TOSHIBA

# Transforming Toshiba to Enhance Shareholder Value

November 12, 2021

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**Toshiba Corporation**

Now, I would like to explain you on our new management policy titled “Transforming Toshiba to Enhance Shareholder Value.” With me today is Mamoru Hatazawa, Toshiba’s Corporate Senior Executive Vice President as well as Paul Brough, Member of the Board and Chairperson of our Strategic Review Committee, who is attending online.

# 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.
- This document has been translated from the Japanese-language original document for reference purposes only. In the event of any conflict or discrepancy between this document and the Japanese-language original, the Japanese-language original shall prevail in all respects.
- This document 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.
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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

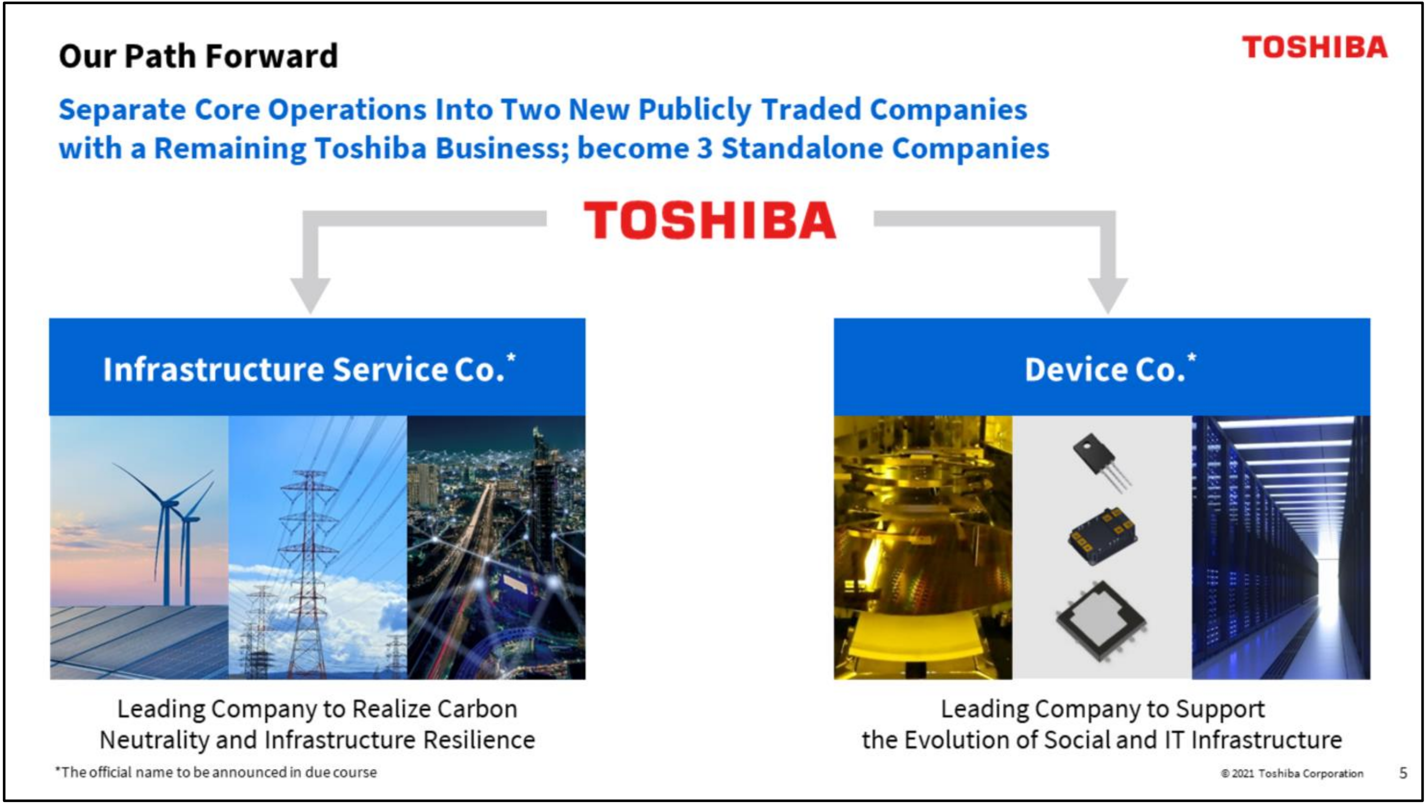
 

Today, Toshiba Group has decided on its significant transformation to further leap toward the future.

Let me first introduce why this is the best path forward, then Mr. Brough will explain on the evaluation made by the Strategic Review Committee. After that, Mr. Hatazawa will talk about the strategy and the business outlook.

# 01

## Our Path to Unlocking Value

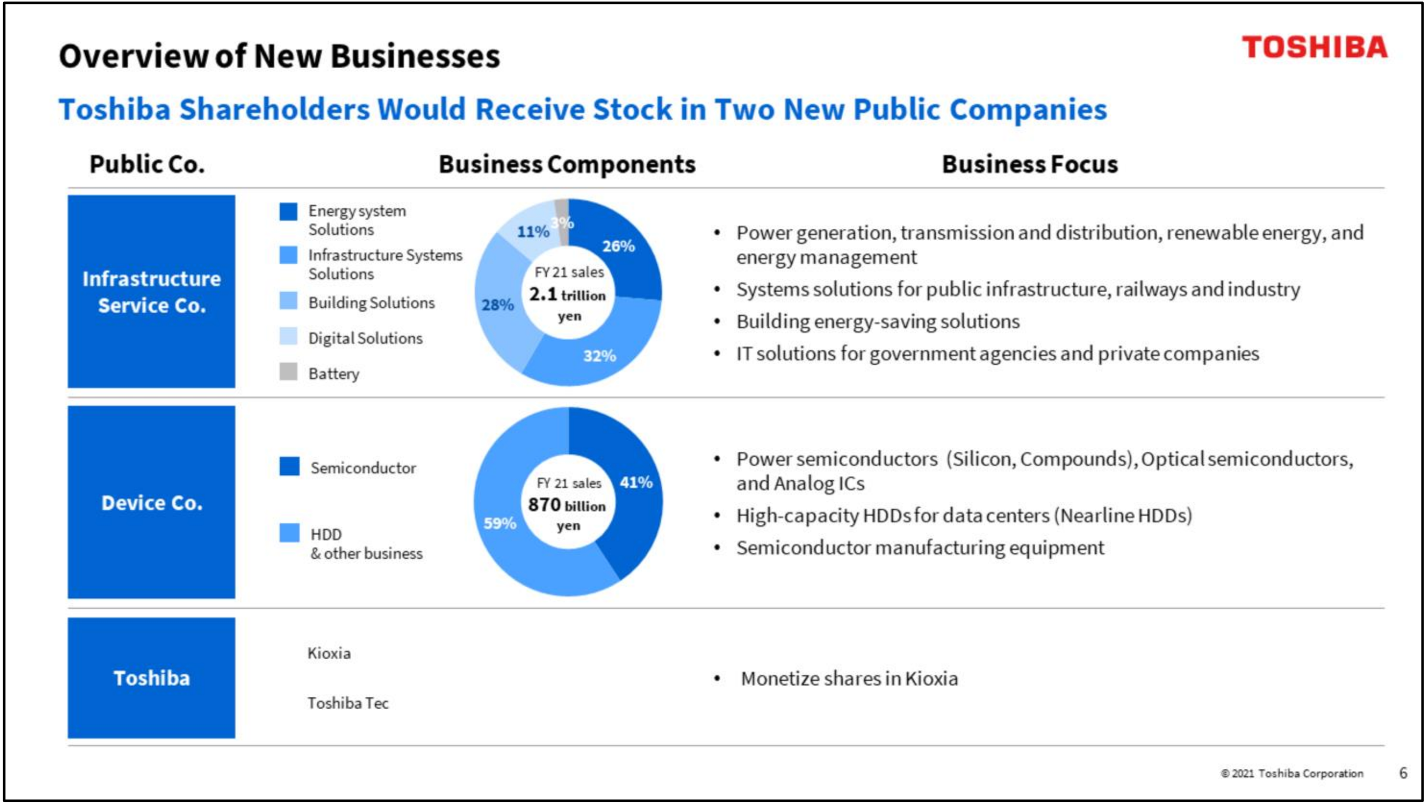



At the Board of Directors meeting held this morning, the decision was made for Toshiba's strategic reorganization to separate its 2 business operations to form Infrastructure Service Company, Device Company, and Toshiba to become as 3 standalone companies.

As we concluded this strategic reorganization to be the best path forward for Toshiba, we took into account the views of our important shareholders and other key stakeholders, as well as the business characteristics and value chain of each of our diverse businesses.

Over our history of over 140 years, Toshiba has constantly evolved to stay ahead of the times. Today's announcement is no different. Toshiba has built a portfolio of leading businesses, but in order to enhance our competitive positioning, each business needs greater flexibility to address its own market opportunities and challenges.

The official names for new companies will be announced in due course.




Here is an overview of the three independent businesses.

Infrastructure Service Company will consist of Energy Systems & Solutions, Infrastructure Systems & Solutions, Building Solutions, Digital Solutions, and Battery businesses, and become a company with forecasted net sales of 2.1 trillion yen for this fiscal year. Its increased focus combined with its innovative technological solutions will enable it to play a leading role in driving the transition to renewable energy to meet ambitious global carbon neutrality goals and advancing infrastructure resilience as a leading player.

Device Company will comprise of Electronic Devices & Storage Solutions business, and become a company with forecasted net sales of 870 billion yen for this fiscal year. Its products will include power semiconductors, high-capacity hard disk drives ("HDD") for data centers and semiconductor manufacturing equipment. It will be a leader in supporting the evolution of social and IT infrastructure.

Toshiba will continue to hold the Company's ownership stake in Kioxia and Toshiba Tec. Toshiba will seek to monetize the shares of Kioxia.

## Unique Business Characteristics

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### 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<br>Solutions<br>Services | Devices<br>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<br>Infrastructure<br>Data Analysis | Materials<br>Circuit Design<br>Packaging<br>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 |

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The separation this time enables us to better align each new companies by its unique business characteristics.

Infrastructure Service Company related businesses focus on the direct sale of equipment and the provision of solutions mostly to specific customers. It has long business cycles that are more heavily dependent on negotiations between business parties than market conditions. In addition, it will be a relatively capital light business, and it conducts customized production.

In contrast, Device Company primarily manufactures and sells devices, such as semiconductors, and other materials. Its business cycles are shorter and can be impacted significantly by market conditions. It needs to conduct make-to-stock production to fulfill differing customer needs and supply various products. Another big difference is that this business requires relatively high level of capital investments to be made in a flexible manner.

## Compelling Rationale of Business Separation

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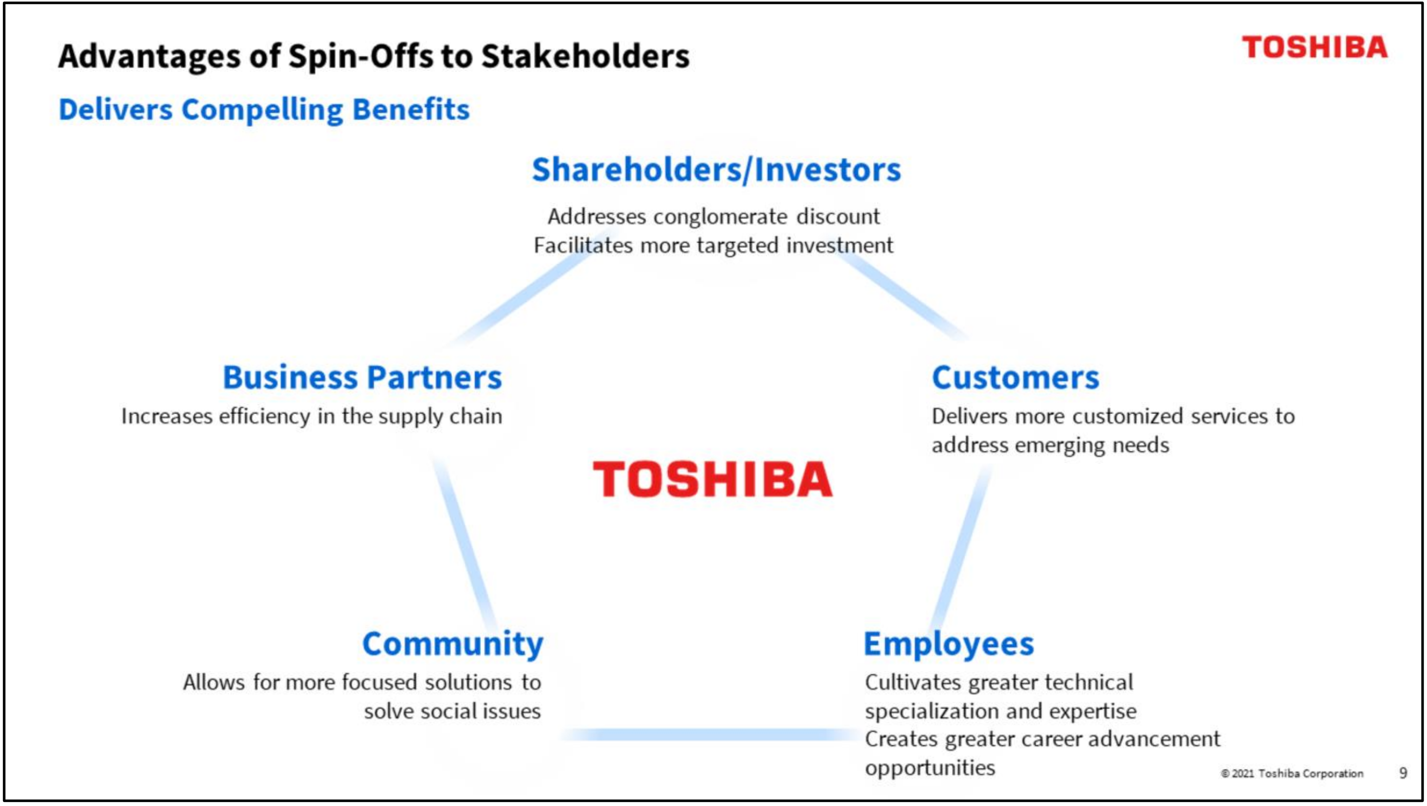
There are three compelling reasons for the separation.

First, the separation will unlock immense value by removing complexity.

Second, it enables us to have a much more focused management facilitating agile decision-making.

And third, the separation enhances choices for our shareholders.




Our Board and management team firmly believe that this strategic reorganization is the right step for sustainable profitable growth for each of the businesses and the best path to create additional value for our stakeholders.

For our shareholders, we will unlock value by having focused and highly professional management teams.

We will be able to provide our customers more innovative and tailored services and solutions to meet their evolving needs.

Our employees will have the opportunity to work at more focused companies where they can gain more technical expertise and self-growth opportunities, and have greater growth potential in their chosen field.

And the separation will benefit our communities by providing more focused solutions to solve social issues of carbon neutrality and infrastructure resilience that we all are facing.

## Advantages of Business Separation

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### 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

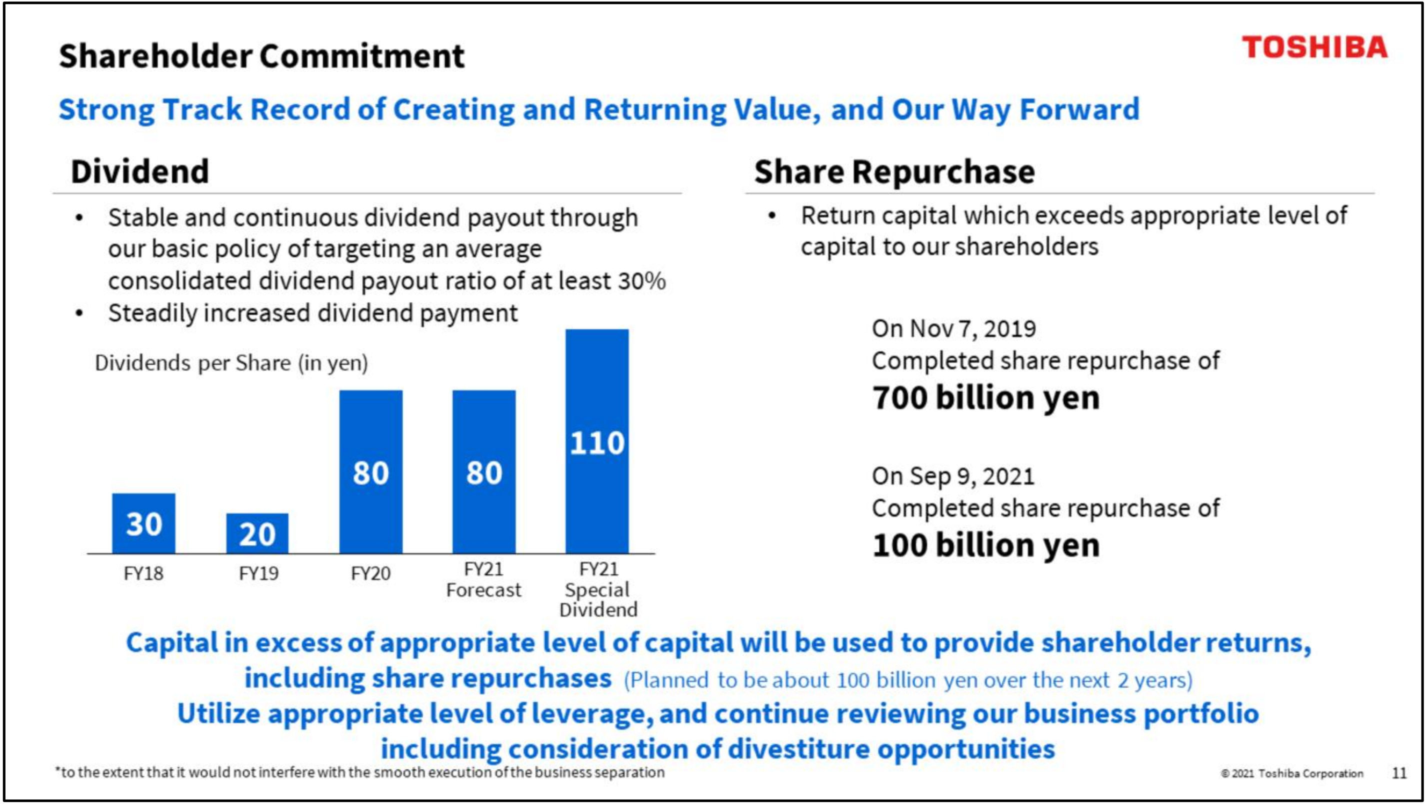
 

We believe there are three main benefits of the business separation.

First, the standalone companies will have improved management and governance structures. Infrastructure Service Company and Device Company are expected to have dedicated management teams that bring deep industry knowledge with clear growth strategies. We will consider candidates from outside the company for building new management structure. The new structures also will facilitate more agile decision-making due to reduced management layer. In addition, the new structure creates optionality for both new companies to make their own separate decisions regarding potential strategic partners.

Second, the standalone companies will have more effective, efficient and tailored capital allocation policies, more closely matching their industry peers. Based on industry benchmark, businesses will continue to review portfolio and cost structure. By having the opportunity to dialog directly with the market, each company will manage its respective business with the aim to maximize shareholder value.

And the third benefit will be to increase shareholder returns. Toshiba intends to monetize shares in Kioxia while maximizing shareholder 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 separation. In addition, this will facilitate fair value by providing compelling investment opportunities that meet different preferences of shareholders and investors.



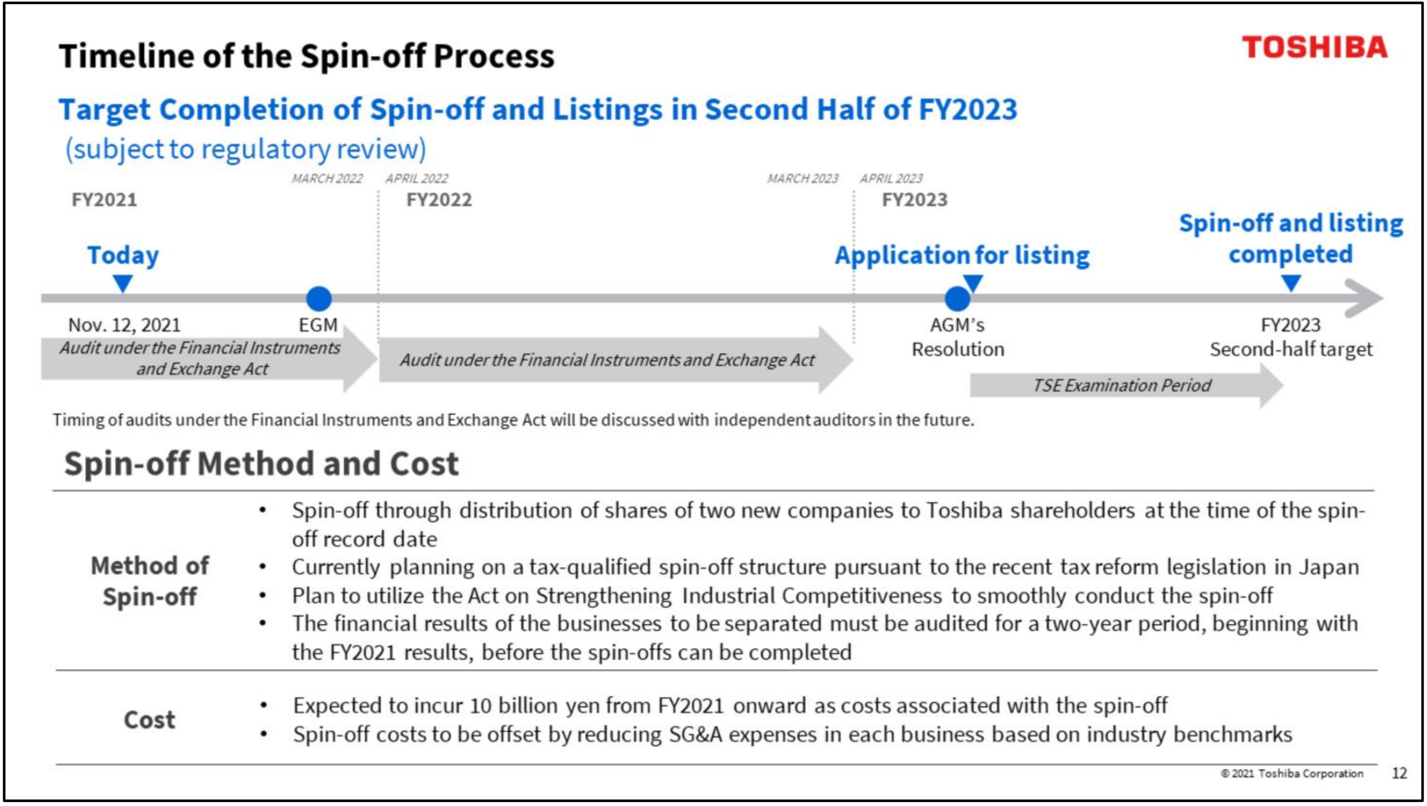

Toshiba has recently built up a strong track record of creating and returning value to shareholders.

Based on the target dividend payout ratio of 30% as committed, over the last four years, we have steadily increased our dividend payment from 30 yen per share in FY2018 to an expected 80 yen per share in FY2021. In addition, the special dividend of 110 yen per share had already been provided during FY2021.

Toshiba has also maintained a commitment to return excess capital to shareholders. We completed share repurchase of 700 billion yen in November 2019, and another 100 billion yen in September 2021.

Capital in excess of appropriate level of capital will be used to provide shareholder returns, including share repurchases in FY2022 and FY2023, to the extent that it would not interfere with the smooth execution of the business separation. The expected amount is to be about 100 billion yen. In addition, we will use leverage appropriately, and continue reviewing our business portfolio including divestiture opportunities.

Our strategic reorganization this time is the latest step in Toshiba’s commitment to creating and returning shareholder value.




We are working with relevant authorities and advisors to determine the best and the most effective and efficient way to spin-off the businesses with an intention of effecting the transaction in a tax-qualified spin-off structure (pursuant to the recent tax reform legislation in Japan). We will continue to keep you updated as we move through the process.

For the timeline, reorganization is expected to be completed in the second half of FY2023, subject to a shareholder resolution and in obtaining approval from the relevant authorities, however, we will make an effort to speed up the process to the extent that it is feasible. Moreover, we are considering to hold an Extraordinary General Meeting of shareholders somewhere between January and March next year in order to hear the voices of our shareholders. A board Steering Committee is expected to be formed then, which will include Strategic Review Committee members, in order to provide continuity and accountability for the successful completion of the business separation.

In terms of costs associated with the spin-offs, we expect to incur 10 billion yen from FY2021 onward. The spin-off costs are expected to be offset by reducing SG&A expenses in each business based on peer benchmarks.

Over the past 5 months, we have proactively evaluated a full range of options to enhance shareholder value. Following the Strategic Review Committee's thorough evaluation, the Board concluded that the strategic reorganization is the best selection for Toshiba and its shareholders.

Representing the Toshiba management, I would like to express my sincere gratitude to Mr. Brough, the Chairperson, and all other members of the Strategic Review Committee for all of your time and efforts spent to evaluate several strategic options and show us the best path forward.

Now I would ask Mr. Brough to comment directly on this plan.

# 02

## Statement by Strategic Review Committee

## Statement by Strategic Review Committee (SRC) Chairperson

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- 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

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Thank you Mr. Tsunakawa and thank you all for attending.

Our committee is confident the Separation Plan is the optimal path to value creation for all Toshiba shareholders.

As Mr. Tsunakawa outlined, the plan will create three independent entities, each of which will be better organized, equipped, and focused to unlock shareholder value more effectively than the Company can do in its current form.

With greater focus and a strong foundation, each business will be better positioned to invest in its future consistent growth with its individual needs and capital allocation profile. This focus will generate more growth and innovation for customers, new opportunities for employees, and the potential to serve their communities and the world.

In addition, shareholders will be able to benefit from the conversion of Toshiba's shares of Kioxia into cash, from which all net proceeds will be returned to shareholders. The significant Net Operation Losses at Toshiba will be utilized against capital gains tax liabilities. This will increase returns for Toshiba shareholders while allowing them to participate in the continued upside of the two standalone businesses. This will also facilitate fair value by providing compelling investment opportunities that meet different preferences of shareholders and investors.

The Separation Plan represents a significant inflection point in our evolution – a bold new initiative that capitalizes on the government's recent actions and looks beyond the confines of past Japanese business practices. The novel nature of this step for a company of Toshiba's importance is indicative of Toshiba's determination to follow the best course for long term shareholder value creation.

We undertook a rigorously objective process to arrive at this conclusion, including receiving input from a broad group of shareholders and both strategic and financial investors. We very much appreciate the views and perspectives that are reflected in the development of this plan.

After comparing this plan to a wide range of other alternatives, we concluded that this approach provides shareholders the greatest potential for value enhancement with significant flexibility and opportunity for increased returns.

This is by no means the end of the work of the SRC. We shall continue to oversee the preparation of the Separation Plan until the shareholders vote on it at the proposed EGM in the first quarter of next year. At that point it is expected that a board Steering Committee will be formed, which will include SRC members in order to provide continuity and accountability for the successful completion of the Plan. Our collective backgrounds include highly relevant experience and expertise, and we expect to be supported in this effort by external experts and newly recruited executives to help round out the existing management team.

In conclusion, l would like to convey my personal conviction, speaking as Chairman of the SRC, that this is the absolute right time and right step forward for Toshiba – and an exciting, energizing, and critical one that will launch the company on a compelling new value creation path. We look forward to continuing to work closely with Mr. Tsunakawa, the Board and the management team as we implement the Separation Plan. And we look forward to hearing your reactions and responses, and receiving your support at the forthcoming 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.

Good afternoon, this is Hatazawa.
As Mr. Tsunakawa just explained, Toshiba will spin-off its 2 business operations to Infrastructure Service Company and Device Company.

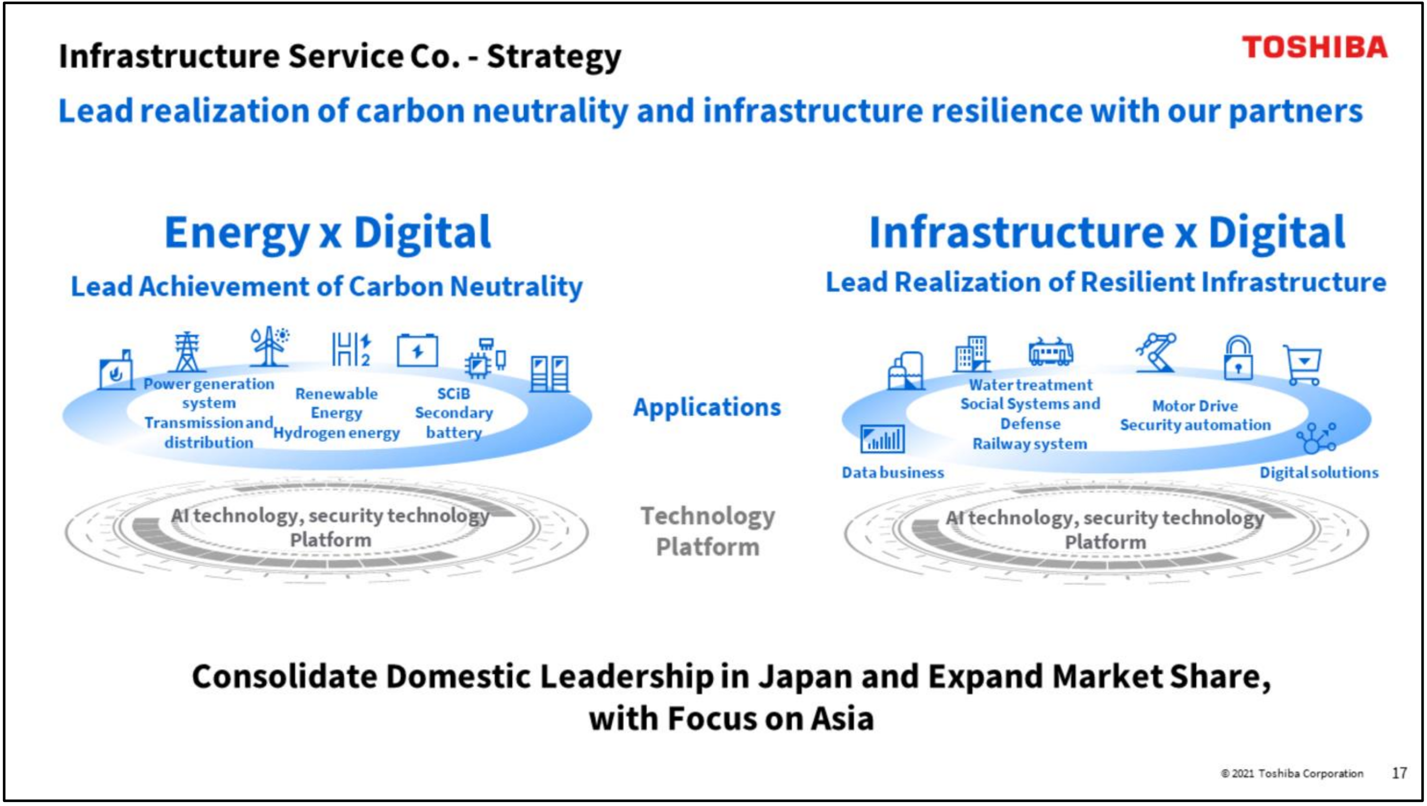
The next three years will be an important three years to ensure spin-off and to lay the groundwork for growth after spin-off.

I will explain about this important plan for the next 3 years.

Please note that figures shown under this section are based on the current organizational structure and only cover the period of 3 years from FY2021 to FY2023. We expect financial improvements will further accelerate once the separation is completed. We intend to announce a more refined management plan for each new company on a separate occasion at a later date.

# 03-1

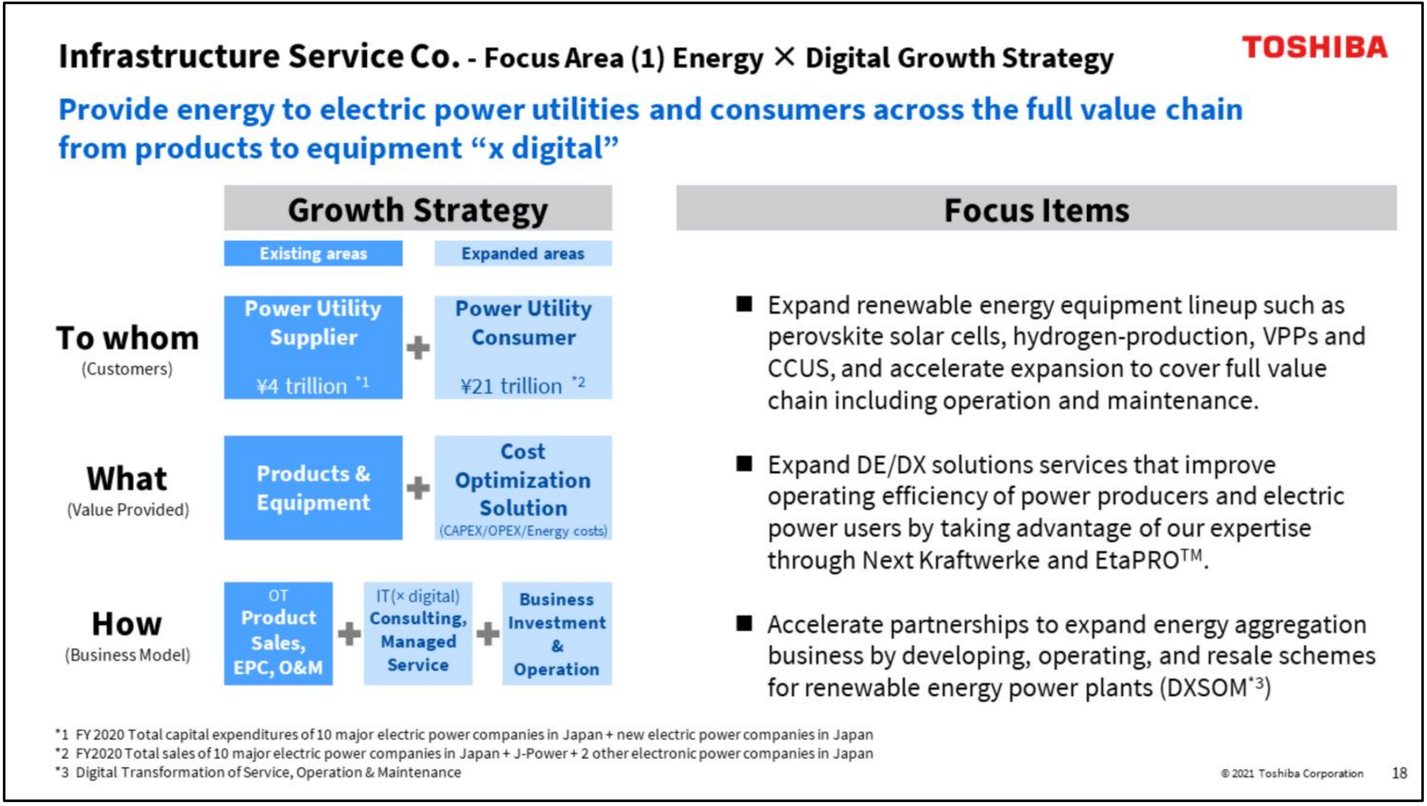
## Infrastructure Service Company




Infrastructure Service Company will help our customers and partners achieve their ambitious sustainability goals. We are ideally positioned to address two important social issues: "carbon neutrality" and "infrastructure resilience" related to our customers' needs. Infrastructure Service Company will utilize its customer knowledge and technological expertise to exploit such business opportunities in order to enhance shareholder value.

In fact, we already have many customers and partners asking us to assist them in these areas. And we understand that the key to growth in energy and infrastructure lies in the intersection of AI, security and platform technologies. The conversion to a cyber-physical solutions business is what we refer to as "x digital."

By working closely with our customers and partners, we will consolidate our domestic leadership in Japan and expand our global market share with focus in Asia.

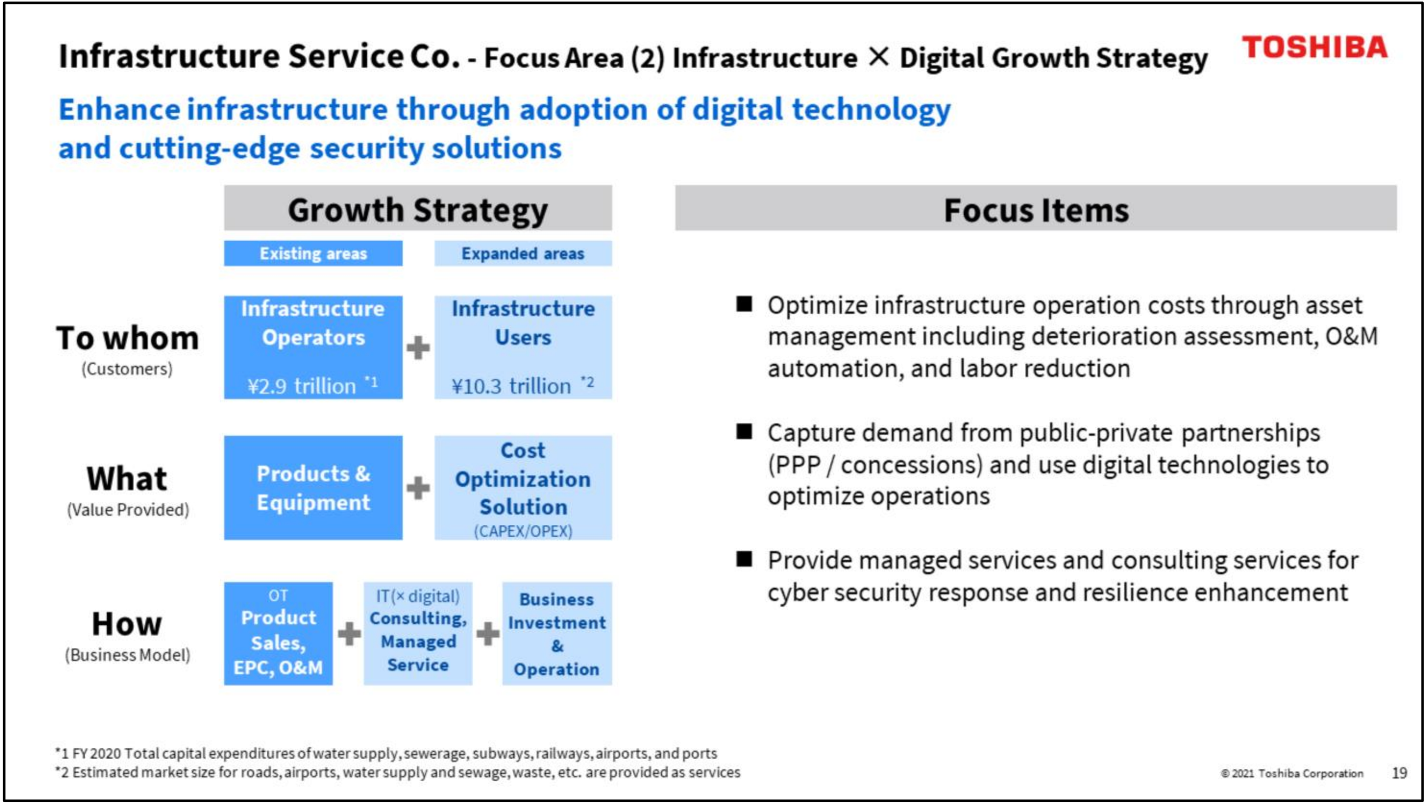



In the "energy x digital" domain, the realization of carbon neutrality is an urgent global issue for our customers.

We already have a sound track record of delivering equipment and facilities to power utility suppliers as well as for EPC and maintenance services for power plants and in the transmission and distribution business.

Further growth will result from the advancement of efficient use of energy through energy matching and energy management services. We will solve problems together with customers on both the power supply side and the demand side. This is a huge market and we have new technologies to offer.

Based on our vast experience working with partners we will expand our business across the value chain as a whole.




Likewise, the “infrastructure x digital” domain offers us significant growth opportunities.

We will create value for our customers by promoting optimal operation of infrastructure and achieve resilience by ensuring security. Already today, we have an established business model introducing equipment and facilities to infrastructure companies including maintenance services.

In the future, we will combine our operational knowledge and digital technology specific for infrastructure users to provide asset management solutions including deterioration diagnosis, O&M automation and labor saving solutions, and consulting to realize infrastructure operation cost and service usage cost optimization.

## Infrastructure Service Co. - Investments

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| (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

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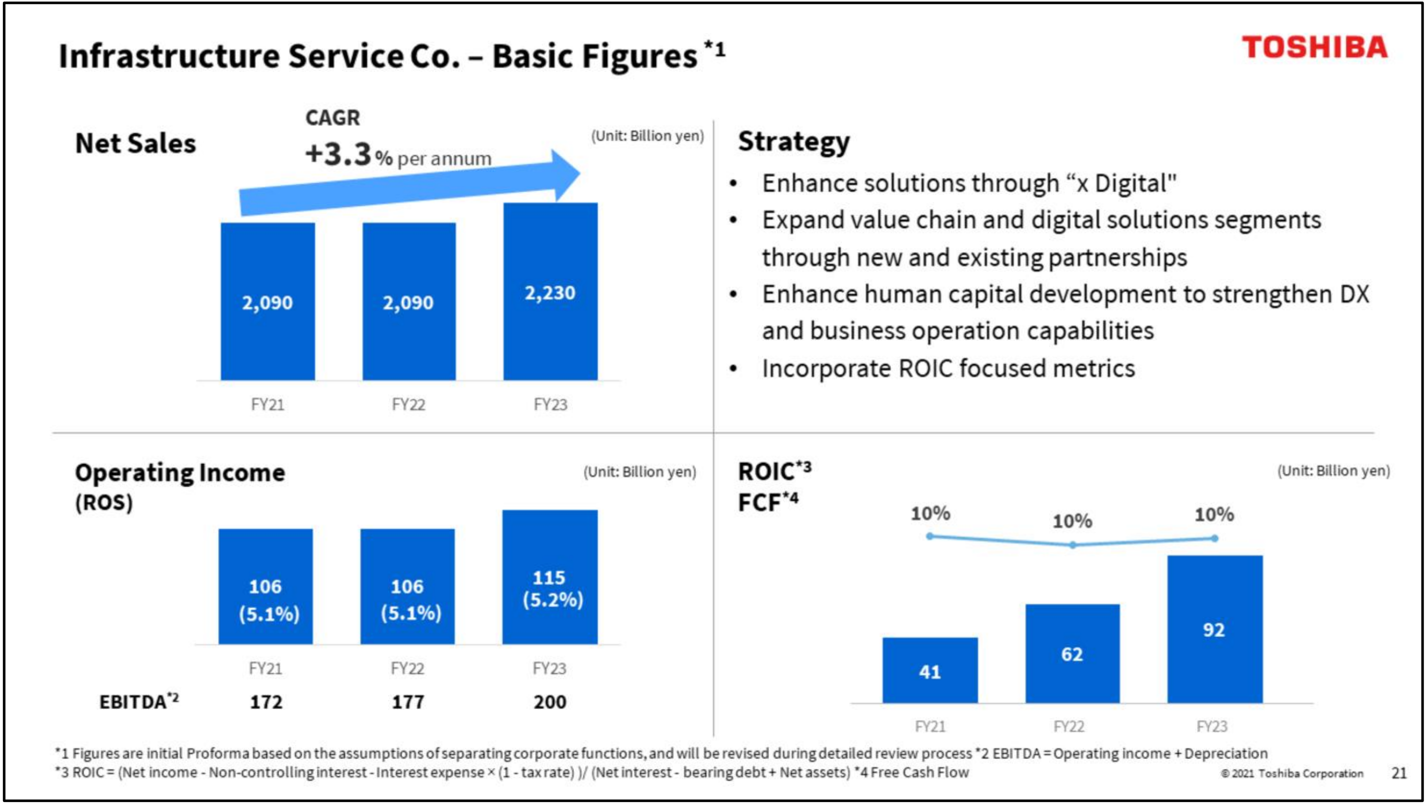
Our bold investment plan for next 3 years underpin our huge growth opportunities with about 500 billion yen marked for Capex, R&D as well as M&A.

We are eyeing to pursue a capital light business model for the Infrastructure Service Company with our mid-to-long term strategy.



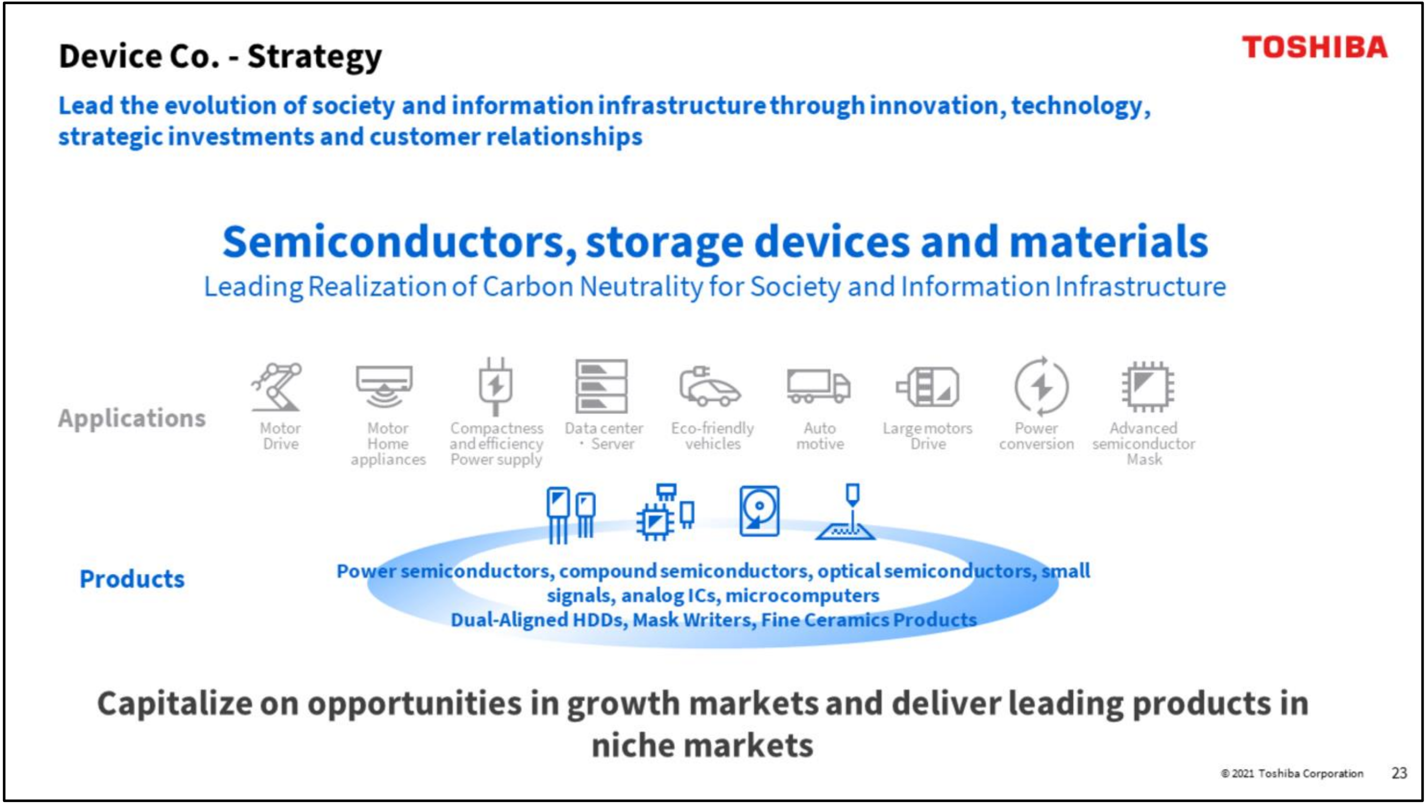

The Infrastructure Service Company shows a solid financial profile and strong growth outlook.

The Company expects net sales to grow at a 3.3% CAGR, from 2.090 trillion yen in FY2021 to 2.230 trillion yen by FY2023. It also expects to maintain operating income margins above 5% over the same period, which we expect to be higher after the separation.

We are planning for steady improvement in FCF, and maintain ROIC above 10%.

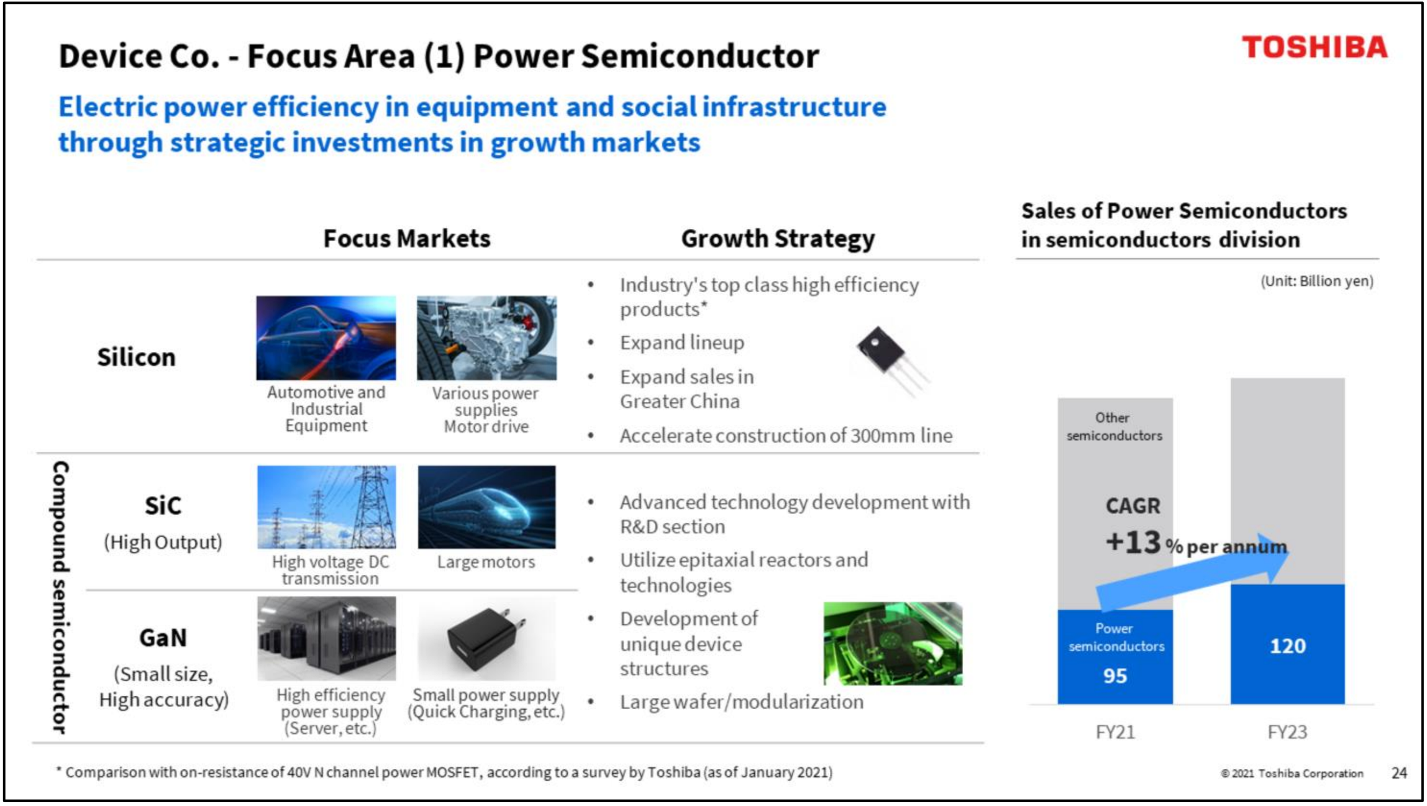
# 03-2

## Device Company



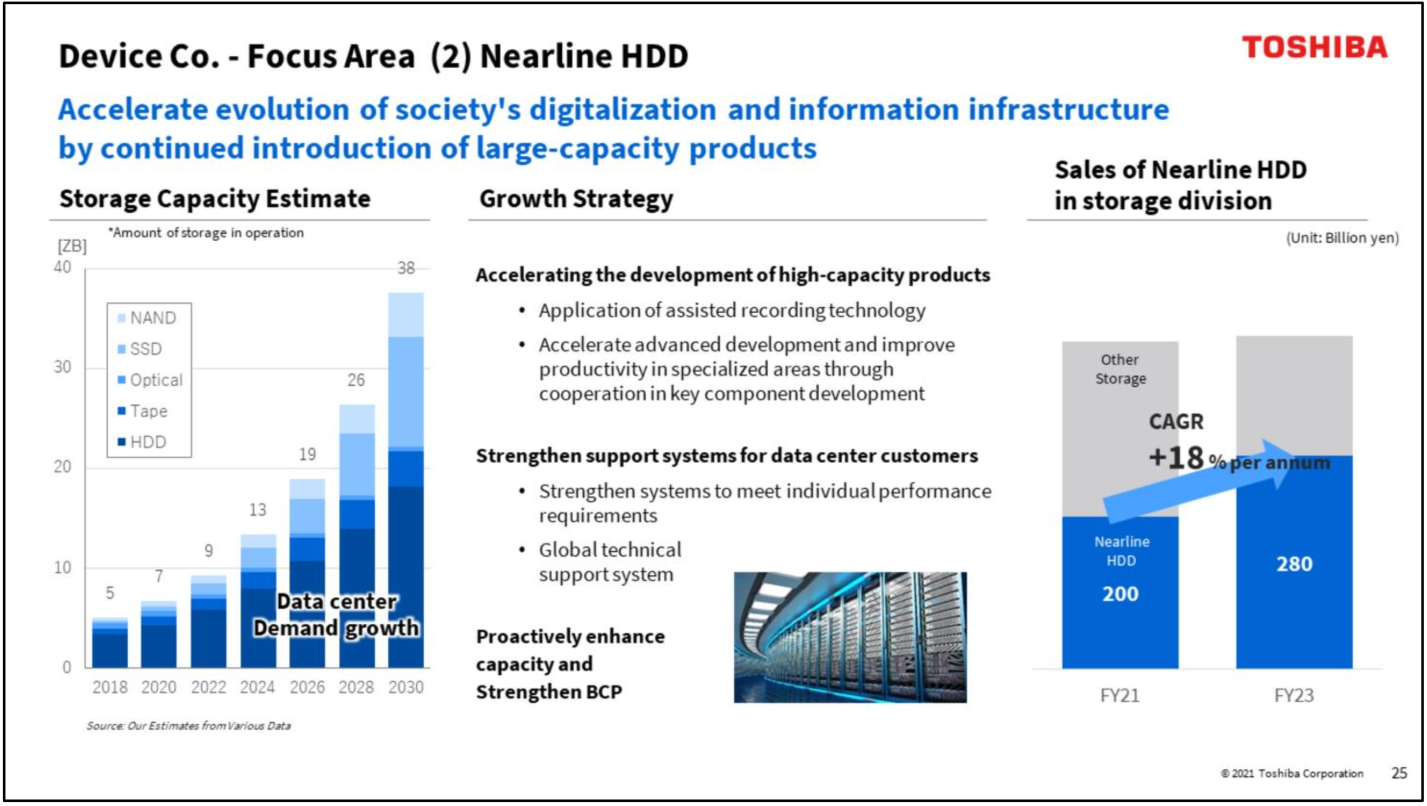

Device Company will lead the evolution of social and information infrastructure, through its semiconductor and storage businesses. Our leading products are significantly contributing to the wider society including the realization of carbon neutrality. The strength of the business lies with its customer relationships, years of experience with technology development and capacity creation of production facilities, which we intend to expand with a sharper focus on its fast business cycle.

We are well positioned as a global provider of leading products to transfer our technology further into profits and sustainable growth.




In the field of power semiconductors, we will actively invest in growth markets, including the development of 300mm line facilities and compound semiconductors (Silicon Carbide (SiC) and Gallium Nitride (GaN)). This will enable us to drive the acceleration of power efficiency improvements in equipment and social infrastructure.

We are targeting net sales of 95 billion yen in FY2021 and 120 billion yen in FY2023, with an average annual growth rate of 13%.




With expanding demand for the data centers along with the evolution of society's digitization and information infrastructure, significant market growth is expected in storage business.

In Nearline HDDs, we will accelerate development of high-capacity products by collaborative development of key components, which accelerates vast development and productive improvement. In addition, we will strengthen support systems for data center customers.

For Nearline HDDs, we have set a sales plan of 200 billion yen in FY2021 and 280 billion yen in FY2023, equivalent to an average annual growth rate of 18%.

## Device Co. - Investments

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(Unit: Billion yen)

| | Investments (FY21 to FY23 total) | Growth Initiatives | |
|---|---|---|---|
| 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** | | |

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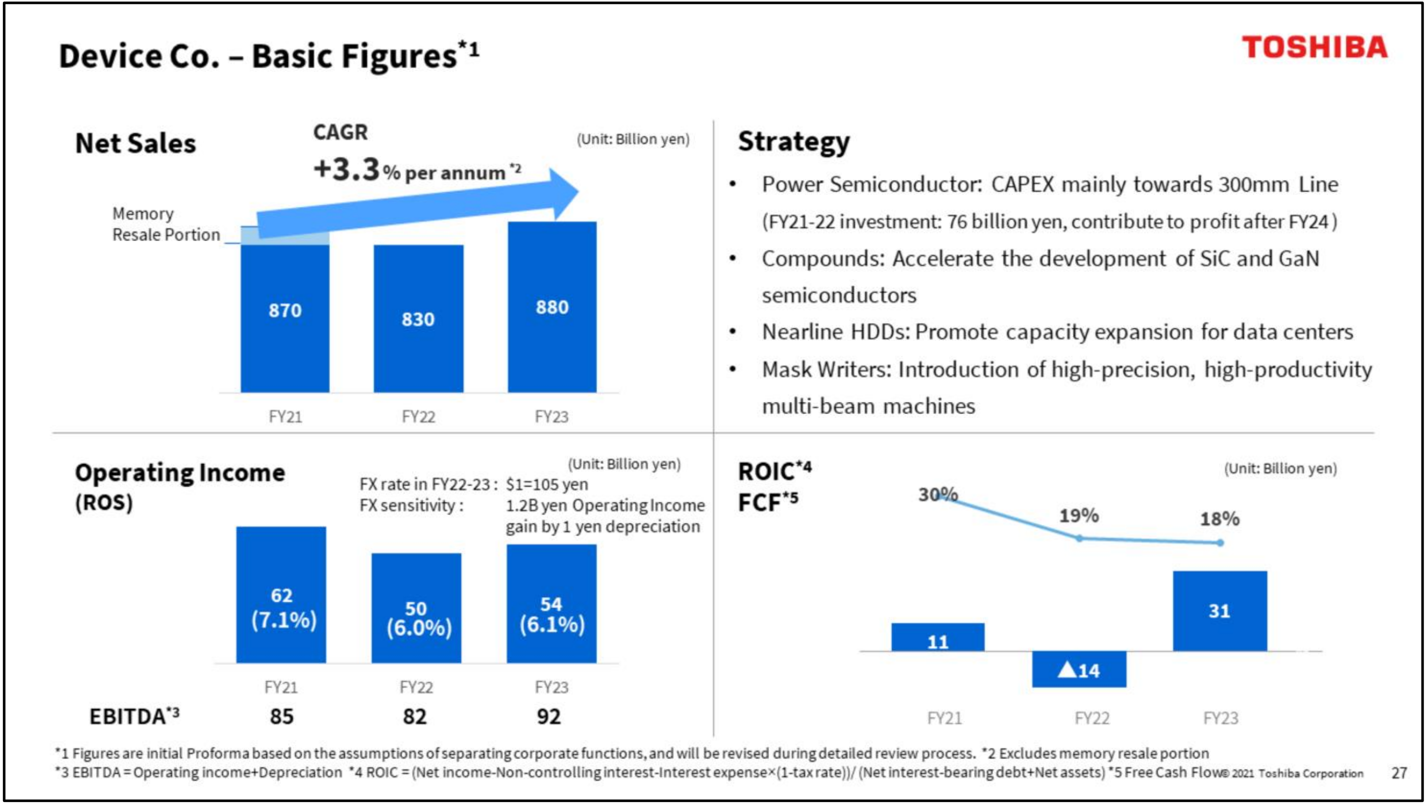
Prior to the separation, Device Company will invest to bolster its technological strengths in selected areas. In addition to expanding its power semiconductor production facilities, Device Company plans to increase the capacity of its semiconductor development facilities and the supply capacity of Nearline HDDs. In addition, its R&D focus will be on expanding its lineup and developing new models.

We expect total investments of more than 300 billion yen in the next 3 years till FY2023.




Device Company aims to grow net sales at a CAGR of 3.3%, from 870 billion yen in FY2021 to 880 billion yen by FY2023 excluding memory resale. And over the same period, the operating income margin to change from 7.1% to 6.1%, however, the foreign exchange assumption used is 105 yen per US dollar in FY2022 and FY2023, and in consideration of the on-going and intended large CAPEX during FY2021 and FY2022, the actual profitability of the business is improving, and we expect further growth beyond FY2024.

# 03-3

Toshiba Group

## Toshiba Group Financial Forecast

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### 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

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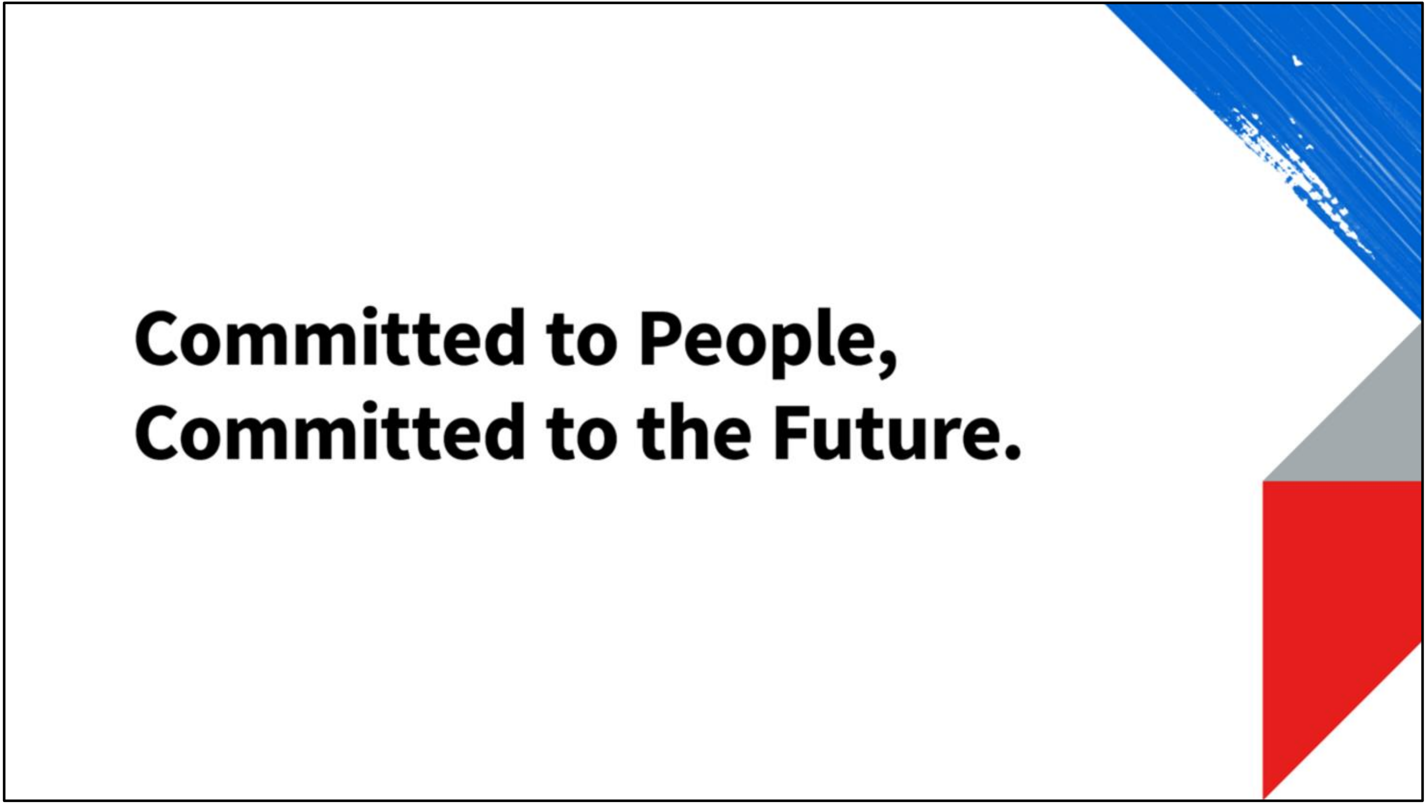
Let me give you the combined Toshiba Group financial forecast up to FY2023.

In FY2023, we are targeting net sales of 3.5 trillion, operating margin of 5.7%, ROIC of 10%, and FCF of 100 billion yen.




As you can see by our remarks today, we are excited about the future. We look forward to what we can deliver to our shareholders, customers and employees through this transformative separation plan.

Based on our management philosophy of “Committed to People, Committed to the Future”, we will continue to contribute broadly to society by creating a succession of new values and providing them to our customers.

Thank you for listening.

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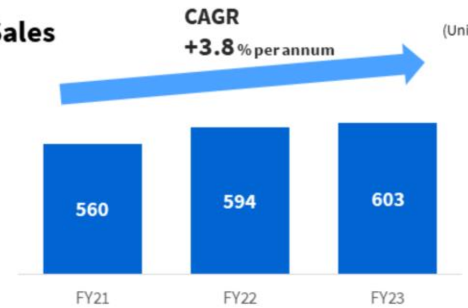
# APPENDIX

## Infrastructure Service Co. - Energy Systems & Solutions Business

### Net Sales

(Unit: Billion yen)




### 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

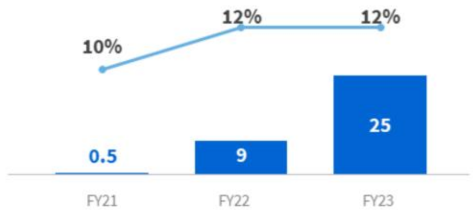
### Operating Income (ROS)

(Unit: Billion yen)


| | FY21 | FY22 | FY23 |
|---|---|---|---|
| EBITDA *1 | 42 | 47 | 51 |

### ROIC*2 FCF*3

(Unit: Billion yen)



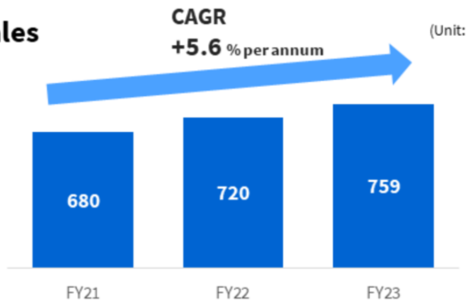

*1 EBITDA = Operating income + Depreciation *2 ROIC = Profit (loss) before tax × (1-tax rate)/(Net interest - bearing debt + Net assets) *3 Free Cash Flow

# Infrastructure Service Co. - Infrastructure Systems & Solutions Business

TOSHIBA

## Net sales

(Unit: Billion yen)

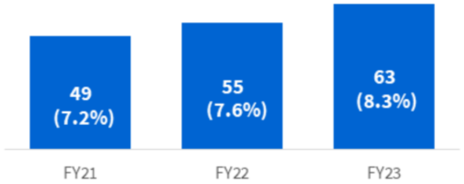



## Strategy

- 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)

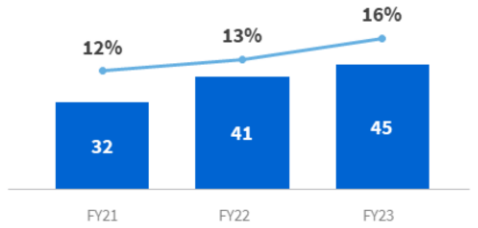
(Unit: Billion yen)




| | FY21 | FY22 | FY23 |
|---|---|---|---|
| **EBITDA** [*1] | 59 | 66 | 76 |

## ROIC[*2] FCF[*3]

(Unit: Billion yen)



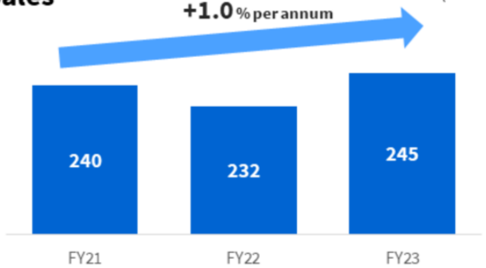

*1 EBITDA = Operating income + Depreciation *2 ROIC = Profit (loss) before tax × (1-tax rate)/(Net interest - bearing debt + Net assets) *3 Free Cash Flow

## Infrastructure Service Co. - Digital Solutions Business

TOSHIBA

### Net Sales

(Unit: Billion yen)

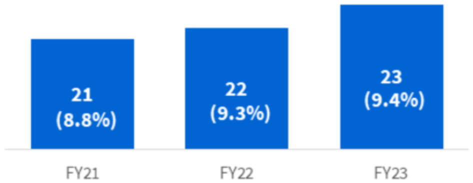



### Strategy

- 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)

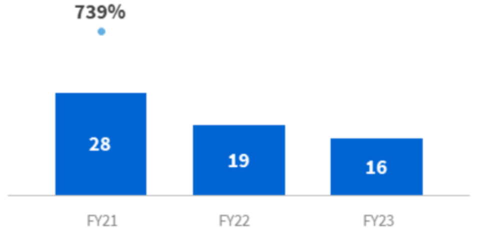
(Unit: Billion yen)




| | FY21 | FY22 | FY23 |
|---|---|---|---|
| EBITDA *1 | 23 | 24 | 25 |

### ROIC*2 FCF*3

(Unit: Billion yen)

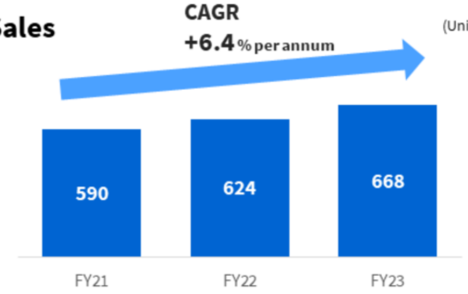



*1 EBITDA = Operating income + Depreciation *2 ROIC = Profit (loss) before tax × (1-tax rate)/(Net interest - bearing debt + Net assets) *3 Free Cash Flow

# Infrastructure Service Co. - Building Solutions Business



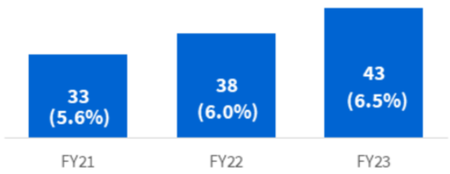
## Net Sales




## Strategy

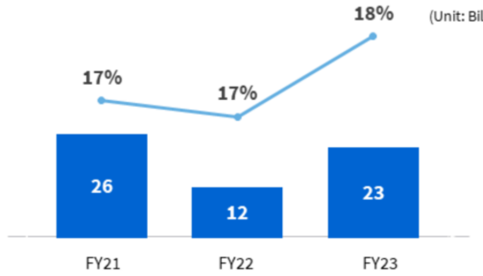
- Elevators: Develop new services utilizing digital technology, and expand in renovation and maintenance area
- Lighting: Significant shift of resources into the growth area of UV lighting
- Air-conditioning: Strengthen global supply chain to expand to Europe and Asia

## Operating Income (ROS)




| | FY21 | FY22 | FY23 |
|---|---|---|---|
| EBITDA [*1] | 44 | 51 | 59 |

## ROIC[*2] FCF[*3]




*1 EBITDA = Operating income + Depreciation *2 ROIC = Profit (loss) before tax × (1-tax rate)/(Net interest - bearing debt + Net assets) *3 Free Cash Flow

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