

February 7, 2022
Toshiba Corporation

FOR IMMEDIATE RELEASE

Notice Regarding Shareholder Return Policy

TOKYO—Toshiba Corporation (TOKYO: 6502) (“Toshiba”) announced today that it has determined on an amended policy for shareholder return (the Shareholder return policy).

1. Reasons for the determination

Toshiba views the distribution of profits to shareholders as one of its most important management objectives, and has worked to strengthen returns through various means, including share repurchase programs, while endeavoring to maintain stable dividends in order to maximize medium- to long term shareholder value. Taking the above into account, and in order to further clarify Toshiba’s stance on return of profits to shareholders, Toshiba has made certain amendment to its distribution policy, which are describe below.

2. Amendments to Shareholder Return Policy

(Before determination)

Toshiba intends to maintain an average consolidated dividend payout ratio of at least 30% (*Note), and shareholders’ equity in excess of the appropriate level will be used to provide shareholder returns, including share repurchases. The appropriate level of capital shall be reviewed by the Board of Directors on a regular basis. And, capital in excess of the appropriate level of capital will be used to provide shareholder returns, including share repurchase in FY22 and FY23, to the extent that it would not interfere with the smooth execution of the business separation. In connection with the separation of the businesses, Toshiba intends to monetize shares in Kioxia Holdings Corporation while maximizing shareholders value and return the net proceeds in full to shareholders as soon as practicable to the extent that doing so does not interfere with the smooth implementation of the intended spin-off. Furthermore, Toshiba expects to continue to undertake additional portfolio streamlining including business divestures while planning to use appropriate leverage to continuously improve capital allocation in order to further enhance shareholder returns and the long term value of Toshiba.

(*Note) For the time being, equity method profit and loss for KIOXIA Holdings Corporation is excluded from Toshiba’s policy on shareholder returns.

(Reference) Toshiba expects shareholder returns over the next two years of roughly 100 billion yen over the next two years.

(After determination)

Toshiba intends to maintain an average consolidated dividend payout ratio of at least 30% (*Note), and shareholders' equity in excess of the appropriate level will be used to provide shareholder returns, including share repurchases. The appropriate level of capital shall be reviewed by the Board of Directors on a regular basis. The capital in excess of the appropriate level will be used to provide shareholder returns, including share repurchases in FY22 and FY23, to the extent that doing so does not interfere with the smooth execution of the forthcoming business separation.

While maximizing shareholder's value, Toshiba Corporation will immediately monetize its shares in Kioxia Holdings Corporation to the extent which is practically possible to conduct, and it will return the net proceeds in full to shareholders, within the limits stipulated by applicable laws and regulations.

Furthermore, Toshiba expects to continue to undertake portfolio streamlining, including business divestures, while planning to use appropriate leverage to continuously improve capital allocation in order to further enhance shareholder returns and the long term value of Toshiba.

Assuming the smooth execution of the business plan disclosed today, based on the above policy, it is expected that the capital will exceed the appropriate capital level by approximately 300 billion yen in the next two years. This excess capital will be used for shareholder returns to the extent that it does not interfere with the smooth execution of the spin-off.

(*Note) For the time being, equity method profit and loss for KIOXIA Holdings Corporation is excluded from Toshiba's policy on shareholder returns.

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Disclaimer:

This report of business results contains forward-looking statements concerning future plans, strategies and the performance of Toshiba Group. These statements are based on Toshiba's assumptions and beliefs in light of the data currently available to the Company. Actual results are subject to a number of risks and uncertainties and may differ significantly from Toshiba's assumptions. Major risk factors are as indicated below, though this list is not necessarily exhaustive.

- Major disasters, including earthquakes and typhoons;
- Lawsuits or other disputes in Japan or in other countries;

- Success or failure of businesses promoted by Toshiba Group in collaboration with other companies;
- Success or failure of new businesses or R&D investment;
- Changes in political or economic conditions in Japan or abroad; or regulatory changes;
- Rapid changes in the supply and demand situation in major markets or intensified price competition;
- Significant capital expenditure for production facilities and rapid changes in the market;
- Changes in financial markets, including fluctuations in interest rates and exchange rates.