



Toshiba Next Plan Progress Report

Moving on to Growth

-Towards Phase 2 & 3 of Growth-

November 11th, 2020

Nobuaki Kurumatani

President & CEO

Toshiba Corporation

Forward-looking Statements

- This presentation contains forward-looking statements concerning future plans, strategies, and the performance of Toshiba Group.
- These statements are not historical facts; rather, they are based on assumptions and judgments formed by the management of Toshiba Group in light of currently available information. They include items which have not been finalized at this point and future plans which have yet to be confirmed or require further consideration.
- Since Toshiba Group promotes business in various market environments in many countries and regions, its activities are subject to a number of risks and uncertainties which include, but are not limited to, those related to economic conditions, worldwide mega-competition in the electronics business, customer demand, foreign currency exchange rates, tax and other regulations, geopolitical risk, and natural disasters. Toshiba therefore wishes to caution readers that actual results may differ from our expectations. Please refer to the annual securities report (*Yuukashoken houkokusho*) and the quarterly securities report (*shihanki houkokusho*) (*both issued in Japanese only*) for detailed information on Toshiba Group's business risk.
- Toshiba's fiscal year runs from April 1 to March 31. All figures are consolidated totals for 12 months, unless stated otherwise.
- Results in segments have been reclassified to reflect the current organizational structure, unless stated otherwise.
- Since Toshiba is not involved in the management of Kioxia Holdings (former Toshiba Memory Holdings, hereinafter "Kioxia") and is not provided any forecasted business results, Toshiba Group's forward-looking statements concerning financial conditions, results of operations, and cash flows do not include the impact of Kioxia.

- 01. Progress in FY2020**
- 02. Progress of the Toshiba Next Plan**
- 03. ESG Enhancement Policy**
- 04. Financial Management Policies**

Executive Summary

Progress in FY2020

- 1H Results: Core operating income buoyant, +21.9 B yen from last year
- Full-year forecast: Confident on achieving core operating income 220.0 B yen
- COVID-19 impact: 1H -70.2 B yen, Full year -90.0 B yen
- Monitored business: Progress in restructuring of System LSI, Printing

The Toshiba Next Plan

- Phase 1: FY18→ FY25, improved marginal profit +9%, fixed cost -130.0 B yen
- Phase 2: Strong growth with infrastructure service as core
- Phase 3: Next generation business model as CPS Technology Company

Sustainable Growth

- ESG: Enhancing activities driven by our management philosophy
- Capital Allocation: Disciplined growth investment

1. Progress in FY2020

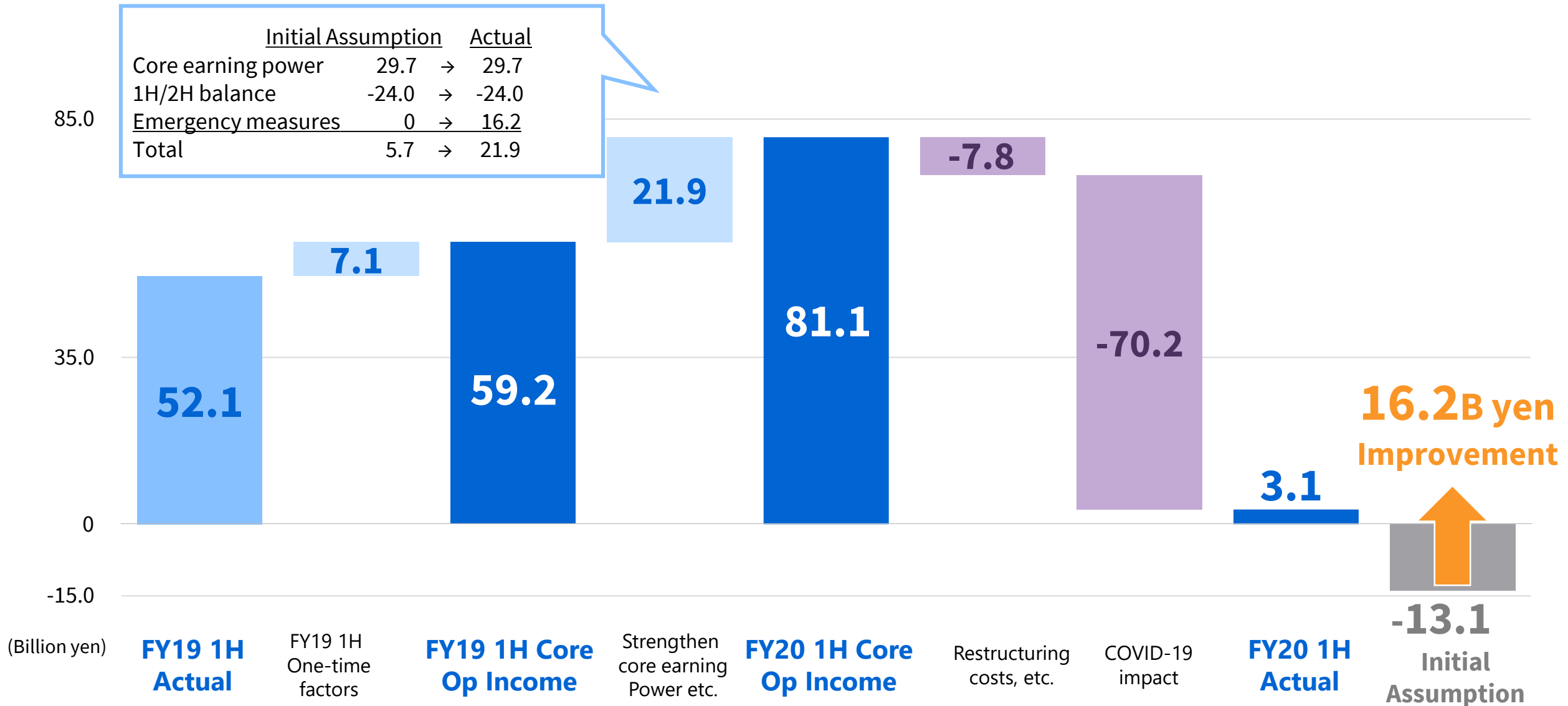
FY20 1H Consolidated Results

Core Operating Income buoyant, +21.9 B yen from last year

	FY20 1H Results	FY19 1H Results	Difference
Net Sales	1.37 T yen	1.71 T yen	-0.34 T yen
Core Operating Income^{*1} (ROS%)	81.1 B yen (5.1%)	59.2 B yen (3.5%)	+21.9 B yen (+1.6%)
Restructuring Cost	-7.8 B yen	-7.1 B yen	-0.7 B yen
COVID-19 Impact	-70.2 B yen	--	-70.2 B yen
Operating Income (ROS%)	3.1 B yen (0.2%)	52.1 B yen (3.0%)	-49.0 B yen (-2.8%)
EBITDA^{*2} (EBITDA%)	45.2 B yen (3.3%)	92.5 B yen (5.4%)	-47.3 B yen (-2.1%)

*1: Operating income excluding restructuring charges and the impact of the COVID-19 *2: EBITDA = Operating income + Depreciation and amortization

Operating Income Analysis: FY20 1H vs FY19 1H



COVID-19 Impact on Operating Income in FY20 1H

Segment	Main reasons	Impact
Devices & Storage	Delay in installation of semiconductor manufacturing equipment in China, decrease in HDD factory capacity utilization, decrease in demand for devices for in-vehicle semiconductors, etc.	- 30.9 billion yen
Retail & Printing	Decrease in demand of MFP and POS systems, restriction in sales activities, etc.	- 15.0 billion yen
Buildings	Project delays, delays in manufacturing and installation work, etc.	- 8.3 billion yen
Energy Systems	Delays in manufacturing and installation work, decrease in capacity utilization at overseas manufacturing sites etc.	- 4.4 billion yen
Others		- 11.6 billion yen
Total		- 70.2 billion yen

Free Cash Flow

Free cash flow improved significantly compared to last year

(Billion Yen)	FY20 1H	FY19 1H	Difference
Operating Cash Flow (excl. one-time factors)	55.5 (71.3)	-80.9 (46.9)	+136.4 (+24.4)
Investment Cash Flow	-48.4	-61.2	+12.8
Free Cash Flow	7.1	-142.1	+149.2

Orders Received

Orders received have been stable despite the COVID-19 pandemic, with an increase in order backlog.

Orders Received^{*1}

(Billion yen)

1,000

500

0

FY18 1H

FY19 1H

FY20 1H

+19%

-21%

Order Backlog^{*1}

2,000

1,000

0

18-Sep

19-Sep

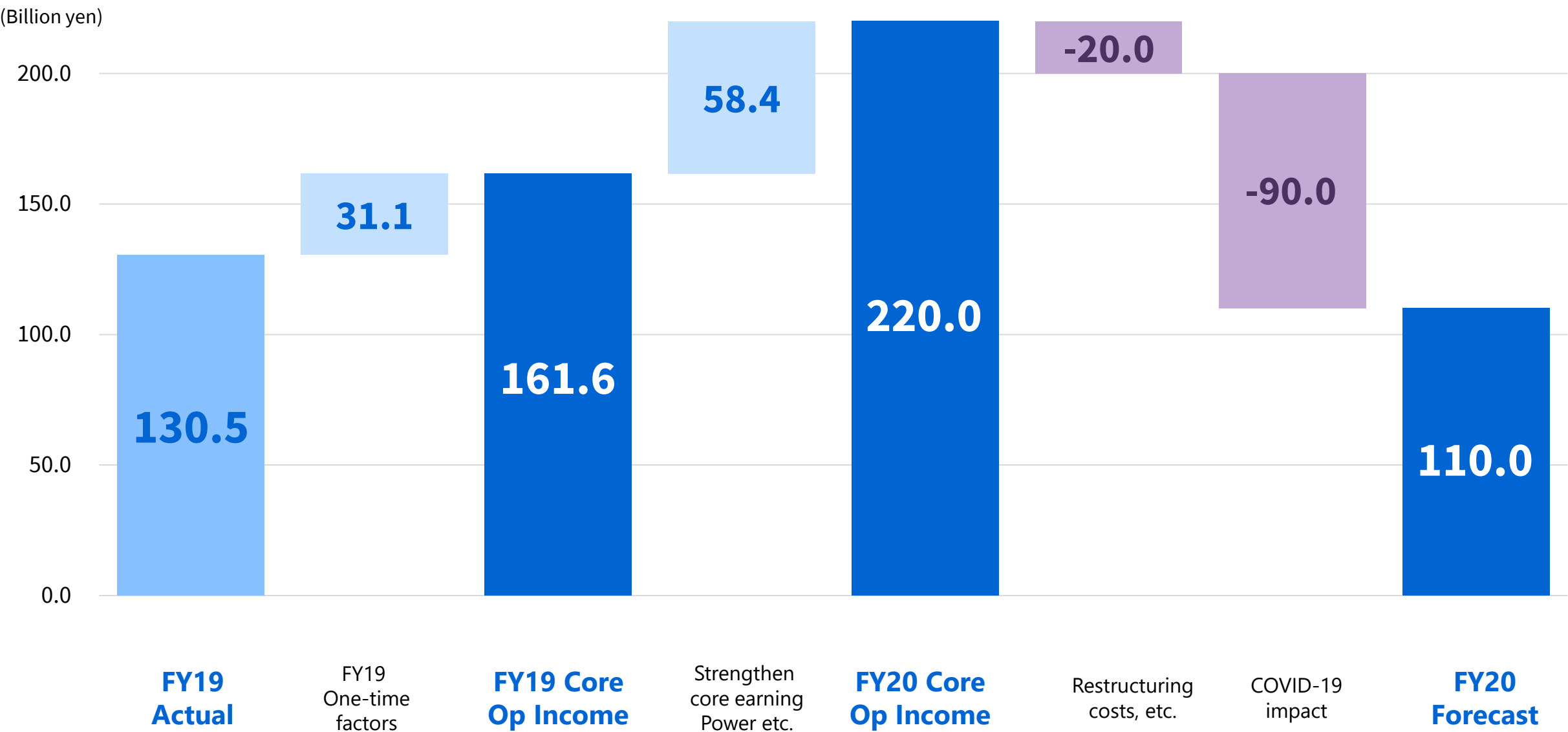
20-Sep

-1%

+6%

^{*1}: Scope includes following 4 segments; Energy Systems & Solutions, Infrastructure Systems & Solutions, Digital Solutions, and Elevator (Building Solutions)

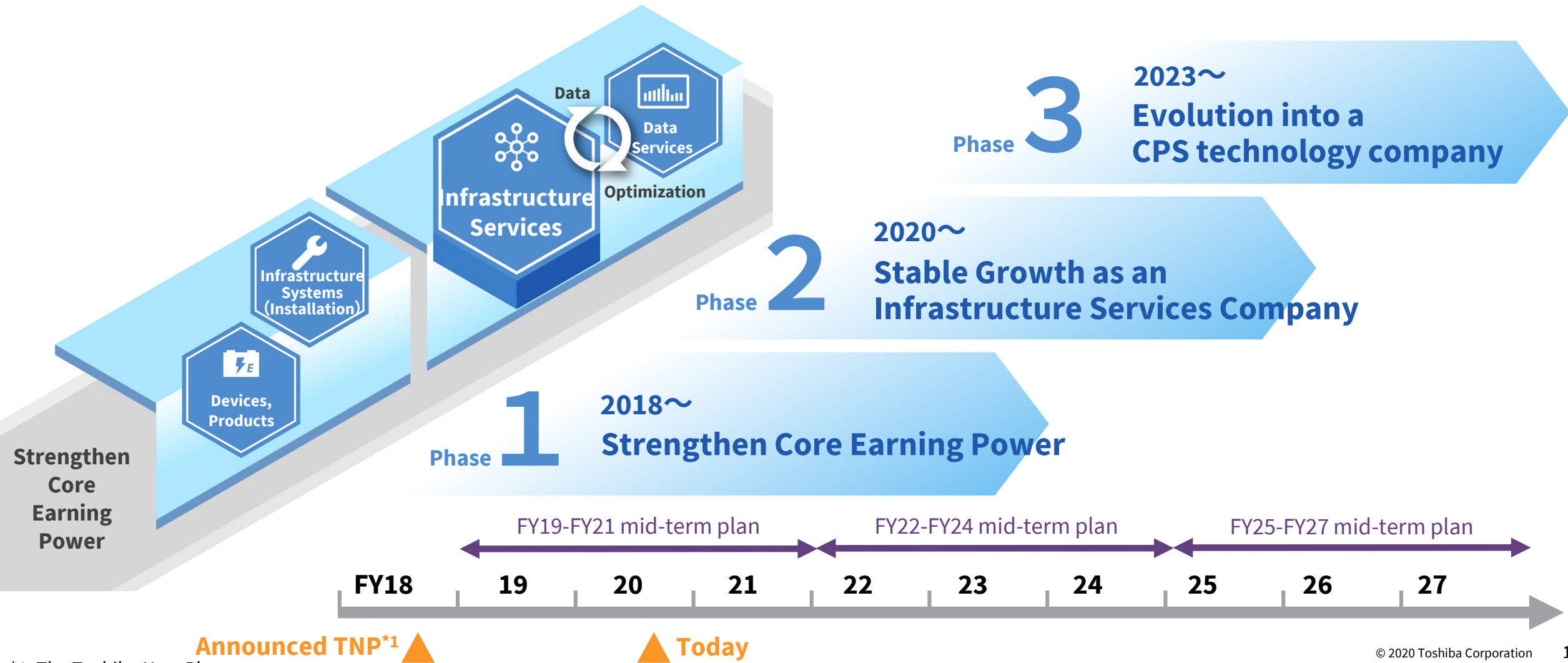
Operating Income Analysis: FY20 vs FY19



2. Progress of the Toshiba Next Plan

Overview of the Toshiba Next Plan - Growth in 3 Phases

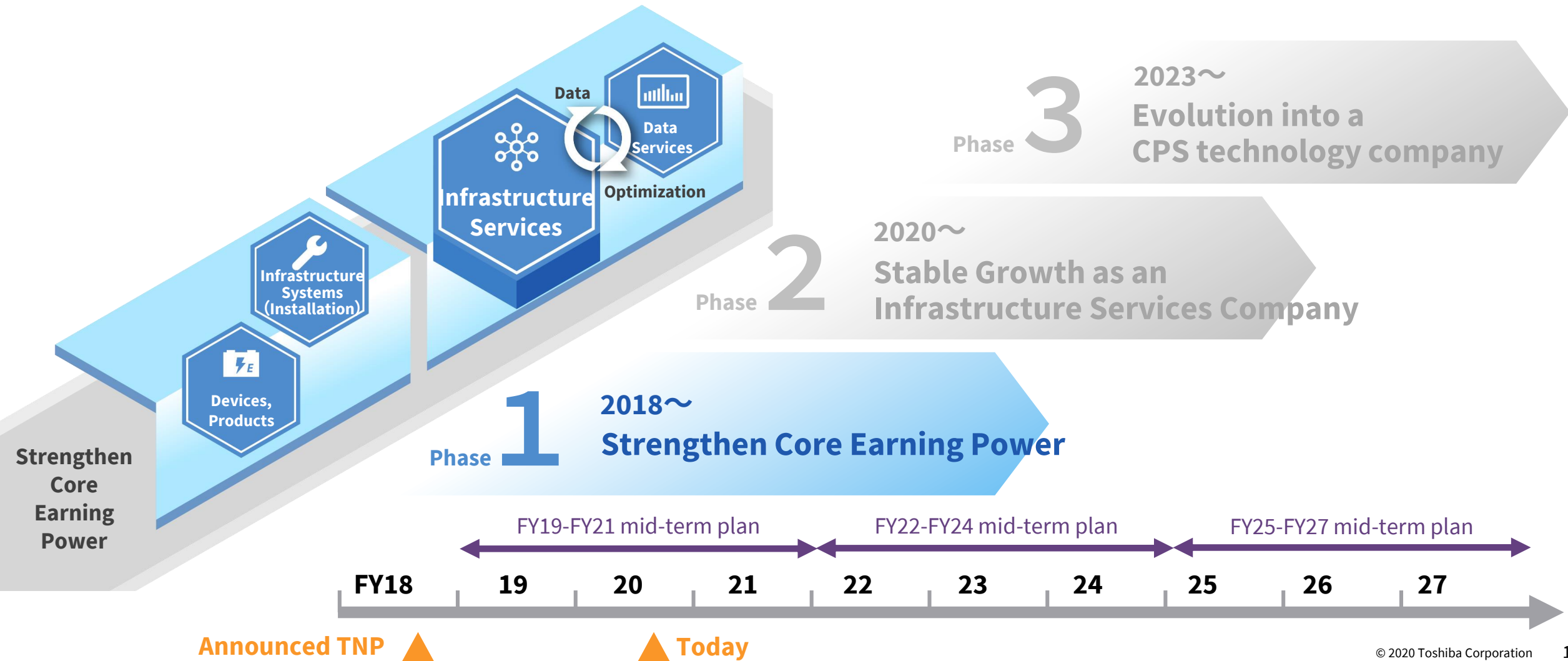
Currently completing Phase 1 and starting Phase 2



*1: The Toshiba Next Plan

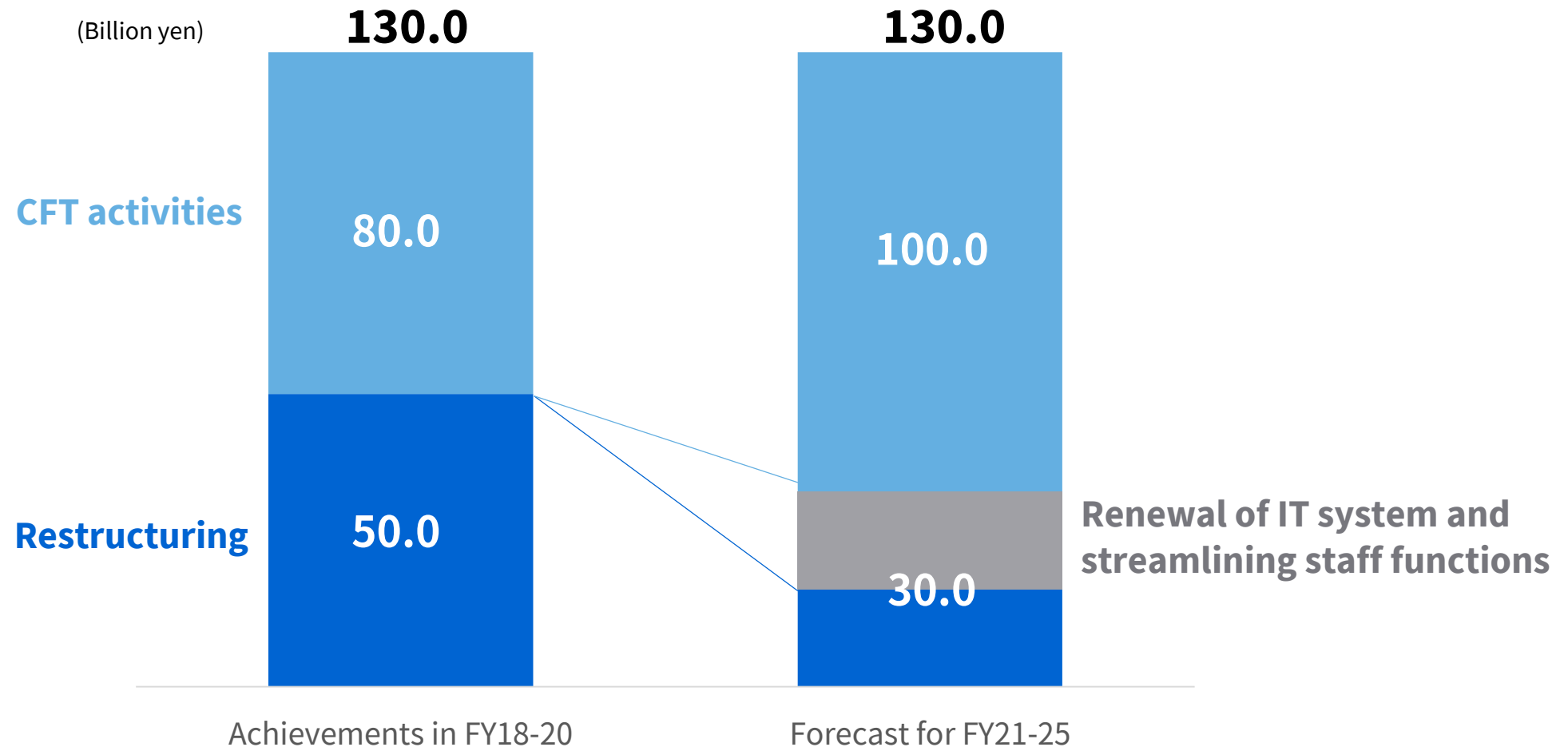
Progress in the Toshiba Next Plan

Phase 1: Strengthen Core Earning Power



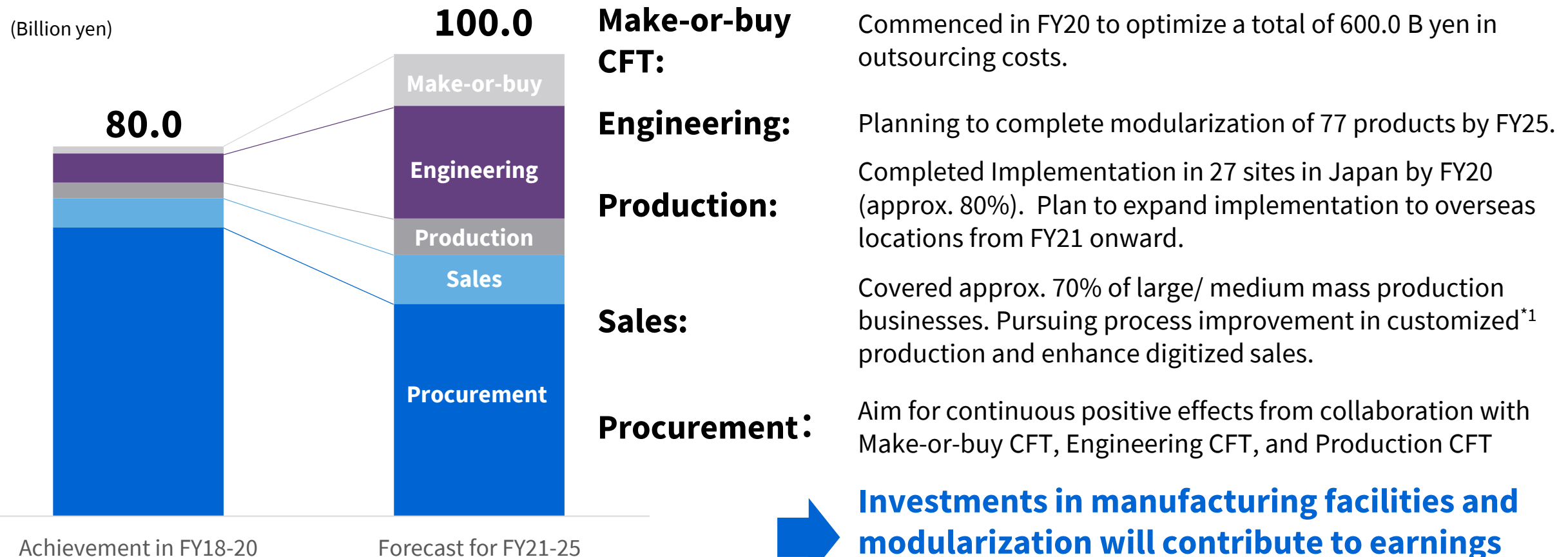
Phase 1 Achievements and Outlook

**Achieved 130 billion yen improvement in profitability up to FY20,
and forecasting the same amount of improvement by FY25**



CFT Activities

Full contributions from Engineering and Production CFT will appear from FY21. Combined with the new Make-or-buy CFT, we expect total impact of 100 billion yen.



*1: Customized: built-to-order type business

Restructuring and Renewal of IT System





Operations will be digitized with the renewal of IT system and will drive the efficiency improvement

	FY18~20		FY21~25
	50.0 B yen		30.0 B yen
Portfolio management	<ul style="list-style-type: none"> ● Exit from non-core business: Completed <ul style="list-style-type: none"> ✓ LNG business ✓ Overseas nuclear construction 	➡	<ul style="list-style-type: none"> ● Continue implementation of “business monitoring”
Subsidiary reduction	<ul style="list-style-type: none"> ● Expected to be achieved in advance <ul style="list-style-type: none"> ✓ Reduction target of 25% out of 365 companies*1 ✓ Progress rate 80% (72 companies) 	➡	<ul style="list-style-type: none"> ● Pursue further reduction <ul style="list-style-type: none"> ✓ Considering integration of 50% of the 388 companies*2
Headcount optimization	<ul style="list-style-type: none"> ● Goal to “reduce headcount by 7,000” progressing as planned*3 <ul style="list-style-type: none"> ✓ Aiming to reduce headcount by 10,000 by the end of FY20, through additional restructuring and reduction of subsidiaries, etc. in addition to the initial plan. 	➡	<ul style="list-style-type: none"> ● Renewal of IT system <ul style="list-style-type: none"> ✓ Reduction of system-related expenses ✓ Streamlining the administrative divisions
Digitization	<ul style="list-style-type: none"> ● Operation Standardization: Achieved 97% 	➡	

*1: The scope includes 365 companies excluding Toshiba Memory (current Kioxia), and listed companies as of the end of March 2018. (Including equity method affiliate companies)

*2: Consolidated companies as of the end of March 2018 including Toshiba TEC, Nishishiba Electric, New Flare Technology, Toshiba Plant Systems and 14 new companies established during 2018-2020. (Excluding minority shareholding companies) *3: 129,234 at the end of September 2018 excluding PC business; 123,385 at the end of September 2020.

Status of the monitored businesses, towards FY21

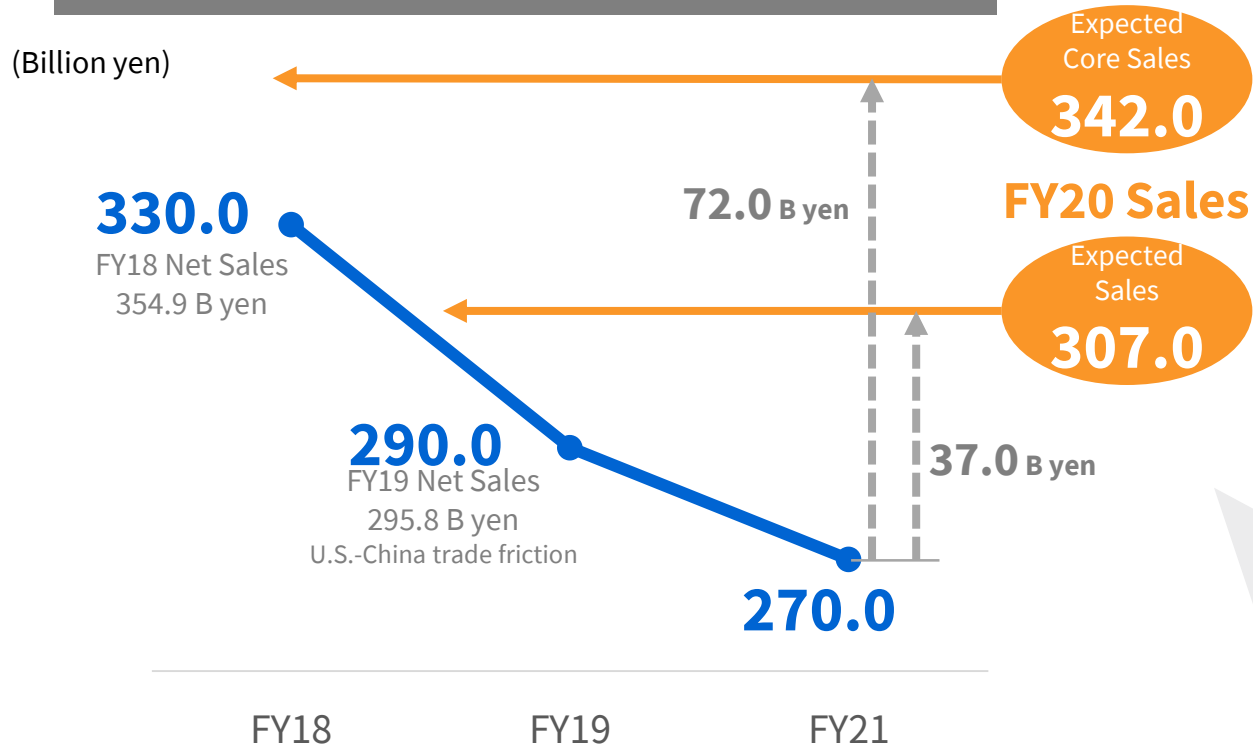
	ROS 5% Criteria	Status
System LSI		<ul style="list-style-type: none"> ● Withdrawal from System LSI business (support for existing products will continue) ● Implemented early retirement program, with an expected profit improvement of 15.0 B yen in FY21
HDD		<ul style="list-style-type: none"> ● Expecting to achieve 6% core operating income in FY20 ● Closely watching potential negative impacts from COVID-19 and U.S.-China trade frictions
Thermal (Construction)		<ul style="list-style-type: none"> ● Expanded the relative size of the service business; FY17: 33% → FY20: 47% ● Fixed cost reduction: -24% from FY17 to FY20 ● Expecting to achieve 5% core operating income in FY20
<Toshiba TEC> Printing	 ^{*1}	<ul style="list-style-type: none"> ● Achieving progress in the restructuring of the Printing business

*1: Effects of restructuring efforts will be confirmed and monitoring will be continued until all criteria are consistently met over time.

Semiconductor Business, Heading towards FY21

Secured more than 5% ROS despite the market contraction caused by the COVID-19 pandemic

Changes in the break-even point



System LSI Net Sales 34.0 B yen 30.0 B yen 27.0 B yen
→ Orders secured until FY25, and 30B yen level sales to continue

Measures to lower the break-even point

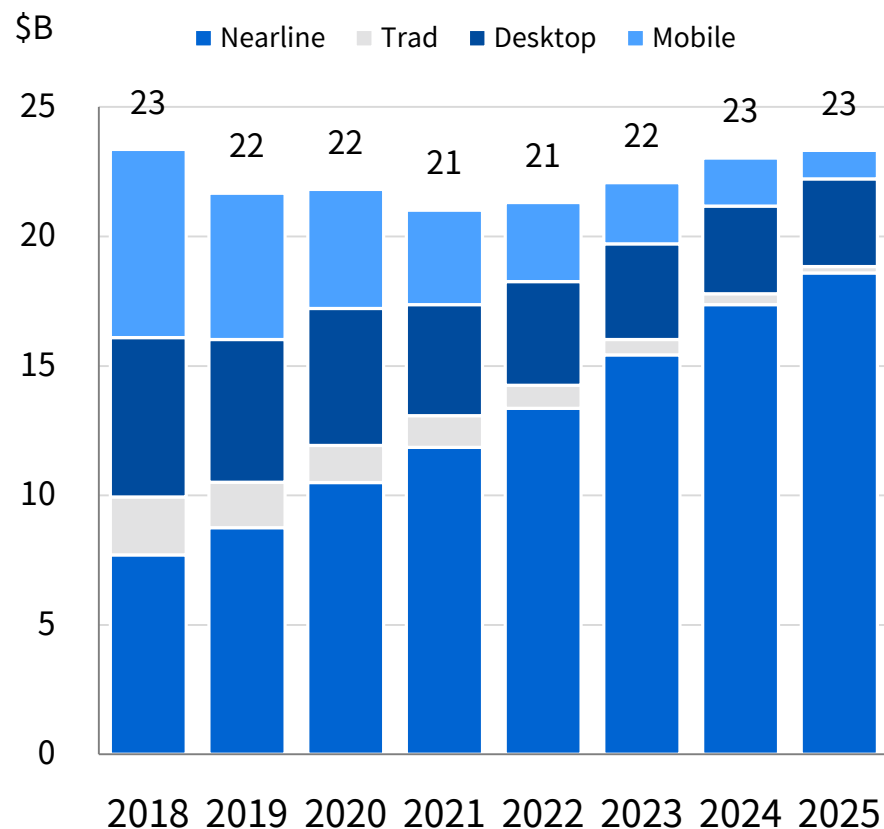
- Improve the marginal profit ratio ✓
 - Withdraw from unprofitable transaction and products
 - Effects from Procurement CFT, Production CFT, and Make-or-buy CFT
- Reduce Fixed cost ✓
 - Withdraw from R&D related to System LSI
 - Integrate divisions and reduce headcount
 - Expand OEM production for other companies
- Expand sales with a focus on strong products
 - Focus to power saving demands such as power devices (Low-pressure MOSFET^{*1}) and motor control products
 - Strengthen framework to overseas sales expansion (Share of low-pressure MOSFET: Japan 31%, Overseas 3%^{*2})

*1: Power devices below 300V 2: Toshiba Estimate

HDD Business, Heading towards FY21

Pursuing a solid turnaround for Nearline HDD

Market Outlook (Based on sales amount)*1



2019 Market share

Mobile
31%

Nearline
12%

Progress in Measures to Expand Nearline HDD

- Catch-up in development ✓
→ Started shipping 18TB HDDs in FY20
- Production investments ✓
→ Significant increase in FY19, FY20
- Customer certification ✓
→ Achieved certifications at all major datacenter customers

➡ **Share as of FY20 4Q: 15%**

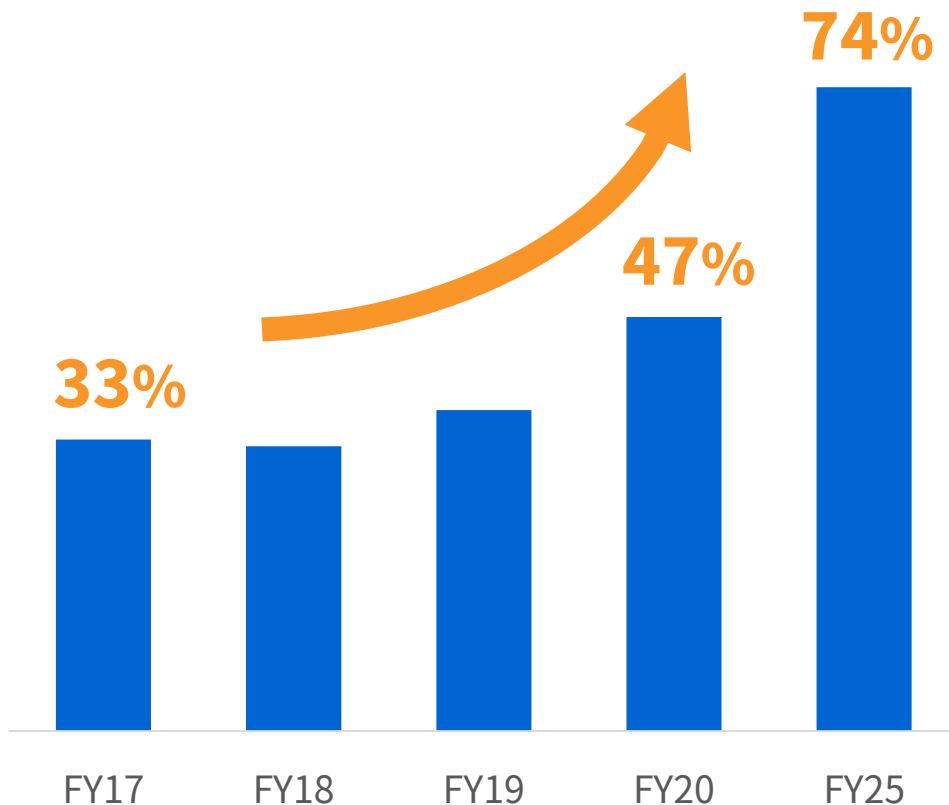
Share as of FY21 end: Over 20%

*1: Toshiba estimate, based on market forecasts from IDC

Thermal Power Business, Heading towards FY21

Significant shift from construction to service

Expanding the Service Ratio



Progress in Expanding the Service business

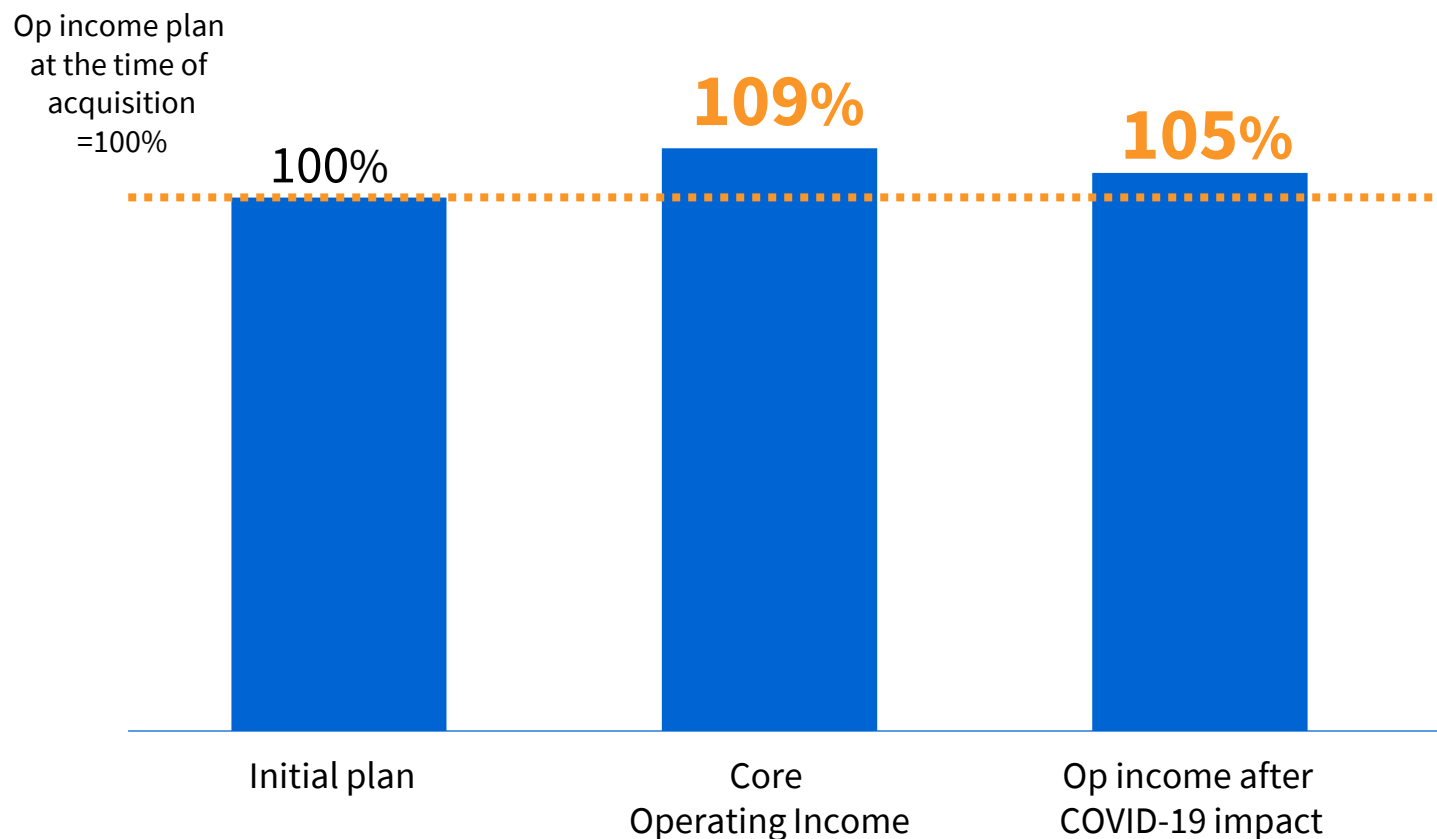
- Increase in the service ratio ✓
FY17: 33% → FY20: 47% → **FY25: 74%**
- Fixed cost reduction: **-24%** (FY17→FY20) ✓
→ Staffing, optimizing of manufacturing sites
- Concentration of engineering resources ✓
→ Engineers gathered at Keihin works
→ Consider merging functions with Toshiba Plant Systems

➡ **FY20 Core Operating Income:
over 5%**

PMI^{*1} on privatized listed subsidiaries

Surpassing profit target at the time of acquisition, further accelerate synergy

Status of FY20 (3 Companies Total)



Activities to pursue synergy

Toshiba Plant Systems

- Fixed cost reduction by system integration etc.
- Function integration such as engineering

NuFlare Technology

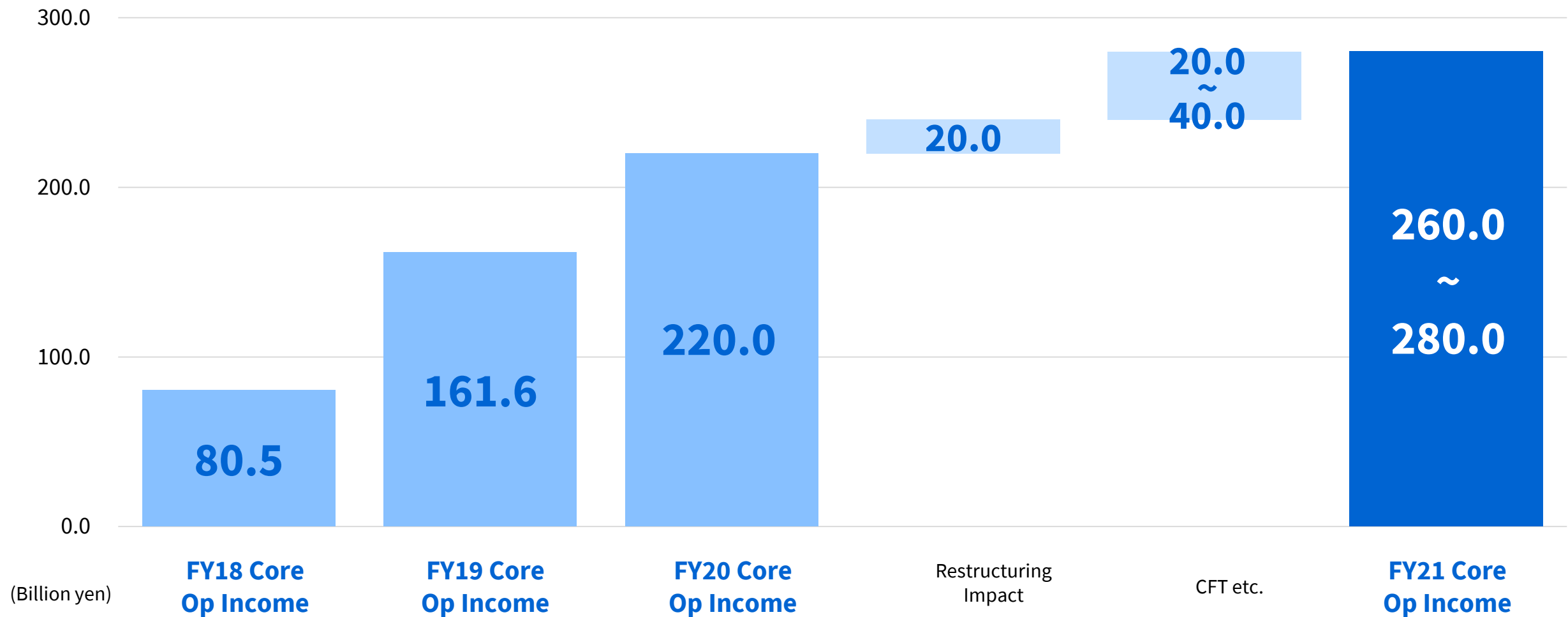
- Accelerate development of new generation machine

Nishishiba Electric

- Enhance collaboration by extending sales channel and procurement

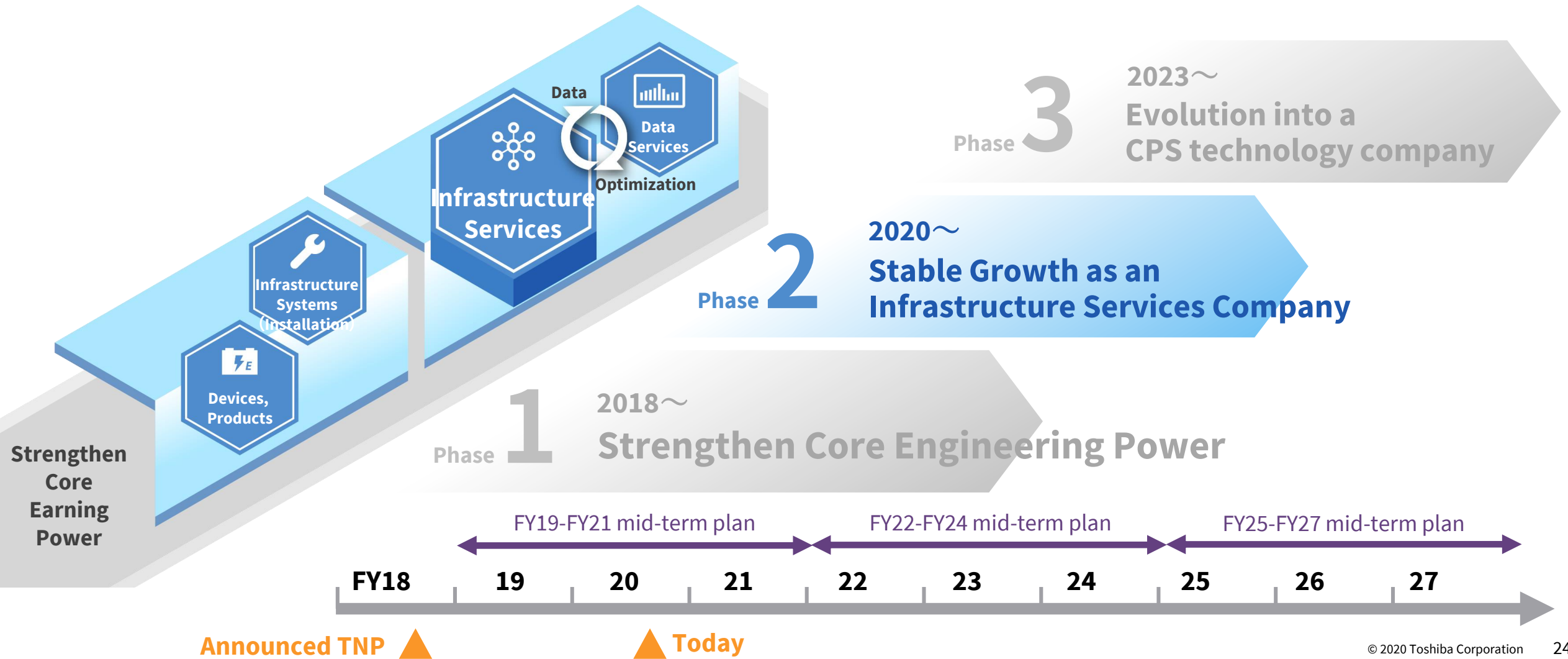
Towards the Achievement of FY21 Targets in the Toshiba Next Plan

FY 21 targets in the Toshiba Next Plan will be left unchanged, as steady profit improvement has been achieved despite COVID-19



Progress in the Toshiba Next Plan

Phase 2: Stable Growth as an Infrastructure Services Company



FY25 Mid-term Targets

FY25 Targets: Sales 4 trillion yen, ROS 10%, ROIC 12%, ROE 15%

	FY18 Results	FY19 Results	FY20 Forecast	FY25 Targets
Net Sales	3.7 T yen	3.4 T yen	3.1 T yen	4.0 T yen
Core Operating Income^{*1} (ROS%)	80.5 B yen (2.2%)	161.6 B yen (4.7%)	220.0 B yen (6.5%)	400.0 B yen (10%)
Operating Income (ROS%)	35.4 B yen (1.0%)	130.5 B yen (3.8%)	110.0 B yen (3.6%)	400.0 B yen (10%)
EBITDA^{*2}	113.9 B yen	210.1 B yen	195.0 B yen	530.0 B yen
ROIC^{*3}	1%	Negative	6%	12%
ROE	Negative	Negative	5%	15%

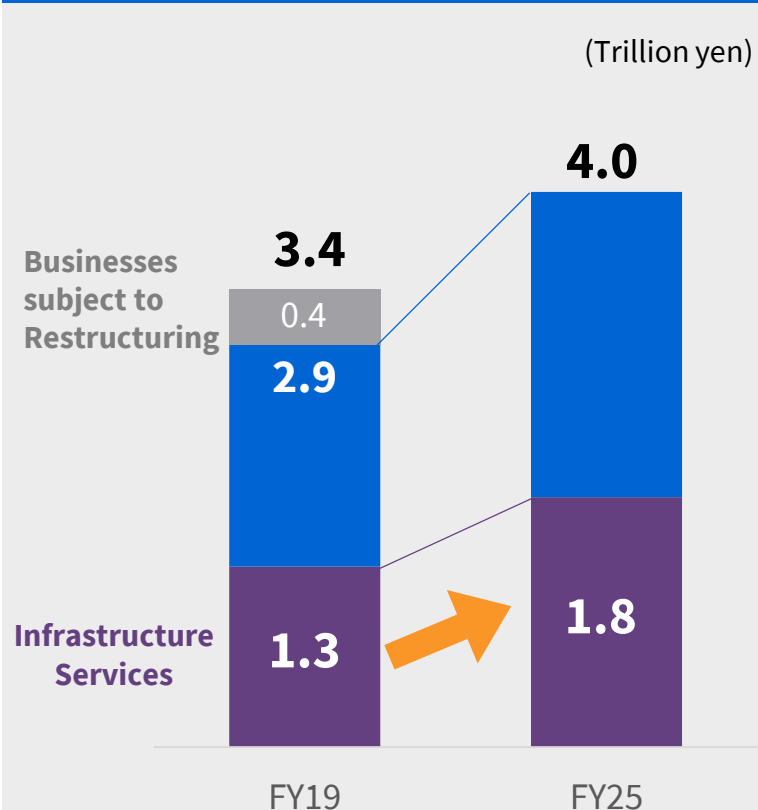
*1: Excluding restructuring charges and the impact of the COVID-19 from operating income

*2: EBITDA = Operating income + depreciation and amortization expenses *3: ROIC = Profit and loss before tax × (1 - tax rate) ÷ (net interest bearing debt + net asset)

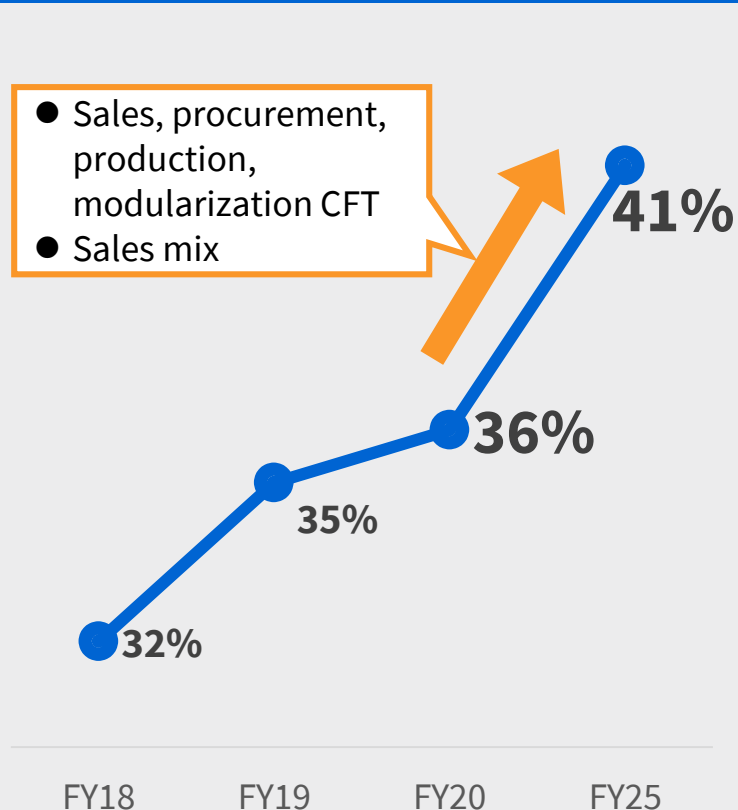
Profit Structure Targeted for FY25

Aiming to achieve growth with a focus on infrastructure services by continuing efforts to strengthen core earning power.

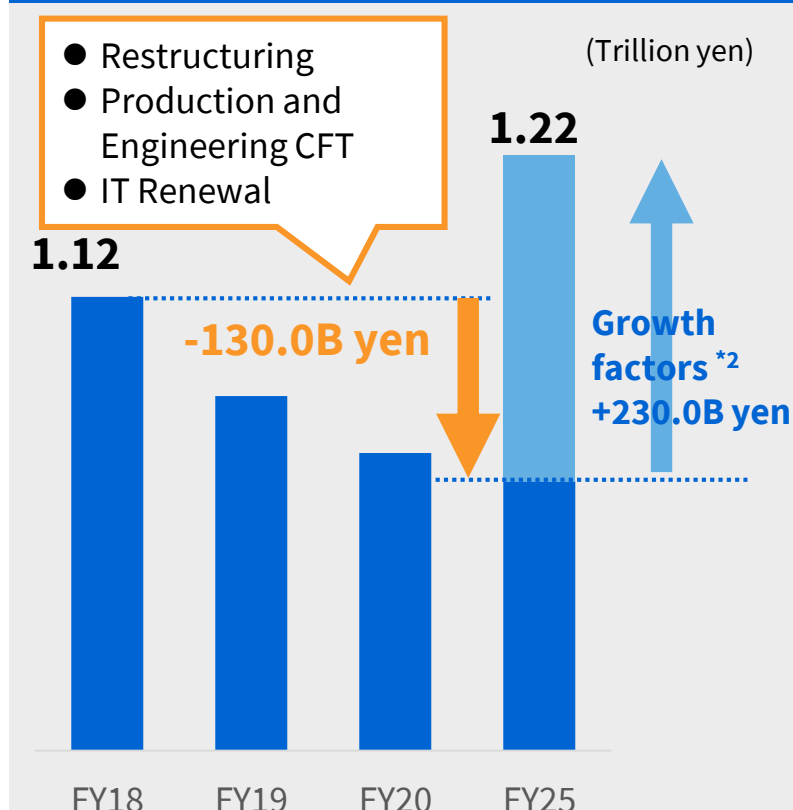
Sales Growth



Marginal profit improvement^{*1}



Fixed costs reduction^{*1}



^{*1}: Marginal profit, fixed cost is core based figures. ^{*2}: Increase in fixed costs of acquired companies +80 billion yen, costs for business volume increase +150 billion yen

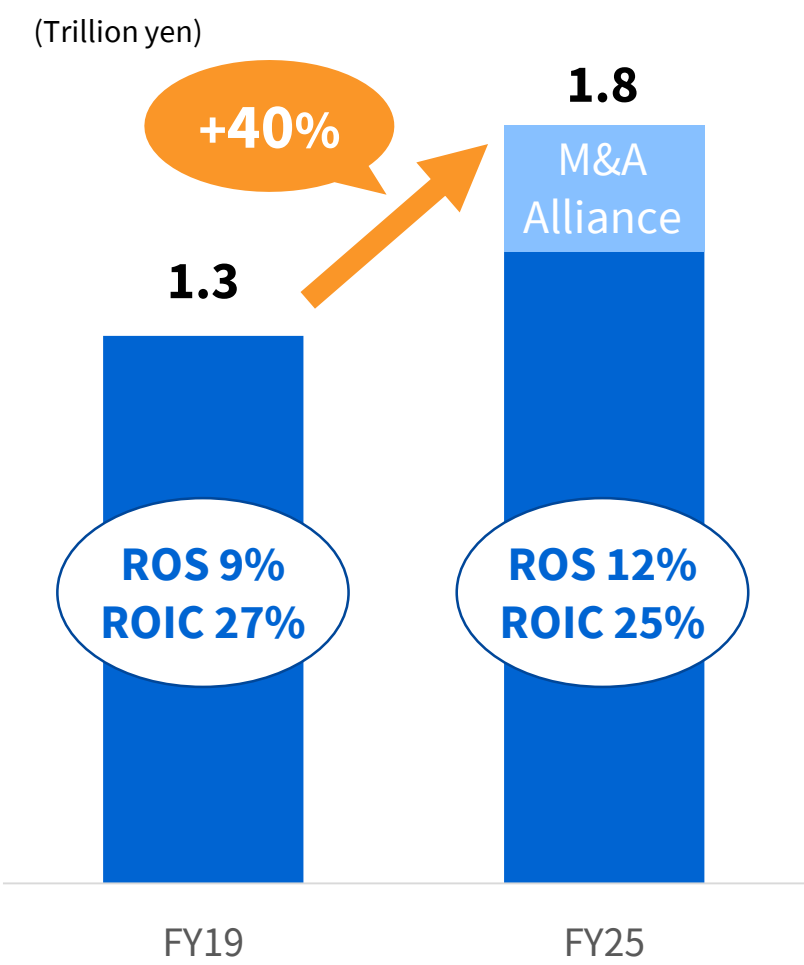
Forecast by New Segments

New Segment ^{*1}		FY18	FY19	FY20	Difference
Infrastructure Services	Sales ^{*2}	1.28T yen	1.29T yen	1.29T yen	0%
	Op Income ^{*2}	90.0 B yen	120.0B yen	120.0B yen	0B yen
	(ROS)	(7%)	(9%)	(9%)	(0%)
	ROIC ^{*3}	22%	27%	26%	-1%
Infrastructure Systems	Sales	0.75T yen	0.79T yen	0.78T yen	-1%
	Op Income	10.0B yen	30.0B yen	50.0B yen	+20.0B yen
	(ROS)	(2%)	(3%)	(6%)	(+3%)
	ROIC	9%	9%	9%	0%
Devices Products	Sales	1.18 T yen	0.97T yen	1.03T yen	+6%
	Op Income	30.0 B yen	40.0B yen	80.0B yen	+40.0 B yen
	(ROS)	(3%)	(4%)	(8%)	(+4%)
	ROIC	16%	8%	9%	+1%

*1: The new segments are based on simple reclassification of current segment by splitting some figures. This excludes a part of common fee, monitored businesses and one time costs. *2: Sales and operating income figures are core-based. *3: ROIC figures include COVID-19 impact and restructuring costs. Figures before FY19 is adjusted to compare with FY20, such as impact on pre-deposit, loss-making contracts, subcontract act. ROIC= Profit and loss before tax × (1 - tax rate) ÷ (net interest bearing debt + net asset)

Growth of Infrastructure Services

In Phase 2, Infrastructure Services will be the core pillar for growth



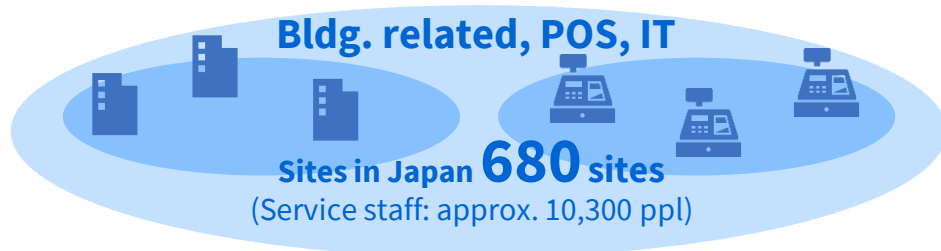
Growth Elements
Streamlining of service operations
Expansion of service locations
Evolution into value-added services (to “As-a-Service”)

Impact		
Sales	Profit margin	Cash
	✓	✓
✓	✓	✓
✓	✓	

Growth of Infrastructure Services (By expansion style)

Area Coverage Type

Service that covers large number of customers base on area



Rapid response, cost

~30 years

Remote monitoring, IT equipment, multi-skill development
Consolidation of service sites, reduction of indirect cost

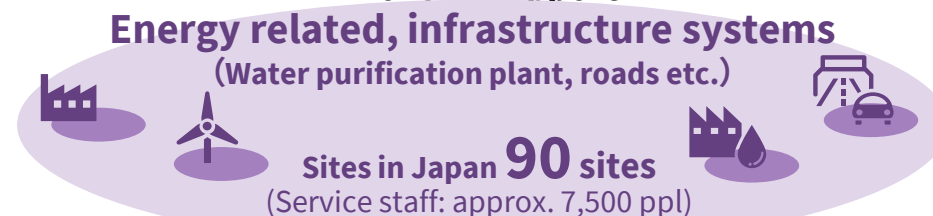
Growth by enlarging areas to cover new customer locations

Organic growth

FY19	FY25
570.0	640.0
7%	12%
51%	49%

Major Infrastructure Type

Service that covers key specific infrastructures, including full-time onsite support



Technology and operation-related proposal capa

Over 30 years

IoT, AI, Digital Twin etc.

Achieve other locations (Technology, M&A)
Growth by spread of renewable energies

M&A: 230.0 B yen
Renewables: 100.0 B yen
+ Organic growth

Competitiveness

Service term

Streamlining of operation

Area expansion

Plan ^{*1}

Net Sales (B yen)

ROS (%)

ROIC (%)

FY19	FY25
710.0	1,120.0
11%	12%
22%	20%

*1: Net sales and operating income are based on core figures, ROIC calculations include COVID-19 impact and restructuring costs.

Steps to Grow Infrastructure Services

Starting with realizable efficiency improvement and expansion of locations with the future aim of conversion into value-added services

Growth Elements

Streamlining of service operations

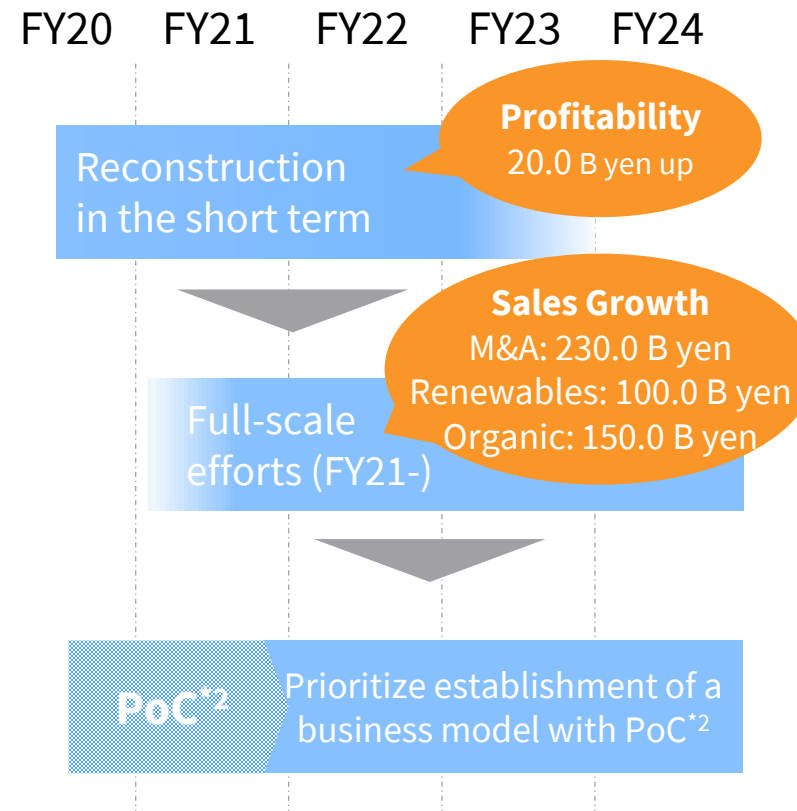
Expansion of service locations

Evolution into value-added services

Growth Drivers

- Engage in optimization, enhance skills and improve customer relationship through IT, AI and AR
- Consolidate administrative functions and streamline locations (770 locations in Japan)
- Increase new installations and engage in committed implementation of service contracts
- Expand scope of services to other companies' equipment
- M&A, alliances
- Transition to a profit-share model
- PPP^{*1}, concession
- Provide new services such as matching services

Schedule

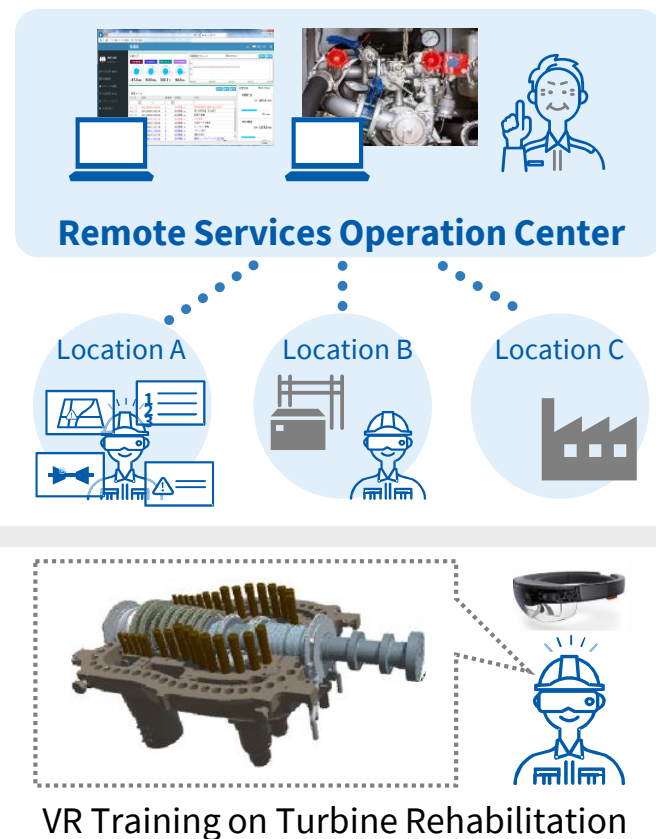


Streamlining Service Operations

Target earnings improvement of 20.0 B yen by FY25

Field Operations

- Remote Services Operation Center
 - ✓ Support worldwide field operation remotely (test-run, electrical test, witness test)
 - ✓ Share site information (know-how, drawing, design)
- Skill enhancement and development of multiple skills by each field engineers
 - ✓ Skill mapping
 - ✓ Educational curriculum
 - ✓ Use of VR/AR
- Enhance customer relationship
 - ✓ Extend time spent with customers
 - ✓ Shorten service completion lead-time



Back Office, Administrative Functions

- System standardization
 - ✓ Parts management systems etc.
- Site optimization
 - ✓ Sharing offices and warehouses etc.
- Centralization of administration staffs
 - ✓ General affairs, accounting etc.

Expanding Service Area - Replacements of Competitors' Equipment

Service Map (Track Record)



Track record of installing over
2,000 units of steam turbine units

Steam Turbine Replacement

Proprietary Location

Renew 5-10 major units per year in addition to check-up, repair and operational support



Expand to competitor location

32 units over the
Last 10 years

▶ **Aim for 100 units to
achieve rapid expansion**

Differentiating Factors

1. High quality (low-vibration, high-efficiency)
2. Advanced technology, such as laser measurement
3. Monitoring technology, such as Digital-Twin
4. Comprehensive technical capabilities, such as engineering etc.

Expanding Service Area - Opportunities from the Pursuit of Carbon Neutral by 2050

**Many top market share businesses in renewables,
Able to comprehensively support carbon neutral**



^{*1}: Carbon dioxide Capture, Utilization and Storage ^{*2}: Perovskite solar panel; biggest in size and highest efficiency among film-based modules ^{*3}: Load dispatching center

^{*4}: Fukushima Hydrogen Research Energy Field : Technology development business with New Energy and Industrial Technology Development Organization (NEDO), Tohoku Electric Power Co., Inc., Tohoku Electric Power Network Co., Inc., Iwatani Corporation and Asahi Kasei Corporation.

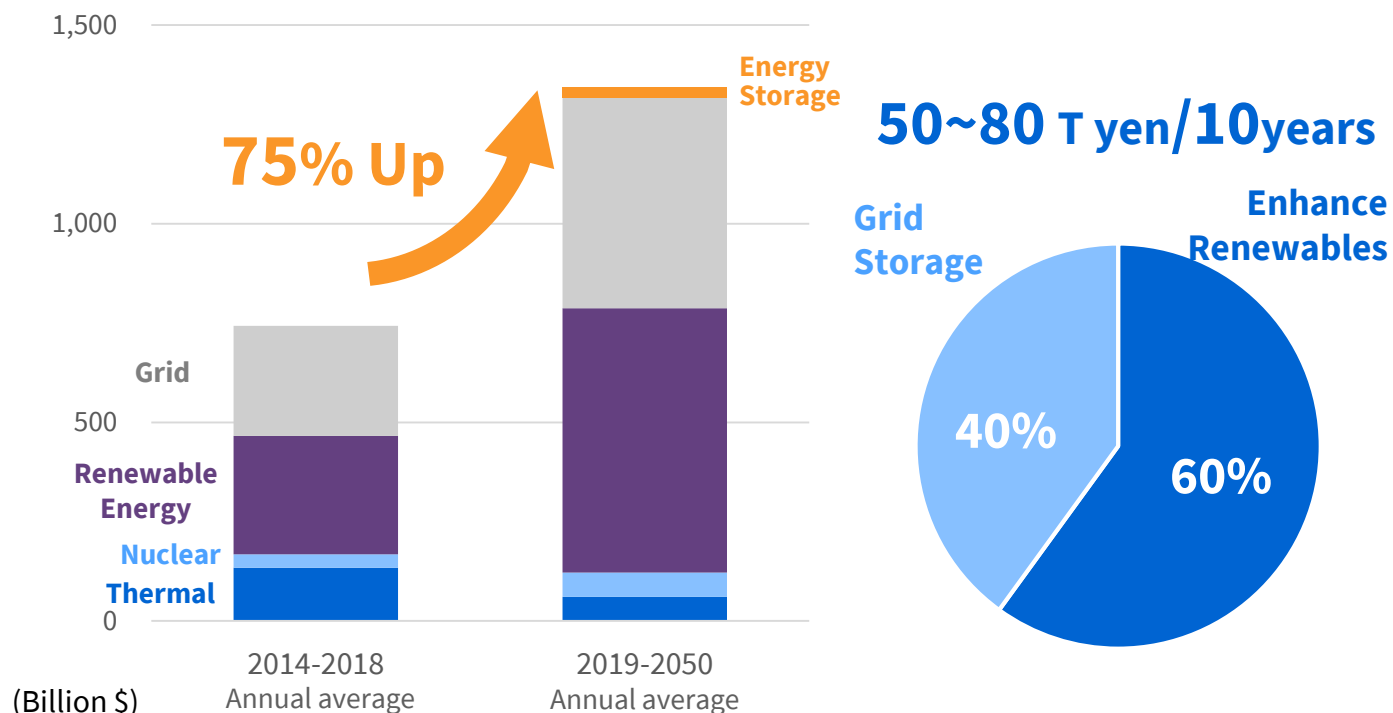
Expanding Service Area – Expansion of the Renewable Energy Businesses

Targeting 3-fold increase in 10 years, in line with rapid market growth

Expansion in Renewable Energy Investments

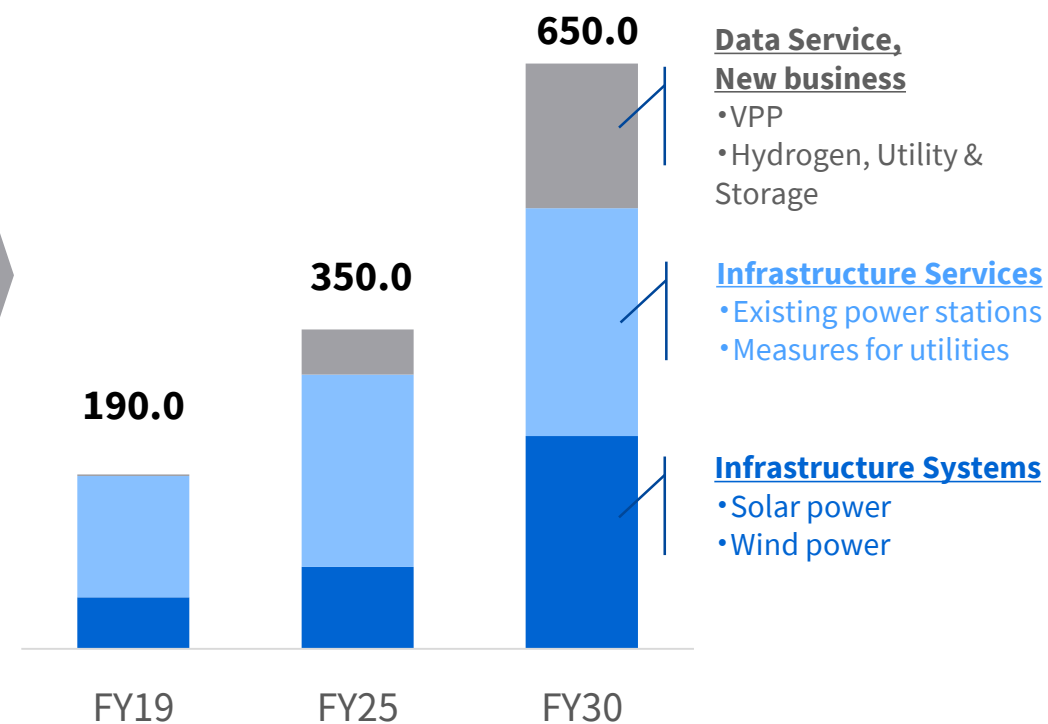
Global Energy-related investments^{*1}
required to achieve Paris Agreement targets

Renewable Energy Investment^{*2}
Required in Japan in the coming decade



Toshiba's Renewable Energy Business

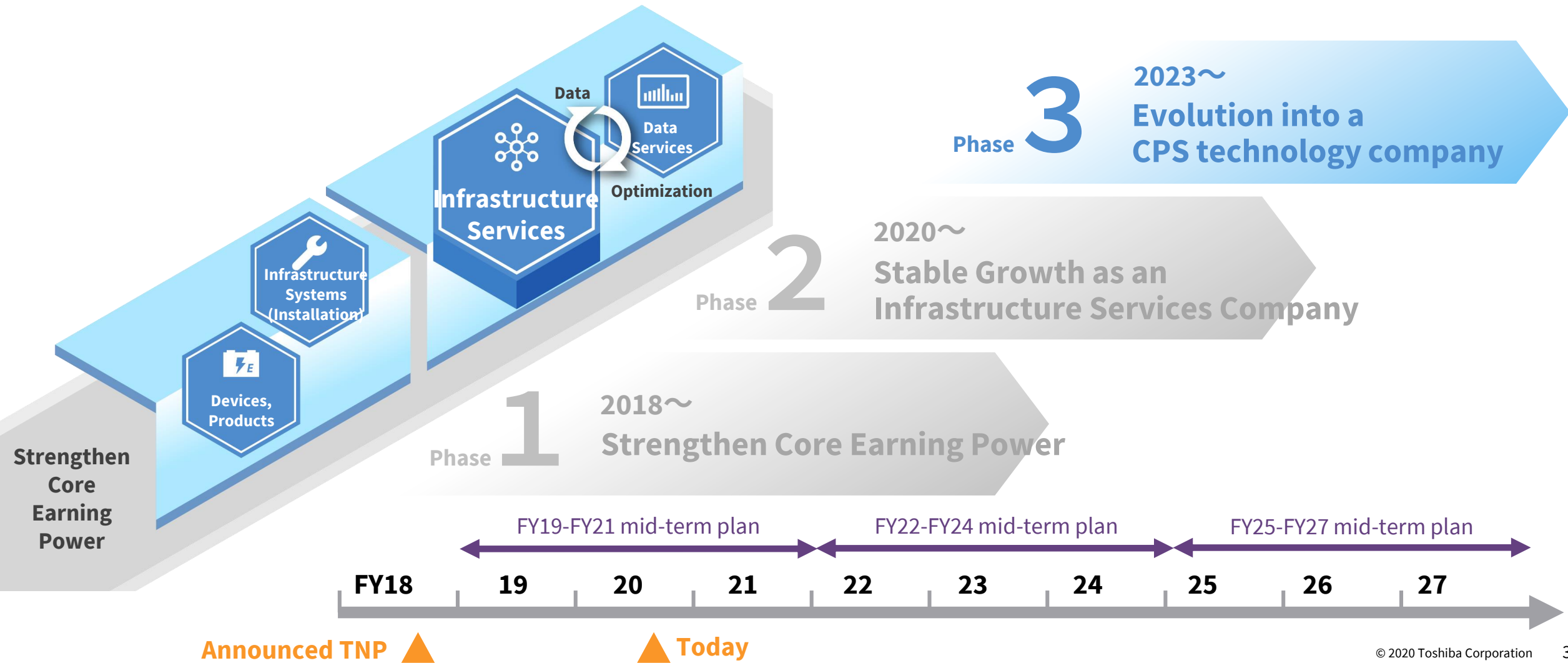
(Billion yen)



*1: Prepared by Toshiba based on IEA World Energy Outlook *2: Toshiba's assumption based on renewables to occupy 33% in 2030

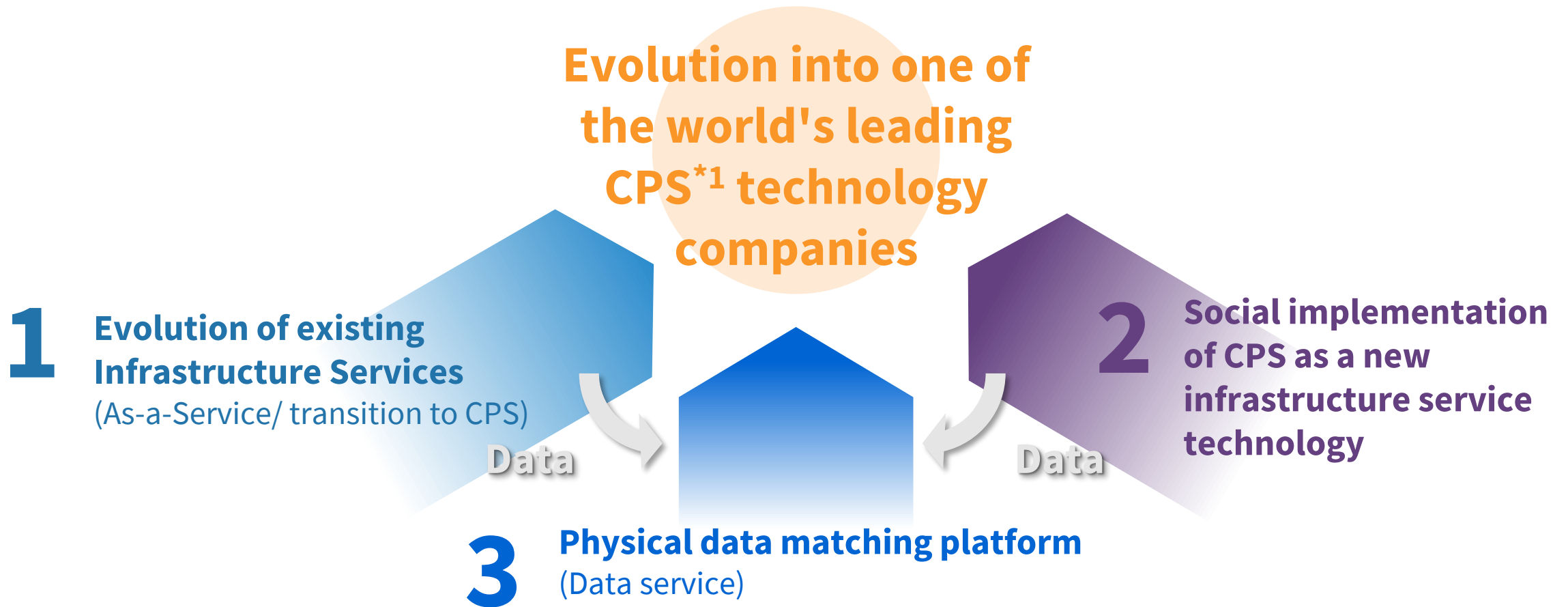
Progress in the Toshiba Next Plan

Phase 3: Evolution into a CPS technology company



Phase 3: Evolving into CPS Technology Company

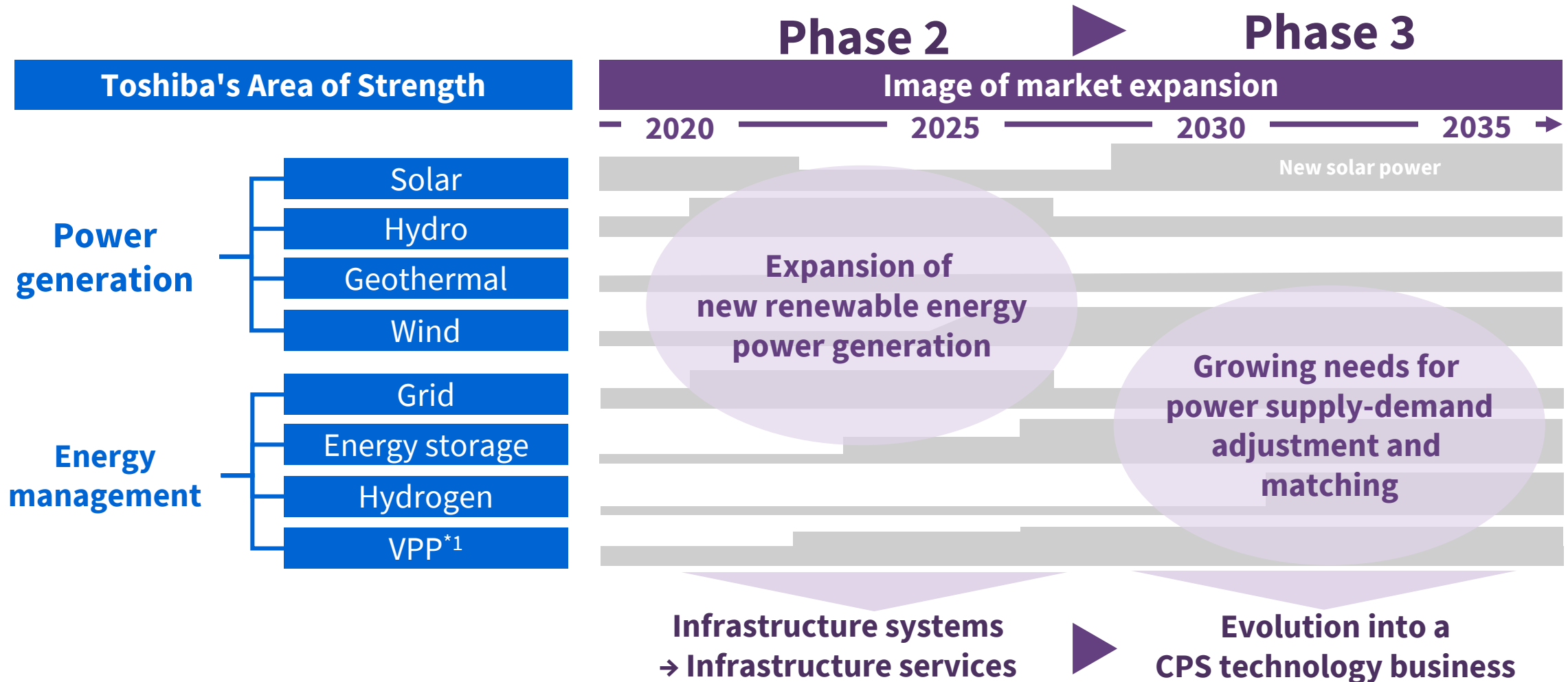
In Phase 3, we will engage in 3 separate approaches in order to evolve into a CPS technology company.



* 1: CPS (Cyber Physical System): A mechanism for creating added value by collecting data in the real world (physical), analyzing it in the cyber world using digital technologies, etc., and making it easy to use information and knowledge, and feeding back it to the physical side.

Phase 2 to Phase 3: The Potential of Renewable Energy

Aiming to evolve existing infrastructure services into CPS-based energy management business, and to expand matching services



* 1: VPP Virtual Power Plant

Preparation for Phase 3

Established new company to prepare for VPP, which is expected to become an enormous market

Next Kraftwerke Toshiba Corporation

TOSHIBA

51%

**Next Kraftwerke
Toshiba
Corporation**

49%

next

- ✓ Relationship with domestic power companies
- ✓ Utilities-related know how

- ✓ Established: Nov., 2020
- ✓ Planning to start with domestic energy resource aggregation services

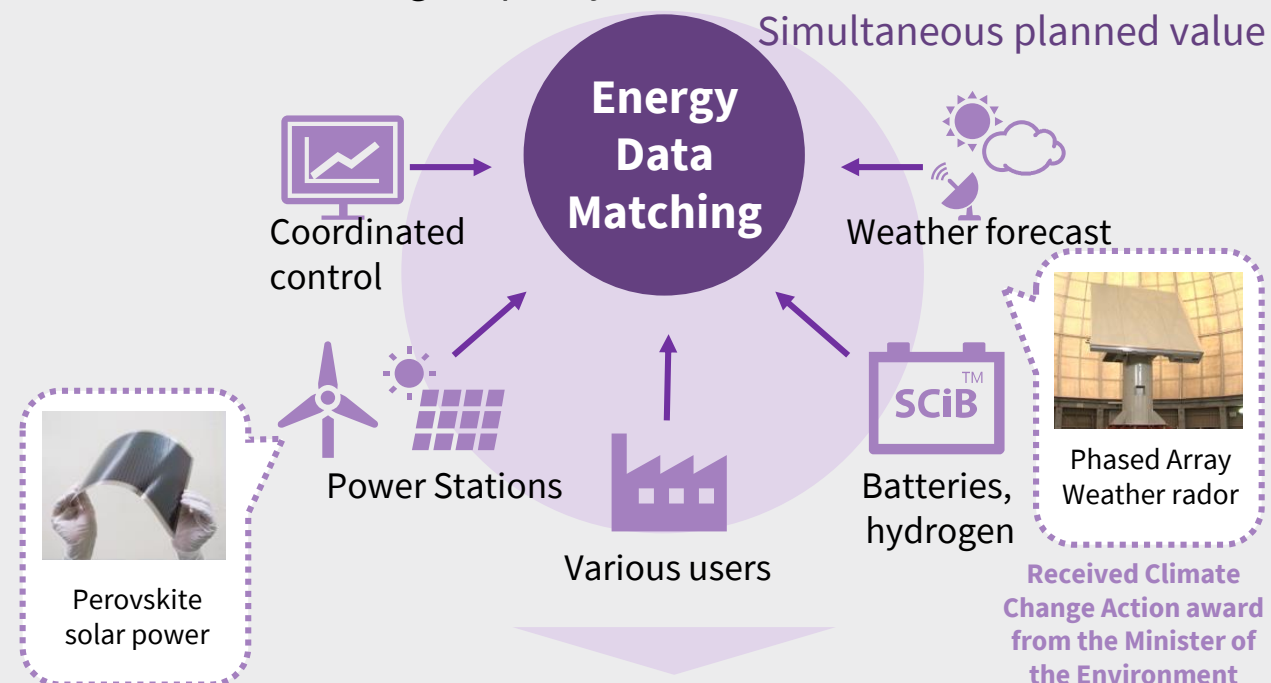
Next Kraftwerke

- ✓ Established: 2009
- ✓ Major European VPP operator, operating in 7 countries and 10 regions
- ✓ Managing in total of 8.5GW with approx. 10,000 locations



VPP Business (virtual power plant)

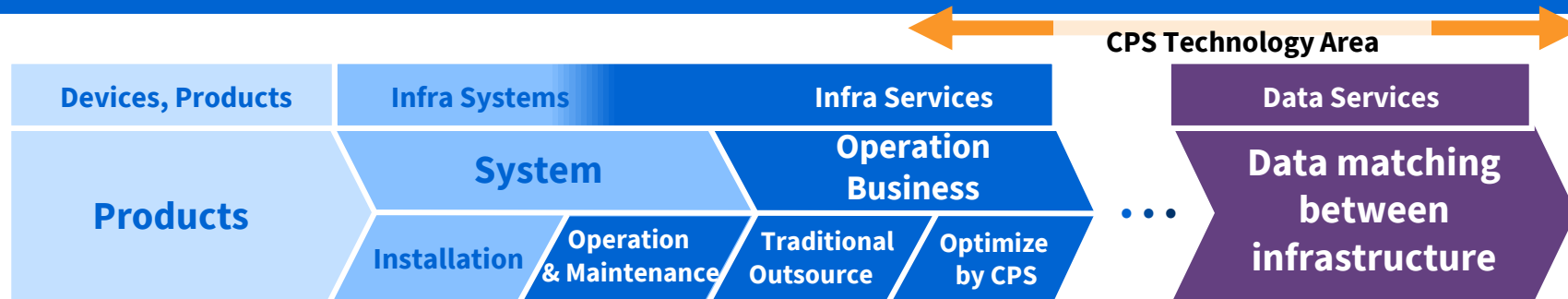
→Optimal matching of various gathered data, such as weather, supply & demand and storage capacity



Market size*1: 300B yen in 2030, 1.2 T yen in 2040

New Infrastructure Service & Data Services in Phase 3

New technologies provided as infrastructure services, not as products



Consumption trend
Big data



POS



Central system
Outlet system

CRM
SCM

Staff management

Toshiba Data



Smart Receipt*1

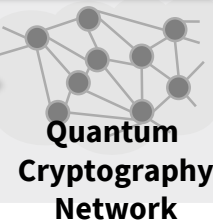
Aim to
achieve #1
global share

Quantum
Security



Quantum Key
Distribution Device

Data



Quantum
Cryptography
Network

Finance
Medical
Security

Global pioneer in this service
Aim to achieve #1 global share

Precision
medicine



Micro
RNA chips

Inspection
Equipment



Inspection system
R&D improve system

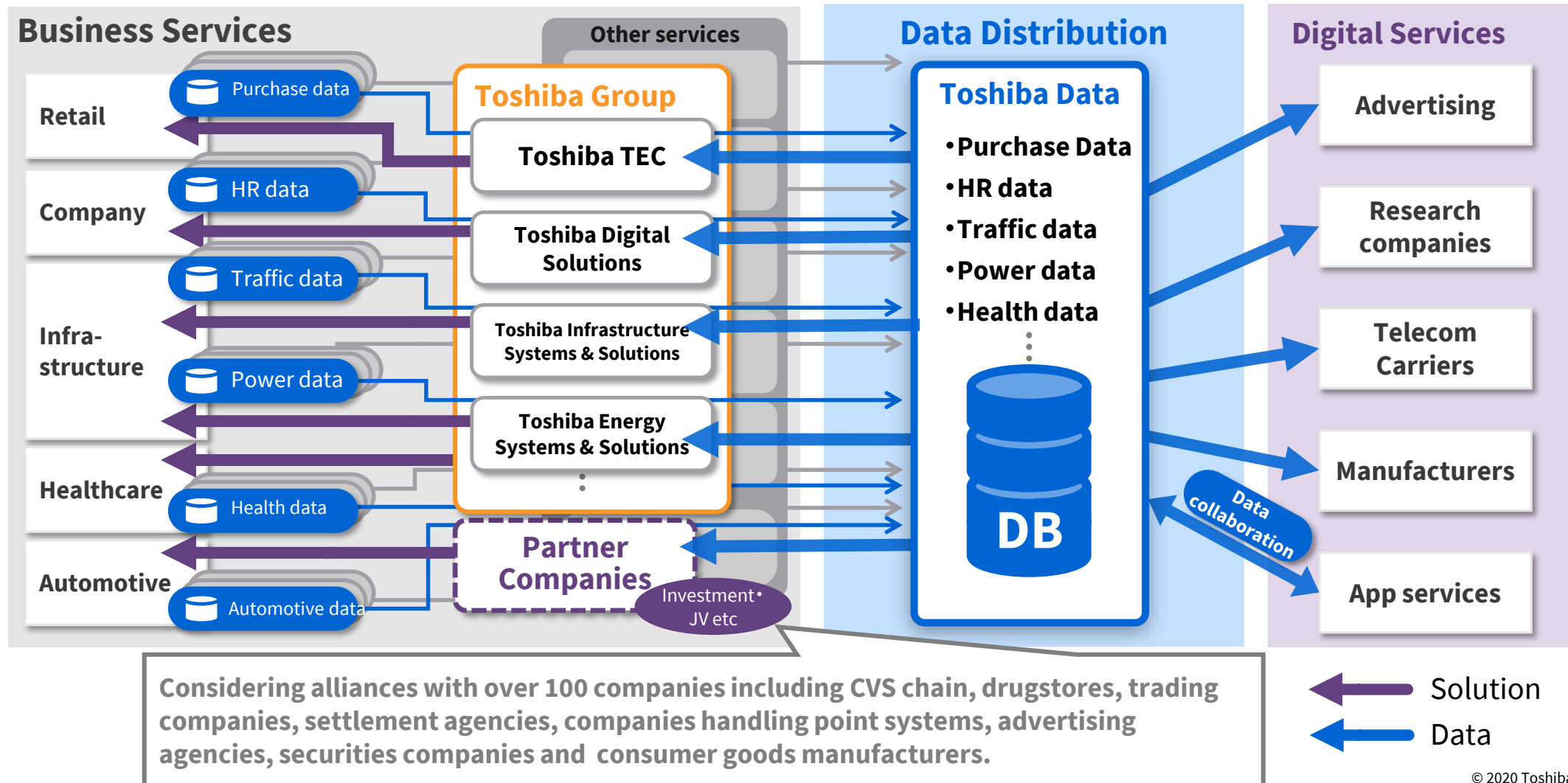
Health Promotion
Improve prognosis

Start as Infrastructure
services from the beginning

*1: Smart Receipt is the service provided by Toshiba TEC

Data Matching Platform created by Toshiba Data

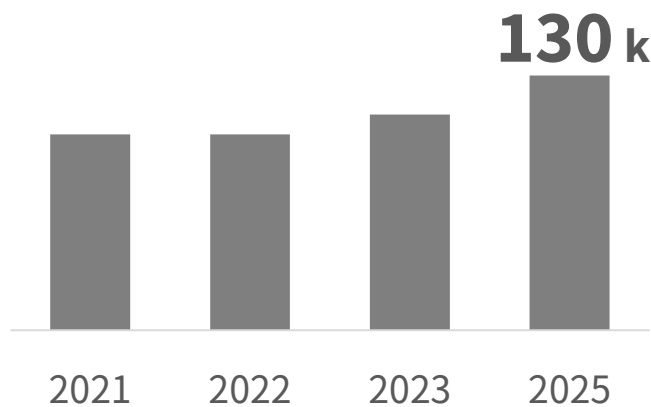
Accelerate data distribution by collaborating with various players



Toshiba Data: Domestic Targets

Expand membership by CAGR 65%, total distribution by CAGR 90%, by 2025

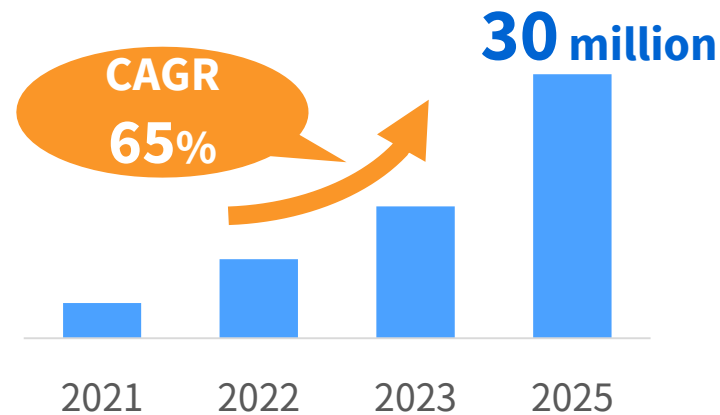
Outlets



Expand number of outlets

- Free plan
- Collaborate with Toshiba TEC
- Collaborate with other companies' POS systems
- Collaborate with non-POS services

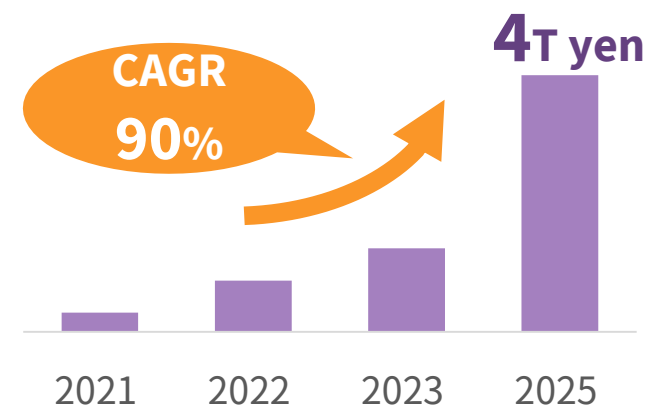
Membership



Expand Membership

- Collaborate with mega service
- Media Promotion
- Event campaign

Total Distribution

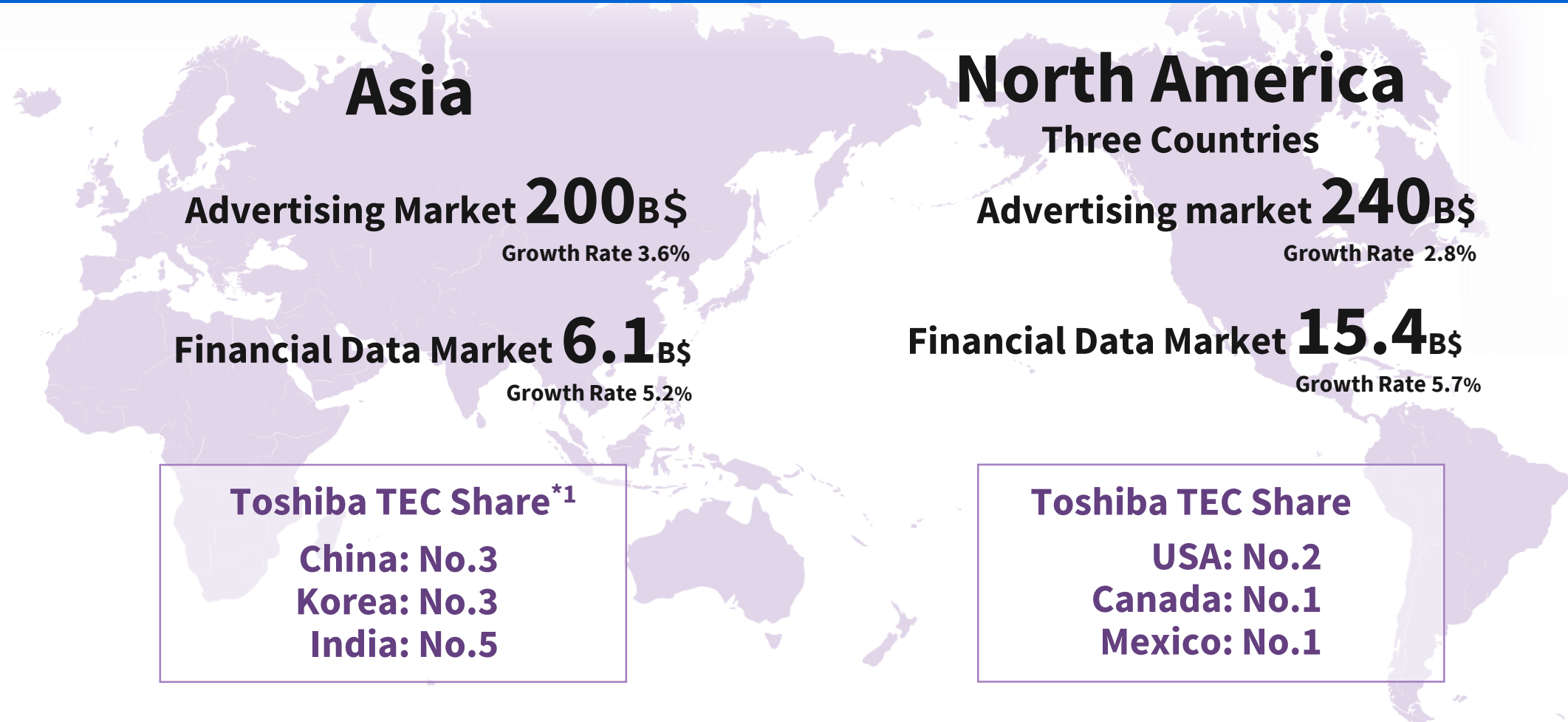


Expand Active Users

- Media Promotion
- Enhance personal services

Toshiba Data: Overseas Expansion

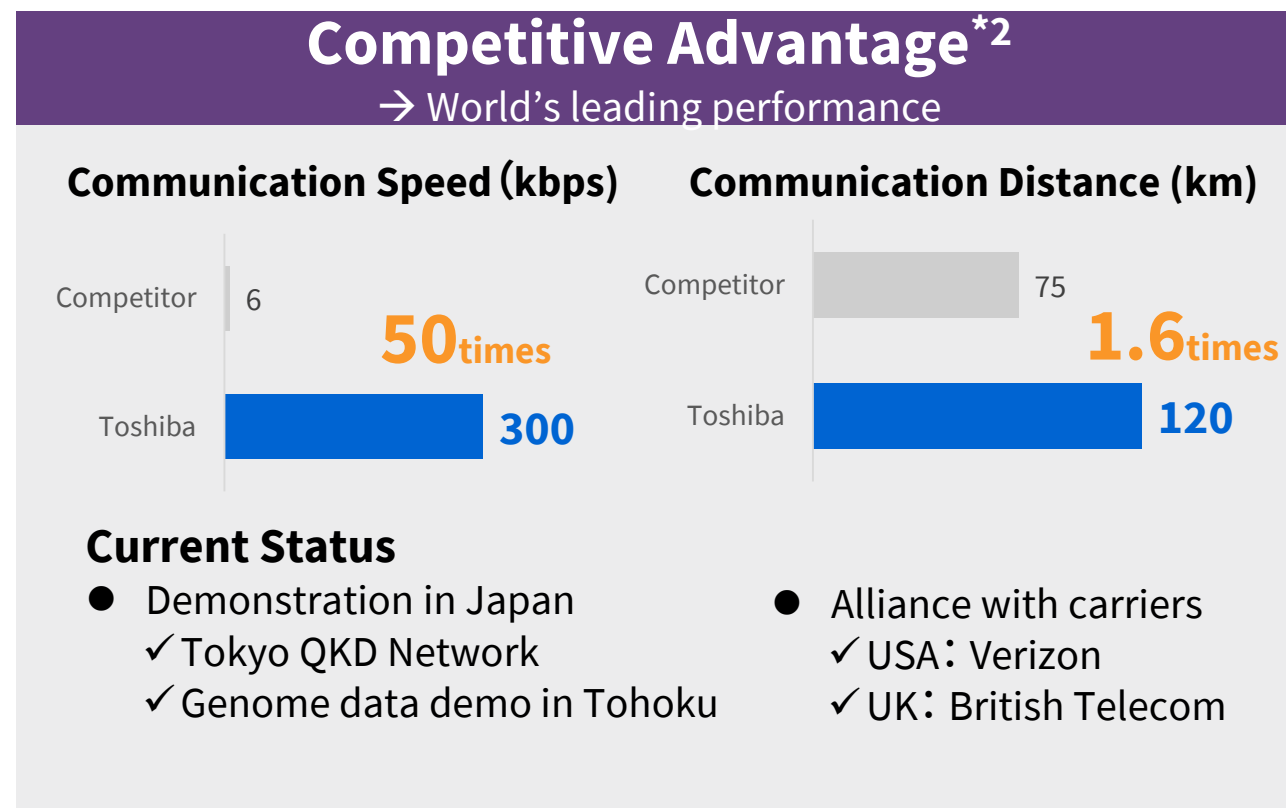
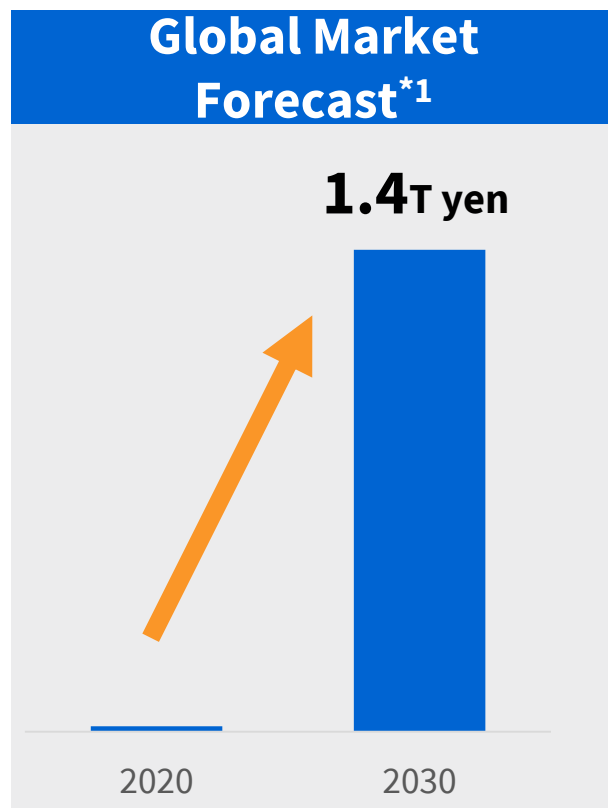
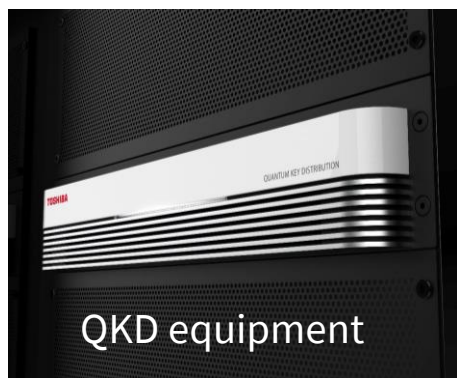
Aiming to expand by leveraging Toshiba TEC's network, mainly in Asia and North America where Toshiba TEC enjoys high market share



*1 Source RBR 2019; POS units installed

New Technology Business - Quantum Key Distribution (QKD)

Essential security technology for the quantum computing era.
Aim for business launch during FY21.



➡ Aim to start network services in FY21.
Aim to achieve #1 global share.

New Technology Business - Micro RNA

Ability to detect 13 types of cancer from Stage 0 using a small amount of blood. Aiming for business launch during FY21.

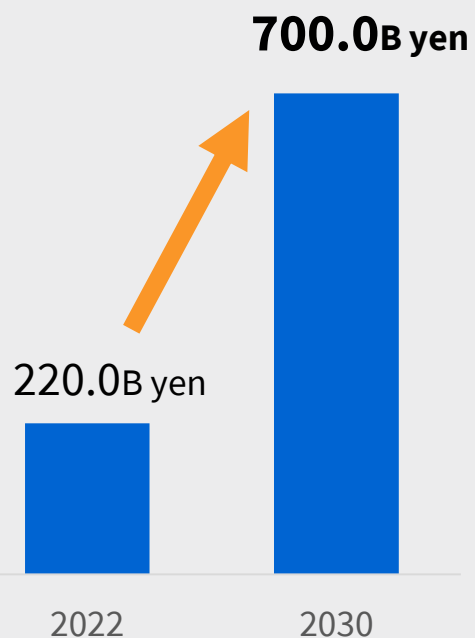


Award from Minister of
Economy, Trade and
Industry

Micro
RNA Chip



Global Market Forecast^{*1}



Competitive Advantage^{*2}

→ Overwhelming technology advantage

	Accuracy		Time	Stage
Competitor	70~95%	Competitor	8 hours	From 1
Toshiba	99%	Toshiba	2 hours	From 0

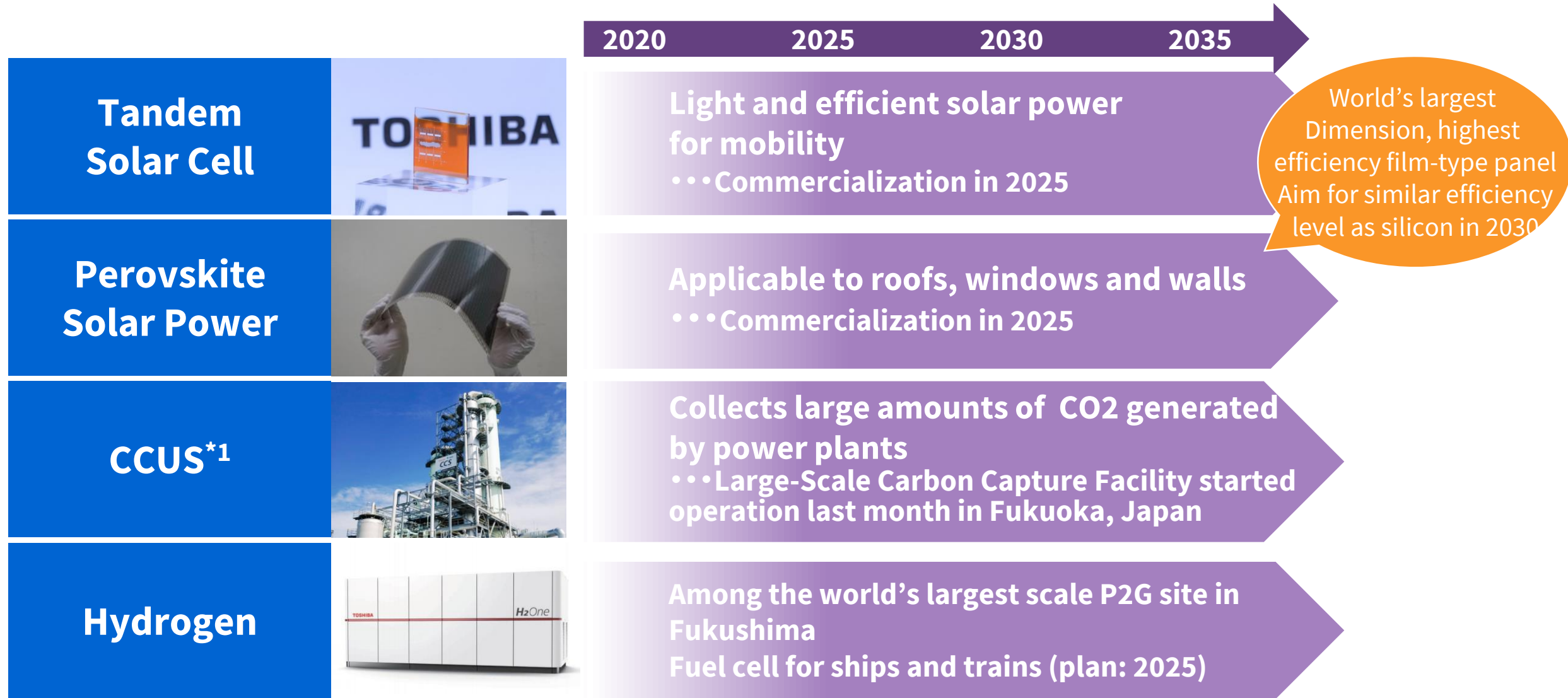
Current Status

- Technology Demonstration (increasing number of samples)
- Establishing quality and safety management structure
- Establishing supply chain



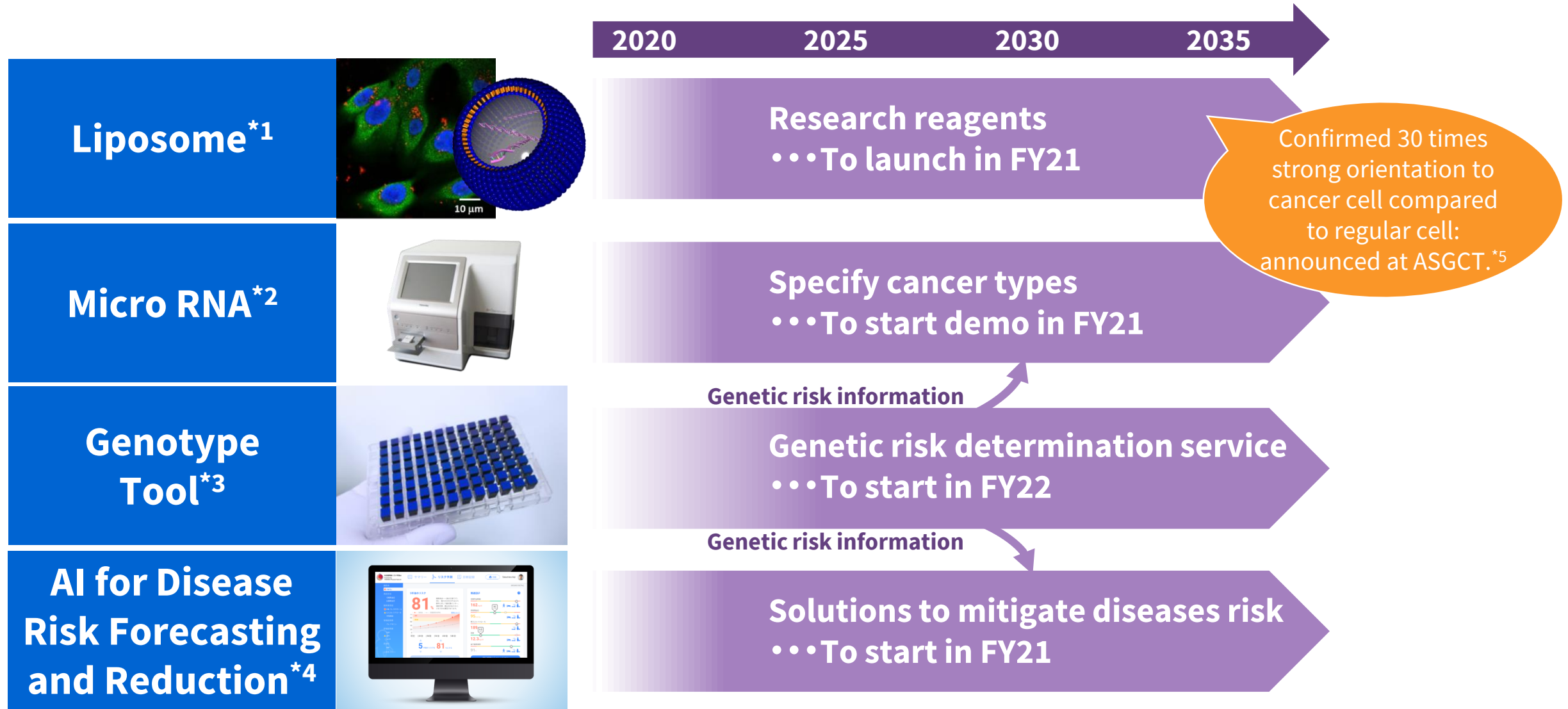
**Aim for business launch in FY21.
Aiming to achieve #1 global share.**

New Business - Decarbonization



*1 Carbon dioxide Capture, Utilization and Storage

New Business - Precision Medicines



^{*1}: Collaboration with Shinshu University ^{*2}: Collaboration with Tokyo Medical University and National Cancer Center Japan ^{*3}: Collaboration with Tohoku University

^{*4}: Collaboration with Kanazawa University and Johns Hopkins University ^{*5}: ASGCT: The American Society of Gene & Cell Therapy

New Business – Quantum-related Technology/ Others



New Normal:
Solutions Category
Semi-Grand Prix

Simulated Bifurcation Machine



LiDAR



2020

2025

2030

2035

Service is provided
with 100,000 spins
that helps solve
complicated calculation
(x10 faster vs last year)

Platform

Ising machine using software based on quantum technology
Developing AWS services; planning to commence service in
Azure Quantum in FY21

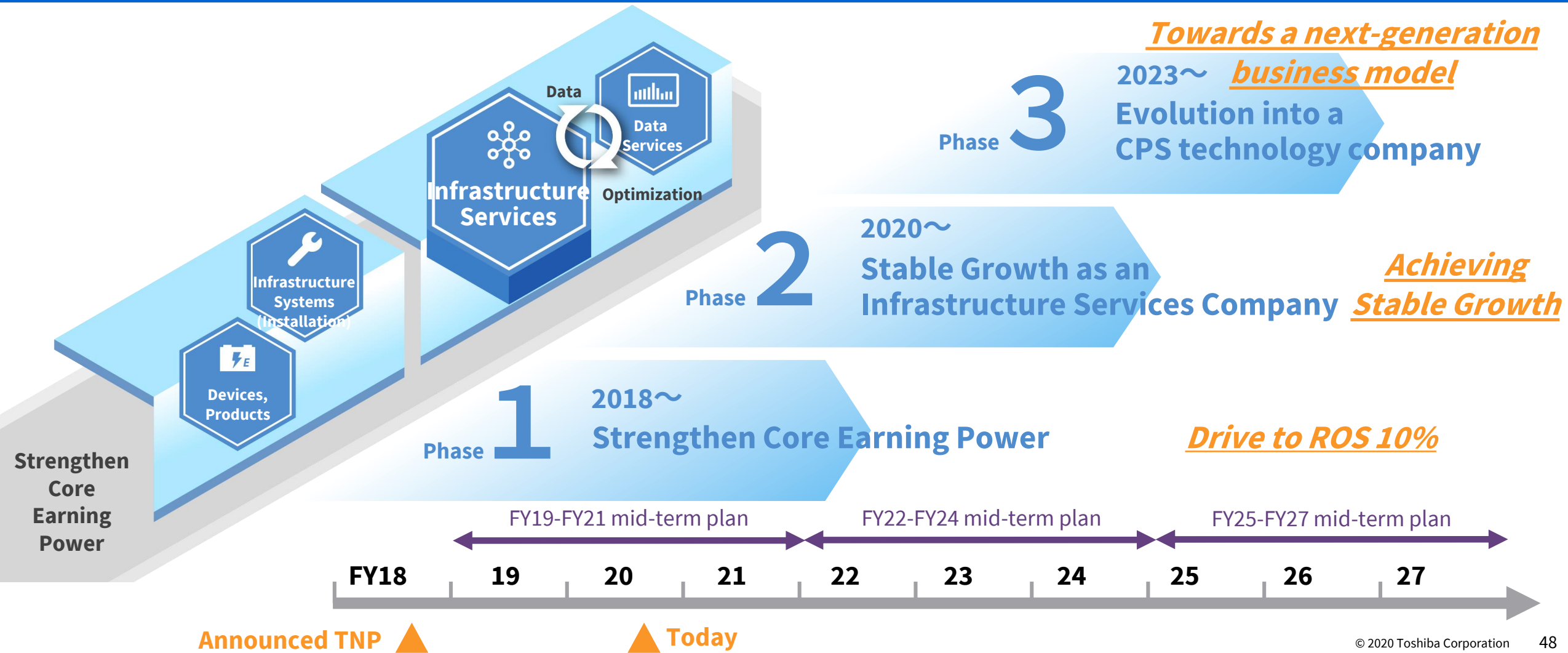
Application

In talks with finance and pharmaceutical companies for
early application
•••World's first financial arbitrage PoC demo (FY21)

From infrastructure monitoring to
in-vehicle use

Toshiba Next Plan: 3 Phases of Corporate Transformation

Aiming to evolve into a CPS technology company after solidifying its foundation by achieving steady growth based on reinforced earning power



3. ESG Enhancement Policy

Toshiba's ESG Initiatives

Toshiba Group Basic Commitment

Basic Commitment of the Toshiba Group

**Committed to People,
Committed to the Future.**

At Toshiba, we commit to raising the quality of life for people around the world, ensuring progress that is in harmony with our planet.

Realization as a business

- ✓ Shift to renewable energy
- ✓ Support for labor and energy conservation
- ✓ Continuing fundamental research for future

Realization in corporate operations

- ✓ Promoting environmental management
- ✓ Promoting Sustainability
- ✓ Strengthening Compliance

Toshiba's Approach to Sustainable Management

E

Environmental management
towards well-below 2 degree goal

**Supporting infrastructure
transformation to achieve
decarbonization**

S

Respect for Human Rights
Safety and Health Management
Workstyle Reform
Diversity and Inclusion

**Continuing fundamental
research to support
the future**

G

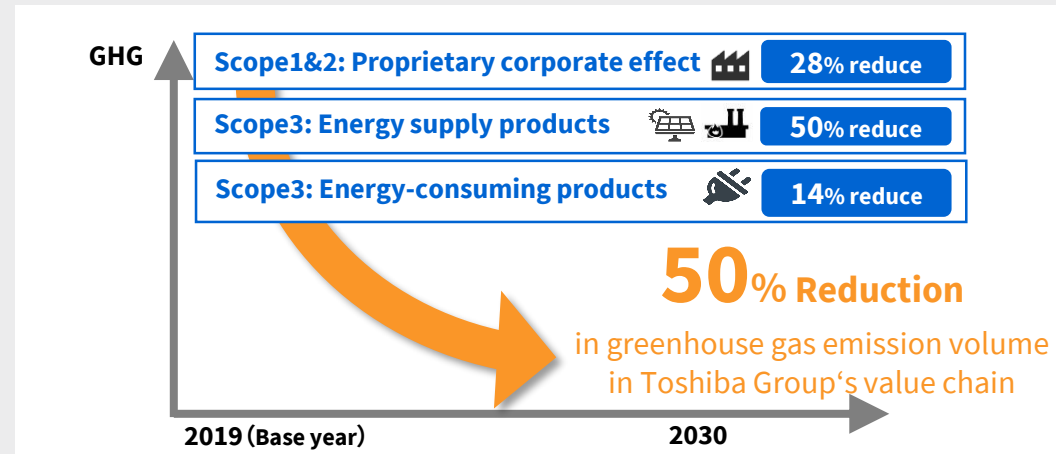
Strengthen Board structure
Strengthen Compliance
Strengthen Internal Control

**Enhance financial
discipline**

Environmental (E) Initiatives

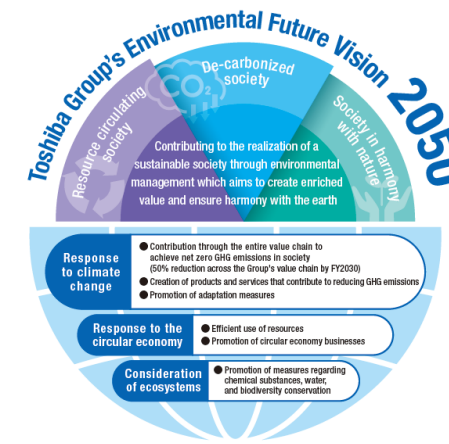
Decarbonization to achieve the well-below 2 degree goal

- ✓ Suspension of new orders for coal-fired thermal power plant construction work
- ✓ Shift to renewable energy to accommodate SBT^{*1}



Formulation of the Toshiba Group's Environmental Future Vision 2050

- ✓ Contribute to society's 2050 GHG net zero target
- ✓ Updated 3-year action plan



Toshiba's Unique Initiatives:

Supporting infrastructure transformation to realize decarbonization

- ✓ New types of renewable energy
- ✓ VPP, strengthening of utilities
- ✓ CCUS^{*2}, carbon offsets

Social (S) Initiatives

Respect Human Rights	<ul style="list-style-type: none">✓ Nurturing a corporate culture to respect human rights✓ Respect for human rights throughout supply chain
Health Safety Management	<ul style="list-style-type: none">✓ Measures to prevent COVID-19 infection and standardization of work from home✓ Mental health in the new normal era
Workstyle Reform Human Resource Development	<ul style="list-style-type: none">✓ Liberalization of the workplace and workstyles (promoting telecommuting), enhancing productivity✓ Self-disciplined career development, and provision of learning opportunities
Diversity & Inclusion	<ul style="list-style-type: none">✓ Promote diversity (Women, physically challenged, foreign nationals, senior citizens, LGBT etc.)✓ Balancing work and family (reflecting liberalization of the workplace)

Toshiba's Unique Initiatives:



Continuing basic research to support the future	<ul style="list-style-type: none">✓ Precision medicine, quantum technology applications✓ Superconducting, high function material etc.
--	--

Governance (G) Initiatives

Stronger Board Structure	<ul style="list-style-type: none">✓ 10 of the 12 directors are independent outside directors✓ Participation of a non-Japanese director in Nomination and Compensation Committees
Compliance Advisory Meeting	<ul style="list-style-type: none">✓ Invited external experts to the kick-off meeting in August✓ Planning to wrap up proposal by the end of FY20
Efforts to strengthen Internal Controls	<ul style="list-style-type: none">✓ Reduction of group companies✓ Strengthen internal control in work process (procurement transaction, man-hour management, etc.)
Ongoing Educational Activities	<ul style="list-style-type: none">✓ Executive seminars, employee meetings✓ Promoting awareness and use of the whistle blow system
Toshiba's Unique Initiatives: +	
Enhance Financial Discipline	<ul style="list-style-type: none">✓ Investment discipline including ROIC/IRR basis✓ Disclosure on capital allocation policy

4. Financial Management Policies

Approach to Growth Investments

Established internal ROIC/IRR criteria for strategic investments Stricter process for selecting investments

Financial Management Policy

- ✓ Dividend payout ratio, appropriate level of capital, debt-equity ratio
→ Maintain policies announced in November 2019 and June 2020

Financial Leverage

- ✓ Expand leverage up to 30% debt-equity ratio and 100% net-debt/EBITDA by FY25
- ✓ Reduce cost of capital and utilize cash for strategic investments.

Strategic Investment

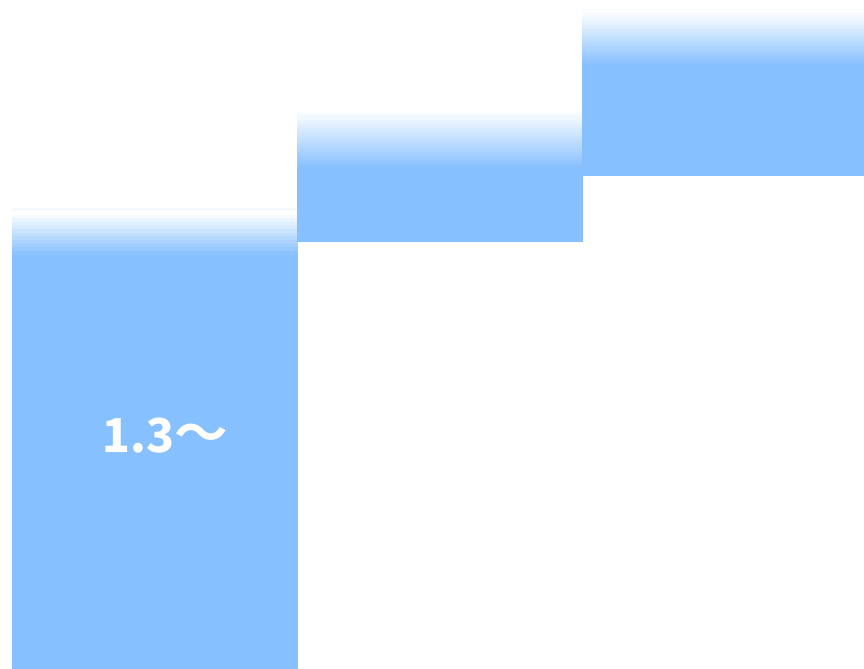
- ✓ Strategic investments include M&As which meet the ROIC and IRR investment criteria.
- ✓ Returns to shareholders will also be considered as a form of strategic investment if there is excess cash.

Capital Allocation

Making proactive investments in resources to achieve growth while emphasizing financial discipline

**FY21-25, 5 years cumulative
Operating CF, Borrowings/ Asset sales**

(Trillion yen)

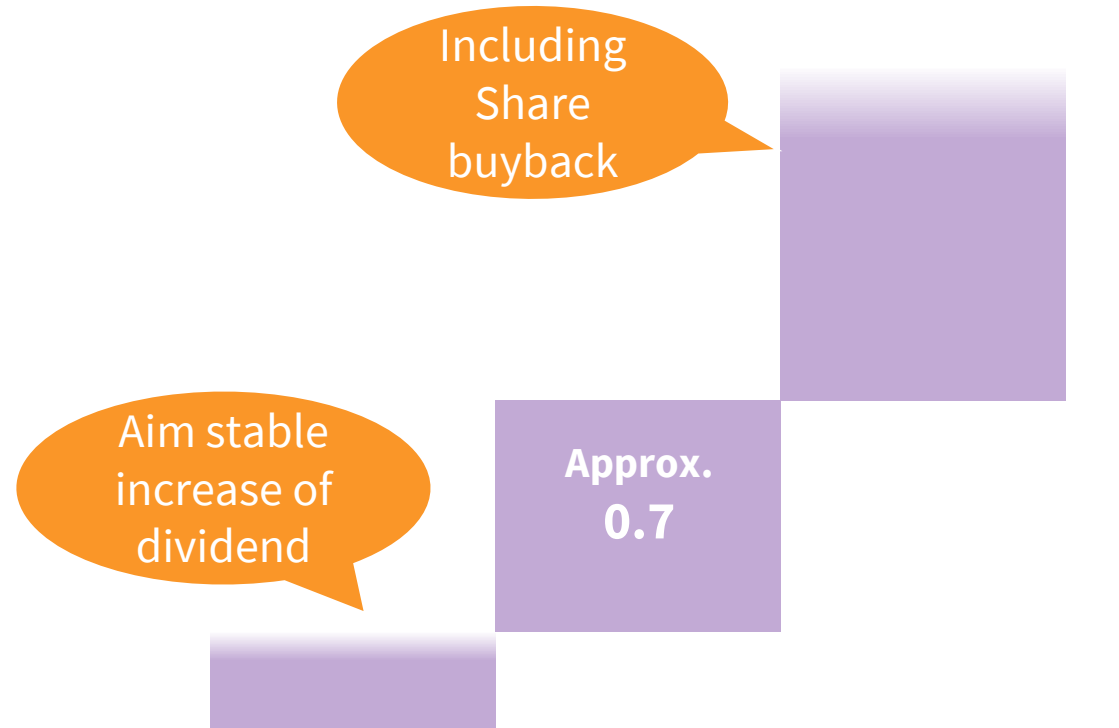


Operating CF

Asset sale

Leverage

**FY21-25, 5 years cumulative
Capital Allocation**



Dividend

Capex

M&A, Share buyback

Shareholder Returns and Dividend Policy

Kioxia Shares

- ✓ Once monetization event is completed, Toshiba, in principle, intends to return a majority portion of the net proceeds to shareholders,

Dividend Forecast for FY20

- ✓ Interim Dividend: 10 yen
- ✓ Year-end Dividend (forecast): 30 yen
- ✓ Full year Dividend (forecast): 40 yen (20 yen increase)

Future Dividend Policy

- ✓ Target stable increase of dividend by executing the Toshiba Next Plan

The background features a large, solid blue rectangle on the left side. To the right of this rectangle, there are several overlapping geometric shapes: a red triangle pointing downwards, a grey triangle pointing upwards, and a white triangle pointing upwards. These shapes are arranged in a way that they appear to be layered or cut out from a larger composition.

**Committed to People,
Committed to the Future.**

TOSHIBA