

Management Policy for the Next Mid-term Plan

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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.

Rebuild Trust: Improve Relationships with All Stakeholders

To Retain

**Basic Commitment of the
Toshiba Group, Purpose,
and Values**

**The Concept of
Toshiba Next Plan**

To Amend

**Revise plans in response
to changes in the
environment**

To Improve Significantly

**Dialogue with
Stakeholders**



- This is Tsunakawa. Today, I would like to explain Toshiba's Management Policy for the Next Mid-term Plan.
- First, upon appointment as the President and CEO, my most important mission is to "make every and utmost effort to earn the trust and improve relationships with all stakeholders."
- I would also like to explain today 3 elements of our planning based on the previously explained Management Policy; "To Retain", "To Amend" and "To Improve Significantly."

1. To Retain



- First, I would like to emphasize the points we are “To Retain“. This starts with the Basic Commitment of the Toshiba Group, Our Purpose – which is “We turn on the promise of a new day”, and Our Values, which are “Do the right thing,” “Look for a better way,” “Always consider the impact,” and “Create together.”
- Next, we will also adhere to the concept of the Toshiba Next Plan, which the Toshiba group has been promoting as one unified group.
- Specifically, Total Shareholder Return, “TSR,” as our objective. In other words, to enhance TSR is the objective of the Toshiba Next Plan, and to realize it through growth in three phases -- optimal business portfolio management, continued enhancement of compliance, and finally, to maintain financial discipline and shareholder return policy.

Improve Shareholder Value by Maximizing Corporate Value

Invest in Growth

- Develop new businesses
- Make investments to achieve organic growth

Manage Risk

- Maintain effective internal controls
- Avoid excessive risk taking
- Sustain Long-term corporate activities

Enhance Core Earnings

- Strengthen core earning power
- Improve earnings structure by evolving into a CPS technology company

Enhance Total Shareholder Return (TSR*)

* Total Shareholders Return: Total investment yield to shareholders, including capital gains and dividends

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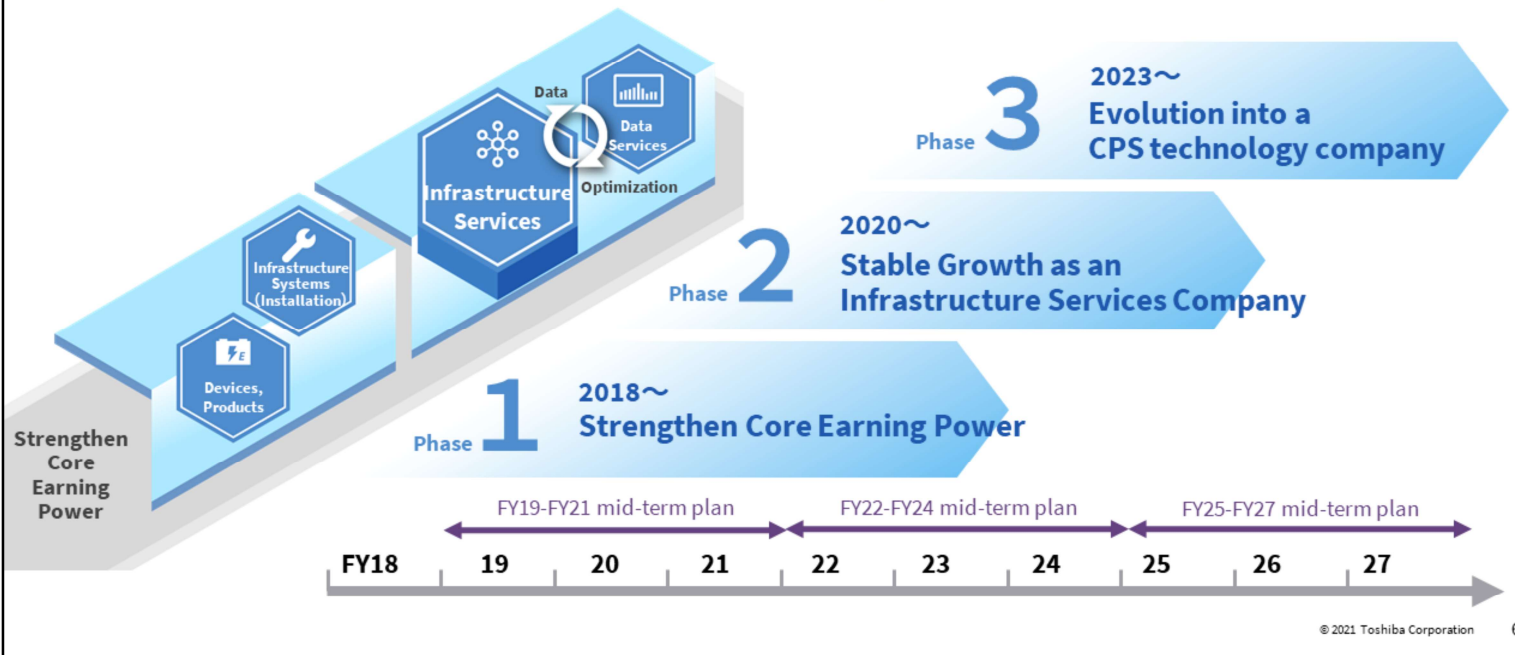
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- The Toshiba Next Plan was formulated with the objective “to improve value for employees, customers, business partners, and local communities and shareholder value by maximizing corporate value.” This will remain the same.
- In addition, as shown in the box above, we will maximize corporate value based on three major policies; “invest in growth,” “manage risks,” and “enhance core earnings”
- We believe TSR, which signifies “the total investment yield for shareholders together with capital gains and dividends,” is the best objective reflection of the corporation’s overall activities. We view this as an important measure of our mid-and long-term performance.

Overview of the Toshiba Next Plan: Growth in 3 Phases

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**No change to basic direction;
will consider adjustments to reflect changes in the external environment**



- No changes will be made to the three growth phases of the Toshiba Next Plan.
- Through Phase 1, by strengthening core earning power the marginal profit ratio improved, fixed costs reduced, and all this work resulted in a lean, productive earnings structure.
- During our current focus on Phase 2, we are addressing the rapidly growing demand for real solutions to achieve carbon neutrality. We believe we can achieve stable growth by delivering proven solutions the Toshiba Group has installed previously as in Infrastructure Services Company.
- Phase 3 aims for the evolution into a CPS technology company. In addition to evolve into CPS, we will build a next-generation business model through development of data services.

Initiatives on Compliance and Governance

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As a top priority of the management, continue initiatives to strengthen the internal control system

Efforts to Strengthen Internal Controls

Further improvement by suggestion from Compliance Advisory Meeting
Newly established Risk Compliance Office, promote group-wide activities
Enhance the whistle-blowing system globally
Manage compliance risk with zero tolerance

Advanced* Governance Structure

as a Japanese enterprise

Three Committees of Nomination, Audit, and Compensation each consist of independent outside directors.
Executive compensation is tied to mid- to long-term shareholder value enhancement.

* Toshiba's external Board ratio is 91%, while the Nikkei 225 companies average is approx. 30%.

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- The continuation of compliance and governance initiatives remains as a top priority of the management.
- Last year, we invited in external experts and held a Compliance Advisory Meeting. Starting April 1 of this fiscal year, we established the Risk Management and Compliance Office to further improve internal controls. These internal specialists will implement various measures across the Company.
- Not only as a formality, but also as in actual basis for myself to be actively involved in reforming the workplace culture.
- We believe that having three committees of Nomination, Audit and Compensation that each consist entirely of independent outside directors, will enhance transparency of our management.

Outline

Strengthen core earning power and focus investments in growth fields

Invested Capital

Shift business model from heavy capital to light capital

Growth Investment

Growth through organic growth and programmatic M&A rather than large-scale M&A

Cost of Capital

Use debt to finance growth and to optimize the cost of capital.

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- The financial discipline also has no change from what was explained previously.
- The capital model shifts from heavy capital to light capital.
- Growth will not be achieved through large-scale M&A, but through organic growth and programmatic M&A.
- In terms of the cost of capital, we continue to believe it is important to use moderate leverage to lower the cost of capital. Specifically, we are disciplined based on a Net Debt/Equity ratio of 30% and a Net Debt/EBITDA ratio of 100%, and have controls in place to avoid having excessive debt that exceeds our company strength.

Shareholder Return

Stable and continuous dividend payout through basic policy of average consolidated dividend payout ratio of at least 30%. Capital in excess of appropriate level of capital will be used to provide shareholder returns including share repurchase.

KIOXIA Share

Continue to evaluate alternative means to monetizing Kioxia shares, and intend to return a majority of the net proceeds to shareholders

- Also, there are no changes to the shareholder return policy. Following the basic policy, as promised, we will return excess capital to the shareholders at the end of FY20. Details will be explained later in this presentation on Page 20.

2. To Amend

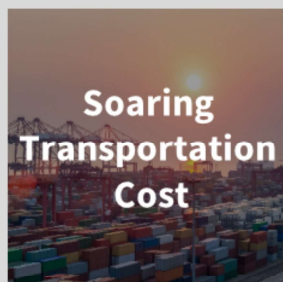


- Next, “To Amend.”
- Up to now, I have explained that the concept of the Toshiba Next Plan remain unchanged. On the other hand, the targets set under the Toshiba Next Plan need to be revised as the external business environment has changed dramatically. The expansion of COVID-19 and trade friction between the United States and China are examples of changes since the time we set the plan, thus we will revise the plan to flexibly respond to these changes.

Revise plan to address changes in the environment

Consider **COVID-19 impact**, and emerging changes
in business and social structure

**Economic
Fluctuation
Risk**



- The business environment has changed sharply compared to three years ago when the Toshiba Next Plan was formulated; the prolonged impact of COVID-19, trade friction between the United States and China, and increase in raw material costs are all having an effect.
- We intend to address emerging changes in the business environment, including in the recent increase in momentum for decarbonization, by taking necessary action to revise our plan accordingly.

Contribution to Carbon Neutral Society

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Targeted upfront investment in Toshiba Group technologies and solutions, leveraging strengths to accelerate carbon neutral

Energy Creation

**Solar
Hydro
Wind**

Energy Conservation

**Power Semi-conductor
Energy Management**

New Technology

**New-type Solar
CCUS
Hydrogen**

Energy Matching

**Grid Enhancement
VPP***
*Virtual Power Plant



- In October last year, Prime Minister Suga announced a target of carbon neutrality by 2050. In addition, at the Climate Change Summit last month, the reduction target for 2030 was significantly increased from 26% to 46%. In Japan, we expect that investment of 50 to 80 trillion yen will be required for renewable energy in the next 10 years.
- In line with such rapid market expansion, we see providing proven infrastructure services to solve issues on carbon neutral as a major growth opportunity. We will make targeted upfront investments to further strengthen our technology to serve the needs of an expanding Toshiba Group customer base.

*CCUS: (Carbon dioxide Capture, Utilization and Storage)

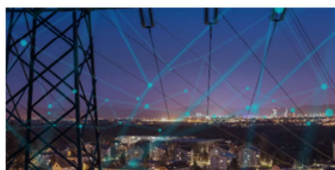
Address emerging demands driven by social change,
utilizing our strengths in digital technologies and data

Energy Adjustment / Matching

Respond to social changes to
realize carbon-neutral

VPP (Virtual Power Plant)

Established JV with Next Kraftwerke,
a major, established VPP Company in Europe



Quantum Security

Establish new standard network
system for the quantum
computing era

Quantum Key Distribution

Provide network service to realize secure data
communication



Consumption Trends Big Data

Revitalize local communities by
converting the data into
something with value

Data matching PF

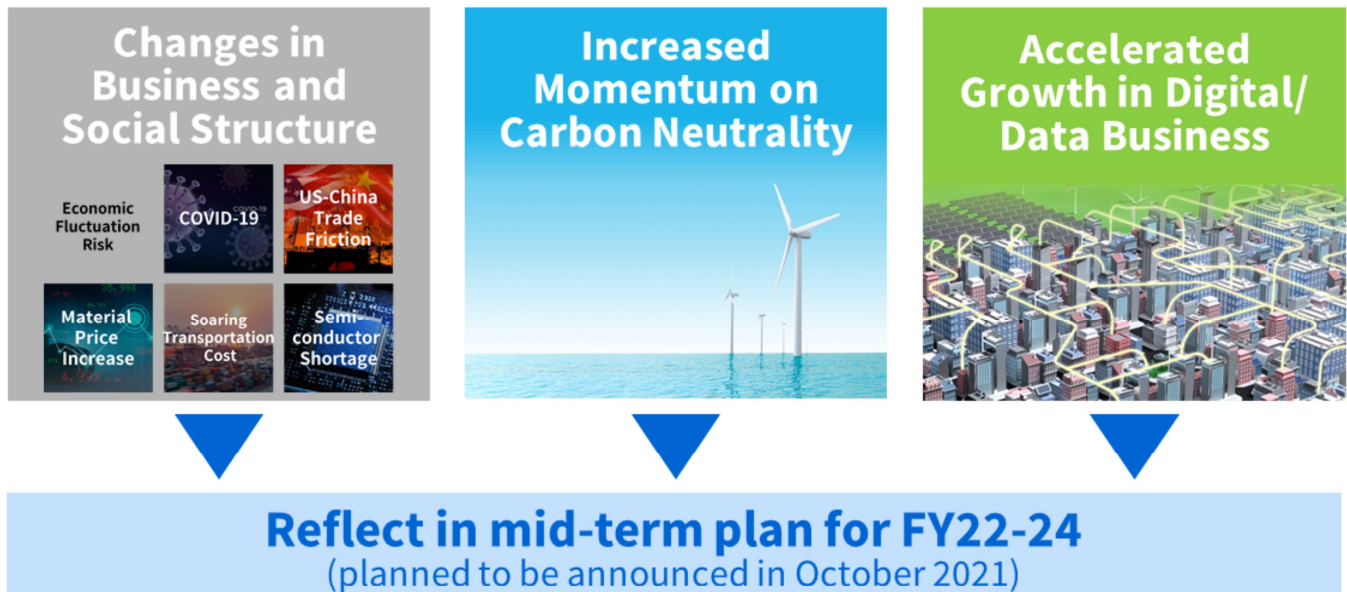
Measure advertisement effect using purchase
data, enhance convenience for users of railway
station and areas close by



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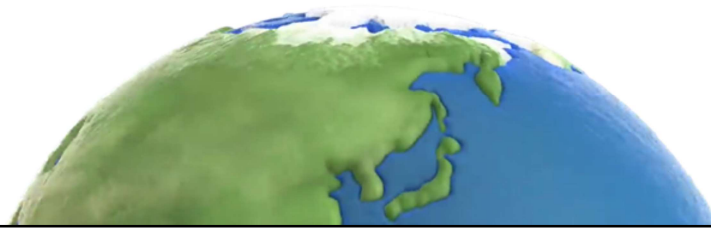
- In addition, transformation into new lifestyle and social structures has been accelerated by the impact of COVID-19 and accelerating momentum toward becoming a decarbonized society.
- Toshiba's proven expertise in digital and data technologies enables us to capitalize on these trends in a targeted and disciplined manner.
- In the areas of green and digital technology -- A major example being energy matching -- we established a new company last October* with Next Kraftwerke, a major, well established European renewable energy supply and demand adjustment company. (*new company was established in November 2020)
- In addition, we will fully leverage our cutting-edge technologies to accelerate profitable growth; among our strengths are Quantum Key Distribution, which will be the new standard network system in the quantum computing era, and a data matching platform that improves convenience for local communities by distributing purchase data and human flow data.

Revise strategy including business portfolio by addressing changes in environment



- Although there are no changes in the concept of the Toshiba Next Plan, we are actively considering the various macro and environmental changes explained so far, and are taking action to revisit our strategy to maximize corporate value, including review of the appropriate business portfolio. We shall announce the FY22-24 mid-term plan in October.

3. To Improve Significantly



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- Next, the third element, “To Improve Significantly”

Rebuild Trusted Relationships with All Stakeholders

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**Taking action to drive change: Prioritizing dialogue
with stakeholders to improve relationships**

**Engagement with
Shareholders**

**Customers,
Suppliers
Business partners**

Employees
Foster a sense of unity

Society



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- I want to emphasize our commitment to drive change, beginning with our focus on open, constructive dialogue with all stakeholders. We believe this is the only way to rebuild relationships and earn back trust.
- Since the accounting issue in 2015, we have caused great concern and challenges for our shareholders, customers, business partners, and employees. However, we have been able to make progress on the path to revitalizing our company with support from many important stakeholders.
- We will listen to the voices of our stakeholders with open minds, correct what should be revised, and work rapidly and diligently to deliver on our commitments. We will do what we say we will do. You will see our progress so that we can begin to rebuild the trusting relationships that are so important to our future.

Establishment of Strategic Review Committee

Further **enhance Corporate Governance.**

The Committee will comprise of the Chair of the Board of Directors of the Company as the Chair of the Committee, and **certain Outside Directors.**

The Committee shall undertake its actions, **independently from management** to support the Board in its decision making.

【Actions to be undertaken by the Committee】

- Engage in dialogue to listen to the opinions of shareholders, other stakeholders and outside experts;
- Verify the management's proposals on business and financial strategy while taking into due consideration the information gathered;
- Make recommendations to the Board regarding the Company's business and financial strategy, based on the Committee's conclusions;
- Explain the resulting Board resolutions to shareholders.

* As previously announced, the Board will seriously consider and evaluate any credible offers, objectively viewed, a bona-fide and concrete offer of acquisition. We believe that the process and content of such a proposal must satisfy our many stakeholders, including shareholders.

- To further enhance corporate governance, the Board resolved to establish 'Strategic Review Committee', the committee's mission is to support the Board in its decision making independently.
- The Committee will comprise of the Chair of the Board of Directors of the Company as the Chair of the Committee, composed solely of independent directors, independently and without conflicts of interest to support the Board.
- Specifically, the Committee will engage in dialogue to listen to opinions of shareholders and other stakeholders, and verify the management's proposals on business and financial strategy. The Committee shows recommendation to the Board, and it takes the role to explain Board resolutions to the shareholders.
- As previously announced, the Board will seriously consider and evaluate any credible offers, objectively viewed, a bona-fide and concrete offer.

Direction for FY2021

- Next, I will talk about the Direction for FY2021

Continue **to strengthen core earning power**, increase marginal profit ratio, and reduce fixed costs.

Meanwhile, **21 billion yen upfront investment** in growth areas.

Plan a budget with sufficient risk factors for each business reflecting changes in the environment.

- As for the outlook for FY21, detailed figures will be explained by Mr. Kamo later on, but as a basic policy, we will continue to strengthen our core earning power, at the same time, we make upfront investments of 21 billion yen to provide solutions for carbon neutral and to grow digital data business as explained earlier. Also, I would like to emphasize that the budget had been planned incorporating sufficient risk factors for each business.

Shareholder Return reflecting FY20 Results

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FY20 year-end dividend of **70 yen, +30 yen increase** from the previous forecast.
(**annual dividend of 80 yen**, together with the interim dividend of 10 yen,
+60 yen increase from FY19)

Moreover, capital in excess of appropriate level of capital after reflecting risk assets on the B/S, contingent liabilities, business plan etc. ,
this will allow **150 billion yen as additional shareholder return.**

The Company will now consider specific methods for effecting the return, with consideration for factors including legal restrictions, and will announce its conclusions in early June.

For FY21 and beyond, we aim to increase dividend consistent with the basic policy of payout ratio of 30% or more.

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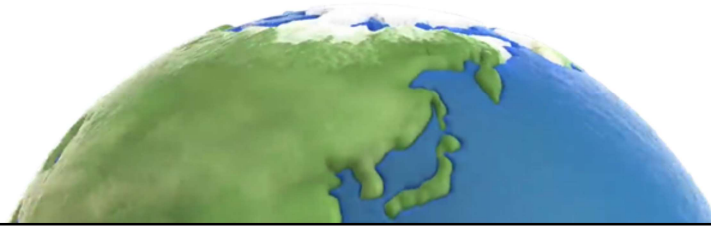
- The detailed explanation of the financial results for FY20 will also be provided later by Mr. Kamo, but reflecting the improvement of 44 billion yen in net income, we decided to pay a year-end dividend of 70 yen, an increase of 30 yen from the previous forecast. As a result, the total annual dividend will be 80 yen, an increase of 60 yen from FY19.
- Furthermore, based on the financial results for FY20 and outlook for FY21, we have calculated the appropriate level of capital. The Board resolved today that this will allow 150 billion yen as the additional shareholders return, on top of ordinary dividend. The Company will now consider specific methods for effecting the return, with consideration for factors including legal restrictions, and will announce its conclusions in early June.
- For FY21, we aim for stable and continuous increase on the dividend payout based on the basic policy, with a payout ratio of 30% or more. We would like to report the specific dividend forecast during the announcement of financial results, and we will announce details once they are decided.

A FY22-24 Mid-Term Plan that aims to maximize enterprise value through a revised strategy, including business portfolio

Quickly achieve stable management, and pass on to the next generation

- There are no changes to the concept of the Toshiba Next Plan, but we will revise the plan in response to changes in the business environment, and announce as the FY22-24 mid-term Management Plan in October.
- We would like to quickly achieve stable management pass on to the next generation.

Committed to People, Committed to the Future.



- “Committed to People, Committed to the Future,” this is the basic commitment of the Toshiba Group.
- Thank you very much for your attention.

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