



TOSHIBA

Transforming Toshiba to Enhance Shareholder Value

November 12, 2021

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Forward-looking Statements and Other Cautionary Notes

- This document has been prepared solely for the purposes of providing information regarding the strategic reorganization described herein and does not constitute an offer to sell or a solicitation of an offer to buy any security of Toshiba Corporation (“Toshiba”), its subsidiaries or any other company in Japan, the United States or any other jurisdiction.
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- Unless otherwise noted, all figures are 12-month totals on a consolidated basis.
- 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 Corporation (formerly Toshiba Memory Holdings; hereinafter “Kioxia”) and is not provided with any forecasted business results for this company, Toshiba group's forward-looking statements concerning financial conditions, results of operations, and cash flows do not include the impact of Kioxia.
- The execution of the spin-off described in this document is subject to approval at Toshiba's general shareholders' meeting and the fulfillment of all review requirements of the relevant regulatory authorities.
- Depending on the applicable laws and regulations (including securities listing regulations and U.S. laws and regulations), developments in the application, revision and enforcement of various regulatory regimes including tax regulations, interpretations by the relevant authorities, further consideration in the future and other factors, the implementation of the Reorganization may take longer than expected and there may be changes in the structure of the reorganization.

Today's Agenda

- 01 Our Path to Unlocking Value
- 02 Statement by Strategic Review Committee
- 03 Strategy and Business Outlook

01

Our Path to Unlocking Value

Our Path Forward

TOSHIBA

Separate Core Operations Into Two New Publicly Traded Companies
with a Remaining Toshiba Business; become 3 Standalone Companies



Leading Company to Realize Carbon
Neutrality and Infrastructure Resilience



Leading Company to Support
the Evolution of Social and IT Infrastructure

*The official name to be announced in due course

Overview of New Businesses

Toshiba Shareholders Would Receive Stock in Two New Public Companies

Public Co.	Business Components	Business Focus
Infrastructure Service Co.	<div><div><div>Energy system Solutions</div><div>Infrastructure Systems Solutions</div><div>Building Solutions</div><div>Digital Solutions</div><div>Battery</div></div><div><div>FY 21 sales</div><div>2.1 trillion yen</div></div></div>	<ul style="list-style-type: none">Power generation, transmission and distribution, renewable energy, and energy managementSystems solutions for public infrastructure, railways and industryBuilding energy-saving solutionsIT solutions for government agencies and private companies
Device Co.	<div><div><div>Semiconductor</div><div>HDD & other business</div></div><div><div>FY 21 sales</div><div>870 billion yen</div></div></div>	<ul style="list-style-type: none">Power semiconductors (Silicon, Compounds), Optical semiconductors, and Analog ICsHigh-capacity HDDs for data centers (Nearline HDDs)Semiconductor manufacturing equipment
Toshiba	<div><div>Kioxia</div><div>Toshiba Tec</div></div>	<ul style="list-style-type: none">Monetize shares in Kioxia

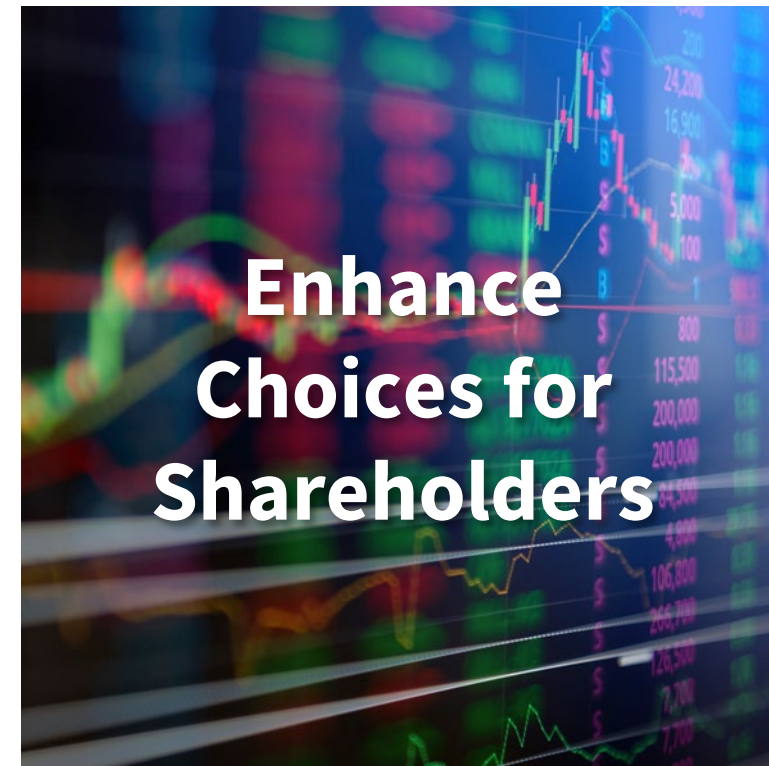
Unique Business Characteristics

Spin-off Plan Follows Natural Contours of Differences in the Businesses

Business Characteristics	Infrastructure Service Co.	Device Co.
Business Cycle	Long	Short
Product and/or Service	Equipment Solutions Services	Devices Materials
Pricing	Heavily negotiated based on project specifics (scale, duration, complexity, etc.)	Market rates
Form of Contract	Long-term project contracts	Delivery agreements of varying duration
Technology	Project Management Infrastructure Data Analysis	Materials Circuit Design Packaging Manufacturing Technology
Capital Expenditures	Relatively small (capital light)	Relatively large (capital intensive)
Production Systems	Customized production	Scale, continuous production across multiple orders
Growth Opportunities	Renewable energy related products and solutions	Cutting edge products for energy saving and digital economy

Compelling Rationale of Business Separation

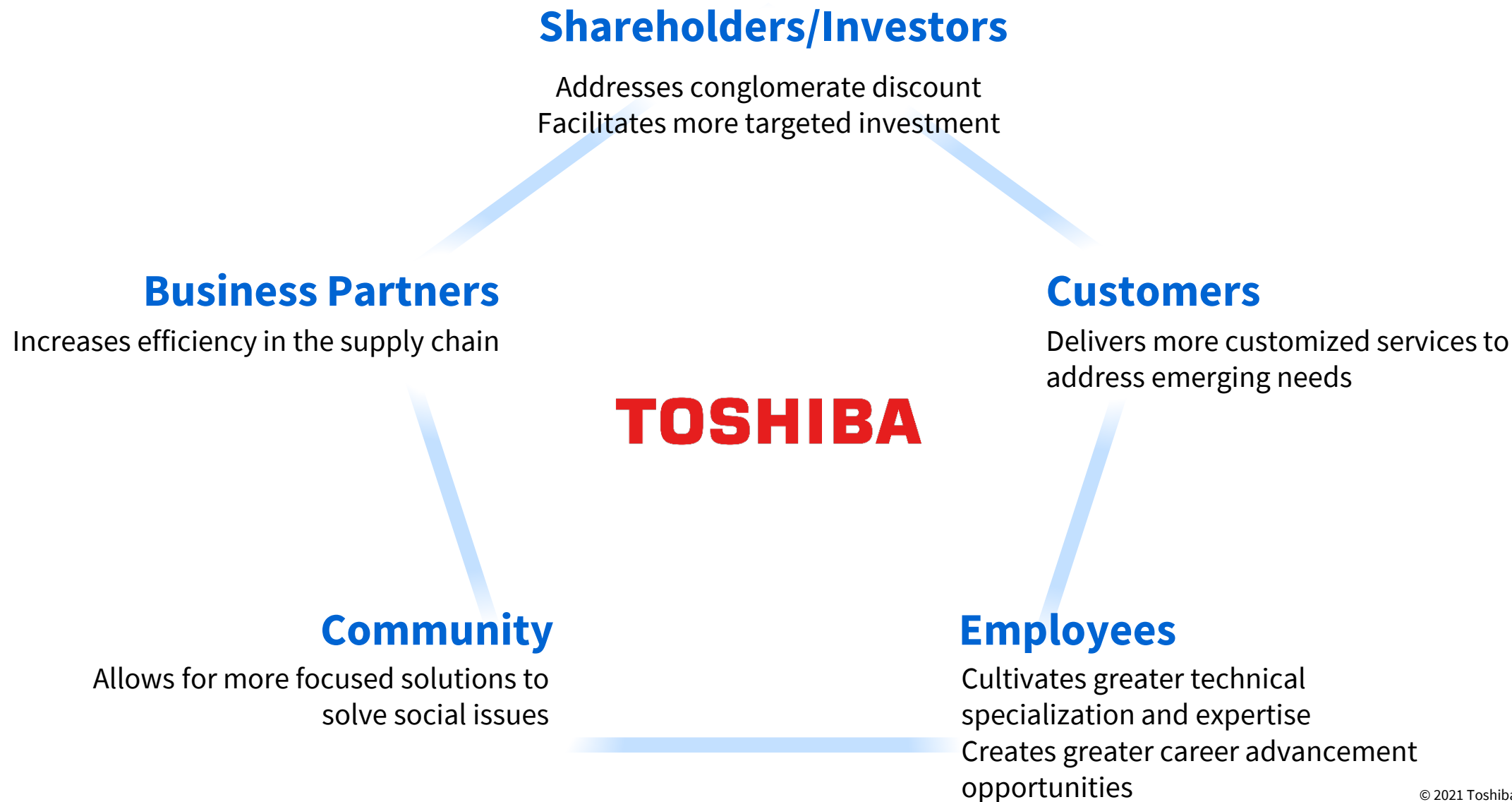
TOSHIBA



Advantages of Spin-Offs to Stakeholders

TOSHIBA

Delivers Compelling Benefits



Advantages of Business Separation

Focused Management Structure Better Capitalizes Distinct Market Opportunities to Compete More Effectively

Improved Management Structure

- Sharpens strategic focus and industry knowledge by creating separate management teams and Boards of Directors
 - Consider candidates from outside the company for building new management structure
 - Enables more nimble decision-making through reduction in management layers
 - Creates optionality for both new companies to make their own separate and informed decisions regarding potential strategic partners
-

More Efficient Capital Allocation

- Enables each business to tailor its capital allocation policies to its specific business requirements, including exploring options to reduce their cost of capital by increasing leverage
 - Allows each business to review portfolio and cost structure based on benchmarking competitors in each industry
 - Facilitates cleaner comparison to peer leverage and capital return metrics for debt and equity investor community
 - Allows for more direct dialogue with capital markets
 - Ability to target debt and equity investors enables effective financing
-

Increased Shareholder Returns

- Monetize shares in Kioxia and return net proceeds in full to shareholders as soon as practicable while maximizing value to the extent that it would not interfere with the smooth execution of the business separation
 - Provides compelling investment opportunities that meet different preferences of shareholders and investors in order to facilitate the realization of fair value
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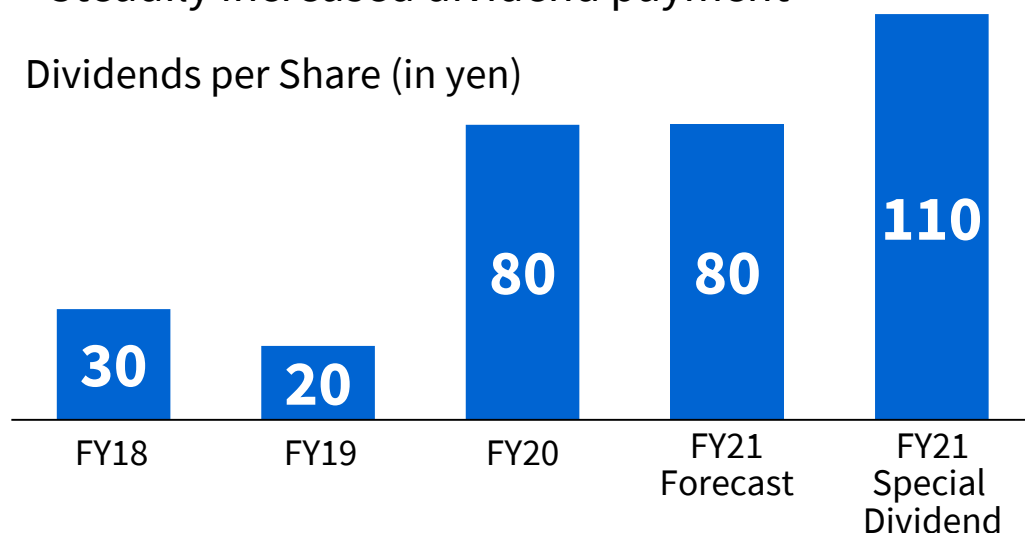
Shareholder Commitment

Strong Track Record of Creating and Returning Value, and Our Way Forward

Dividend

- Stable and continuous dividend payout through our basic policy of targeting an average consolidated dividend payout ratio of at least 30%
- Steadily increased dividend payment

Dividends per Share (in yen)



Share Repurchase

- Return capital which exceeds appropriate level of capital to our shareholders

On Nov 7, 2019

Completed share repurchase of

700 billion yen

On Sep 9, 2021

Completed share repurchase of

100 billion yen

Capital in excess of appropriate level of capital will be used to provide shareholder returns, including share repurchases (Planned to be about 100 billion yen over the next 2 years)

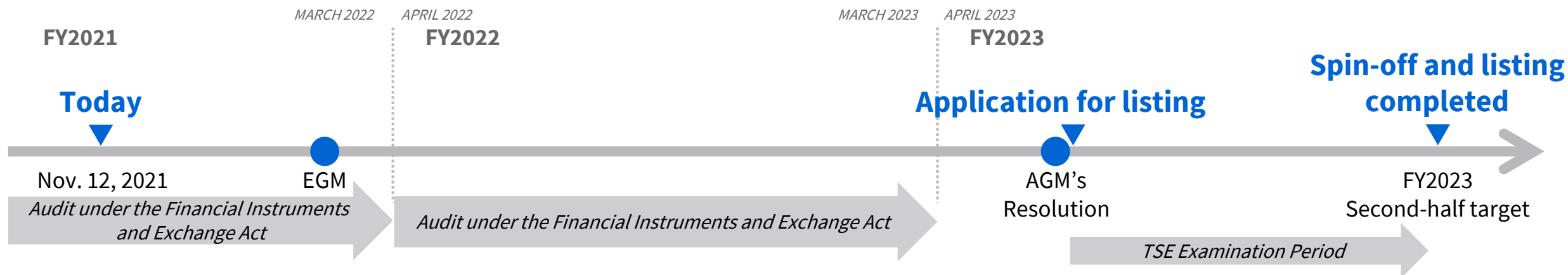
Utilize appropriate level of leverage, and continue reviewing our business portfolio including consideration of divestiture opportunities

*to the extent that it would not interfere with the smooth execution of the business separation

Timeline of the Spin-off Process

Target Completion of Spin-off and Listings in Second Half of FY2023

(subject to regulatory review)



Timing of audits under the Financial Instruments and Exchange Act will be discussed with independent auditors in the future.

Spin-off Method and Cost

Method of Spin-off	<ul style="list-style-type: none"> • Spin-off through distribution of shares of two new companies to Toshiba shareholders at the time of the spin-off record date • Currently planning on a tax-qualified spin-off structure pursuant to the recent tax reform legislation in Japan • Plan to utilize the Act on Strengthening Industrial Competitiveness to smoothly conduct the spin-off • The financial results of the businesses to be separated must be audited for a two-year period, beginning with the FY2021 results, before the spin-offs can be completed
Cost	<ul style="list-style-type: none"> • Expected to incur 10 billion yen from FY2021 onward as costs associated with the spin-off • Spin-off costs to be offset by reducing SG&A expenses in each business based on industry benchmarks

02

Statement by Strategic Review Committee

- Bold plan opens new frontier for Toshiba and its shareholders, and, in its scale and ambition, unprecedented in Japan
- Unlocks value, promotes focused businesses and creates opportunities for customers, employees, communities, and the environment
- Entity to convert Kioxia shares into cash, utilizing Net Operating Losses
- Outcome of rigorously objective review process over many months: SRC thoroughly evaluated strategic options and considered input of shareholders and potential investors, both strategic and financial
- SRC appreciates thoughtful perspectives and input from many parties
- SRC to continue to oversee the preparation of the Separation Plan until the shareholder vote at the proposed EGM

03

Strategy and Business Outlook

* Figures shown within this section are based on our current organizational structure.
(Forecast for FY21, Plan for FY22 and FY23)
Management plans and forecasts for each new company will be announced separately.

03-1

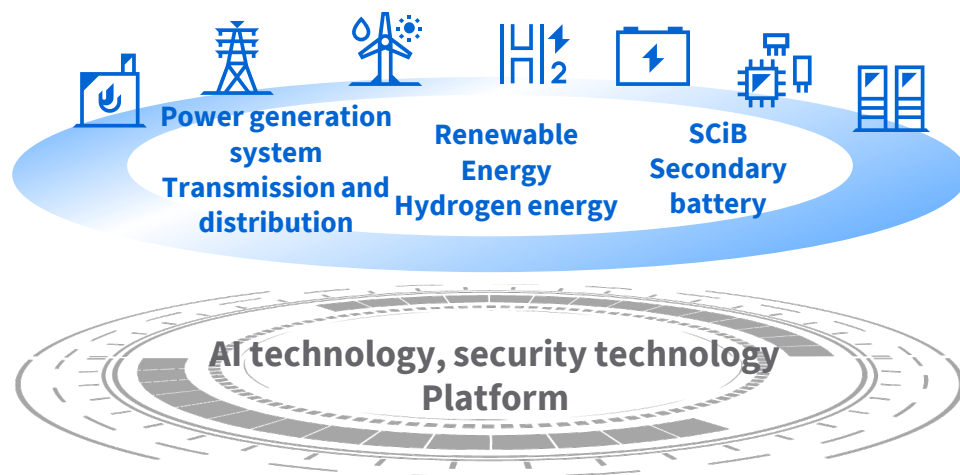
Infrastructure Service Company



Lead realization of carbon neutrality and infrastructure resilience with our partners

Energy x Digital

Lead Achievement of Carbon Neutrality

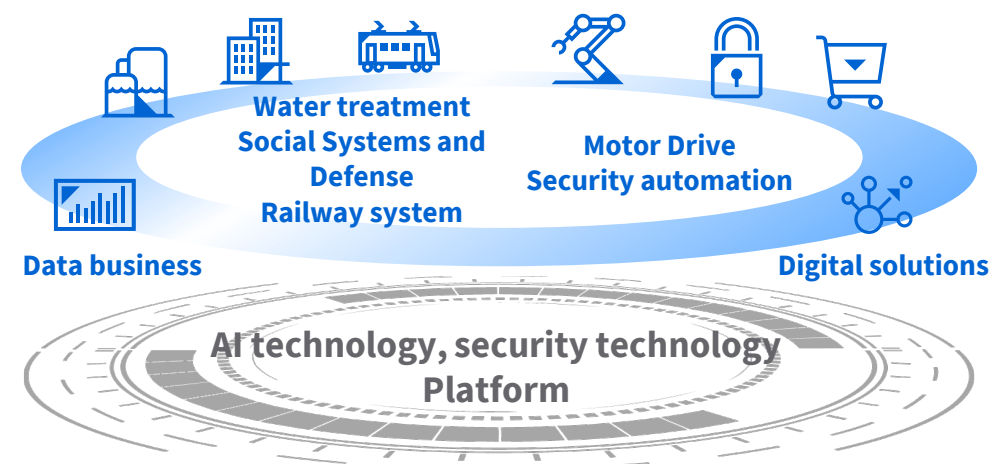


Applications

Technology Platform

Infrastructure x Digital

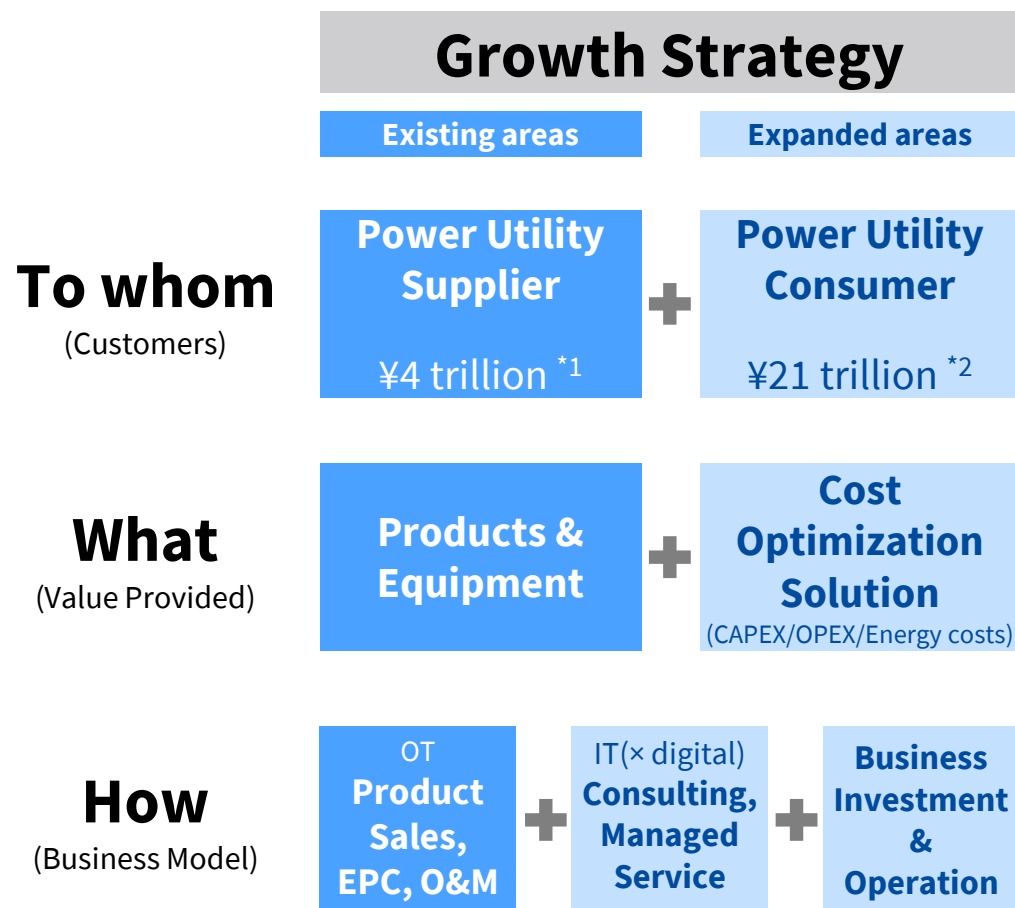
Lead Realization of Resilient Infrastructure



Consolidate Domestic Leadership in Japan and Expand Market Share, with Focus on Asia

Infrastructure Service Co. - Focus Area (1) Energy × Digital Growth Strategy

Provide energy to electric power utilities and consumers across the full value chain from products to equipment “x digital”



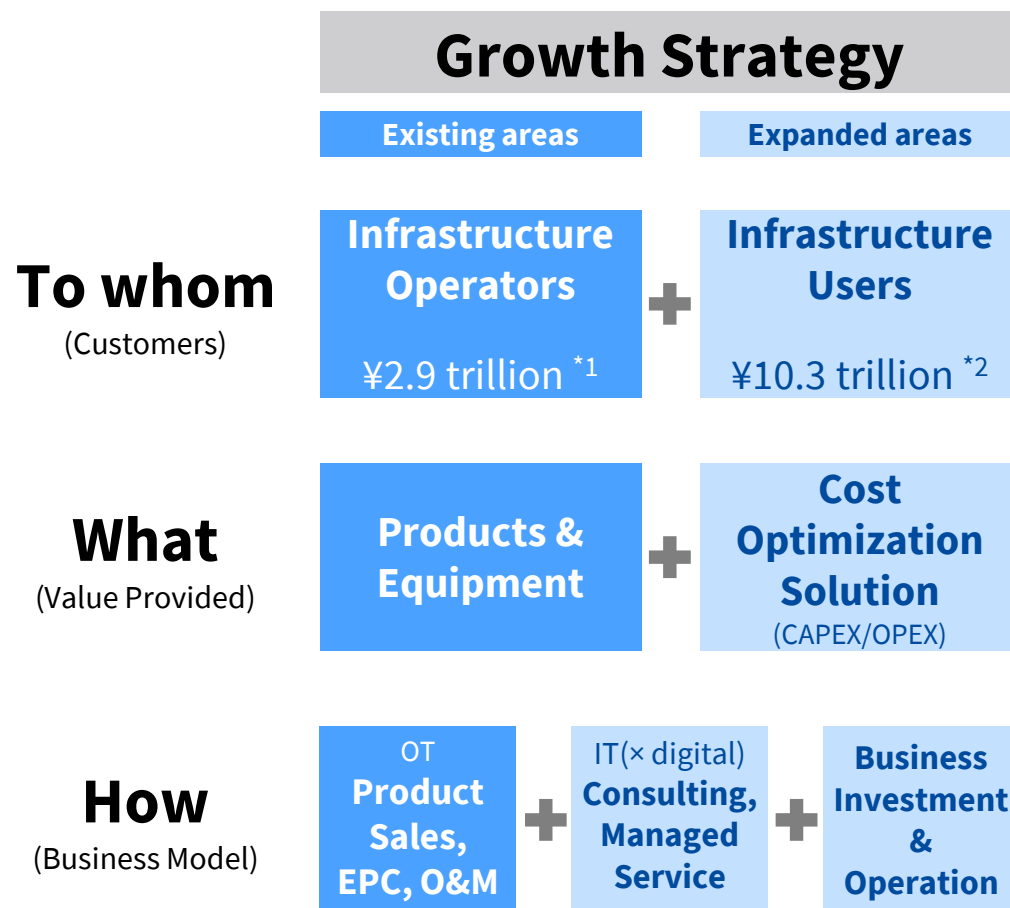
- ## Focus Items
- Expand renewable energy equipment lineup such as perovskite solar cells, hydrogen-production, VPPs and CCUS, and accelerate expansion to cover full value chain including operation and maintenance.
 - Expand DE/DX solutions services that improve operating efficiency of power producers and electric power users by taking advantage of our expertise through Next Kraftwerke and EtaPRO™.
 - Accelerate partnerships to expand energy aggregation business by developing, operating, and resale schemes for renewable energy power plants (DXSOM^{*3})

*1 FY 2020 Total capital expenditures of 10 major electric power companies in Japan + new electric power companies in Japan

*2 FY2020 Total sales of 10 major electric power companies in Japan + J-Power + 2 other electronic power companies in Japan

*3 Digital Transformation of Service, Operation & Maintenance

Enhance infrastructure through adoption of digital technology and cutting-edge security solutions



- ### Focus Items
- Optimize infrastructure operation costs through asset management including deterioration assessment, O&M automation, and labor reduction
 - Capture demand from public-private partnerships (PPP / concessions) and use digital technologies to optimize operations
 - Provide managed services and consulting services for cyber security response and resilience enhancement

*1 FY 2020 Total capital expenditures of water supply, sewerage, subways, railways, airports, and ports

*2 Estimated market size for roads, airports, water supply and sewage, waste, etc. are provided as services

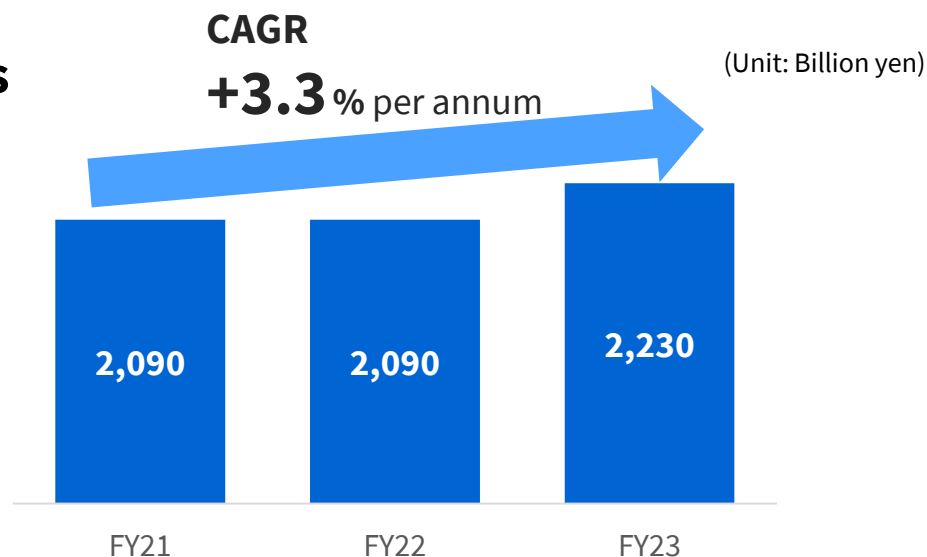
Infrastructure Service Co. - Investments

(Unit: Billion yen)	Investments (FY21 to FY23 total)	Growth Initiatives	
CAPEX	216	Carbon neutral support	Perovskite PSC facilities, Nasel Assembly, Hydrogen Feasibility Study Project
		SCiB rechargeable batteries	Increase production of electrodes, cells, modules, and packline
R&D	232	Carbon neutral support	Balancing group forecasting/optimization technology, wind analysis technology and hydrogen production
		Infrastructure resilience response	Water sewerage monitoring PF, weather data analysis, development of cyber security solutions
		Digital service	QKD, IoT-data platform, Meister series
M&A	35	Carbon neutral support	Minority investment using power generation DXSOM model*, expansion of energy matching and hydrogen business
Total	483		

* Digital Transformation of Service, Operation & Maintenance: energy aggregation business model involving the establishment of schemes to develop, operate and resell renewable power generation plants

Infrastructure Service Co. – Basic Figures ^{*1}

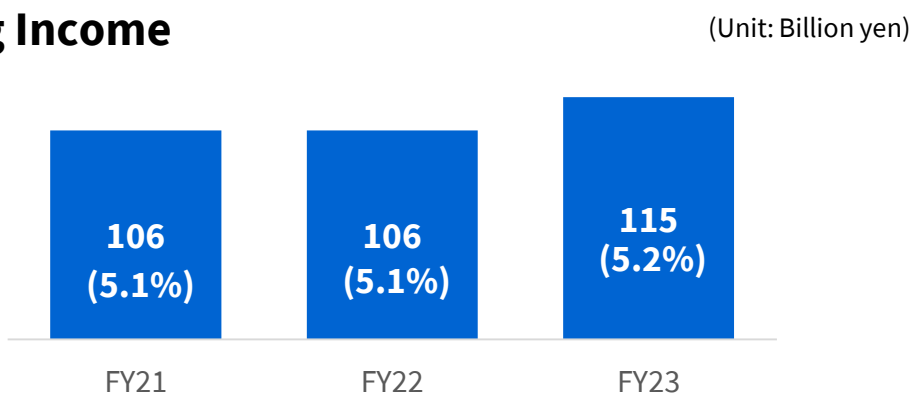
Net Sales



Strategy

- Enhance solutions through “x Digital”
- Expand value chain and digital solutions segments through new and existing partnerships
- Enhance human capital development to strengthen DX and business operation capabilities
- Incorporate ROIC focused metrics

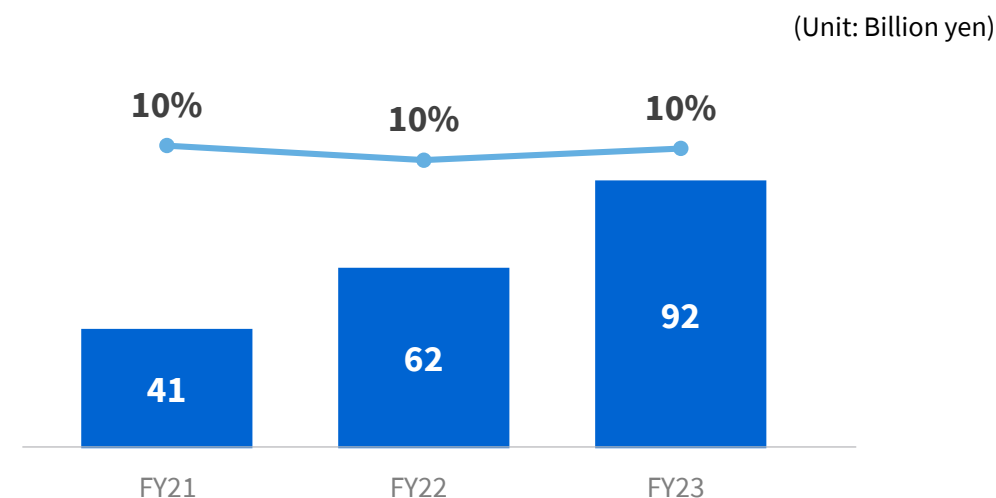
Operating Income (ROS)



EBITDA^{*2}

172 177 200

ROIC^{*3} FCF^{*4}



^{*1} Figures are initial Proforma based on the assumptions of separating corporate functions, and will be revised during detailed review process ^{*2} EBITDA = Operating income + Depreciation

^{*3} ROIC = (Net income - Non-controlling interest - Interest expense × (1 - tax rate)) / (Net interest - bearing debt + Net assets) ^{*4} Free Cash Flow

03-2

Device Company



Device Co. - Strategy

Lead the evolution of society and information infrastructure through innovation, technology, strategic investments and customer relationships

Semiconductors, storage devices and materials

Leading Realization of Carbon Neutrality for Society and Information Infrastructure

Applications



Motor Drive



Motor Home appliances



Compactness and efficiency Power supply



Data center Server



Eco-friendly vehicles



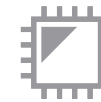
Auto motive



Large motors Drive



Power conversion



Advanced semiconductor Mask

Products



Power semiconductors, compound semiconductors, optical semiconductors, small signals, analog ICs, microcomputers
Dual-Aligned HDDs, Mask Writers, Fine Ceramics Products

Capitalize on opportunities in growth markets and deliver leading products in niche markets

Device Co. - Focus Area (1) Power Semiconductor

Electric power efficiency in equipment and social infrastructure through strategic investments in growth markets

Focus Markets

Growth Strategy

Silicon

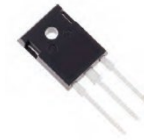


Automotive and Industrial Equipment



Various power supplies
Motor drive

- Industry's top class high efficiency products*
- Expand lineup
- Expand sales in Greater China
- Accelerate construction of 300mm line



Compound semiconductor

SiC

(High Output)



High voltage DC transmission



Large motors

- Advanced technology development with R&D section
- Utilize epitaxial reactors and technologies
- Development of unique device structures
- Large wafer/modularization



GaN

(Small size, High accuracy)



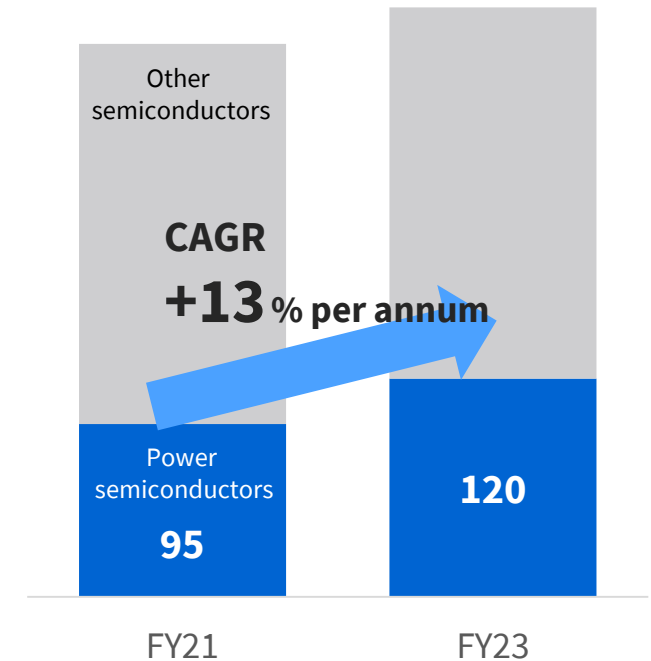
High efficiency power supply (Server, etc.)



Small power supply (Quick Charging, etc.)

Sales of Power Semiconductors in semiconductors division

(Unit: Billion yen)

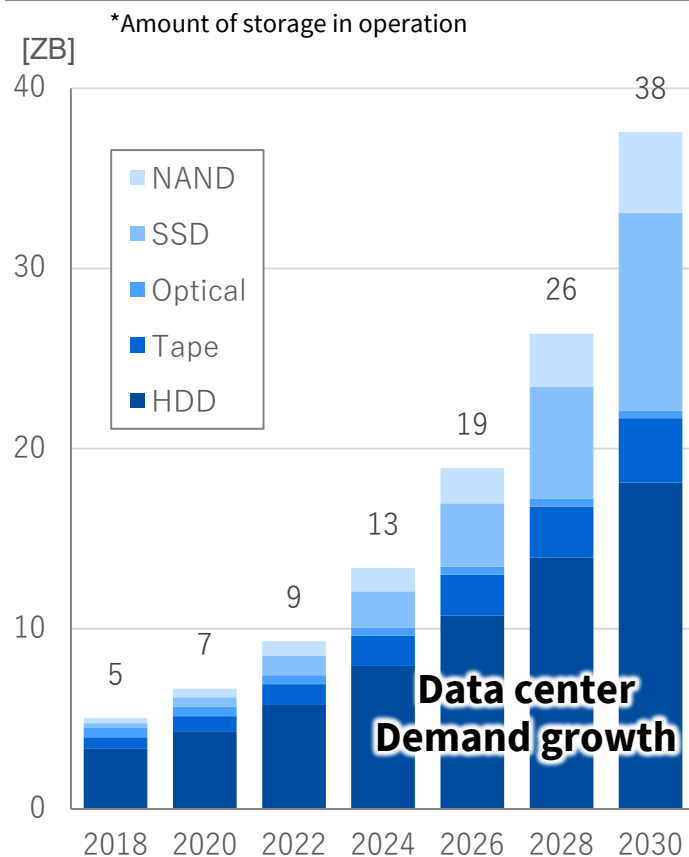


* Comparison with on-resistance of 40V N channel power MOSFET, according to a survey by Toshiba (as of January 2021)

Device Co. - Focus Area (2) Nearline HDD

Accelerate evolution of society's digitalization and information infrastructure by continued introduction of large-capacity products

Storage Capacity Estimate



Source: Our Estimates from Various Data

Growth Strategy

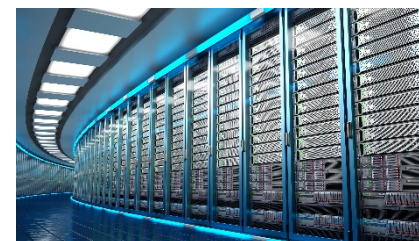
Accelerating the development of high-capacity products

- Application of assisted recording technology
- Accelerate advanced development and improve productivity in specialized areas through cooperation in key component development

Strengthen support systems for data center customers

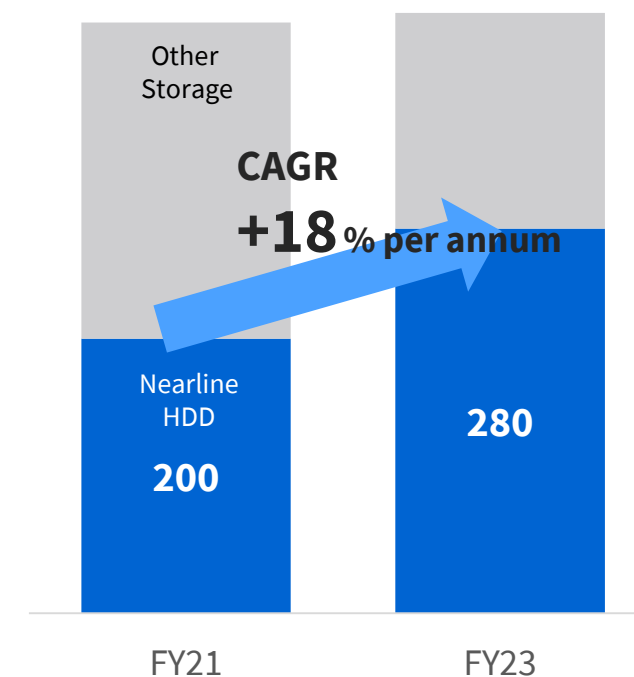
- Strengthen systems to meet individual performance requirements
- Global technical support system

Proactively enhance capacity and Strengthen BCP



Sales of Nearline HDD in storage division

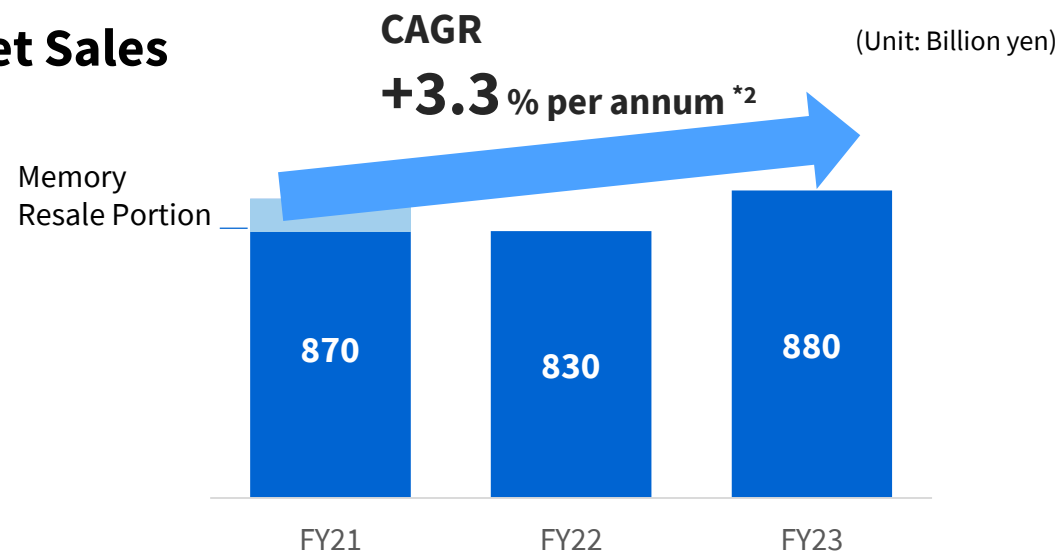
(Unit: Billion yen)



	Investments (FY21 to FY23 total)		Growth Initiatives
(Unit: Billion yen)			
CAPEX	188	Silicon Power	New 300mm line and increased 200mm production
		Compound Semiconductor	SiC/GaN Semiconductor-Development Facility (Capacity Expansion, Larger wafer size)
		Nearline HDD	Increase supply capacity and strengthen BCP
R&D	153	Silicon Power	Expand lineup and high-efficiency package development
		Compound Semiconductor	Development of high-voltage SiC, accelerate development of GaN
		Nearline HDD	Development of new models (next-generation assist recording, increasing disks)
		Mask Writer	Development of next-generation multi-beam machines
Total	341		

Device Co. – Basic Figures*1

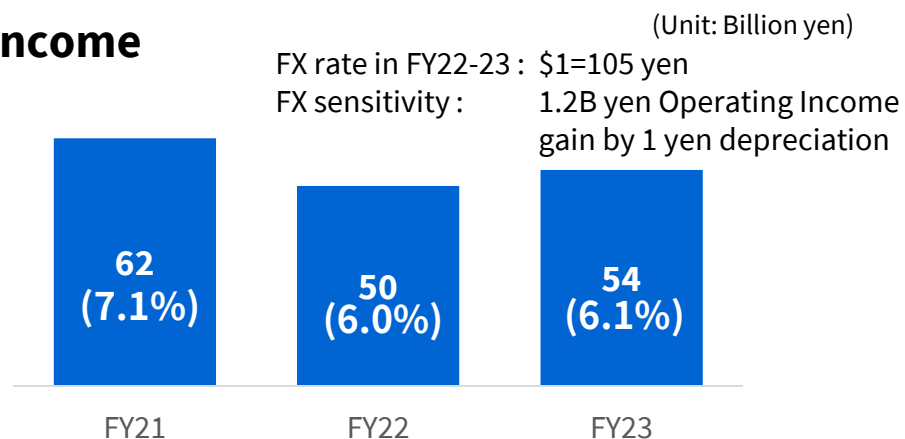
Net Sales



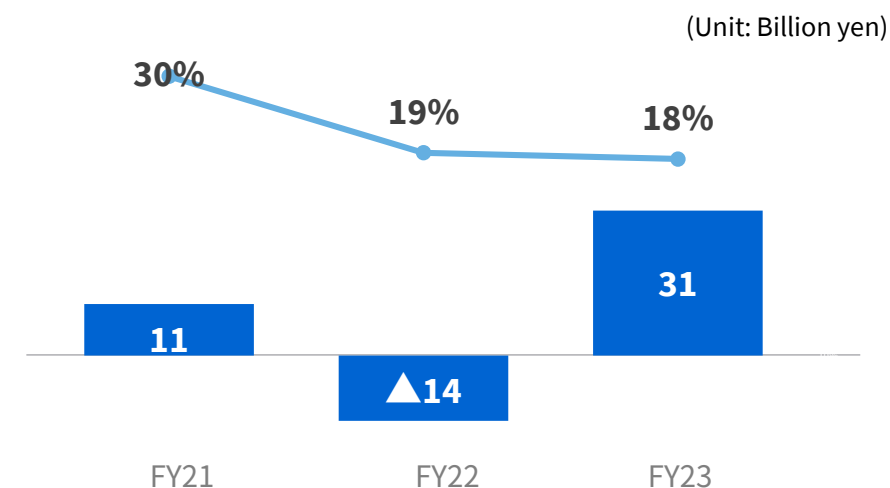
Strategy

- Power Semiconductor: CAPEX mainly towards 300mm Line (FY21-22 investment: 76 billion yen, contribute to profit after FY24)
- Compounds: Accelerate the development of SiC and GaN semiconductors
- Nearline HDDs: Promote capacity expansion for data centers
- Mask Writers: Introduction of high-precision, high-productivity multi-beam machines

Operating Income (ROS)



ROIC*4 FCF*5



EBITDA*3

85 82 92

*1 Figures are initial Proforma based on the assumptions of separating corporate functions, and will be revised during detailed review process. *2 Excludes memory resale portion

*3 EBITDA = Operating income+Depreciation *4 ROIC = (Net income-Non-controlling interest-Interest expense×(1-tax rate))/ (Net interest-bearing debt+Net assets) *5 Free Cash Flow © 2021 Toshiba Corporation

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Toshiba Group



Toshiba Group Financial Forecast

TOSHIBA

FY2023 Plan: Net Sales of 3.5 Trillion yen, ROS 5.7%, ROIC 10%

	FY21 Forecast	FY22 Plan	FY23 Plan
Net Sales	3.35 T-yen	3.3 T-yen	3.5 T-yen
Operating Income (ROS%)	170 bil. yen (5.1%)	180 bil. yen (5.5%)	200 bil. yen (5.7%)
EBITDA ^{*1}	265 bil. yen	290 bil. yen	330 bil. yen
ROIC ^{*2}	11%	9%	10%
FCF ^{*3}	40 bil. yen	30 bil. yen	100 bil. yen

^{*1} EBITDA = Operating income + Depreciation ^{*2} ROIC = (Net income - Non-controlling interest - Interest expense × (1 - tax rate)) / (Net interest - bearing debt + Net assets)

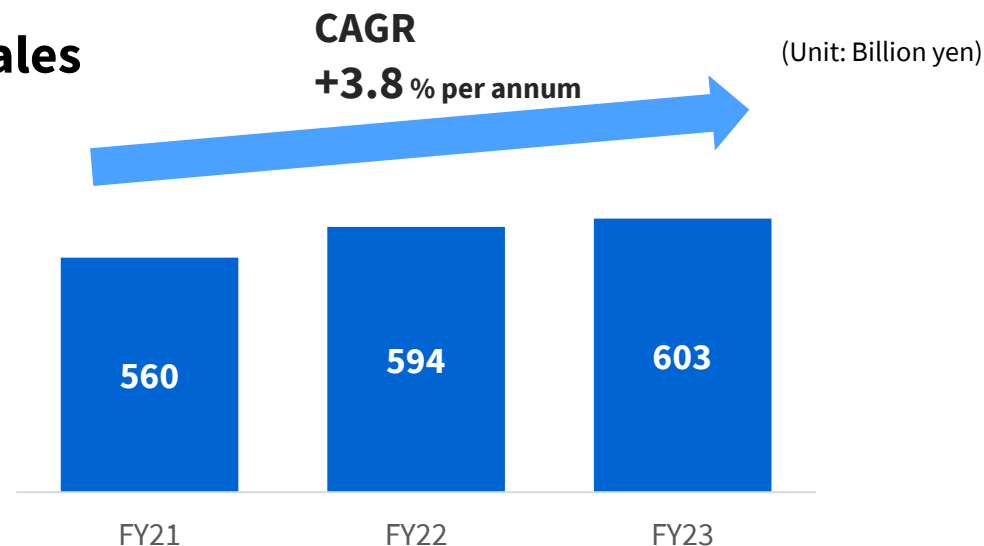
^{*3} Free Cash Flow

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

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APPENDIX

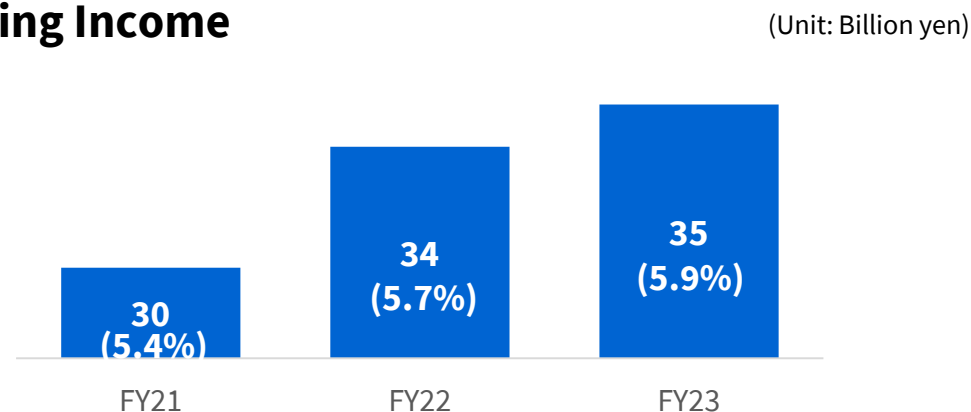
Net Sales



Strategy

- Maintain and expand existing service businesses with engineering and project management capabilities
- Develop products and services for carbon neutrality such as next-generation solar, wind, VPP, and hydrogen
- Full-scale launch of the renewable power generation business and energy aggregation business

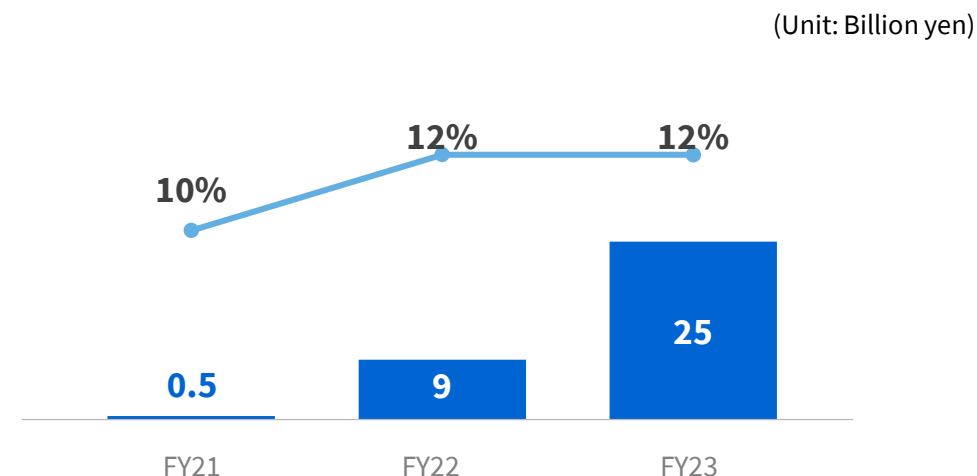
Operating Income (ROS)



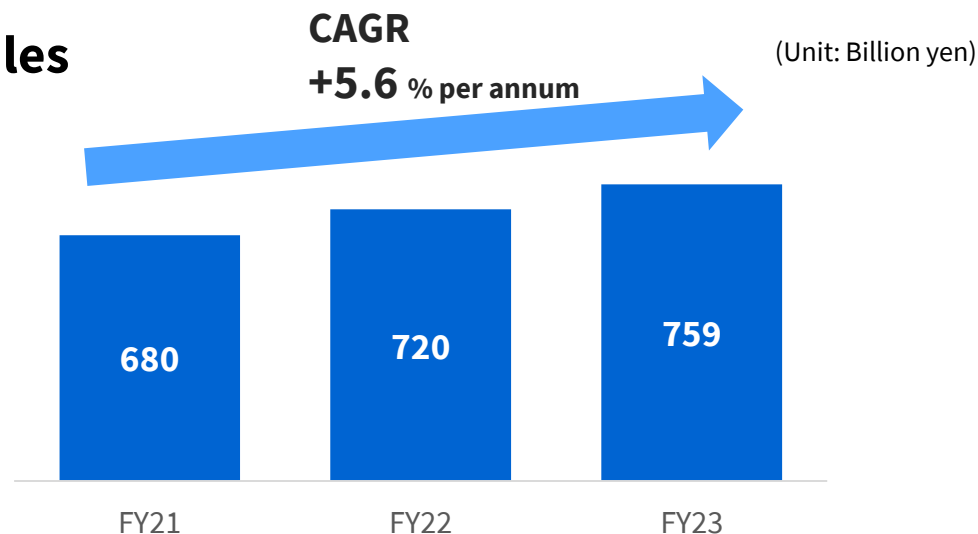
EBITDA *1

FY21: 42, FY22: 47, FY23: 51

ROIC*2 FCF*3



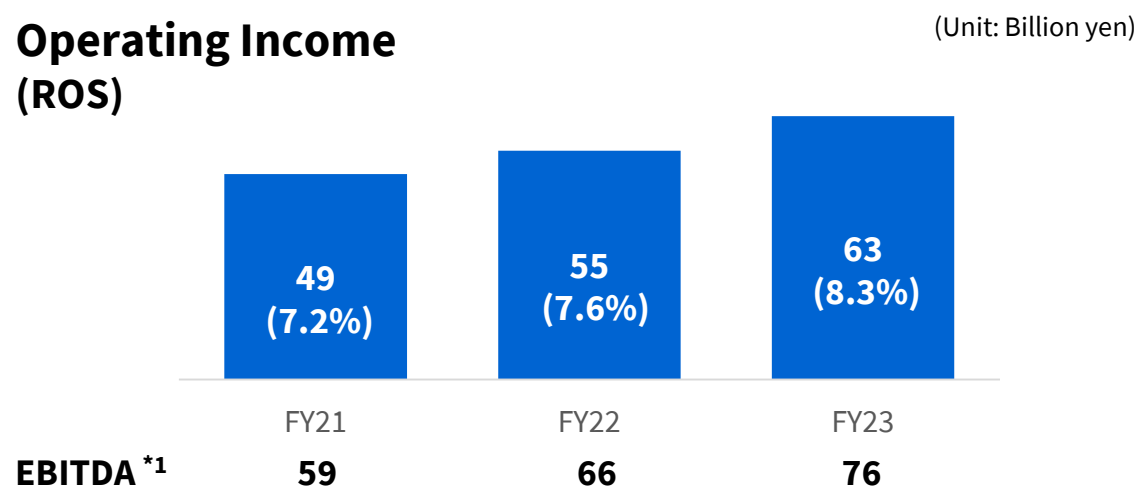
Net sales



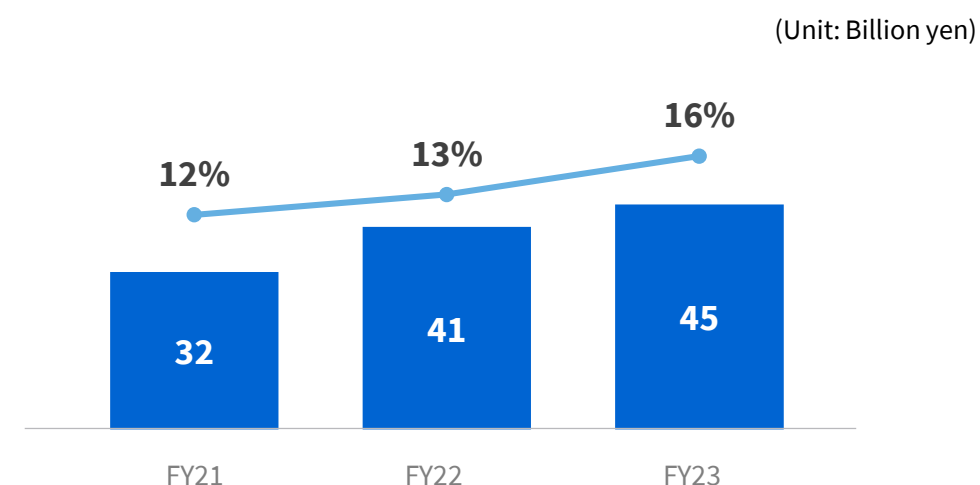
Strategy

- Expand of energy-saving solutions to electric power users for carbon neutrality
- Enter into the public infrastructure area such as water supply and sewerage (including PPP/PFI)
- Expand solutions business to improve maintenance operation efficiency with factories/logistics solutions and IoT

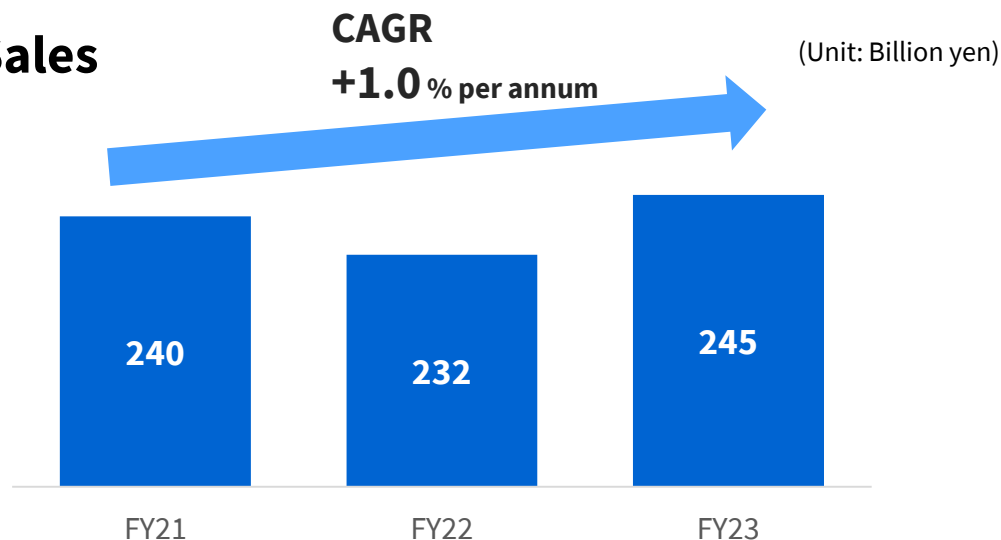
Operating Income (ROS)



ROIC*2 FCF*3



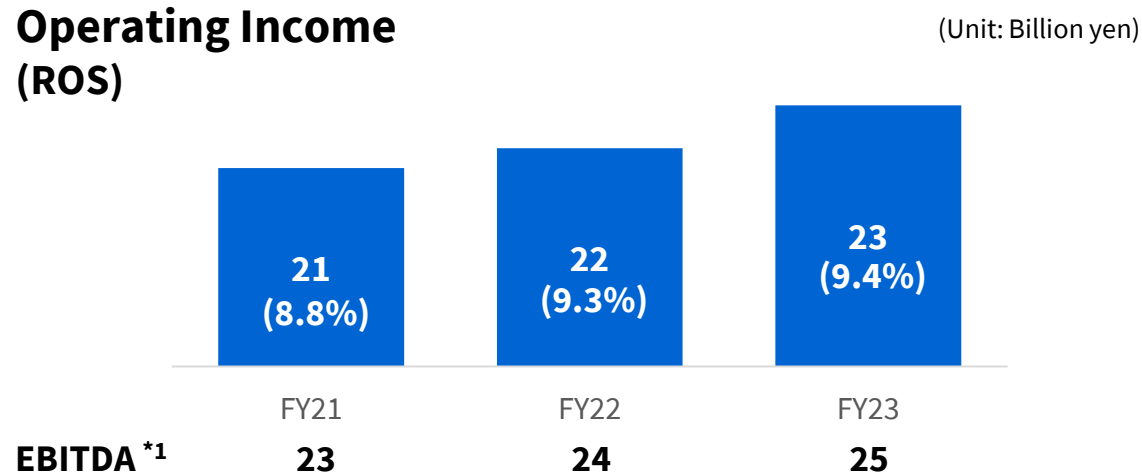
Net Sales



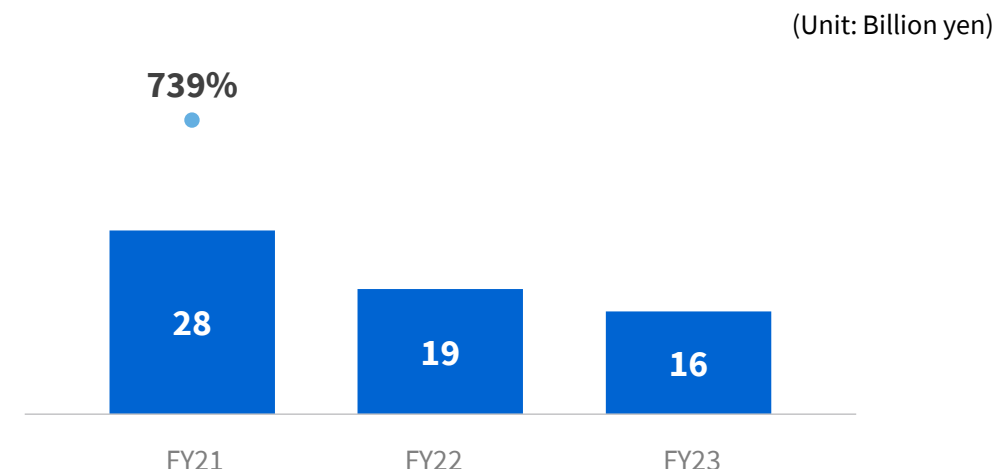
Strategy

- Expand services in infrastructure services area including maintenance and operation, IoT infrastructure, and managed services
- Expand solutions business including smart factories, supply chain platforms, and HR Tech in anticipation of the future data service business
- Full-scale launch of quantum cryptographic communication (QKD) business

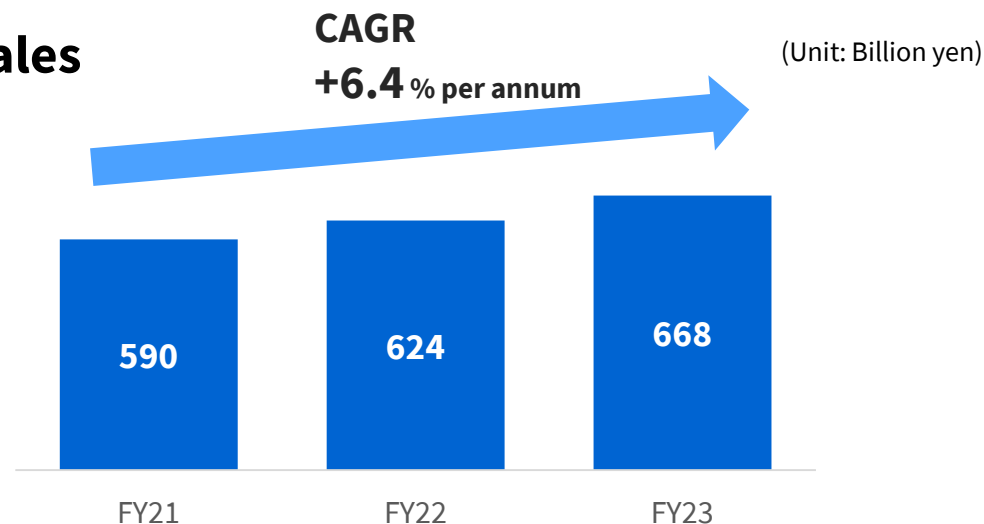
Operating Income (ROS)



ROIC*2 FCF*3



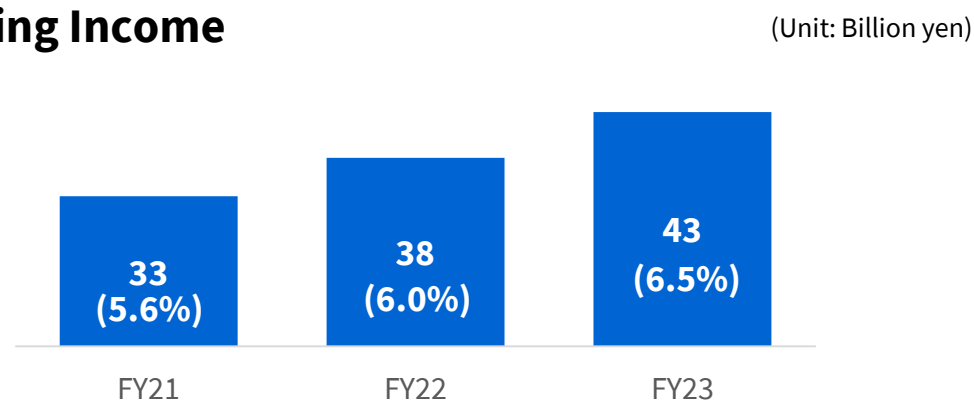
Net Sales



Strategy

- Elevators: Develop new services utilizing digital technology, and expand in renovation and maintenance area
- Lighting: Significant shift of resources into the growth area of UV lighting
- Air-conditioning: Strengthen global supply chain to expand to Europe and Asia

Operating Income (ROS)



EBITDA *1

44 51 59

ROIC*2 FCF*3

