

## **TOSHIBA Announces Strategic Reorganization of the Group—No Immediate Impact on Rating; JCR Will Monitor Future Development**

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the strategic reorganization of the Group of TOSHIBA CORPORATION (security code: 6502).

- (1) TOSHIBA CORPORATION (the “Company”) announced on November 12 the strategic reorganization of the Group. The Group's two core businesses, Energy & Infrastructure and Devices & Storage, will be spun off as newly listed companies and reorganized into three standalone companies. The Company's shareholders will become shareholders of each of the three companies. The Company aims to complete the spin-off and listing in the second half of the fiscal year ending March 2024, subject to approval at the Company's general shareholders' meeting and the completion of necessary procedures, including the fulfillment of all review requirements of the relevant authorities. The Company will continue to hold its shares in Kioxia Holdings Corporation (Kioxia) and Toshiba Tec Corporation, as well as certain other assets and liabilities. The Company intends to monetize shares in Kioxia 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 intended spin-off.
- (2) JCR determines the rating with an outlook of about three years, and the planned completion of this transaction falls within that period. However, there are certain hurdles to the realization of the reorganization, including an approval at the Company's annual general meeting of shareholders in 2023, and JCR believes that it is difficult to estimate the possibility of its realization at this time. Therefore, the announcement of the reorganization will not have an immediate impact on the rating. On the other hand, if the reorganization is realized, the Company, the surviving company, will lose the diversity of its business and revenue sources, which is clearly negative in terms of the evaluation of its business base. JCR will confirm the consequences of the reorganization and the financial outlook of the Company as the surviving company, and reflect them in the rating.

Hiroyuki Chikusa, Hiroaki Sekiguchi

### <Reference>

Issuer: TOSHIBA CORPORATION

Long-term Issuer Rating: BBB+      Outlook: Stable

### **Japan Credit Rating Agency, Ltd.**

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan  
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

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