

TOSHIBA

Update on the EGM

February 14, 2022

Toshiba Corporation

President and CEO

Satoshi Tsunakawa

- I would like to start by thanking everyone for attending our IR Day held recently. Based on your valuable feedback, we will continue to pursue further improvement in our Strategic Reorganization plan so that we can enhance shareholder value.
- As announced today, we have decided to convene an extraordinary general meeting of shareholders on March 24 in order to confirm our shareholders' opinions concerning our Strategic Reorganization.
- As the proposal is unusual in that it is not required by law, I would like to quickly explain the nature of the proposal, the condition for approval, and why we proposed this proposal for shareholder resolution. Please refer to the timely disclosure materials for details on the proposal and the Company's opinion.

Key Points of the Company Proposal (No. 1)

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Spin-off Plan

- We refined the transaction scheme for the spin-off plan announced in November 2021 based on dialogue with various stakeholders
- We will spin off the Electronic Devices & Storage business as a new listed company, resulting in 2 independent companies: Toshiba/Infrastructure Services Co. and Device Co.

Kioxia Shares

- Monetize shares as soon as practicable
- Return the net proceeds in full to shareholders, within the limits stipulated by applicable laws and regulation

Objectives of This Agenda Item

- We aim to engage in constructive dialogue with our shareholders to pursue further improvements in our Strategic Reorganization, including the spin-off plan

We would like to receive feedback from our shareholders for further improvements in our pursuit for the optimal and most efficient method of executing our Strategic Reorganization

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- First of all, we would like to provide key points of the company's proposal.
- The objective of Proposal No.1, proposed by the company, is to confirm our shareholders' opinions concerning the Strategic Reorganization.
- In addition to the 2-way spin-off plan, which we announced recently, we also included the shareholder return policy related to Kioxia shares in the proposal.
- Please note that this proposal is not legally-binding. We will disclose the breakdown of the shareholders' opinion in favor of, against, or to abstain from voting, after the shareholders meeting has finished.
- We would like to receive shareholder feedback on the optimal and most efficient method of executing our Strategic Reorganization on a continuous basis so that we can keep making improvements to our plan.

Reasons for the Company Proposal (No. 1)

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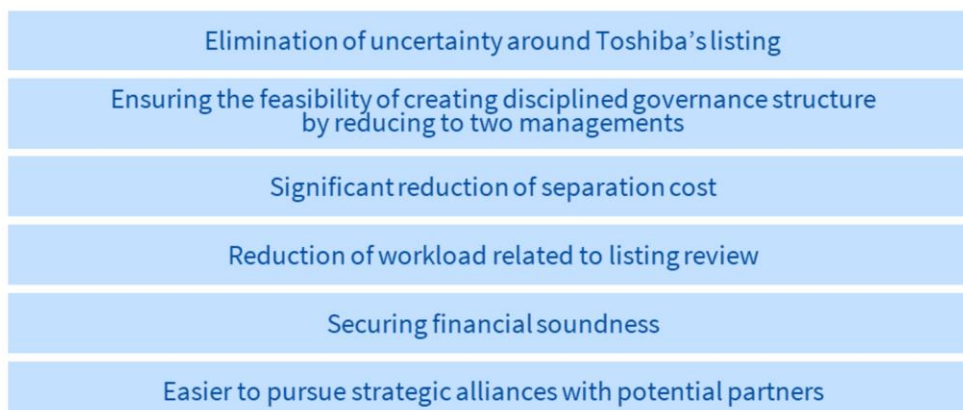
We plan to listen to shareholders' opinions and engage in continued discussions with related parties to consider the optimal and most efficient method of executing this Strategic Reorganization



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- The objectives of the spin-off include eliminating the conglomerate discount to unlock enterprise value, achieving efficient capital allocation suited to the characteristics of each business, realizing focused and agile management, and enhancing investment options for our shareholders.
- With respect to the management structure, we have received requests to announce them as soon as possible. The Nomination Committee is continuing consideration, and we will announce in the due course as soon as it is decided.
- We have been continuously reviewing business portfolio since last July. We believe that the core objective of such review is to build a structure that enables each business to grow and succeed by taking advantage of its strengths.
- The businesses that we designated as non-core will aim to grow and become stronger with an injection of external capital with active support from new majority shareholder.
- With respect to shareholder returns, based on smooth execution of the business plan that we explained on February 7th, 2022, capital in excess of the appropriate level is expected to be 300 billion yen over the next two years. This surplus amount will be used for shareholder returns to the extent that it does not interfere with the smooth execution of the Strategic Reorganization plan.

Through continued review of the Strategic Reorganization plan, determined that the 2-way split was the optimal plan



Holistic consideration including above points led to the scheme change, not from an attempt to simplify the approval process

- Once again, I would like to explain the reasons for our change of plan from a 3-way split to a 2-way split.
- First, compared to the 3-way split, the 2-way split allows for a more stable financial base, eliminating uncertainties about maintaining Toshiba's listing. The 2-way split also makes it easier to establish a strong, disciplined governance structure by reducing the required number of management structures. In addition, separation costs and operational burden of listing review can be significantly reduced. We are continuing dialogues and considering potential partnerships and the spin-off will enable us to flexibly seek strategic partners with specific interests.
- As I have explained, this change resulted from a holistic effort to refine the spin-off scheme, not from an attempt to simplify the approval process as some media reports suggest.

**In order to fully respect the wishes of the majority of shareholders,
proposal No. 1 will be adopted by an ordinary resolution.**

Condition for Approval

- Ordinary shareholder resolution

Rationale

- We determined that we should respect the opinions of the majority of shareholders
 - Pursuing an extraordinary resolution raises the concern of respecting the opinions of the opposing minority more than the supporting majority
- Though the transaction can be executed based solely on board approval when our business reorganization plan is certified under the Act on Strengthening Industrial Competitiveness, we plan to have a shareholders' vote.

- First of all, we aim to confirm our shareholders' opinions at this extraordinary shareholders' meeting, and thus, the resolution is not legally-binding. We plan to get a legally-binding resolution at the annual shareholders' meeting to be convened in 2023.
- Based on this, we decided to make the company's proposal No.1 an item for ordinary shareholder resolution.
- There are two major reasons.
- First, we wish to respect the wishes of the majority of our shareholders at the meeting. If we were to seek a special resolution and more than half but less than two-thirds approve, this raises the concern that we would be respecting the wishes of the opposing minority more than the supporting majority. As we aim to confirm the collective opinion of our shareholders, we decided to make this item a matter for ordinary shareholder resolution.
- In addition, we expect this Strategic Reorganization to be certified as a business reorganization plan pursuant to the Act on Strengthening Industrial Competitiveness. In this case, it is legally feasible for us to execute the plan with a resolution by the board of directors. However, in order to respect the shareholders opinion, we plan to bring this to a binding resolution at the general meeting of shareholders in 2023.
- In this case, I understand that the condition for approval will be ordinary shareholder resolution based on the applicable laws in Japan, but it is still not decided by the Company.

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- We firmly believe that this Strategic Reorganization plan is a great opportunity for our technology and teamwork to pursue further growth and progress. Toshiba's management and the board thinks that this Strategic Reorganization plan is optimal, and we would like our shareholders to vote for this proposal, and wish your strong support to help Toshiba's future transformation.
- We will continuously listen to all the stakeholders' opinions and reflect them in our plan to the extent possible.
- Thank you for your attention.