

September 29, 2020  
Toshiba Corporation

FOR IMMEDIATE RELEASE

### **Structural Reform of Toshiba Group's System LSI Business**

TOKYO—Toshiba Corporation (TOKYO: 6502) announced in its June 5 progress report on the Toshiba Next Plan that it was considering structural reform of the system LSI business operated by Toshiba Electronic Devices & Storage Corporation (hereinafter “TDSC”), a consolidated subsidiary. Toshiba has today announced the details. Going forward, TDSC will continue to channel resources into its profitable discrete semiconductor business, and promote synergy between discretely and analog integrated circuits and microcontroller units for motor control, in order to secure high profitability.

#### 1. Background to Implementation

Toshiba Group has established a sustainable financial base and a stable portfolio centered on BtoB businesses not easily affected by economic fluctuations. It has done this by divesting BtoC businesses, including home appliances and PCs, and by withdrawing from overseas nuclear power plant construction, a liquefied natural gas (LNG) business in the U.S., and the memory business. The company has also implemented procurement and sales reforms and other measures in a cross-company project that aims to continually strengthen basic profitability.

Toshiba Group withdrew from the memory business, which required large capital expenditures and where performance fluctuated with changing market conditions. In TDSC's semiconductor portfolio, it has concentrated on automotive, industrial use and data centers as a means to improve its investment efficiency, profitability and performance stability.

TDSC's system LSI business is designated by Toshiba as a monitored business. In response to this, TDSC took steps in the last fiscal year that included withdrawal from logic LSIs (advanced ASIC), excluding automotive digital integrated circuits and products to support current customers, and measures to cut fixed costs.

In line with Toshiba's overall goal of a sustainable financial base and a stable portfolio,

TDSC will implement the structural reform of its system LSIs business.

## 2. Outline of Structure Reforms

Toshiba has now decided to withdraw from the system LSI business and to implement measures toward establishing a solid business structure not easily affected by market fluctuations; one that is sustainable even during the continuing U.S.- China trade conflict, and in the post-COVID-19 new normal business situation. It will achieve this and enhance competitiveness by concentrating on its core competencies.

Specifically, TDSC will concentrate its resources on analog integrated circuits and microcontroller units for motor control, a market that can anticipate steady growth, and where it can expect to see synergies with its discrete devices. The company will continue to direct product development resources to this area. In the advanced system LSI (System-on-a-Chip) business, TDSC will end new product development while continuing to support current products.

TDSC is also considering other restructuring measures in addition to the personnel measures. These will be implemented as necessary, in order to establish a solid business structure.

## 3. Outline of Early Retirement Incentive Programs

The structure reform will require TDSC to realize a personnel structure commensurate with its business scale, and toward this TDSC will implement personnel reallocations and an early retirement incentive program. The program will cover employees in TDSC's System Devices Division, administration and sales staff in its Semiconductor Division, and in its corporate administration staff. It will also cover some R&D staff and employees at certain of TDSC's subsidiaries. Applications for the program will be accepted in due course, and those selected will leave the company by the end of February 2021. They will receive an early-retirement incentive in addition to regular retirement benefits, plus provision of outplacement services on request. The anticipated scope of the program and personnel reallocations is some 770 employees in all.

## 4. Outline of TDSC

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| (1) Name:             | Toshiba Electronic Devices & Storage Corporation |
| (2) Address:          | 1-1 Shibaura 1-chome, Minato-ku, Tokyo           |
| (3) Name and Title of | Hiroyuki Sato, President & CEO                   |

Representative:

- (4) Business Outline: Development, manufacturing and sales of discrete semiconductors, system LSIs, HDDs, and related products. Businesses related to the above
- (5) Capital Stock: 10 billion yen

5. Future Outlook

The cost of the program and outplacement service are estimated at approximately 11.8 billion yen, which will be recorded in the fiscal term ending March 31, 2021. The impact of the program was incorporated into the consolidated forecast for FY2020 (April 1, 2020-March 31, 2021) announced on August 12, 2020.

TDSC expects to secure a reduction in fixed costs of more than 15 billion yen (consolidated basis, before tax) in FY2021.

TDSC will concentrate its resources on its profit-earning discrete semiconductor, and on analog integrated circuits and microcontroller units for motor control to maximize synergy with the discrete business, and will continue to contribute to advances in energy-saving.

With these measures, TDSC will redouble its efforts to accomplish the Toshiba Next Plan targets published on June 5, 2020.

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