and Tokachi area of Hokkaido

[Retail Business] Introduction of recent marketing activities with the aim of expanding solutions and business domains

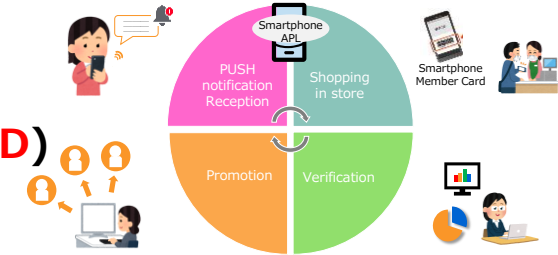
(Feb) Launches the customer system linkage solutions **for shopping centers**
「**From sales promotion to analysis**」

→ Collaborates with start-up companies

(Application development : **iRidge**, Members database : **RHIZOME CO., LTD**)

Based on the partnership agreement with **Sonicmoov co., Ltd**

→ Offering a service to link customer information, such as segment information based on purchase history, with **a POS system** for specialty stores and 「COMSBI for Retail」, **CRM tool** for LINE accounts developed by Sonicmoov.



(Mar) Joint project with **Nihon Unisys**

→ Create next generation stores solving diversified issues of retailers

Business alliance with **Catalina Marketing**

→ Provide wide variety of brand coupon content by 「Tec Coupon Deli」

Collaboration with **Mitsubishi Corporation** in DX for food distribution

→ Solutions to adjust supply and demand for food company by using the data of 「Tec Coupon Deli」



(Apr) PoC of image recognition of cart POS system using AI in cooperation with **H2O RETAILING CORPORATION** and **IMAGR Holding Limited**

(May) Launch of **MobilePOS 「POSasy」**

[Retail Business] Case② Collaboration with TOUCH TO GO Next Generation Store (Frictionless)

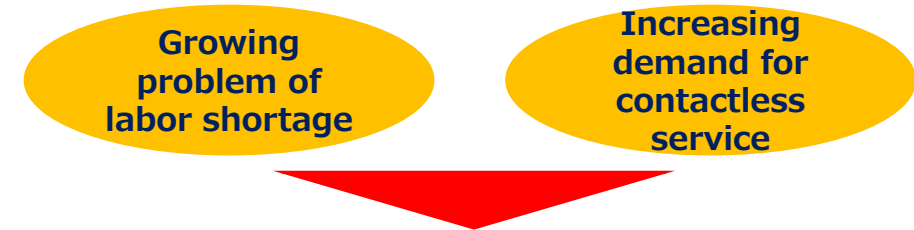
Started preparation for the increasing demand of unmanned payment stores
Create customer value by **DX including behavioral data before purchase and POS data**



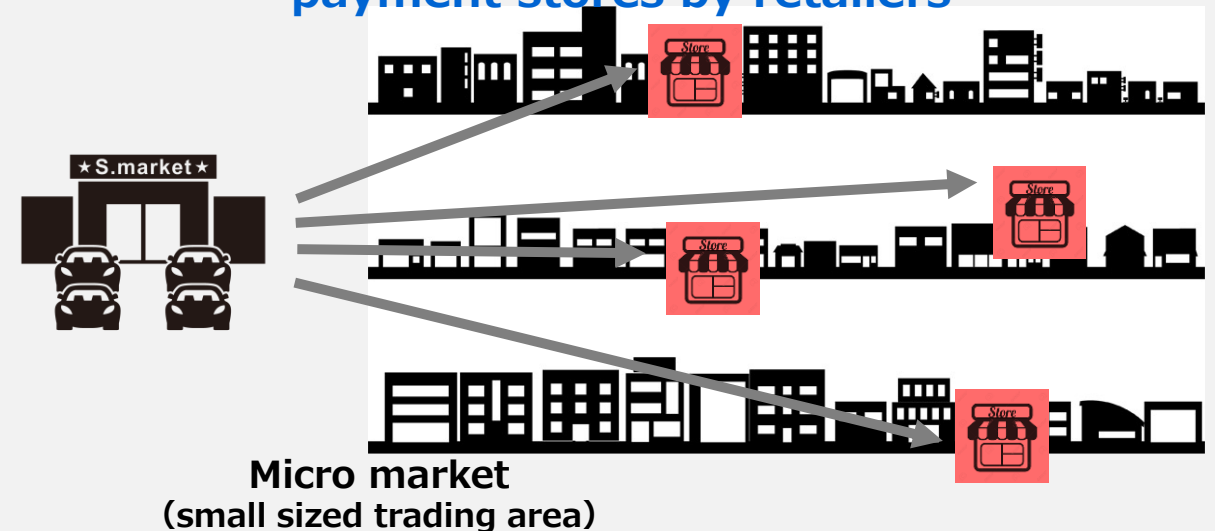
Signed a business collaboration contract
with TOUCH TO GO



From left to right: K. Taira, VP of Toshiba Tec, H. Nishikori, President & CEO of Toshiba Tec
T. Akutsu, President & CEO of TOUCH TO GO, T. Namikawa, Vice President of TOUCH TO GO



Accelerating installation of unmanned
payment stores by retailers



[Retail Business] Case② Collaboration with TOUCH TO GO Next Generation Store (Frictionless)

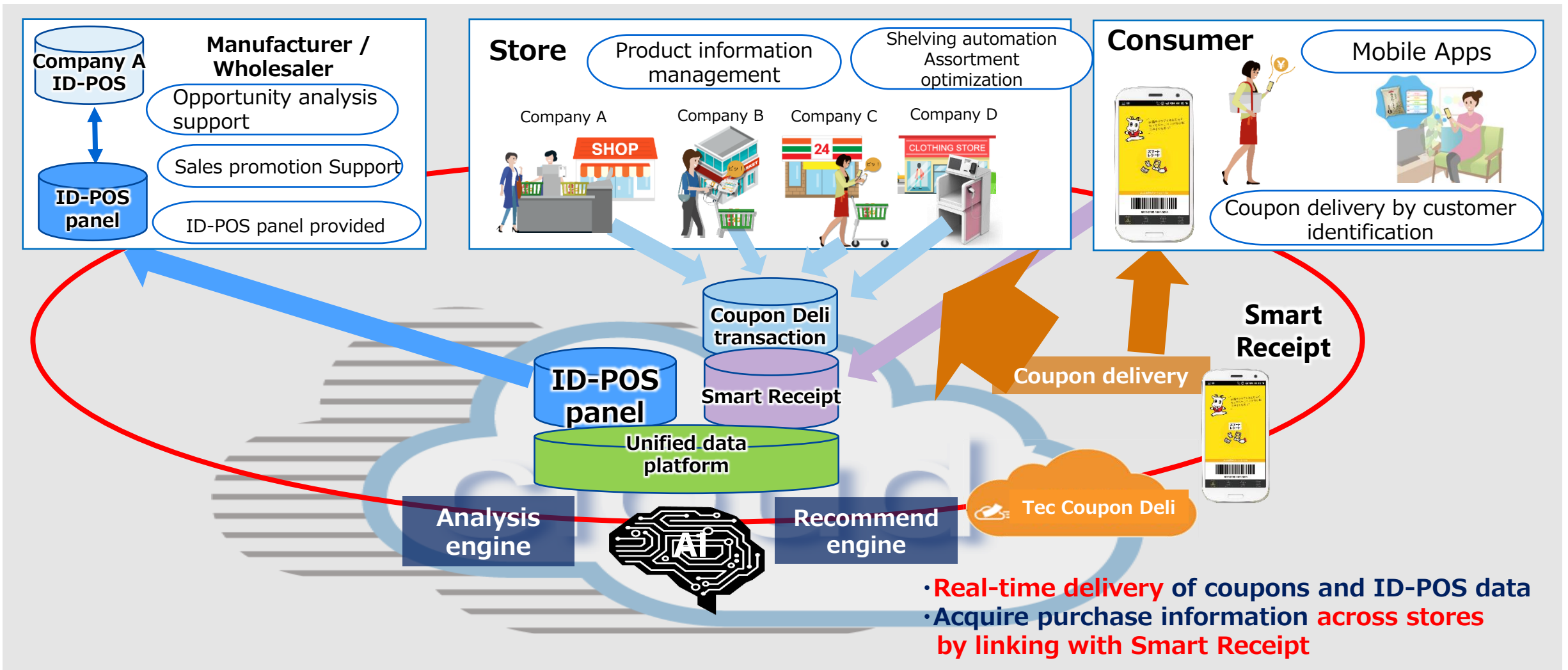


Unmanned payment store at the station of Takanawa Gateway of JR East Japan

[Retail Business] Latest POS of ID-POS panel data service

Aiming to become the de facto of ID-POS panel **by accumulating information on 80 chains in 8 areas nationwide by the end of FY21,**

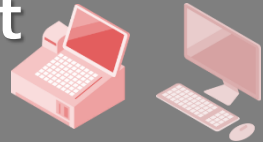
Demonstration experiment will begin in a specific area in the first half of FY21



[Retail Business] Strength of maintenance service business (Toshiba Tec Solution Services Corporation)

Provide one-stop services by taking full advantage of **100 service locations and 1,500 engineers in Japan**

IT Management Solutions



Support stable IT system operation

- POS·Integrated Help-Desk
- POS system monitoring
- Server·Network surveillance
- IT asset management
- BPO service, etc.

Network Solutions



Provide one-stop business network

- Design/Networking service
- Private IP service
- Tec HIKARI service, etc.

ICT Solution Service

Security Solutions



Security measure are one of major management issues

- Virus protection support
- Firewall
- Unauthorized invasion/Detection
- Management of security patch application
- Data erasure service, etc.

<Other Solutions>

- ◆ Data center solutions
- ◆ Cloud solutions
- ◆ Document solutions
- ◆ Facility solutions, etc.



Support·Service
Outsourcing BPO
System operation

[Retail Business] Overseas Strategy

Expand two axes of profitability and new customers by leveraging global customer base
Among 7 NA retailers in the global top 10 list, we have 5 customers

Strengthening of
Japan – US Collaboration

More than 750 service staff

New president of US Subsidiary
Rance·Poehler ('20Nov.)

Enhanced skills to
transform the
business style
from HW to
solutions-oriented



Acquire new customers
by reinforcing sales &
marketing functions

New customers

Existing customers

Enhance profitability by
strengthening service
business

Recurring business

• Wall to Wall*¹
maintenance
services



• Predictive analytics
to maintenance
model



Expand the introduction
of new customers to
existing customer base

Solutions business

• SCO*²



• ELERA-Retail



*1 Wall to Wall maintenance services : Multiple years' maintenance service covering multi-vendors' devices from POS to peripherals

*2 SCO **S**elf **C**heck **O**ut

[Retail business] Case ③ ELERA-Retail Return System (Overseas)

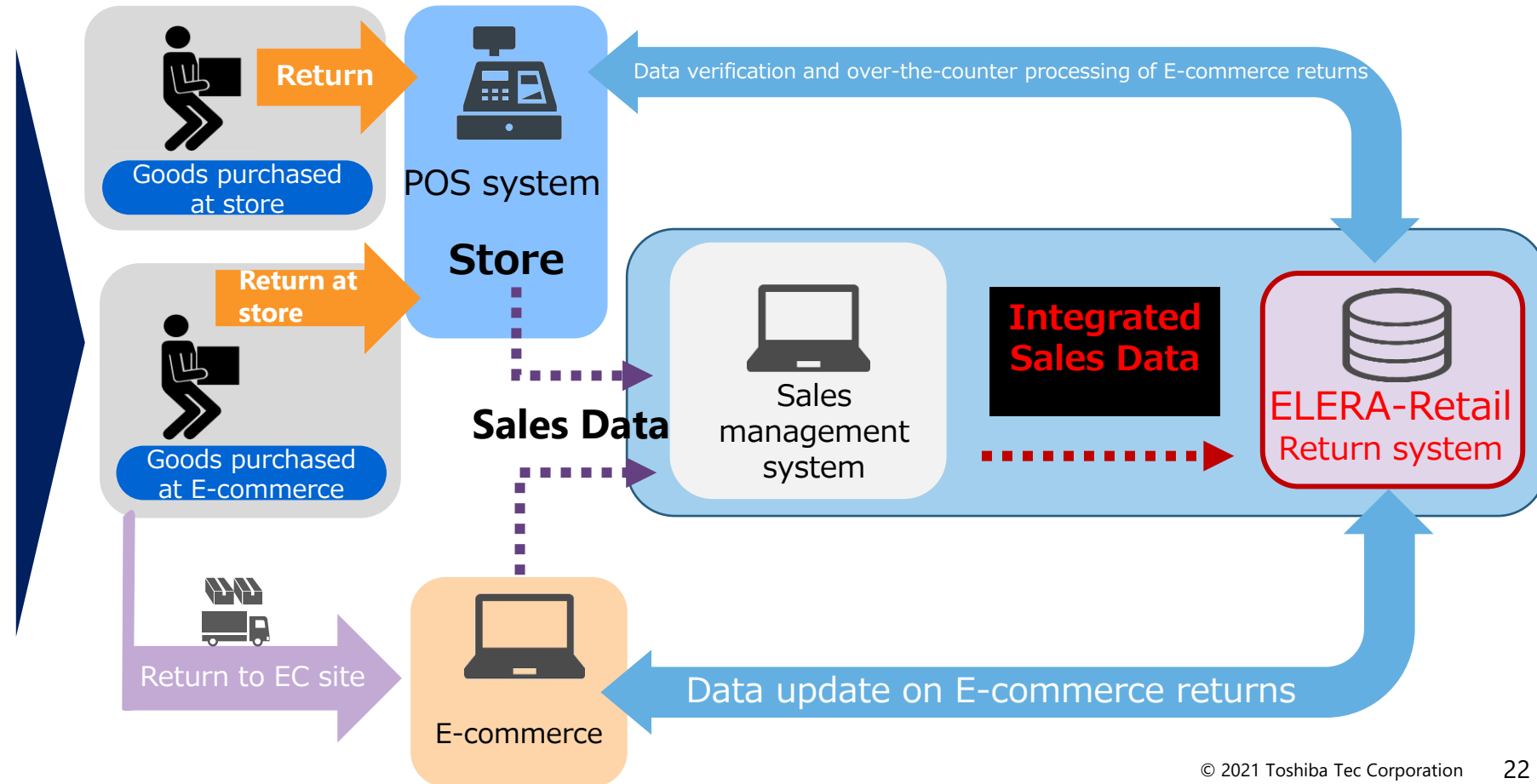
ELERA-Retail microservices return system across sales channels
Reduce manual work, return response time, and shopper waiting time

Realize seamless collaboration between brick and mortar shops and E-commerce



Problems to be solved
by major US distributors

- ✓ No return systems across the sales channel
- ✓ Long working time and waiting time for returns
- ✓ Can not figure out if the return was handled correctly



[Workplace Business] Strengthening of global business structure

Reinforce "Customer touch points functions" and "Overall business structure"
Achieve **the targeted operating profit margin of 4% or more from FY23 onwards**

Subsidiaries & Japan



R&D

- Establish a speedy development process
- Shift resources to the growth field
- Direct support to sales force by global development system



Manufact-
uring

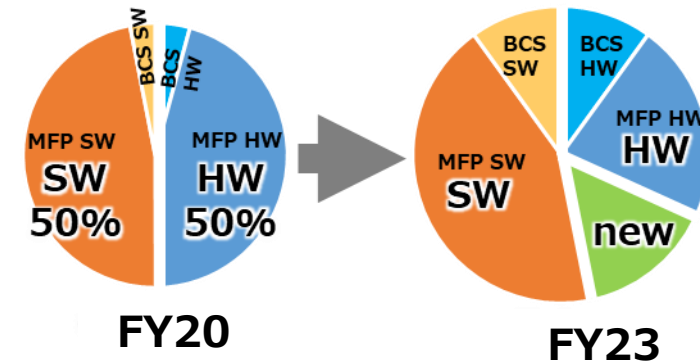
- Thorough reduction of raw material costs
- Reinforcement of productivity improvement measures
- Optimization of global manufacturing structure



Sales
Back Office

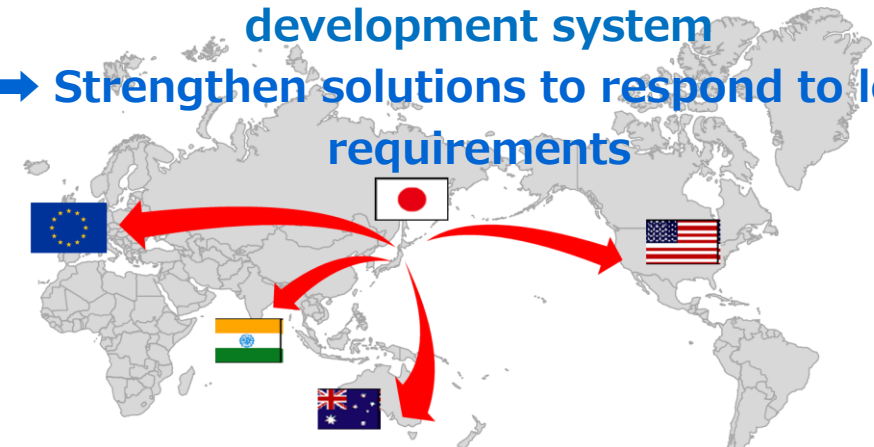
- Optimal personnel assignment by integration of organization inside and outside Japan
- Construct sales system responding to demand for After/With COVID-19 by utilizing IT

Shift human resources to the growth fields



Direct support to sales force by global development system

→ Strengthen solutions to respond to local requirements



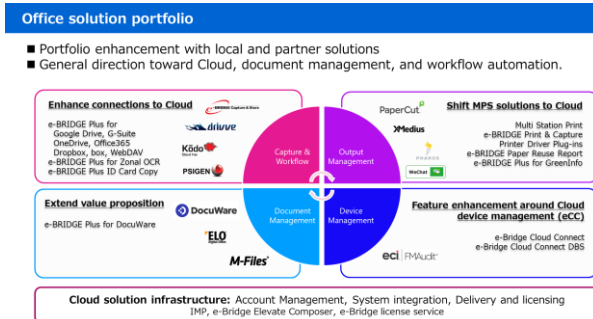
[Workplace Business] Growth Strategy

Accelerate a shift of the business focus from Printing to Data management

Workplace Solutions

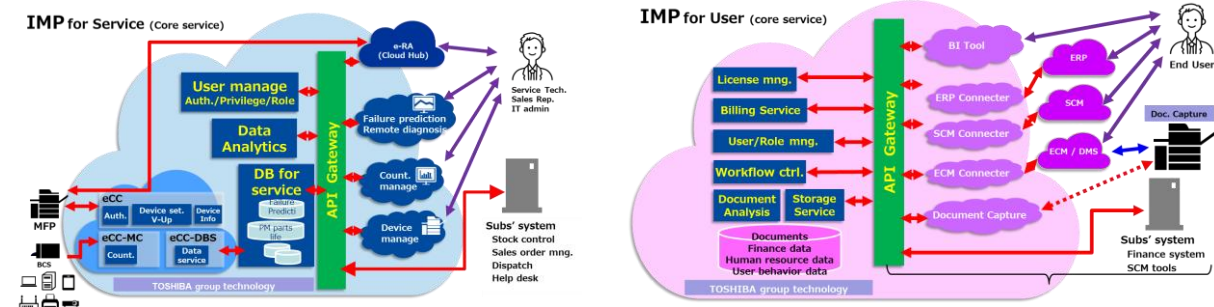
DMS*1・ECM*2 Solutions

Collaboration with solutions partner suitable to each region



Cloud Solutions platform

IMP*6 For Service & User to be introduced in FY21

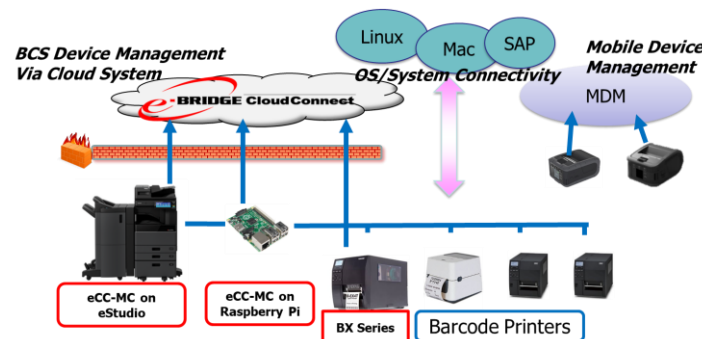


Growth Field (AI*3 Business)

BCS*4 solutions
eCC-MC*5 for BCS
to be introduced in
the 1st half of FY21

Reinforcement of AI Biz

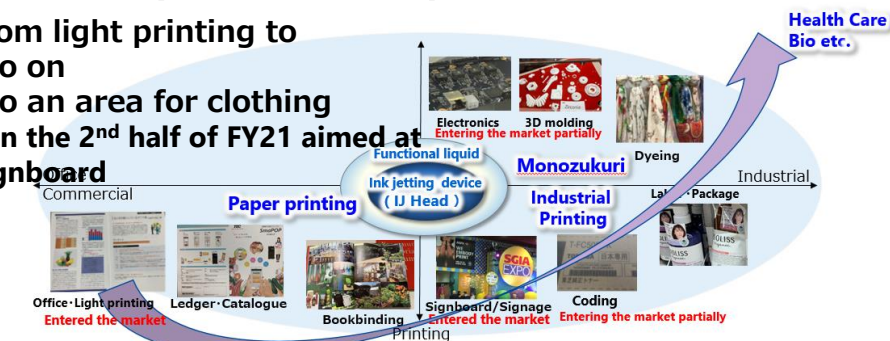
- Dedicated Organization (Apr, 21)
- Expansion of resources (MFP→AI)



Inkjet : Enhancement of business domains

New normal changes life style dramatically

- Accelerate a shift from light printing to "Monozukuri" and so on
- Newly penetrate into an area for clothing
- Launch new products in the 2nd half of FY21 aimed at expanding sales for signboard



*1 DMS Document Management System
*2 ECM Enterprise Contents Management

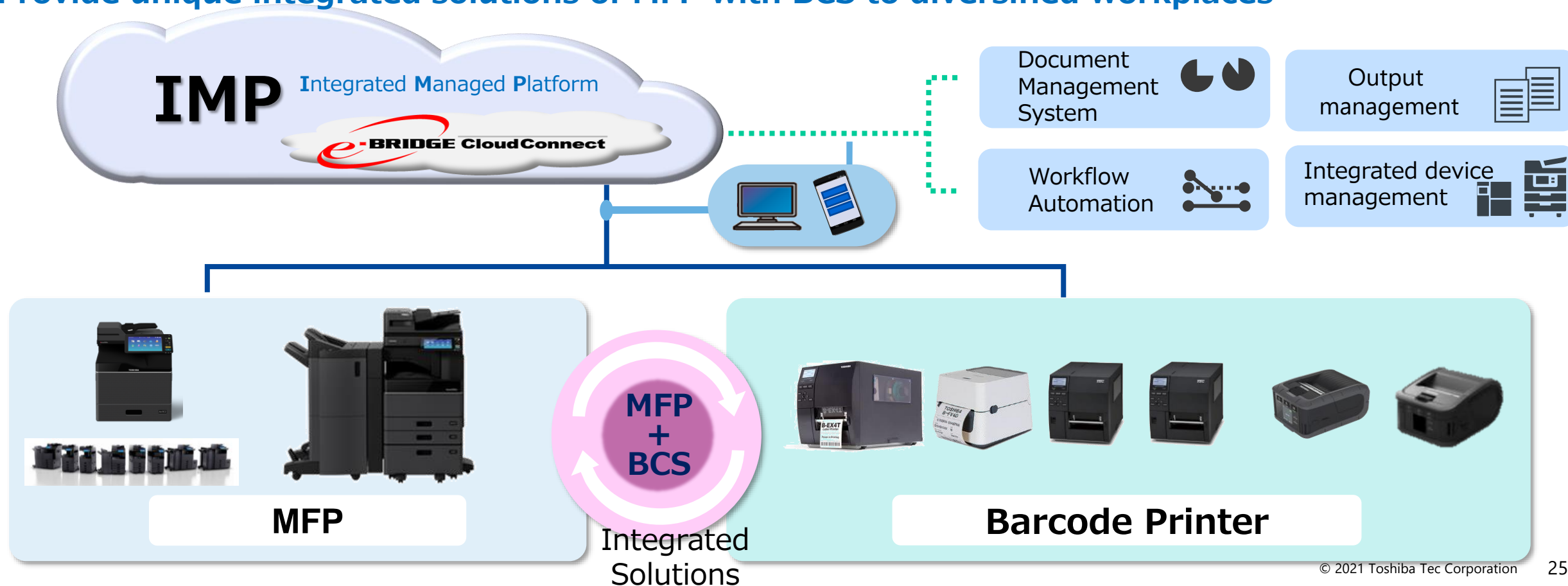
*3 AI Auto ID
*4 BCS Bar Code System

*5 eCC-MC e-Bridge Cloud Connect - Meter Collection
*6 IMP Integrated Managed Platform

[Workplace Business] MFP·BCS One stop solutions

Offer unique solutions by **integrating the strengths of MFP and BCS**
Realize our differentiation and growth by providing **one stop solutions**

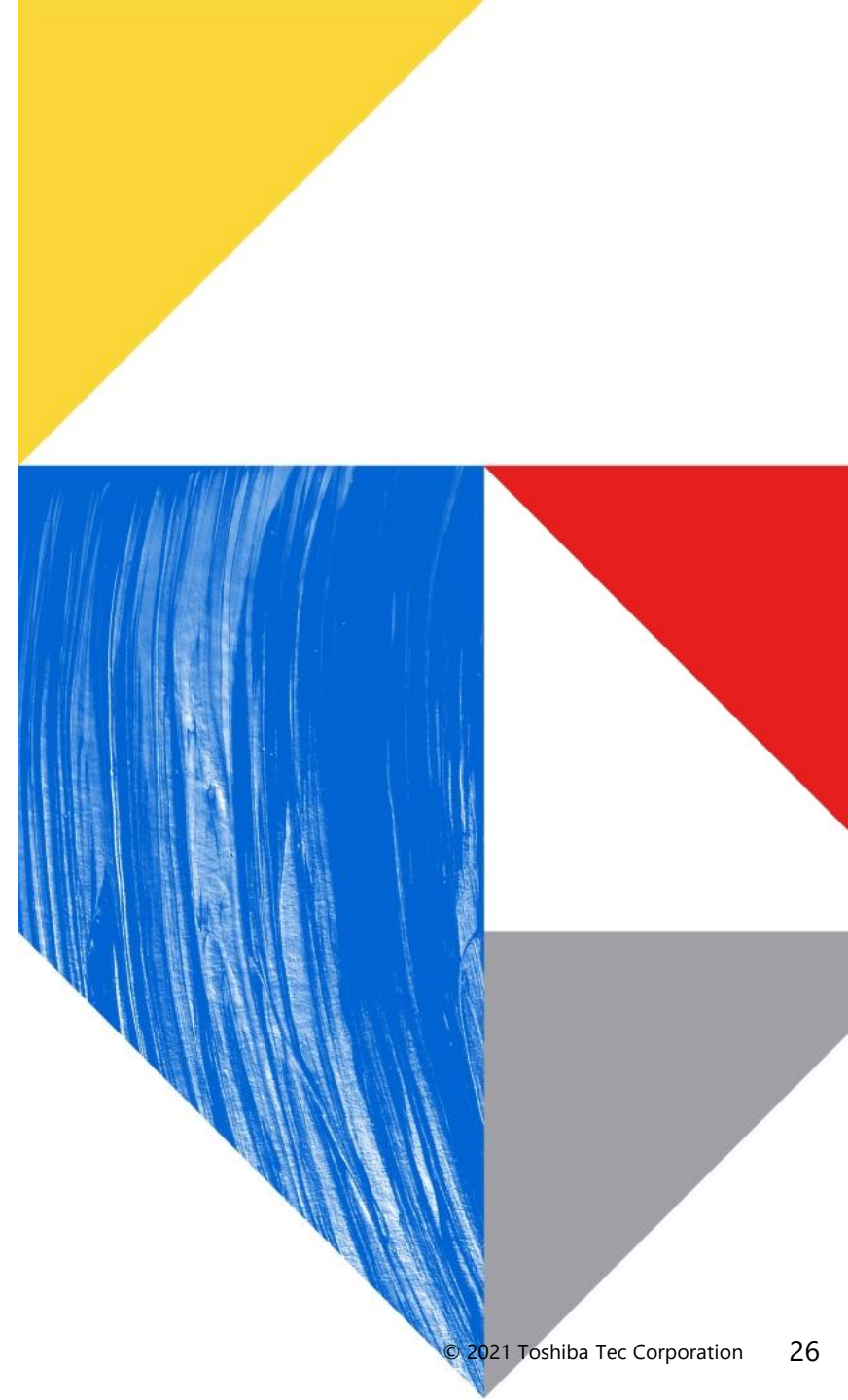
Enhance BCS's products and solutions capability drastically by leveraging MFP's accumulated technologies, resources and infrastructures
Provide unique integrated solutions of MFP with BCS to diversified workplaces



02

FY21 MTBP Basic Policy

- Financial Target



21 MTBP Financial Target

Reinforce our earnings base **by improving management efficiency and implementing effective resource allocation**

Aim at attaining a 6.6% of ROS and a 13% or more of ROIC in FY23

	FY21 Forecast (USD 105 yen, EUR 120 yen)	FY23 Plan (USD 105 yen, EUR 120 yen)	Dif
Net Sales	420 B yen	440 B yen	+20 B yen
Operating Profit	21 B yen	29 B yen	+8 B yen
O/P ratio (ROS)	5.0% (RS*1:6.5%、WS*2:2.6%)	6.6% (RS:8.0%、WS:4.1%)	+1.6%
Current Net Profit	10 B yen	17 B yen	+7 B yen
Cash Flows from Operating activities	23 B yen	33 B yen	+10 B yen
Return on invested capitals (ROIC)	10% or more	13% or more	+3% or more

The targeted financials by segment

Improve profitability of growth domain (Retail) and stable domain (Workplace) respectively by overcoming the effect COVID-19 in a prompt manner

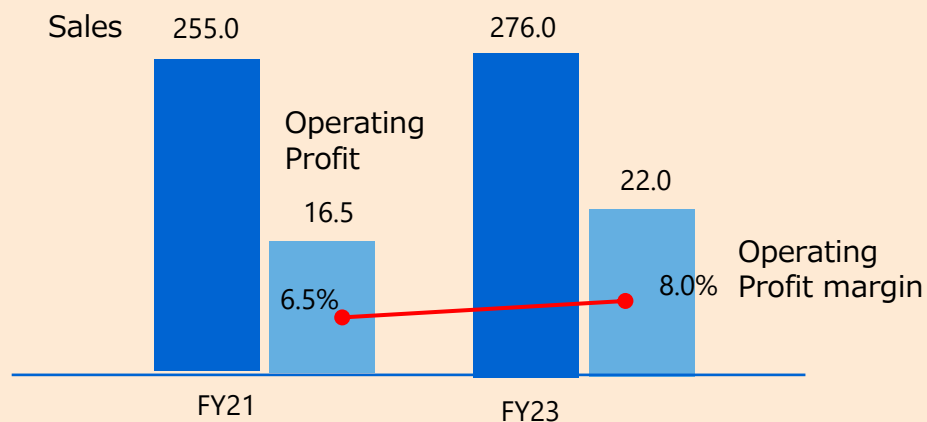
Retail Solutions

FY23 Operating Profit/Operating Profit margin

22.0 billion yen/8.0%

Promotion of DX growth strategy

Realize a highly profitable business structure by aggressive investment in the four growth fields



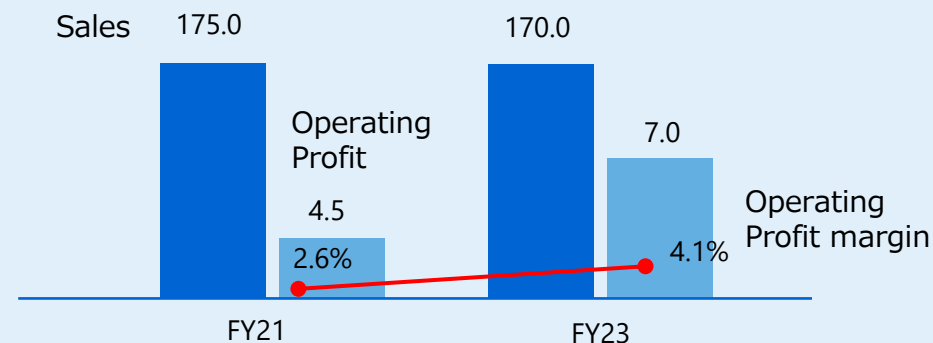
Workplace Solutions

FY23 Operating Profit/Operating Profit margin

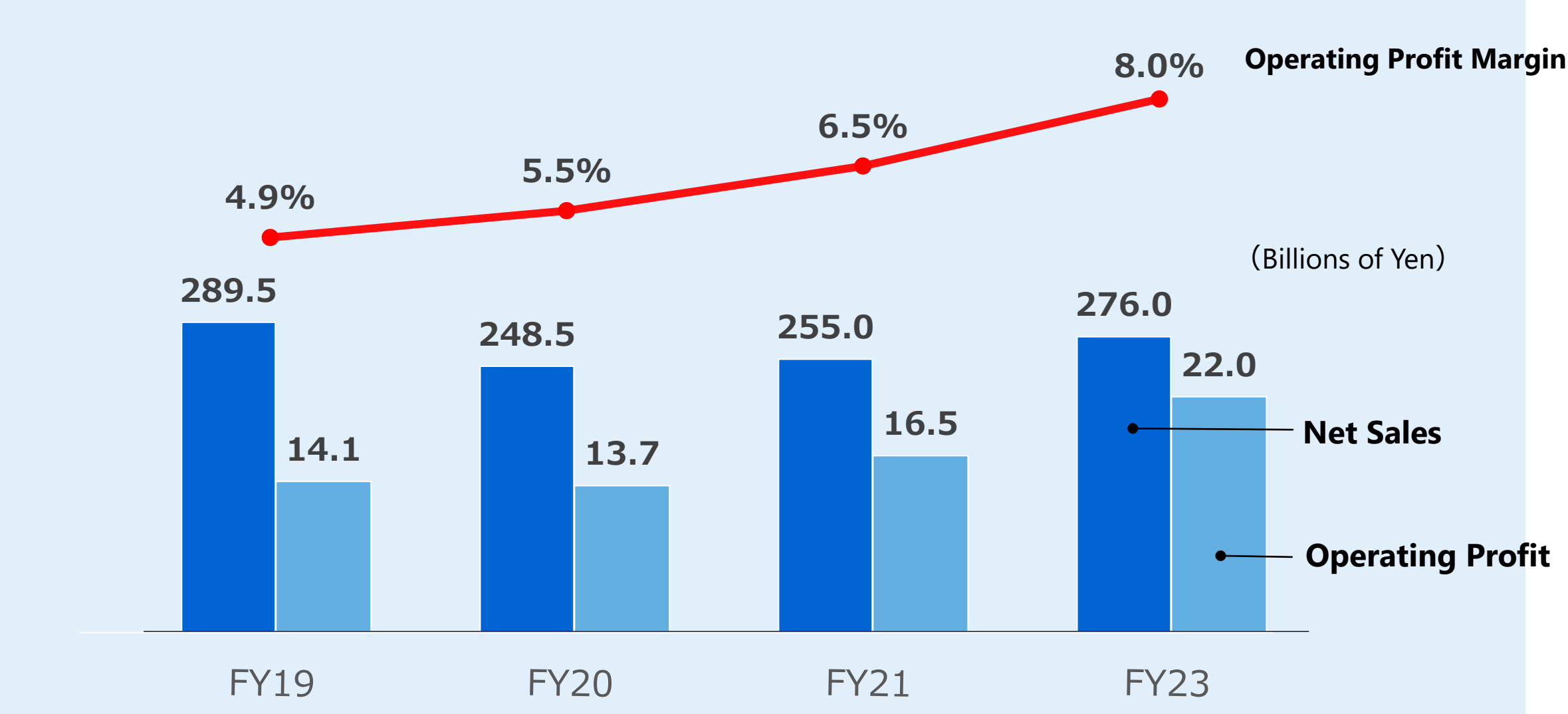
7.0 billion yen/4.1%

Recovery of profitability

Stabilize the earnings structure by implementing business model transformation

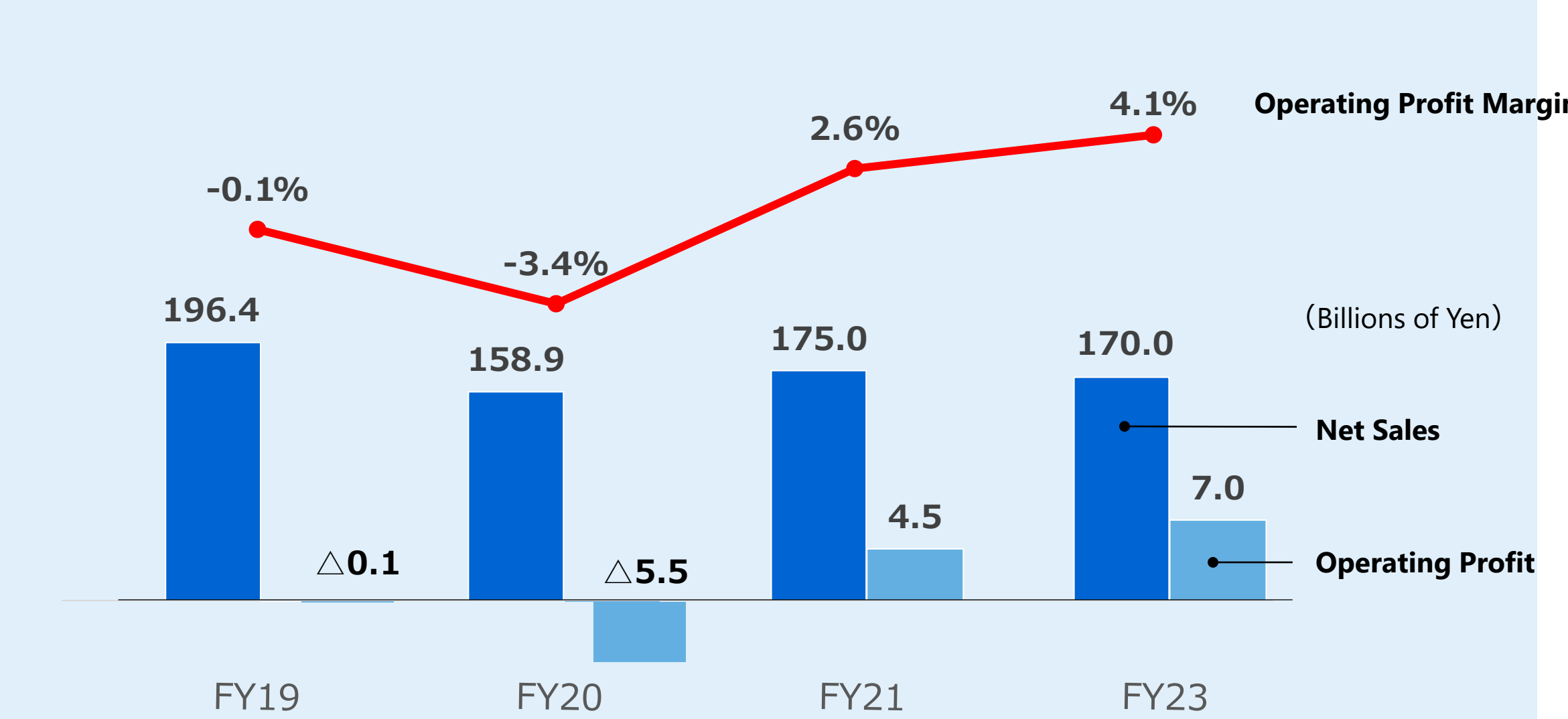


Business performance of Retail Solutions Business Group



*The MFP business for domestic market has been transferred from Retail Solutions Business Group to Workplace Solutions Business Group effective from April. 1, 2021. In the above graph, the results of domestic MFP business in FY19 and FY20 have been reclassified into Workplace Solutions Business Group, making it possible to compare the numbers with FY21 onwards.

Business performance of Workplace Solutions Business Group

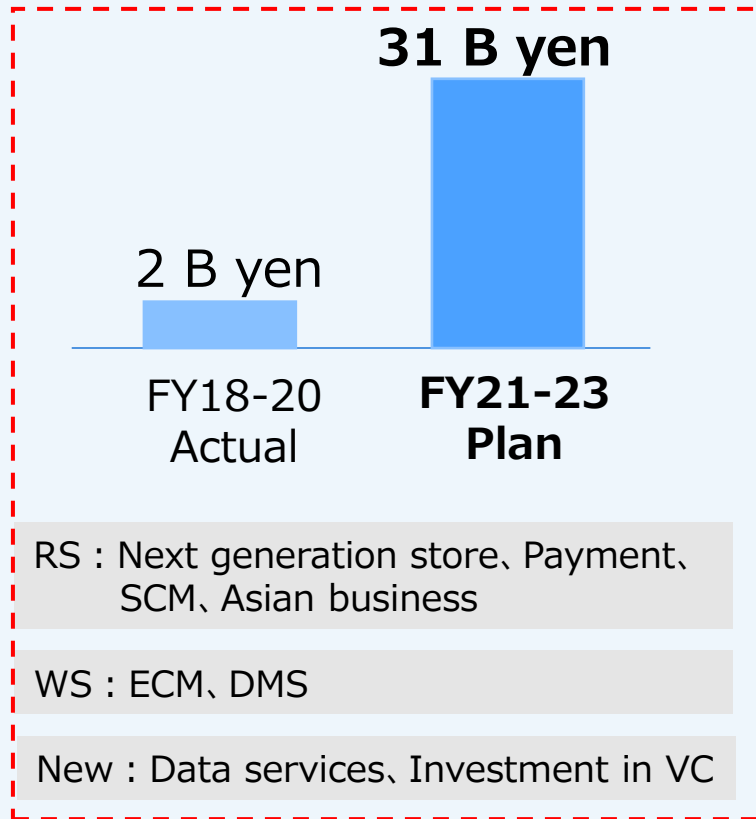


*The MFP business for domestic market has been transferred from Retail Solutions Business Group to Workplace Solutions Business Group effective from April. 1, 2021. In the above graph, the results of domestic MFP business in FY19 and FY20 have been reclassified into Workplace Solutions Business Group, making it possible to compare the numbers with FY21 onwards.

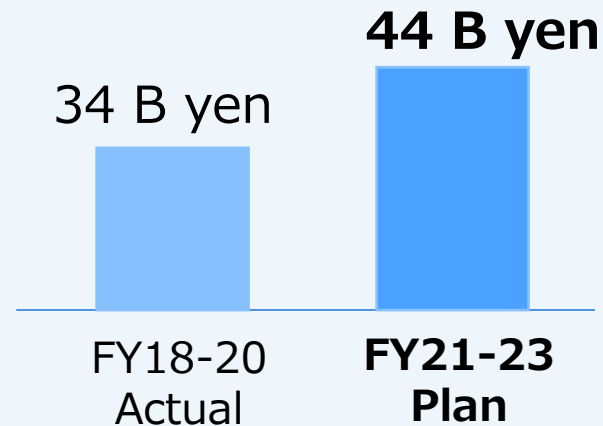
FY21~FY23 Resources Allocation

Optimal allocation of management resources with the aim of achieving
sustainable growth and improving corporate value

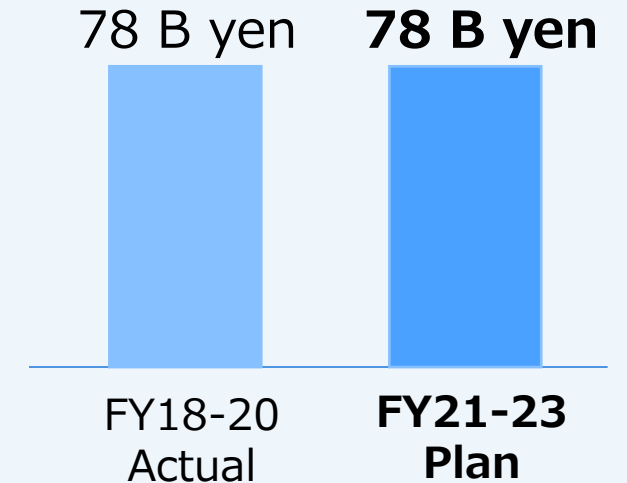
Investment



CAPEX



R&D



Toshiba Tec's adherence to SDGs through its Growth Strategy

Contribute to sustainable social growth by creating solutions through DX to improve daily operational efficiency and resolve issues as society changes dramatically

Toshiba Tec, as a solution partner, focuses on its efforts to implement the SDGs along with customers by contributing its value creation in “retail”, “office”, “logistics” & “manufacturing”

Society Issues

- Economic development of community and social cost saving

- Work-style reform and promotion of response to labor shortage

- Integration of EC and bricks-and-mortar stores

- Variety of checkout and payment methods

- Build a social infrastructure for ecosystem

Customer Issues

- Strengthen marketing
- Improve operational efficiency and productivity of our customers

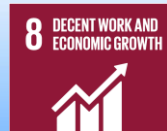
- Saving of paper resources
- Reduce food loss and waste

- Maximum reduction in both the use and disposal of resources



DX Strategy contributing to a society

- Toshiba Tec's unique solutions
- Solutions derived from in-depth analysis of the real workplace
- Privacy・Personnel information protection



Toshiba Tec's initiatives for SDGs



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.

TOSHIBA