TOSHIBA

Toshiba Group IR Day 2022

Business Strategy of Toshiba Group

February 7, 2022

Toshiba Corporation

President and CEO

Satoshi Tsunakawa

CFO

Masayoshi Hirata

This is Tsunakawa. Thank you for your attendance today.

Forward-looking Statements and Other Cautionary

- This document has been prepared solely for the purposes of providing information regarding the strategic reorganization described herein ("Reorganization") 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 and prospects concerning the future plans, strategies, and 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 competition in the electronics business, customer demand, foreign currency exchange rates, tax and other regulations, geopolitical risk, and natural disasters. Toshiba therefore cautions readers that actual results may differ from those expressed or implied by any forward-looking statements. 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 risks.
- 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 Kioxia, 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 considerations 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

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Today, I would like to explain on our progress and decisions relating to business strategy and the Spin-off plan that was announced in last November. Since the November presentation, we have consulted with our shareholders, listened to their views on how the plan could be improved, and so, in the beginning of this presentation, I would like to address these points first.

- First and foremost, this Spin-off will lead to a split into 2 companies, unlike our initial plan of 3-way split.
- We made this refinement in order to maintain the initial purpose, to secure the execution of the separation, and increase the stability of the Spin-off plan. Progressing towards focused operational structures suited to each business characteristic is unchanged. Please understand that this change is not because we wanted to circumvent our shareholders.
- We also have decided on our portfolio review this time, so we will explain on our progress.
- In addition, we will update you on the business projection and financial policy, as well as shareholder returns.
- Toward the completion of the Spin-off, we are assuming a scheme based on the application of Act on Strengthening Industrial Competitiveness. If approved, the Board resolution is sufficient to execute the plan, but we will seek shareholders' approval at the Annual General Meeting of shareholders next year, even with change to the 2-way split.
- Before the Annual General Meeting of shareholders, we intend to convene an Extraordinary General Meeting of shareholders to seek shareholder feedback on this plan. The details are still in consideration, and we will notify you once we decide.
- As stated in the open letter disclosed on November 12th, our Strategic Review Committee recommended to the Board after the thorough and robust process, to endorse the management's Spin-off with the seven clear commitments to be taken. We will give you progress updates of these recommendations.

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Spin-off Objectives and Overview

In this section, I will explain the objectives of the Spin-off and provide an overview.

Issues Related to Past Toshiba

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Conglomerate discount attributable to business complexity and slowness in decision-making process

Conglomerate Discount	• Co-existence of two businesses with different business models of infrastructure service and device • Increase in complexity due to the existence of businesses which do not create synergies
Uniformed Capital Allocation	• Uniformed capital allocation which does not incorporate optimal financial profiles and risks related to two distinct businesses
Slowness in Decision-making Process	• Slowness in decision-making process, led by management from different business backgrounds
Limited Choices for Shareholders	• Shareholders who are interested only in individual businesses have no option but invest in Toshiba stock as a whole

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- Based on Strategic Review Committee’s comments, the Board has taken a thorough review of the management of past Toshiba.
- From this process, it was clear that we struggled with the conglomerate discount and slow decision-making processes due to the extremely broad scope of our operations and the resulting organizational complexity.
- Particularly, the co-existence of two business areas with different business models having minimal synergies, made operations extremely complicated and have led to a conglomerate discount.
- Also, we engaged in an uniform capital allocation, which did not incorporate the appropriate financial structure and specific risks involved in each business, making it difficult to achieve optimal capital policy.
- As management members came from different backgrounds, we could not start on the same page with a shared vision when making decisions. This precluded flexible and agile decision-making suited to the business models of each business, leading to slowness in decision-making.
- Finally, as all businesses were managed under a single corporate umbrella, investors interested in any of our businesses had no choice but to invest in Toshiba shares.
- As a result of these 4 hurdles, we have been unable to achieve optimal operational growth and enterprise value creation.

Spin-off Purpose and Objectives

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Eliminate conglomerate discount and achieve sustained, profitable growth and enhance corporate value by the Spin-off

Unlock Value	• Elimination of conglomerate discount • Formulate clear growth strategy optimized for the unique characteristics of each business, including business cycle, market conditions, and capex needs • Identification of core/non-core businesses and externalization plan of non-core businesses
Efficient Capital Allocation Suited to Business	• Focused investment allocation based on medium-to-long-term growth strategy (R&D, CAPEX, M&A, shareholder returns) • Establish robust financial model, and capital structure tailored to operational risks of specific business
Focused & Agile Management	• Establish a management structure equipped with expertise in each business • Consider focused operational and R&D structure to better deal with changing business environment • Pursue strategic alliances with partners with interest in specific business domain
Enhance Choices for Shareholders	• Providing compelling investment opportunities that meet different preferences of shareholders with various goals relating to timing of returns and risk appetite

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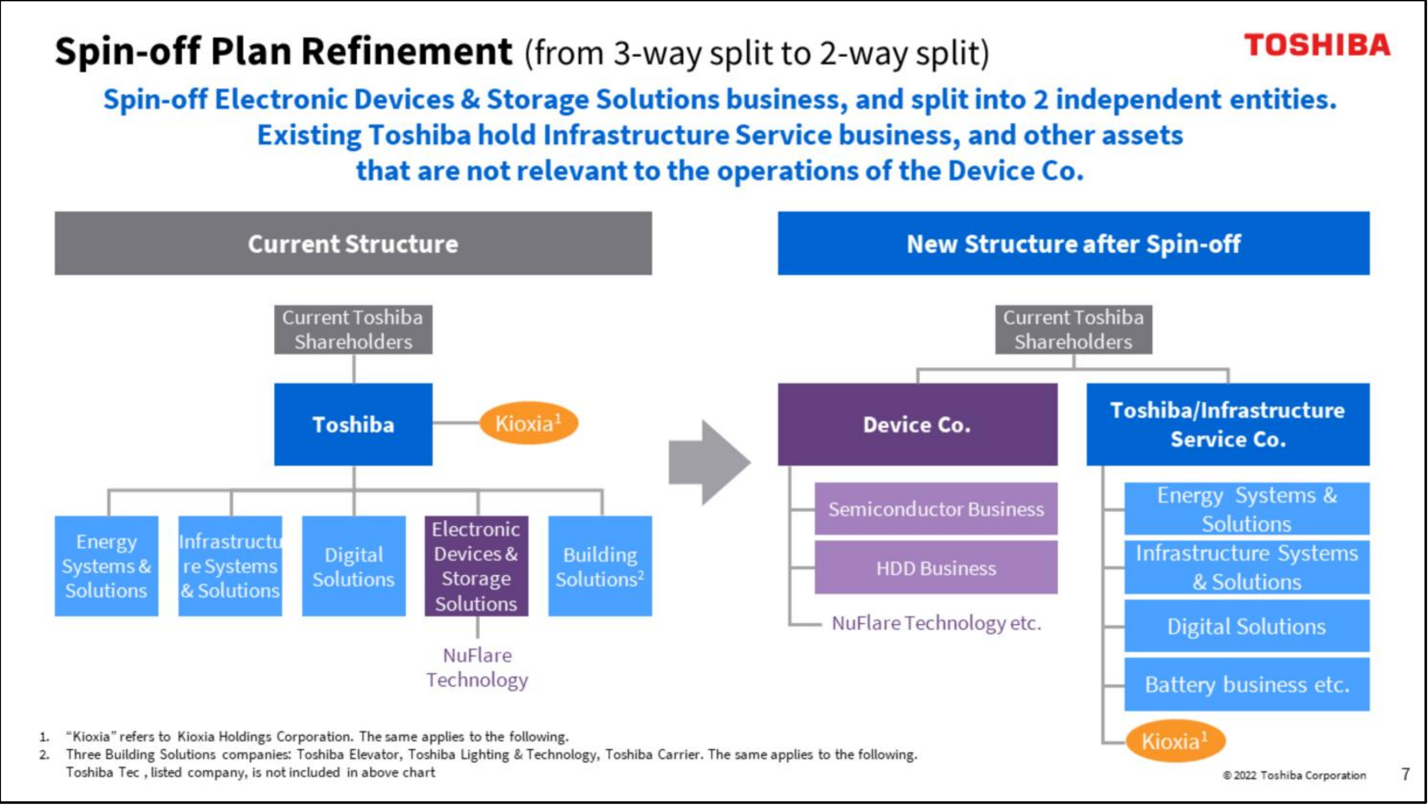
- As explained last November, we are convinced that this Spin-off resolve our current issues, eliminate the conglomerate discount, and also allows us to pursue sustainable and profitable growth and enterprise value creation.
- Once again, I would like to take this opportunity to explain the vision for this Spin-off.
- First, the Spin-off will allow us to unlock the true enterprise value by formulating clear growth and investment strategies suited to the business cycle, market condition, and capex requirements of each company, thereby eliminating the conglomerate discount. We also implemented a comprehensive review of our business portfolio, leading to the identification of core and non-core businesses and a plan to externalize the non-core businesses. Details will be explained in Section 3.
- Next, separation allows each company to tailor capital allocation plans for R&D, capex, and M&A needs, and establish shareholder return policies based on the medium-to-long-term growth strategies. We will provide a detailed explanation of the optimal financial structures and capital structures of each company after the Spin-off in Section 4.
- By breaking down the current complex organizational structure through the Spin-off, the management of each company will be comprised of experts with ample experience in each business. It will also enable more agile and flexible operations suited to the business characteristics of each. In addition, it will make it easier to recruit external people. A streamlining of the management structure will also make it easier to facilitate strategic alliances with partners interested in a specific business domain.
- The Spin-off will also allow us to create investment opportunities suited to the risk-return profiles of each investor, providing more options for potential shareholders.



- Unlike the 3-way split announced in November, this Spin-off will lead to a split into two companies.
- Specifically, the Device-related business will be spun off to create two entities. Toshiba will engage in Infrastructure Service businesses and manage assets and liabilities which are unrelated to Device businesses.
- Thus, the Infrastructure Service business will not be spun off.

Rationale for Refinement from 3-way Split to 2-way Split

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Through continued review of the strategic reorganization plan, determined that the 2-way split was the optimal plan

- Elimination of uncertainty around Toshiba's listing
- Ensuring the feasibility of creating disciplined governance structure by reducing to two managements
- Significant reduction of separation cost
- Reduction of workload related to listing review
- Securing financial soundness
- Easier to pursue strategic alliances with potential partners

In order to keep the policy on Kioxia shares as aimed in the 3-way split with the 2-way split, we plan to put forward the shareholder resolution outlining the policy for Kioxia shares at the upcoming EGM

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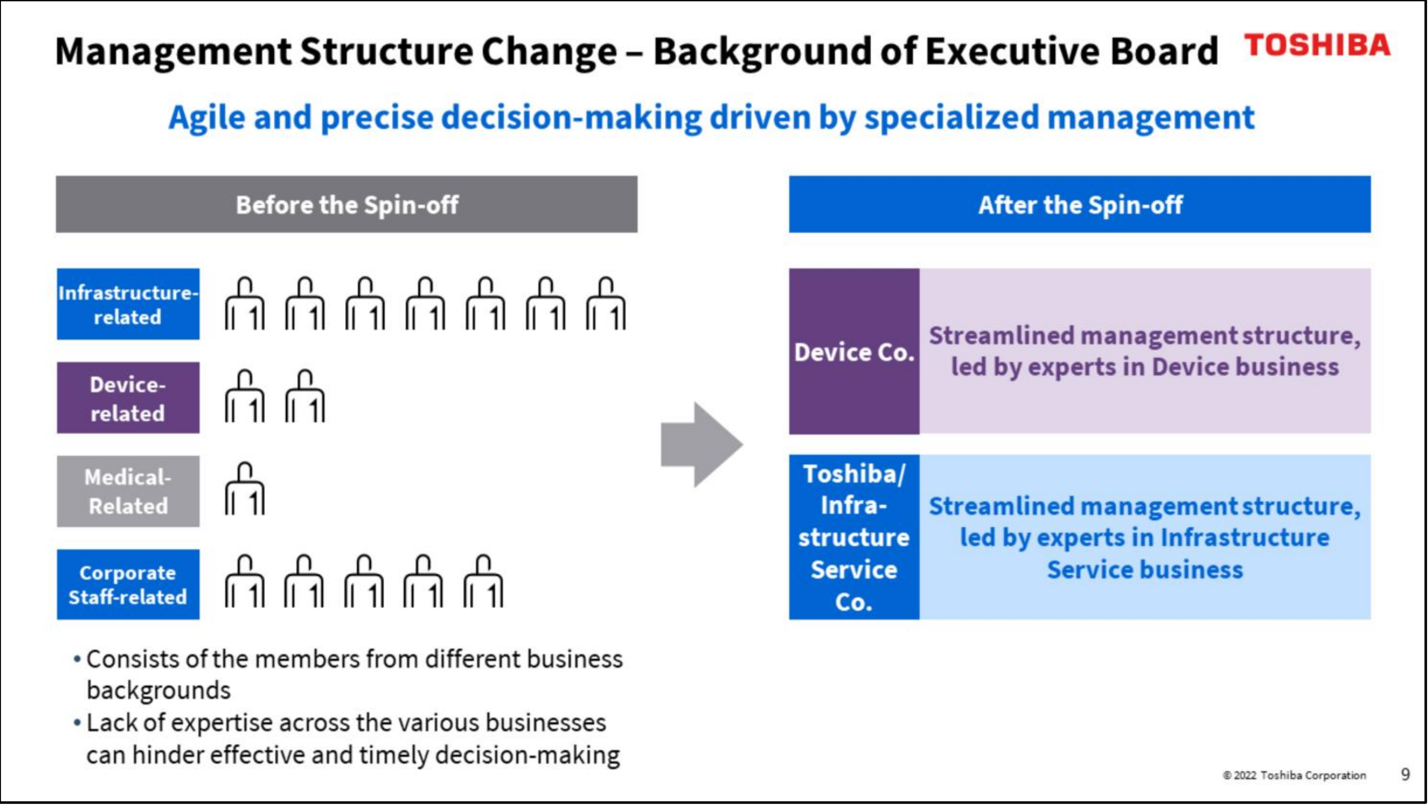
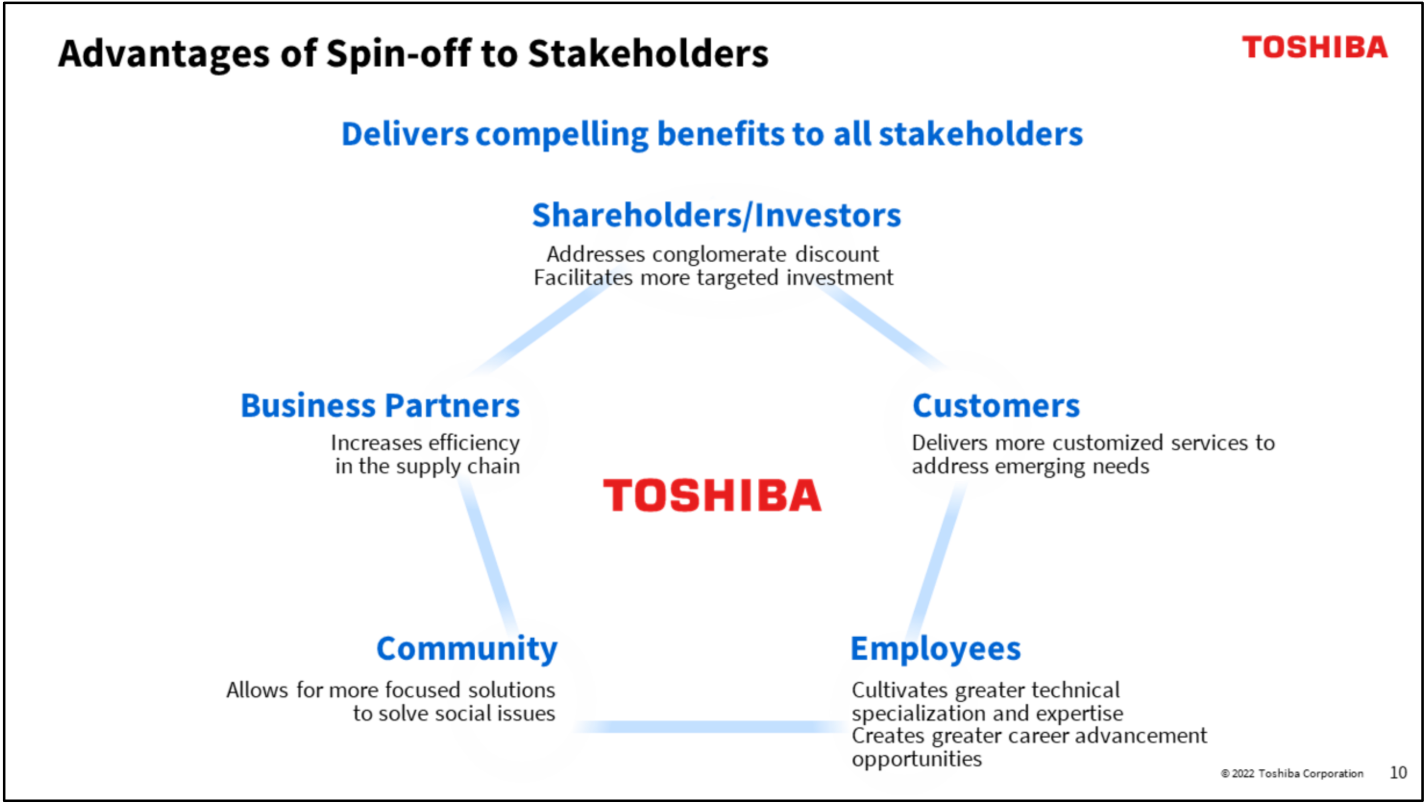
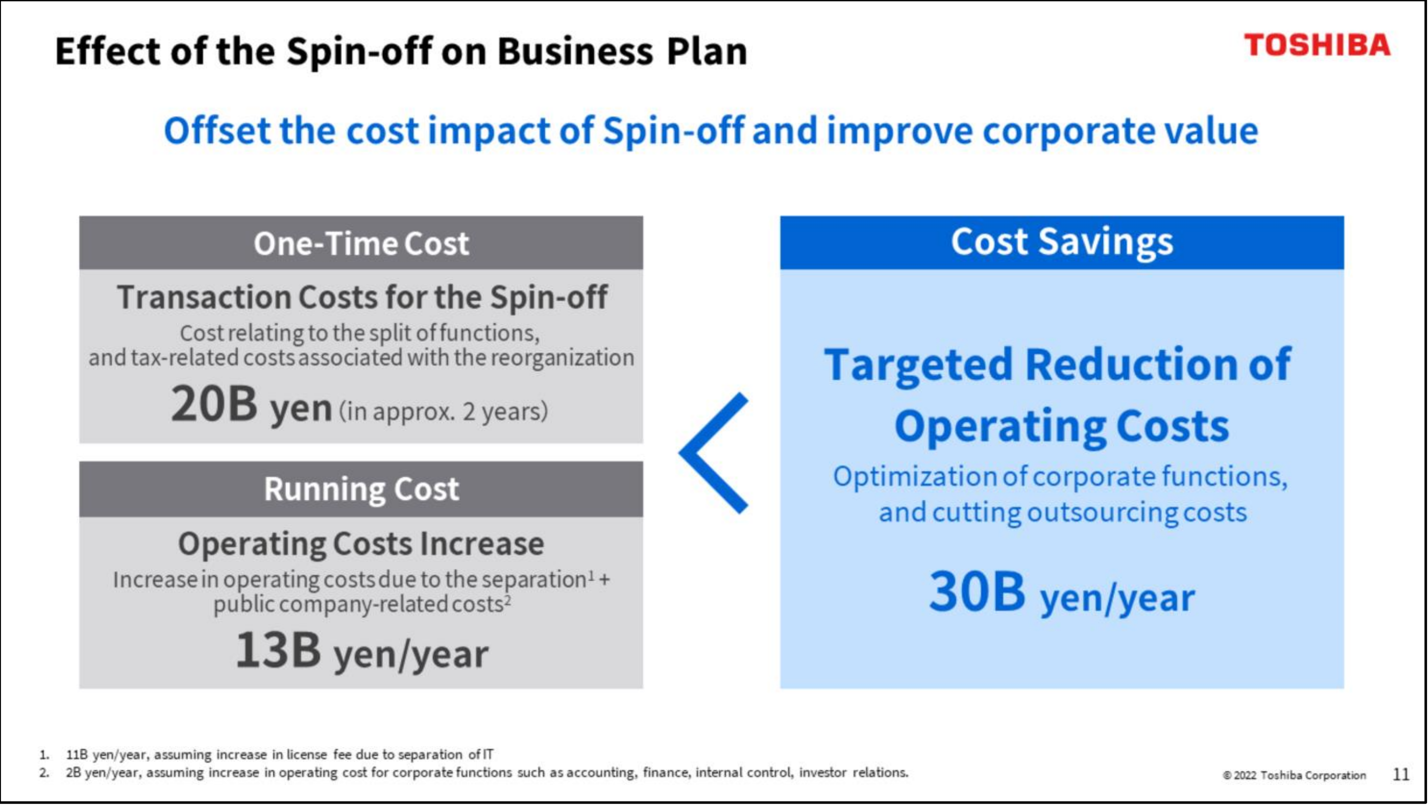
- While making an announcement in November, through consultation and dialogue with shareholders and relevant parties, we have concluded that a 2-way split was preferable to a 3-way split for stakeholders including shareholders.
- First, compared to 3-way split, the 2-way split allows us for a more stable financial base, eliminating uncertainties about maintaining Toshiba's stock listing.
- The 2-way split also makes it easier to establish a strong, disciplined governance structure, by reducing the required number of management structures
- It turned out that separation costs associated with a 3-way split were larger than we had estimated, which can be reduced to about 20 billion yen in a 2-way split.
- The operational burden of listing review can also be reduced significantly as only 1 company would need to be listed, instead of 2.
- As we stated before, a 2-way split creating appropriate financial profiles for both companies will enable each business to operate with a relatively stable financial base, compared to a 3-way split where we need to leave Toshiba entity independent without business operation but remain holding liabilities.
- Finally, it will be easier for the two focused companies to find collaboration partners that align to their specific interests.
- In order to keep the policy on Kioxia shares with the 2-way split, we plan to put forward a shareholder resolution outlining the policy for Kioxia shares at the upcoming EGM.



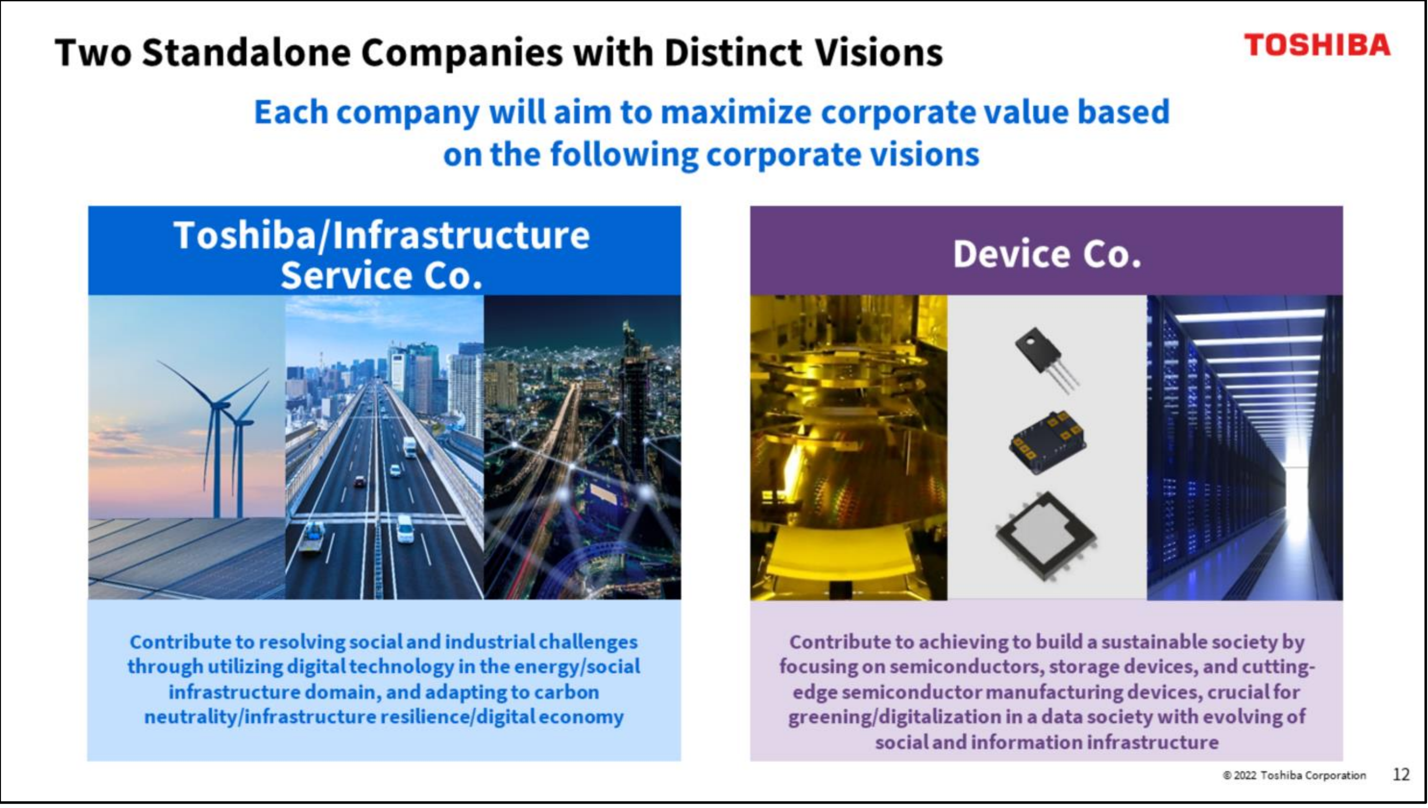
- I would like to provide more detail on the change in the management structure that will result from the Spin-off.
- Before the Spin-off, management members came from different backgrounds and were cautious about engaging in areas outside of their expertise, making it difficult to collaborate and share new ideas as part of the decision-making process.
- However, following the Spin-off, we believe that decision-making will become more agile by having management focus on their areas of expertise.



- The management team and the board of directors are confident that this strategic reorganization is the best way to improve the competitiveness of each business, achieve sustainable and profitable growth, and ultimately maximize stakeholder value.
- We will aim to unlock shareholder value by building management teams with strong expertise to focus on their areas of strength.
- We will also provide innovative services and solutions, which meet customers' ever-changing needs.
- By becoming more competitive, our employees will have greater opportunities for their personal growth in specialized areas.
- We also aim to benefit society as a whole by achieving carbon neutrality and a resilient social infrastructure.



- I would like to explain about how the Spin-off affects the business plan. We believe there will be no impact on the business plan.
- We look to offset the separation and additional operating costs with the cost savings that we expect to achieve.
- Furthermore, we believe that we can reliably execute business plans of Toshiba/Infrastructure Service Co. and Device Co., and improve enterprise values.
- First, please allow me to discuss the incurred costs due to this Spin-off. Please look at the left side.
- Spin-off involves so-called separation costs, such as the cost of separating IT, staffing and other functions, as well as tax costs. We expect to incur a total of 20 billion yen over the next two years
- We estimate the running cost to increase by about 13 billion yen / year. The primary factors include licensing cost to separate the IT system, and a cost to maintain corporate functions as listed companies.
- Next, I will discuss the reduction of business operation costs. Please see the chart on the right.
- Toshiba/Infrastructure service Co. and Device Co. will improve efficiency of corporate functions and decrease outsourcing expenses, and we aim to reduce annual cost by 30 billion yen.
- By offsetting the increased and decreased costs, it is assumed that there will be no impact to the business plan.
- Moreover, we intend to execute our business plans with greater certainty by enabling management decision that better address respective characteristics of Toshiba/Infrastructure Service Co. and Device Co. and by providing greater degree of freedom.



- Each new company will aim to maximize corporate value based on the respective visions.
- Toshiba/Infrastructure Service Co. considers realization of carbon neutrality and resilient social infrastructure as key social challenges, which need to be resolved. The energy, social infrastructure, and digital businesses will work as one to leverage digitalization technology in addition to the experience, know-how and technological capabilities accumulated to date through existing operations to help address industrial and social challenges in a new era that is fast transforming itself into a circular economy.
- Device Co. will focus on semiconductors, storage, and cutting-edge semiconductor manufacturing equipment, which are indispensable for greener and digitalized data society where social and IT infrastructures continue to evolve.

Overview of Each Business after Spin-off

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Employees and offices to be allocated between the two companies

As of Sep. 2021

		Toshiba/ Infrastructure Service Co.[1]	Device Co.
Employees (approx.)	Domestic	41,000	11,000
	Overseas	9,000	15,000
Subsidiaries	Domestic	68	14
	Overseas	78	18

1. Consolidated figure. Toshiba Tec, Toshiba Lighting & Technology, Toshiba Elevator, Toshiba Carrier and their subsidiaries are not included.

- The following is an overview of the two companies after the Spin-off.
- Toshiba/Infrastructure Service co. will have approximately 41,000 employees in Japan and 9,000 employees overseas, 68 subsidiaries in Japan and 78 subsidiaries overseas. These figures do not include Toshiba Tec, the three Building Solutions companies, and their subsidiaries.
- Device Co. will have approximately 11,000 employees in Japan and 15,000 employees overseas, 14 subsidiaries in Japan and 18 subsidiaries overseas.

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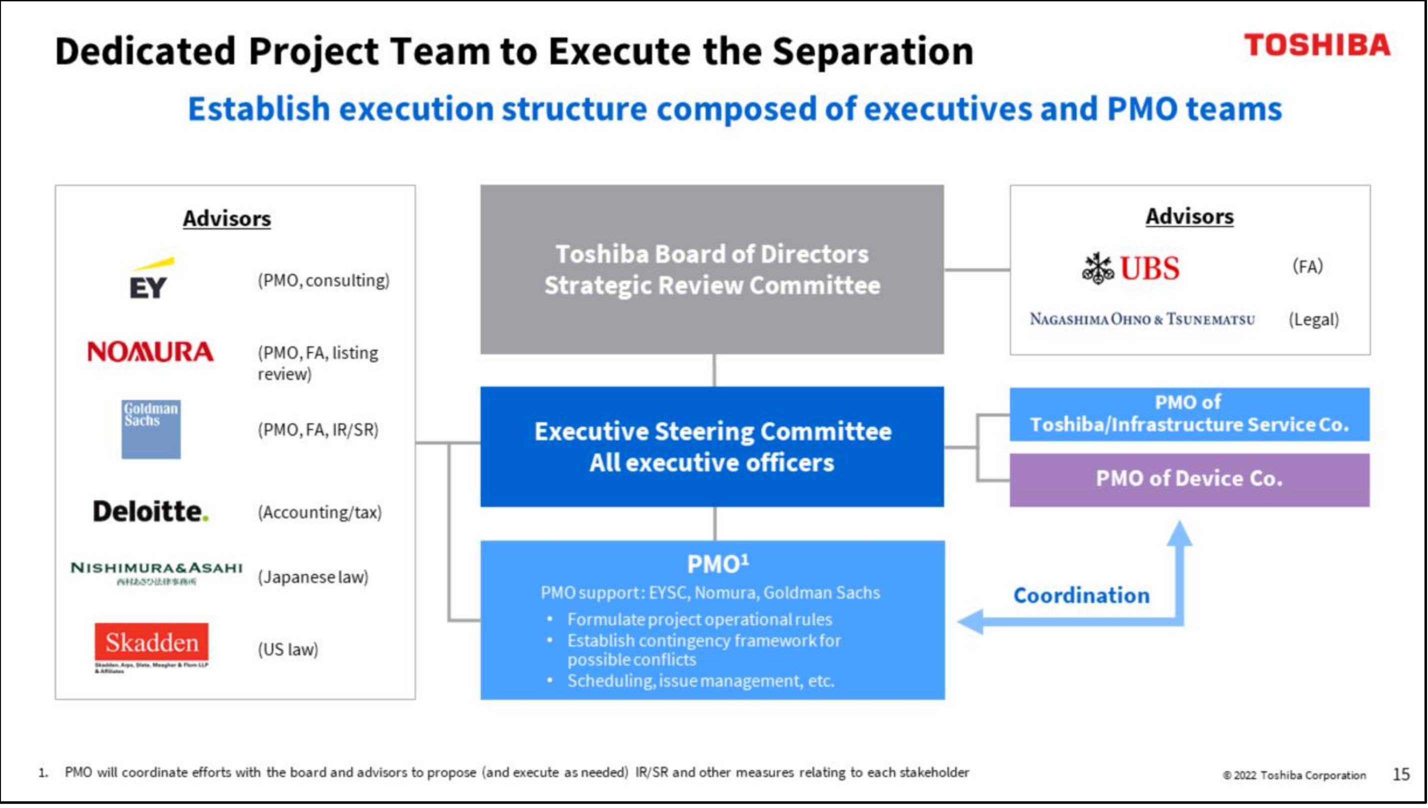
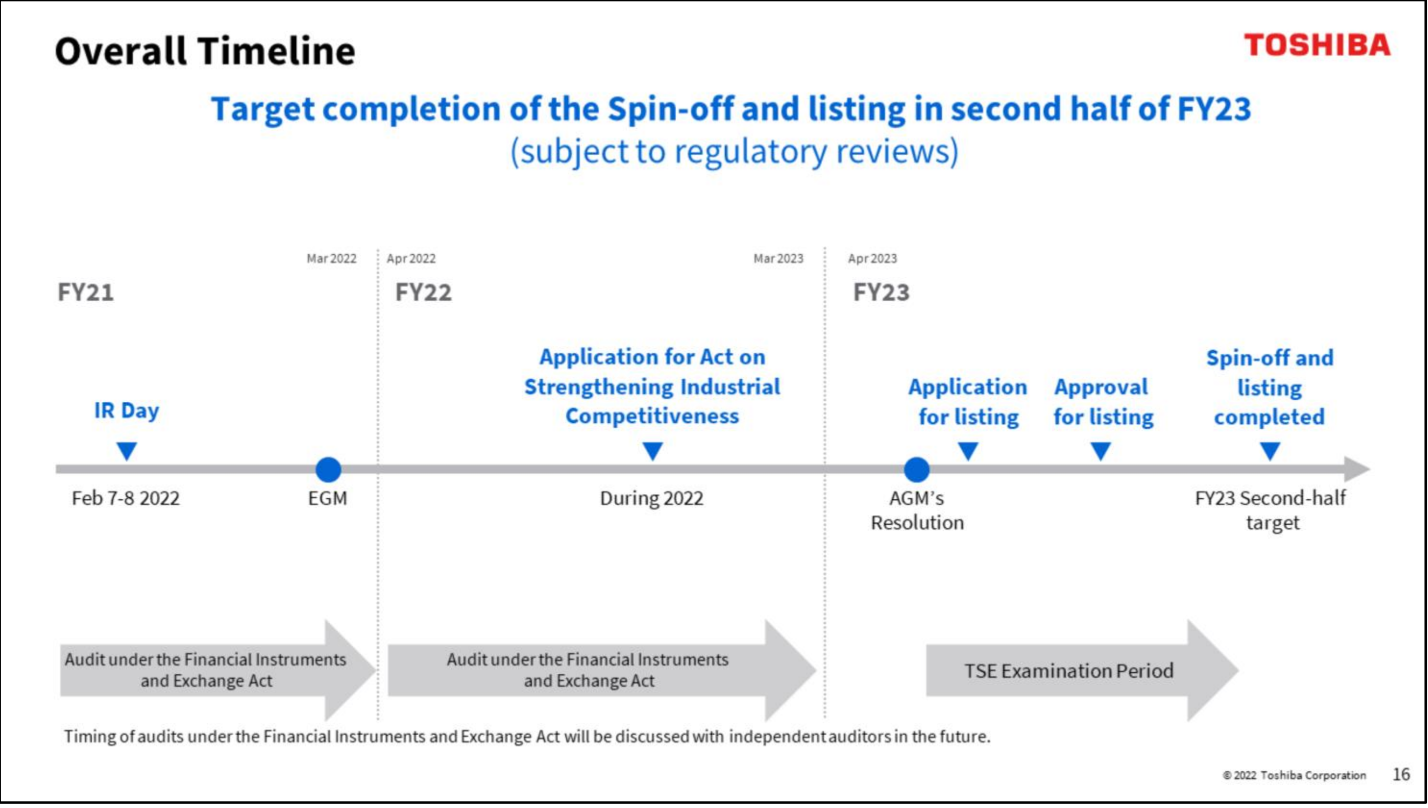
Spin-off Project Team and Timeline

In this section, I will introduce the project teams, a transaction timeline, and the necessary conditions to complete the Spin-off.



- In order to achieve a smooth Spin-off, we will establish a steering committee in management side along with a project management office (“PMO”).
- We will retain an investment bank and law firm to provide advice from an independent perspective under the board’s supervision.
- The steering committee will execute the Spin-off together with the PMOs to be both established in Toshiba/Infrastructure Service Co. and Device Co. As shown on the left, external advisors will also be retained.
- In addition to managing schedules and issues, the PMO will also establish operational rules and a framework for resolving conflicts, should it occur. The PMO will closely coordinate with the board and advisors, as needed, to propose and implement measures regarding various stakeholders including shareholders.



- We expect to complete the Spin-off and the listing in the second half of fiscal year 2023, subject to changes depending on reviews conducted by relevant authorities.
- After this meeting, we will convene an Extraordinary General Meeting of shareholders by the end of March to seek shareholder feedback on this plan. At this point in time, we are planning to obtain majority vote based on voluntary voting, however, we will inform you officially once the decision is made.
- We will file an application under the Act on Strengthening Industrial Competitiveness before the end of fiscal year 2022. During fiscal year 2023, we expect to receive resolution at the Annual General Meeting of shareholders, apply and obtain approval for listing, and complete the Spin-off in the second half of the fiscal year.
- Assuming the application of the Act on Strengthening Industrial Competitiveness, the Spin-off can be executed by a resolution at the Board of Directors, however we are planning to convene an Annual General Meeting of shareholders, for the purpose of securely reflecting the interests of the shareholders. The details of the shareholders' meeting are yet to be determined. As a side note, this point is the same with the 3-way split, and it is not the reason for changing the scheme to the 2-way split, as reported in some media.
- We will also conduct Financial Instruments and Exchange Act audits in parallel.

Conditions for Completing the Spin-off

The following conditions need to be satisfied to complete the Spin-off, requiring close coordination with regulatory authorities and experts

Condition	Approx. Timing
1. Obtain approval of the business restructuring plan pursuant to the Act on Strengthening Industrial Competitiveness	in FY22
2. Obtain shareholders approval for stock distribution	June 2023
3. Establish an adequate internal control system and obtain listing approval from the Stock Exchange at Device Co.	From 2022 until 1H of FY23
4. Procure sufficient equity and operating capital for business operations at Device Co. and Toshiba/Infrastructure Service Co. (in order to meet conditions for smooth transactions with financial institutions, including obtaining investment-grade issuer credit rating)	From 2022 until completion of Spin-off
5. Satisfy requirements for a tax-qualified Spin-off	From 2022 until completion of Spin-off

- In order to complete the Spin-off, various conditions need to be satisfied. We aim to satisfy these conditions by obtaining advice from experts and coordinating closely with the regulatory authorities.
- First, as a matter of procedure, Toshiba intends to obtain approval of the business restructuring plan pursuant to the Act on Strengthening Industrial Competitiveness and subsequently seek shareholders' approval for share distribution of Device Co.. This resolution is planned to be presented at Annual General Meeting of shareholders in June 2023.
- Concurrently, in order to enable the listing of Device Co.'s shares at the same time as the share distribution, it will be necessary to establish an adequate internal control system for the listing of Device Co.'s shares and obtain listing approval.
- Furthermore, in order to carry out the Spin-off, it will be necessary to procure sufficient equity and operating capital for business operations. We also need to obtain an investment-grade issuer credit rating to satisfy the conditions for smooth transactions with financial institutions for Device Co. and Toshiba/Infrastructure Service Co.. These preparatory procedures for the Spin-off will be conducted from 2022 through the time the Spin-off becomes effective.
- Additionally, in order to enjoy tax benefits for the share distribution, the requirements for a tax-qualified Spin-off will need to be satisfied.

Post-Spin-off Structure of Management and Board

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Plan to establish a brand new structure with appropriate management for each company while committed to implement Spin-off plan

Basic Policy	• Elect directors and appoint executives who have deep industry expertise and clear vision for growth • Build a brand new structure which includes external candidates
Next Steps	• Proceed with candidate selection process as a course of implementation of the Spin-off, with an aim of building a new management structure • Board and management teams to be announced in due course
Corporate Structure	• Device Co. will adopt "Company with Three Committees" corporate governance system as same as Toshiba/Infrastructure Service Co.

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- I will explain post-Spin structure of management and board
- As a basic policy, for both Toshiba/Infrastructure Service Co, and Device Co., we will elect executives and directors who have deep industry expertise and clear vision for growth.
- We will proceed with the candidate selection process as we move forward with the Spin-off, which will include external recruiting.
- Finally, Device Co. will also adopt “Company with 3 Committees” corporate governance system for the purpose of rationalizing and optimizing the management by reinforcing the governance.

Initiatives for Research and Development

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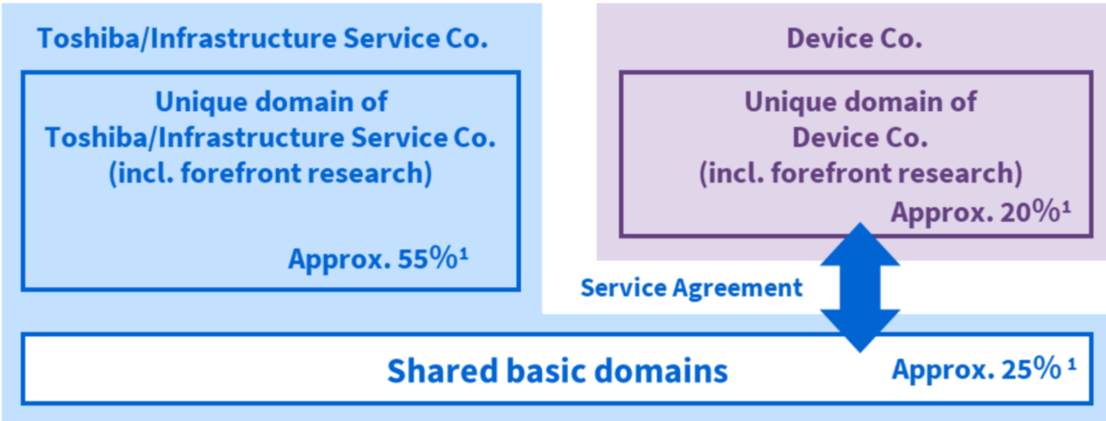
1. Current R&D organization will be divided between Toshiba/Infrastructure Service Co. and Device Co. respectively according to unique domains including basic research
2. Shared basic domains will belong to Toshiba/Infrastructure Service Co., and maintain relationship of co-creation with Device Co. through service agreement



1. The ratio of researchers/all members in each domain.

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- I will explain our R&D structure on this slide.
- Starting with the R&D structure, both Toshiba/Infrastructure Service Co. and Device Co. will have their own comprehensive R&D functions from basic research to commercialization for their respective domains.
- On the other hand, shared basic functions will belong to Toshiba/Infrastructure Service Co., and Device Co. will enter into a contract with Toshiba/Infrastructure Service Co. in order to continue the co-creative relationship to demonstrate the comprehensive strength accumulated to date.
- We plan to assign about 20% of our R&D personnel exclusively to Device Co..

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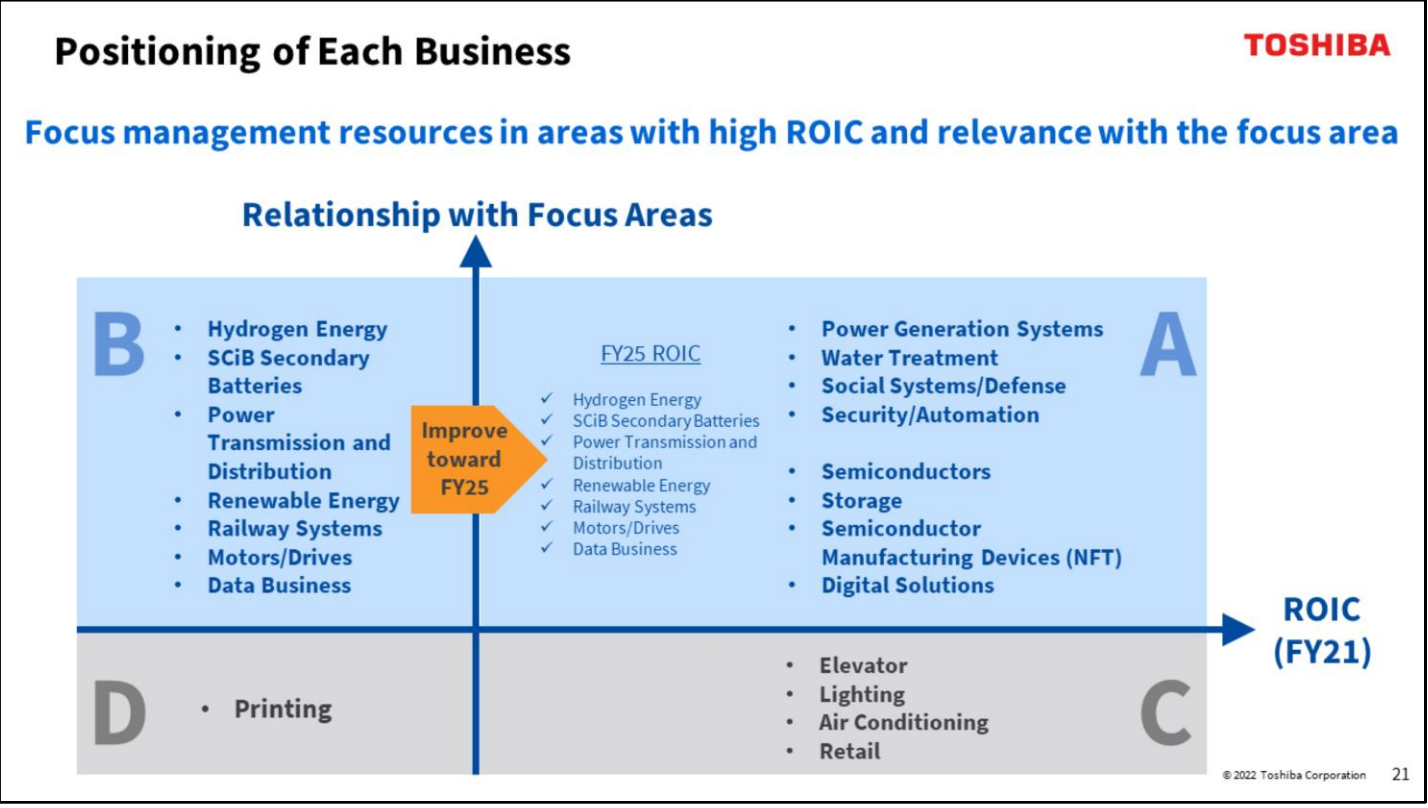
Business Portfolio Evaluation

In this section, I will explain the evaluation of our business portfolio and the actions we are taking around non-core businesses, which will be implemented as a part of efforts to crystallize value through this Spin-off.



- Unlocking value is one of the objectives of this Spin-off. As stated earlier, we have identified core and non-core businesses and decided to externalize our non-core businesses.
- First, I will introduce our approach to the positioning of each business.
- We manage each business based on ROIC to emphasize efficiency of our invested capital. We also created a strategic axis to focus our management resources in areas which allow us to leverage our strengths while helping to address social or client challenges.
- Box A represents our core businesses.
- Many businesses in Box B leverage new technologies and aim to create new opportunities in growing markets. We will commit time and resources in this area to enhance ROIC.
- We decided to position businesses in Boxes C and D as non-core businesses, which are to be externalized.

Non-core Businesses

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	Relationship with Focus Areas	ROIC (FY21)	Direction	Aim
Air Conditioning	Weak	High	Externalization	• Growth in overseas markets
Elevator	Weak	High	Externalization	• Growth in overseas markets
Lighting	Weak	High	Externalization	• Expansion of growing domain
Toshiba Tec	Weak	Retail: High Printing: Low	Work with Toshiba Tec	• Facilitate Toshiba Tec's own mid to long term business plan

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- The non-core businesses are the Air Conditioning, Elevator, Lighting, and Toshiba Tec businesses.
- The applicable business segments are Building Solutions and Retail & Printing Solutions.
- The Air Conditioning, Elevator, and Lighting businesses all recently achieved relatively high ROIC. However, in light of the market conditions and industry structure surrounding these businesses, we decided that pursuing value creation through the introduction of external capital as a majority shareholder would be the best course of action.
- In developing its strategic plan, Toshiba has designated Toshiba Tec Corporation as a non-core business. Toshiba will work with Toshiba Tec in the short term to the extent practical to facilitate Toshiba Tec's own mid- to long-term business plan following this designation.

Strategy for Non-core Businesses

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Decided to crystalize value of Building Solutions businesses through reorganization with partners and external capital injection to realize their growth potentials. Business collaboration with Toshiba/Infrastructure Service Co. will remain

Air Conditioning	• Sales have grown mainly overseas by leveraging its heat pump technology and VRF with high energy conservation capabilities, in coordinated efforts with its JV partner Carrier • We believe that reorganization with Carrier, a close partner with global sales channels, is the optimal strategy amid an expected increase in global demand going forward
Elevator	• Solid client base mainly in Japan, based on its strong long-term reputation for high safety and product quality • We reached the decision that reorganization involving an external party is a viable alternative to strengthen design and manufacturing capabilities aimed at capturing growth opportunities in the domestic renewal market, to adapt to digitalization of maintenance work and BIM[1] technological innovation, and to establish a global production footprint
Lighting	• Profitability has increased in recent years due to structural reforms including the consolidation of production centers and improvements in basic earning power • We are accelerating the shift of technology and sales resources to the UV/Solutions Business, where future growth is expected. We reached the decision that reorganization involving an external party is a viable alternative to further strengthen the earning power of the business
Toshiba Tec	• We will work with Toshiba Tec in the short term to the extent practical to facilitate Toshiba Tec's own mid to long term business plan

1. BIM: Building Information Modeling

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- As stated on this slide, the designated non-core businesses each have their own business strengths and produce stable earnings.
- However, their synergies with our core businesses over in the mid-term plan are low. Leaving them inside our group will limit our overall medium-to-long term growth. In light of the industry structure surrounding these non-core businesses, we believe further growth can be achieved by introducing external capital which can provide proactive support as a majority shareholder.
- The cooperation between Toshiba/Infrastructure Service Co. and those businesses will continue.

Reorganization Schedule

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Retained external advisors to determine path to achieve maximum value in the most efficient time frame, considering unique circumstances at each company such as shareholder agreements with business partners

Air Conditioning	• Entered into the share purchase agreement with Carrier today • Expect closing by the end of September 2022
Elevator	• Commence sell process as soon as possible • Aim to reach definitive agreement during FY22
Lighting	• Commence sell process during this year • Aim to reach definitive agreement during FY22
Toshiba Tec	• Will work with Toshiba Tec in the short term to the extent practical to facilitate Toshiba Tec's own mid to long term business plan

- We intend to quickly and surely implement externalization of the non-core businesses explained thus far.
- With respect to the Air Conditioning business, we have already entered into a share purchase agreement with Carrier on the transfer of Toshiba Carrier shares, as announced today. We aim to achieve closing by September 2022.
- We will also commence externalization processes for the Elevator and Lighting businesses in a timely manner, aiming to reach definitive agreements during fiscal year 2022.
- In order to achieve further growth and further strengthen each business, we will work with outside advisors to introduce external capital which can provide proactive support as a majority shareholder, thereby unlocking the potential value of each business.
- As mentioned, we will work with Toshiba Tec in the short term to the extent practical to facilitate Toshiba Tec's own mid- to long-term business plan.

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Post-Spin-Off Financials

Next, in this section, I will explain the changes in our key financials as a result of the Spin-off, the distributable amount, and the business plans of Toshiba/Infrastructure Service Co. and Device Co..

Shareholder Return

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Shareholder Return Policy

- We will assess appropriate capital level on a regular basis, and return excess capital to shareholders including share repurchase* additional to ordinary dividend
- Expected shareholder return amount is **300B yen** in the next 2 years (including proceeds from externalization of non-core businesses), on a condition of smooth execution of the business plan
- Through the refinement of the Spin-off plan, we revised our initial assumption of 100B yen that was announced last November
- We have executed additional large-scale shareholder return in the past as well

November 7, 2019
Completed share repurchase of
700B yen

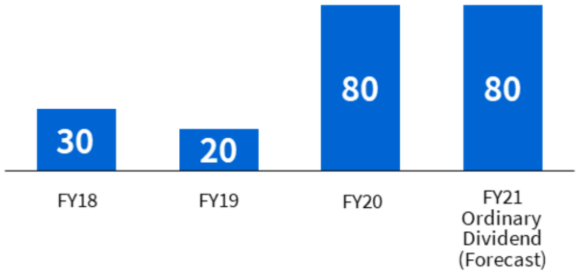
June 30, 2021 (basis date)
Paid special dividend of
100 yen per share, totaling 49.9B yen

September 9, 2021
Completed share repurchase of
100B yen

Ordinary Dividend

- Increasing dividend payout in a stable and continuous way through our basic policy of targeting an average consolidated dividend payout ratio of at least 30%

Dividends per Share (in yen)



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

- Toshiba has a proven track record of creating and returning value to shareholders.
- In addition to ordinary dividend, our policy is to return a portion of capital to our shareholders including share repurchases while retaining an appropriate level of capital.
- Based on smooth execution of the business plan that we explain today and tomorrow, we expect shareholder return of 300 billion yen over the next two years. This includes sale proceeds from externalization of non-core businesses. We increased the amount from 100 billion yen announced last November, after the refinement of the Spin-off plan
- In the past, we repurchased 700 billion yen in November 2019 and another 100 billion yen in September 2021. Also, we paid approximately 50 billion yen of special dividend to the shareholders recorded as of June 30th, 2021.
- Regarding ordinary dividend, based on the target payout ratio of 30% as committed, over the last four years, we have steadily increased our dividend payment from 30 yen per share in fiscal year 2018 to an expected 80 yen per share in fiscal year 2021.
- From next slide, Mr. Hirata, our CFO, will explain.

Key Financials of Two Companies and Capital Policy

TOSHIBA

(Unit: 100 million yen)

Key Financials

	Pre-separation (Core business・March/FY23)	Post-separation: Toshiba/ Infrastructure Service Co.	Post-separation: Toshiba/Infra-structure Service Co. (excluding Kioxia)	Post-separation: Device Co.
Consolidated P/L[2]				
Revenue	23,100	15,400	15,400	8,600
EBITDA	2,100	1,220	1,220	880
Margin	*9.1 %*	*7.9 %*	*7.9 %*	*10.2 %*
Consolidated B/S				
Total Assets	29,500	22,600	19,400	6,900
Common Equity	9,900	7,400	4,200	2,500
Equity Ratio	*33.6 %*	① *32.7 %*	*21.6 %*	③ *36.2 %*
Net Debt	1,900	2,500	2,500	▲600
Net D/EBITDA	*0.9 x*	② *2.0 x*	*2.0 x*	④ *▲0.7 x*
Net D/E	*0.2 x*	*0.3 x*	*0.6 x*	*▲0.2 x*
Non-consolidated B/S				
Net Asset				
Distributable Amount	*3,900*	*2,100*		

Capital Policy

Toshiba/Infrastructure Service Co.

- Aim for investment grade rating[1]
- With a target of Net D/EBITDA=**1.5x**, capital allocation, further growth investment and shareholder return will be made by utilizing appropriate use of leverage
- Maintain dividend payout ratio of **30%** or above
- As of FY3/2023 post-separation:
  - Equity Ratio= Approx. **33%(22% excl. Kioxia)** ①
  - Net D/EBITDA=**2.0x** ②
    Assume to improve to the level of 1.5x in FY3/2025

DeviceCo.

- Aim for investment grade rating[1]
- Maintain net cash position and prioritize growth investment. Excess FCF to be returned to shareholders through flexible share repurchase
- Maintain dividend payout ratio of **30%** or above
- As of FY3/2023 post-separation:
  - Equity Ratio= Approx. **36%** ③
  - Maintain net cash position ④

1. Preliminary assumption which requires further/detailed discussions with credit rating agencies/lenders.
2. For the purpose of showing the consolidated B/S metrics, the P/L of non-core business is excluded for one year regardless of the timing of externalization

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- We are showing here, key financial figures of the two companies before and after the Spin-off. Please note that externalization of our non-core businesses is incorporated in these figures. The gray portion on the left shows the pre-Spin-off figures, and on the right, figures allocated to Toshiba/Infrastructure Service Co. and Device Co. are shown. We also provide Toshiba/Infrastructure Service Co. figures excluding Kioxia for your reference.
- As our capital and financial policy, we intend to obtain at the minimum investment grade rating. Toshiba/Infrastructure Service Co. aims to achieve the target Net Debt / EBITDA of 1.5x, which was expanded from the previous 1.0x. We intend to further invest for growth and increase shareholder returns by revisiting capital allocation assuming an appropriate use of leverage.
- Device Co. aims to maintain a certain level of capital with a net cash position to prepare for timely growth investment.
- Key capital policy indicators are shown in the box on the slide. At the fiscal year-end before the separation, the leverage (Net Debt/EBITDA) of Toshiba/Infrastructure Service Co. exceeds the target of 1.5x, but will converge to 1.5x in fiscal year 2024.

Overview of the Distributable Amount

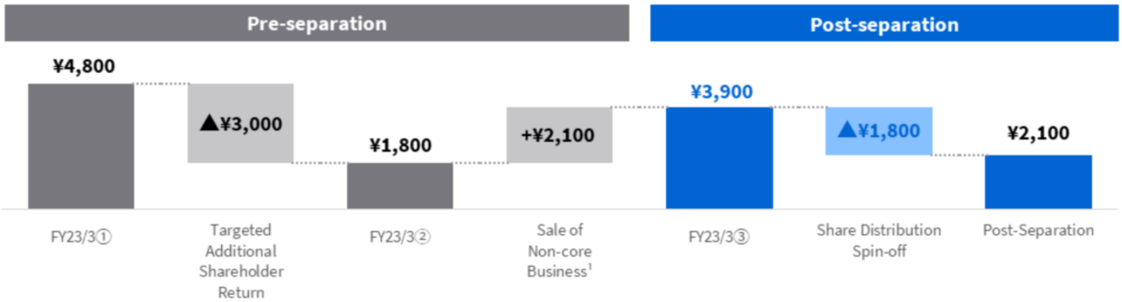
TOSHIBA

Need to comply with distributable amount restrictions regulated by corporate law in addition to maintaining consolidated financial soundness. Spin-off itself needs distribution to the shareholders

Regulations relating to Distributable Amount

- Shareholder returns provided through dividends and share repurchases cannot exceed the distributable amount as of the effective date
- Distributable amount is based on **capital surplus from non-consolidated B/S**
  - **<Additions> Other capital surplus, other earnings surplus**
  - <Not added> Paid-in capital, capital reserves, earnings reserves, treasury shares, other (valuation and translation adjustments, book value of stock acquisition rights, etc.)
- Possible to reclassify paid-in capital or reserves as surplus, but a shareholders' resolution and creditor objection procedures are required

Estimated Distributable Amount (in 100 million yen)



1. The number is based on the current estimate of the sale proceeds and is subject to change.

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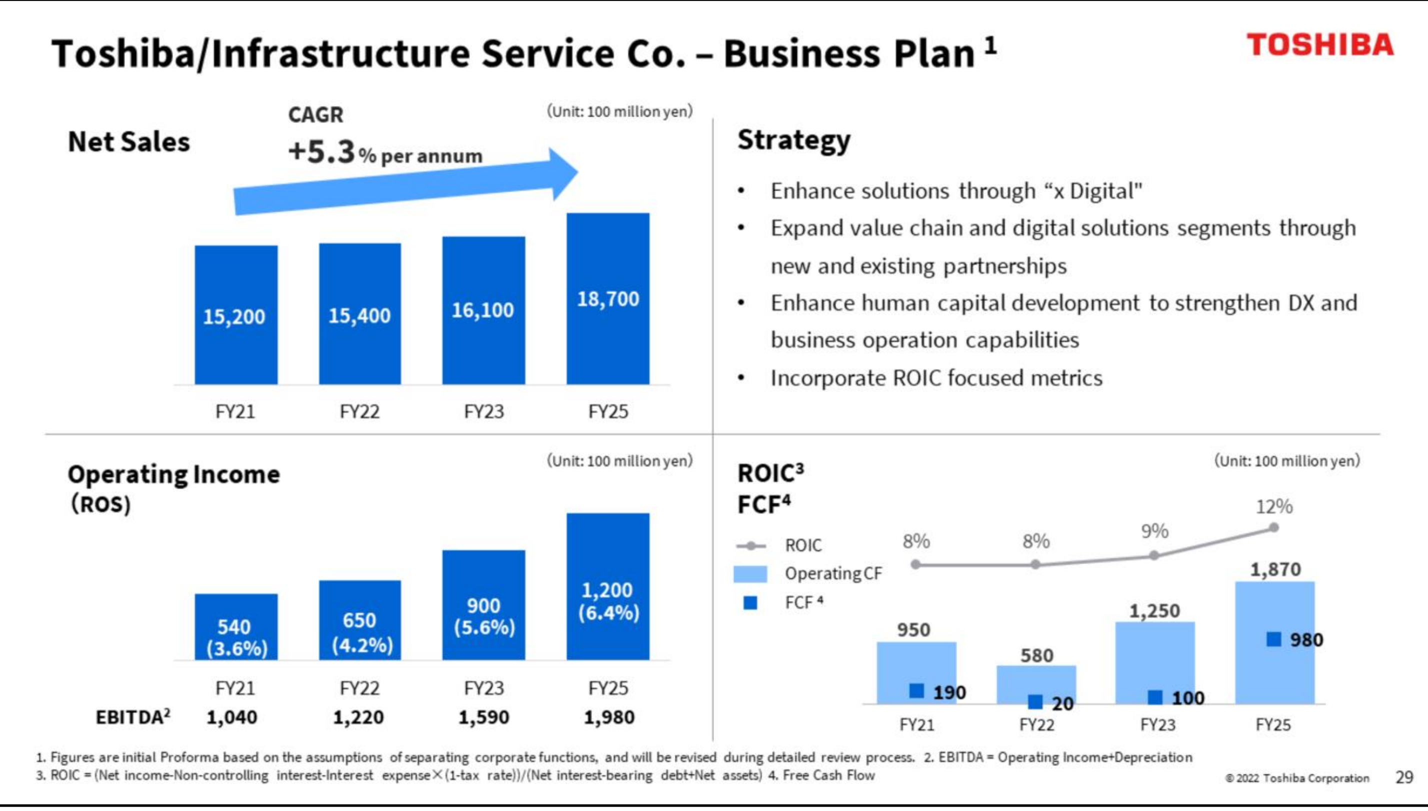
- While this is a technical issue, I would like to explain the distributable amount, which is the upper limit for distributions under corporate law. As stated in the upper half, shareholder returns through dividends and share repurchases cannot exceed the distributable amount as of the effective date of such actions.
- The lower half shows the change in the distributable amount after the Spin-off. Distributable amount as of fiscal year March 2023 is estimated to be 480 billion yen based on the ordinary income, dividend payout plan, and additional returns within the group (upstream) ahead of the Spin-off. Factoring in 300 billion yen of additional shareholder return and sale of non-core businesses, the pro forma figure is up to be 390 billion yen. The distributable amount is calculated to be 210 billion yen after the separation, since 180 billion yen will be consumed by the share distribution spin-off.



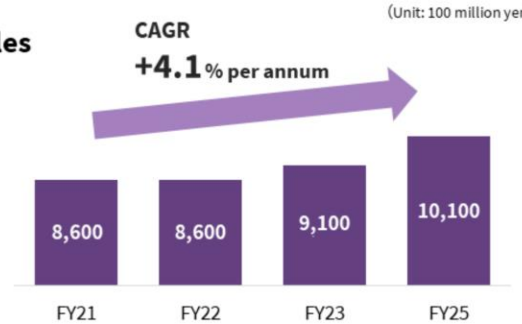
- We will provide detailed explanation on the business plans of Toshiba/Infrastructure Service Co. and Device Co. tomorrow, so I will just show you the summary today.
- Toshiba/Infrastructure Service Co. aims to grow steadily while tackling social challenges such as carbon neutrality and a resilient social infrastructure.
- We expect an annual topline growth of 5.3% from 1.52 trillion yen in fiscal year 2021, increasing to 1.87 trillion yen in fiscal year 2025.
- With regards to operating margin, we plan to reach the level of 5% in fiscal year 2023 by offsetting the Spin-off costs with SG&A reductions, and intend to expand after the completion of the Spin-off.
- We expect steady improvement of free cash flow and plan to achieve ROIC of 12% by fiscal year 2025.

Device Co. – Business Plan[1]

TOSHIBA

Net Sales

(Unit: 100 million yen)

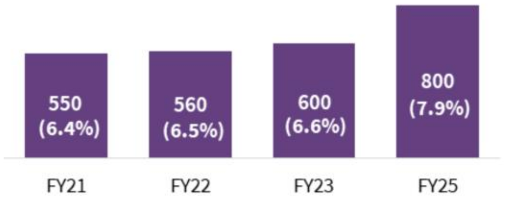


Strategy

- Power Semiconductors: CAPEX mainly towards 300mm Line
  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)

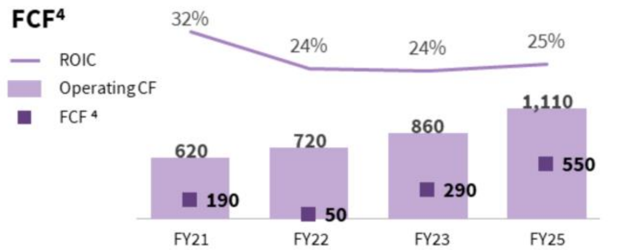
(Unit: 100 million yen)



	FY21	FY22	FY23	FY25
EBITDA[2]	770	880	980	1,250

ROIC[3] FCF[4]

(Unit: 100 million yen)



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

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- For Device Co., we expect topline growth from 860 billion yen in fiscal year 2021, rising to over 1 trillion yen in fiscal year 2025.
- We are planning large capital expenditure in response to the high demand, which will lead to increased operating income towards fiscal year 2025.

Capital Resources Allocation – Comparison of Actual and Projection

TOSHIBA

(unit: 100 million yen)

		FY16-20 Cumulative (Actual)	FY21-25 Cumulative (Projection)	Difference
Toshiba/ Infrastructure Service Co.	Capex	2,600	4,000	+1,400
	R&D	3,400	3,900	+500
	Investment and lending	310	1,240	+930
	Total	6,310	9,140	+2,830
Device Co.	Capex	1,500	2,900	+1,400
	R&D	3,000	3,100	+100
	Total	4,500	6,000	+1,500

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- On this slide, we compared Toshiba/Infrastructure Service Co. and Device Co.'s actual capital resource allocation for the past five years, to the next five year projection necessary for growth.
- At Toshiba/Infrastructure Service Co., the total increase is projected to reach approximately 300 billion yen. Device Co., is projected to increase by 150 billion yen.
- By actively investing in the focus areas, which are clarified through the Spin-off plan, we aim to achieve improved growth.

Toshiba Group – Revision of Consolidated Performance Forecast for FY21

TOSHIBA

	Revised Forecast	Previous Forecast	Difference	Key Factors
Net Sales	3.34 T yen	3.35 T yen	-10 B yen	● Shortage of semiconductors ● Impact of COVID-19, and others
Operating Income (ROS%)	155 B yen (4.6%)	170 B yen (5.1%)	-15 B yen (-0.5%)	● In addition to above, surge in prices of raw materials, etc
Non-Operating Income/Loss *	50 B yen	10 B yen	+40 B yen	● Equity income/loss of Kioxia, and others
Profit before Tax *	205 B yen	180 B yen	+25 B yen	
Net Income *	150 B yen	130 B yen	+20 B yen	

* For equity gain/loss of Kioxia in FY21, it is for reference, which only actual performances from Q1-Q3 are included, and the future forecast is not included.

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- I will explain the revised forecast for fiscal year 2021. Although the changes do not require the timely disclosure, this is the basis for our mid-term projection, and it will help your understanding.
- First, the forecasted net sales is 3.34 trillion yen, which is 10 billion yen lower compared to the previous announced figure. This is due to the further shortage of semiconductors in infrastructure services and buildings, and the prolonged impact of COVID-19 in some business areas.
- The forecasted operating income is 155 billion yen, which is 15 billion yen lower compared to the previous announced figure. This is due to the decrease in net sales, as well as the rising price of raw materials.
- On the other hand, we expect a 40 billion yen increase in non-operating income due to the profit from asset sale and reflecting equity income from Kioxia.
- As a result, net income is forecasted to be 150 billion yen, which is an increase of 20 billion yen from the previous forecast.
- That is all from me.

05

Important matters on Toshiba/Infrastructure Service Co.

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In this section, I would like to explain important matters relating to the Spin-off for Toshiba/Infrastructure Service Co..

Toshiba's Rights Related to Kioxia and its Monetization

TOSHIBA

Formally requested Kioxia to conduct an IPO as early as possible

Shareholder Rights and Management Participation

- Voting rights attached to Kioxia shares owned by Toshiba: 40.6% [1]
- Toshiba does not have any rights relating to Kioxia's operations above and beyond those as a shareholder under the Companies Act. There are also no agreements related to management participation including Toshiba veto rights or rights to appoint directors to Kioxia's board

Consideration on Monetization

- Negotiated sale
  - Consent from other shareholders is required
  - Antitrust and foreign capital-related restrictions also apply
- Liens
  - A first lien has already been established on Toshiba's Kioxia shares

1. Toshiba has complete discretion over only 35.32% of voting rights, as voting rights relating to a 5.28% stake owned by Toshiba have been assigned to Innovation Network Corporation of Japan (INCJ). Voting rights were assigned to INCJ, a neutral organization which supports the strengthening of industrial competitiveness, to support Kioxia's operations as an independent entity under a new management structure, providing operational independence while providing Toshiba with dividends and other economic benefits.

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- Toshiba has formally requested Kioxia to conduct an IPO as early as possible.
- However, there are certain restrictions on the monetization of the Kioxia shares held by Toshiba, which I will explain.
- Firstly, although Toshiba owns 40.6% of Kioxia shares, our rights as a shareholder does not extend beyond those granted under the Companies Act. Likewise, the shareholders' agreement with Kioxia does not grant Toshiba contractual veto rights on Kioxia's operations or the right to appoint directors to its board. As Toshiba does not have the ability to participate in the management of Kioxia, we currently do not participate.
- Secondly, in order for Toshiba to transfer the Kioxia shares to a third party, not only would that require consent from the other Kioxia shareholders, but certain restrictions under various laws and regulations could also apply depending on the transferee. This includes antitrust laws and foreign investment regulations.
- Further, a first-ranking bank lien has been established on the Kioxia shares held by Toshiba, the existence of which would also restrict the sale of those Kioxia shares until such lien is lifted upon listing of Kioxia shares.

Efforts Towards Monetization and Return of Kioxia Shares

TOSHIBA

Toshiba/Infrastructure Service Co. plans to consider various ways to monetize Kioxia shares in accordance with the shareholder returns policy announced in November 2021. Net sale proceeds will be returned to Toshiba/Infrastructure Service Co. shareholders of record pursuant to applicable laws

Utilization of loss carryforwards

- The loss carryforward of Toshiba/Infrastructure Service Co. is approx. 300B yen[1] left as of March, 2021. Most of them will remain effective until March, 2029 or March, 2030 after the 10 years exemption period.
- Under tax laws, 50% of taxable income including profit from divestiture can be accounted for as loss carryforwards, creating tax benefit[2]

Confirming the shareholders' opinion

- We plan to put forward a shareholder resolution outlining the policy for Kioxia shares at the upcoming EGM.

- **Various options are being considered to achieve rapid monetization, including an IPO and negotiated sales to third parties**
- **In the event a new stock listing is achieved, existing bank liens will be dissolved and all the substantive[3] sale proceeds at the time of sales will belong to Toshiba**
- **All substantive proceeds will be returned to Toshiba/Infrastructure Service Co. shareholders of record pursuant to applicable laws**

1. Based on consolidated taxation group. (Based on taxable income. Tax merit is calculated as 50% of taxable income multiplied by tax rate)
2. Applied to the entire taxable income, including externalization of non-core businesses which will consume the balance.
3. After tax basis, and after excluding transaction fees, etc. basis

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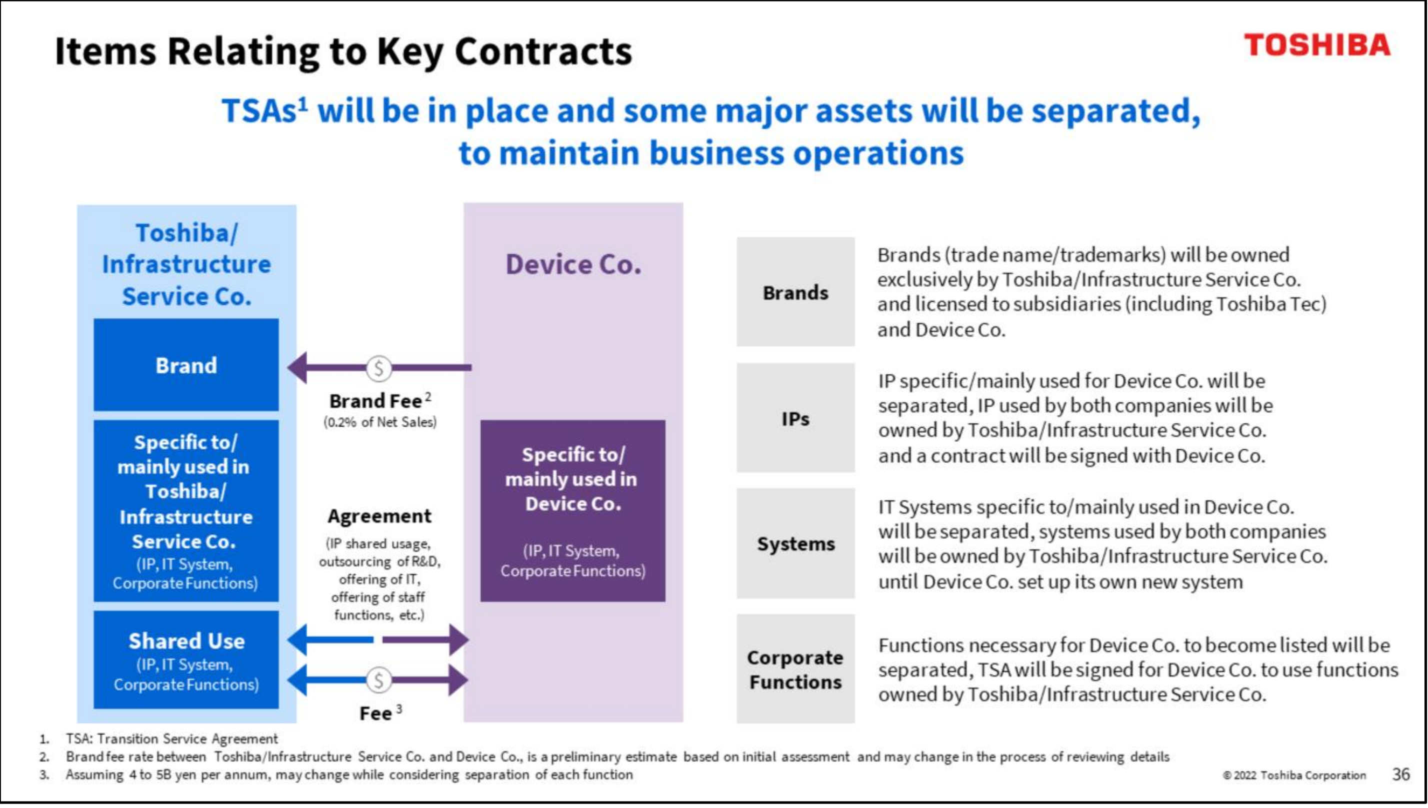
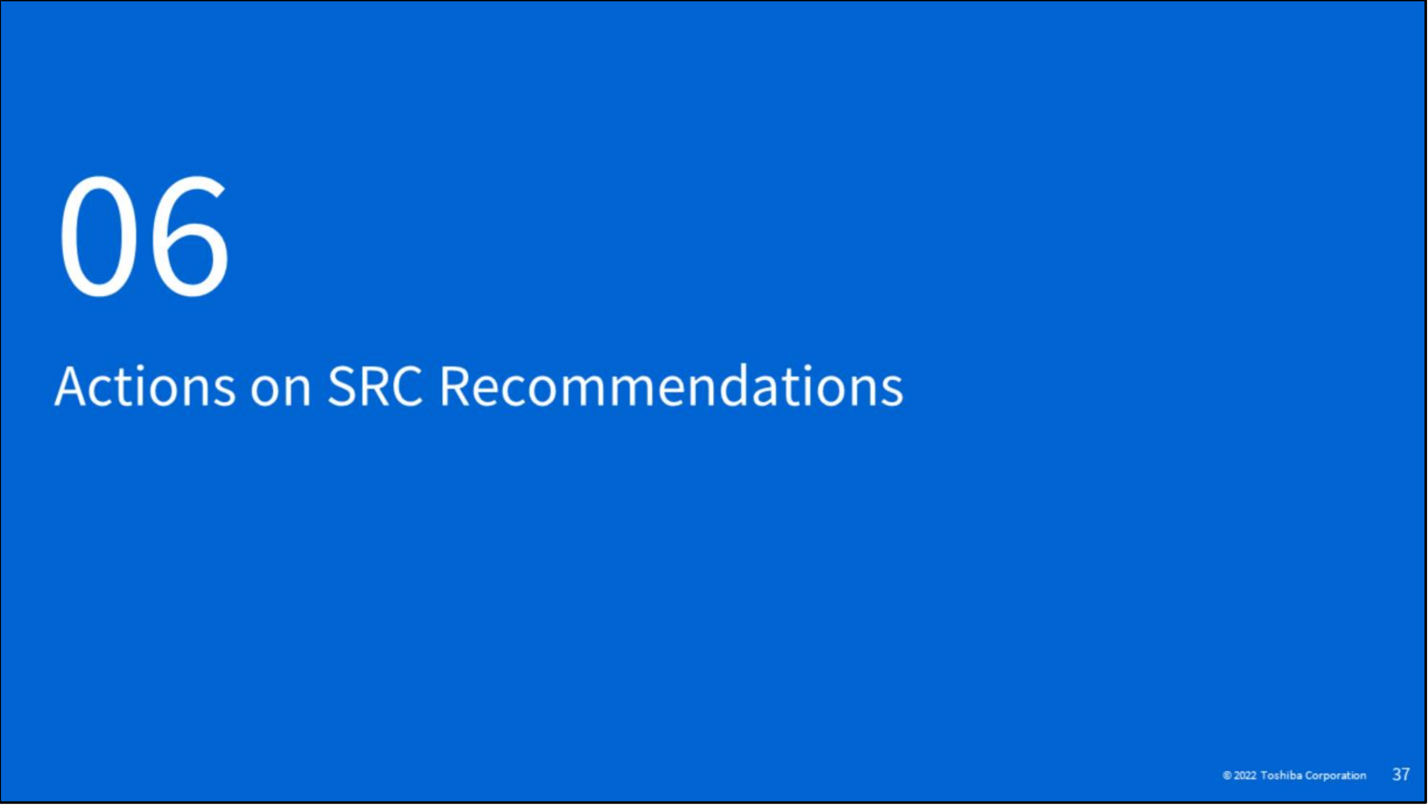
- Although certain restrictions explained before exist, we are considering various options to achieve its shareholder return policy by monetizing the Kioxia shares by working together with other shareholders of Kioxia.
- Upon the sale of the Kioxia shares, Toshiba/Infrastructure Service Co. expects that it will be able to enjoy certain tax benefits by utilizing the loss carried forward.
- The existing creditor liens on the Kioxia shares held by Toshiba will be lifted upon IPO of Kioxia and then the substantive sale proceeds will belong to Toshiba
- In addition, in regards to the shareholder returns after the monetization of the Kioxia shares, as previously mentioned, we intend to return the net sale proceeds in full to Toshiba/Infrastructure Service Co.'s shareholders of record at that time pursuant to applicable laws. In order to enhance our commitment, we plan to put forward the shareholder resolution outlining the policy for the Kioxia shares at the upcoming Extraordinary General Meeting of shareholders.



- After the Spin-off, we will separate the key assets so that the business can be operated as it is now.
- Toshiba/Infrastructure Service Co. will retain sole rights to the brands. Device Co. will pay a brand fee to Toshiba.
- Basically, Toshiba/Infrastructure Service Co. and Device Co. will separate IPs, IT systems, and staff functions that are unique to each company or that can be classified as being used primarily by each company.
- However, those (key assets) that are used jointly will be owned by Toshiba/Infrastructure Service Co.
- A contract will be signed between Toshiba/Infrastructure Service Co. and Device Co. to allow for the joint use of IPs.
- The IT system will remain with Toshiba/Infrastructure Service Co. and Device Co. will pay Toshiba/Infrastructure Service Co. for the use of the system.
- TSAs will be contracted between Toshiba/Infrastructure Service Co. and Device Co., and consideration will be paid to Toshiba/Infrastructure Co. when Device Co. uses staffing functions owned by Toshiba/Infrastructure Service Co..



Finally, I would like to announce our actions taken in response to recommendations from Strategic Review Committee received last November.

Actions Taken in Response to SRC's 7 Recommendations

TOSHIBA

Focused efforts in response to recommendations proposed by SRC in November

	7 Recommendations	Responses	(references)
1	Form Spin-off plan execution team (including external experts)	Established execution and PMO teams (also retained external advisors)	P.15
2	Monetizing Kioxia shares and returning proceeds to shareholders, review of shareholding in Toshiba Tec	Aiming to maximize monetization and shareholder returns from Kioxia shares, in accordance with regulations, etc. We will work with Toshiba Tec in the short term to the extent practical to facilitate Toshiba Tec's own mid to long term business plan	P.35 P.21-24
3	Increase leverage and execute share repurchase	Planning to return capital exceeding the appropriate level based on regular assessment and formulate capital and financial policy based on the appropriate capital structure after the separation	P.26-28
4	Establish appropriate management team at each company	Plan to establish a brand-new management structure with appropriate management for each company	P.18
5	Seek opportunities to partner with potential candidates	Continuing to consider as one of the alternatives	
6	Portfolio review (including sale of businesses) and cost reduction	Identified non-core businesses and will externalize in a timely manner Offset transaction costs for the Spin-off by cost reductions	P.21-24 P.11
7	Strengthen ESG and act on recommendations of the governance reinforcement committee	Measures to prevent recurrence have been formulated based on the report of the committee Pursue carbon neutrality by 2050	Published on Dec. 16, 2021 P.18

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- The first is to form a Spin-off plan execution team. We have established an execution team and a PMO team, and have retained external advisors.
- With respect to the second, we are considering possible alternatives to maximize monetization and shareholder returns from our Kioxia shares. Our strategy around Toshiba Tec was stated earlier.
- The third is to increase leverage and to execute a share repurchase. We plan to return the capital in excess of appropriate capital level based on regular assessment and establish capital and financial policy based on appropriate capital structure of the two split companies.
- With respect to the fourth on creating an appropriate management structure at each company, we are planning to organize new management structures appropriate for each company.
- On the fifth point, we are continuing to seek for opportunities to partner with potential candidates as one of the alternatives.
- We talked about the sixth point, portfolio review including externalization and cost reduction in detail, as part of section 3 of our presentation.
- The seventh is to strengthen ESG and to act on recommendations of the governance reinforcement committee. We have decided on achieving carbon neutrality by 2050 and the measures to prevent recurrence of past issues based on the report of the governance reinforcement committee
- As you can see, we are making solid progress in response to Strategic Review Committee's recommendations to our board of directors and will continue to advance these commitments.

TOSHIBA

- That concludes our presentation.
- Toshiba's Basic Commitment is "Committed for People, Committed to Future." Guided by this Basic Commitment, we will refine the Spin-off plan based on shareholder feedback and intend to firmly execute the plan.
- This decision is to draw our potential that we have accumulated over the years for the purpose of enhancing collective value for all of Toshiba Group's stakeholders.
- Our clients range from individuals to corporations, and their backgrounds, nationalities, and regions are all diverse. Our products and services are distributed from our clients to their clients. The Board of Toshiba is seriously considering the best solution to enhance collective profit for all of our stakeholders.
- As I stated before, this Spin-off plan represents the "Progress of Toshiba's Group to the future".
- I kindly ask for continuous support and understanding from all our stakeholders including our shareholders.

Thank you for your attention.

(Note: The transcript reflects the correction made during the briefing)

Appendix

Distributable Amount (as of March 2021)

TOSHIBA

(Unit : 100 million yen)

Distributable Amount and Consolidated/ Non-consolidated Difference

	Consolidated	Non-consolidated	Difference
Common Stock	2,006	2,006	0
Additional paid in capital	2	6	-4
Legal reserve	246	31	215
Retained earnings (A)	**11,025**	**5,000**	**6,025**
Accumulated other comprehensive loss	-1,583	66	-1,649
Treasury stock at cost (B)	**-51**	**-50**	**-1**
Shareholders' Equity	11,645	7,059	4,586
Distributable amount (A+B)		**4,950**	

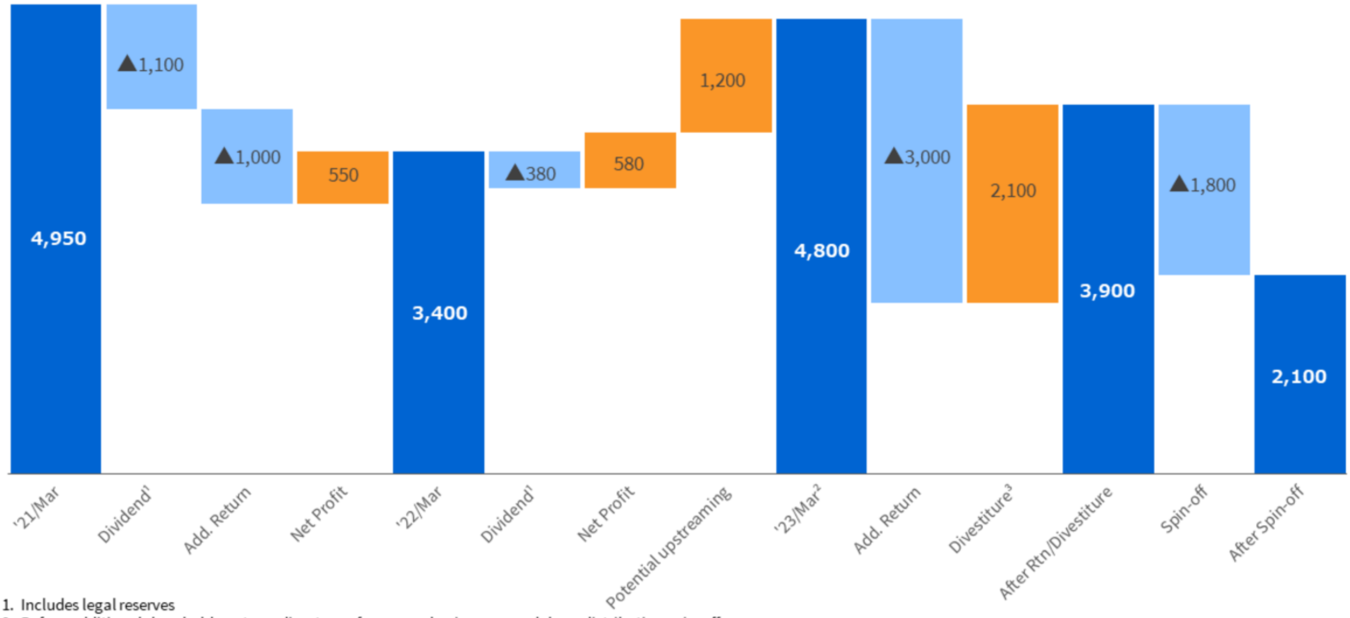
Consolidated/ Non-consolidated Difference in Retained Earnings

Retained Earnings in Subsidiaries	1,909	■ Netted retained earnings of subsidiaries both in surplus and in deficit ■ Dividends within the group of approx. 130B yen to be paid in the following fiscal year
Valuation Difference for Kioxia	2,665	■ In consolidation accounting, the re-investment amount of 350.5B yen was recognized straightforwardly as investment in equity method affiliate ■ In non-consolidated accounting, the re-investment was recognized as investment continued from establishment of Toshiba Memory Inc., resulted in the cancellation of gain on sale and the devaluation to 84.0B yen
Other Consolidation Adjustments	1,451	■ Reversal entry of impairment losses on investment of subsidiaries between consolidated and non-consolidated accounting
Total (in 100million yen)	**6,025**	

Actual and Projected Distributable Amount (Non-consolidated)

TOSHIBA

(Unit : 100 million yen)



1. Includes legal reserves
2. Before additional shareholder return, divesture of non-core businesses, and share distribution spin-off
3. Includes reversal of double-counted potential upstreaming (1,200)