

FOR IMMEDIATE RELEASE

**Notice Regarding Transfer of Quantum Key Distribution (QKD) Business to Toshiba's
Wholly Owned Subsidiary by a Company Split**

TOKYO—Toshiba Corporation (TOKYO: 6502, “Toshiba”) has announced that it will transfer its quantum key distribution (“QKD”) business development function to its wholly-owned subsidiary, Toshiba Digital Solutions Corporation (“TDSL”), by means of simplified absorption-type company split, with April 1, 2021 (scheduled) as the effective date. Toshiba and TDSL today signed a company split agreement.

Some disclosure items and details are omitted since the company split is between Toshiba and its wholly-owned subsidiary.

1. Purpose of the Company Split

In the "Toshiba Next Plan Progress Report" released on November 11, 2020, Toshiba announced that it will develop and promote its QKD business, which provides indispensable security technology against hacking of data transmissions by quantum computers, by converting it to a network service by the end of FY2021. To date, business development has been undertaken within Toshiba by the New Business Development Office, a part of the Cyber-Physical Systems x Design Division. Now, in order to advance activities related to the launch of the business, including further strengthening ordering, Toshiba has decided to consolidate operations in TDSL, a subsidiary that has business promotion systems for ICT solutions, and has signed an absorption-type company split agreement to effect the transfer. The company split is scheduled to take effect on April 1, 2021.

Note: QKD is a cryptography communications technology that uses the principles of quantum mechanics to deliver absolutely secure communications that cannot be eavesdropped.

2. Overview of the company split

(1) Schedule

Date of decision of the company split	February 25, 2021
Date of signing the company split agreements	February 25, 2021
Effective date of the company split	April 1, 2021 (scheduled)

Note: The company split falls into the category of simplified absorption-type company split defined in Paragraph 2 of Article 784 of the Companies Act. Therefore, the company will not hold a general meeting of shareholders for approval of the contracts for the absorption-type company split.

(2) Method of company split

The absorption-type company split method will be used, in which Toshiba is the splitting company and TDSL is the succeeding company.

(3) Allotment related to company split

TDSL will not issue new shares or issue any other consideration through this absorption-type company split.

(4) Treatment of share options and bonds with share options associated with company split

Toshiba has not issued any share options or bonds with share options.

(5) Change in the stated capital associated with company split

The company split will neither increase nor decrease the amount of the stated capital of TDSL.

(6) Rights and obligations to be transferred to the succeeding company

Under the terms of the absorption-type company split agreement, TDSL will succeed to the assets, rights, obligations, and contractual status, etc., that belong to the transferred businesses. TDSL's succession to obligations from Toshiba will be carried out through cumulative assumption of obligation.

(7) Outlook of performance of obligations

It is understood that TDSL will be able to fulfill all obligations that have a maturity date on or after the effective date of company split.

3. Overview of companies associated with company split

	Splitting company	Succeeding company
(1) Name	Toshiba Corporation	Toshiba Digital Solutions Corporation (TDSL)
(2) Address	1-1 Shibaura 1-chome, Minato-ku, Tokyo	72-34 Horikawa-cho, Saiwai-ku Kawasaki-shi, Kanagawa

(3) Name and title of representative	Nobuaki Kurumatani Representative Executive Officer, President and CEO	Taro Shimada President and CEO
(4) Business outline	Energy systems & solutions, infrastructure systems & solutions, building solutions, retail & printing solutions, electronic devices & storage solutions, and digital solutions	System Integration, Development, Manufacture and Sales of ICT Solutions Utilizing IoT and AI Technology
(5) Capital stock	200,175 million yen	23,500 million yen
(6) Establishment	June 25, 1904	October 1, 2003
(7) No. of outstanding shares	455,000,000 shares	204,000 shares
(8) Fiscal term	March 31	March 31
(9) No. of employees	125,648 (consolidated) (As of March 31, 2020)	8,613 (consolidated) (As of March 31, 2020)
(10) Main financing bank	Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited MUFJ Bank, Ltd.	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Ltd. MUFJ Bank, Ltd.
(11) Major shareholders and shareholding ratio	GOLDMAN SACHS & CO. REG 7.35% SMP PARTNERS (CAYMAN) LIMITED AS TRUSTEE OF ECM MASTER FUND 7.06% CHINOOK HOLDINGS LTD 3.39% THE DAI-ICHI LIFE INSURANCE COMPANY, LIMITED 2.54% NIPPON LIFE INSURANCE COMPANY 2.43% TOSHIBA EMPLOYEES SHAREHOLDING ASSOCIATION 2.18%	Toshiba Corporation 100.0%

	NIHK A/C CLIENT 1.99% J.P. MORGAN BANK LUXEMBOURG S.A. 1300003 1.91% JP MORGAN CHASE BANK 385781 1.61% MSIP CLIENT SECURITIES 1.57%	
(12) Financial condition and operating performance in preceding fiscal year (fiscal year ended March 31, 2020)		
Net assets (Equity)	1,076,426 million yen (consolidated)	49,262 million yen
Total assets	3,383,433 million yen (consolidated)	124,652 million yen
Shareholder's equity per share	2,071.98 yen (consolidated)	241,481.24 yen
Net sales	3,389,871 million yen (consolidated)	161,521 million yen
Operating income	130,460 million yen (consolidated)	6,864 million yen
Recurring profit	—	13,168 million yen
Net income attributable to shareholders of the company	-114,633 million yen (consolidated)	13,283 million yen
Net income per share attributable to shareholders of the company	-236.39 yen (consolidated)	65,112.88 yen

Notes;

1. No. of major shareholders and shareholding ratios are as of September 30, 2020.
2. The financial condition and operating performance of the splitting company in the preceding fiscal year is based on US GAAP.
3. The financial condition and operating performance of the succeeding company in the preceding fiscal year is based on JGAAP. The figures in Net income attributable to shareholders of the company and Net income per share attributable to shareholders of the company each mean net income and net income per share.

4. Overview of the business to be split or transferred

(1) Overview of the business

Business related to product planning, manufacturing, and distribution related to devices and software related to QKD and services using them

(2) Business results of the business to be split or transferred

The section to be split is in charge of business development, therefore, it has currently no sales or operating income.

(3) Items and amounts of assets and liabilities of the business to be split or transferred

Assets		Liabilities	
	Book value		Book value
Current assets	130 million yen	Current Liabilities	10 million yen
Fixed asset	0 yen	Fixed liabilities	40 million yen
Total	130 million yen	Total	50 million yen

The items and book values listed above are estimated amounts based on the amounts as of December 31, 2020, and the actual amount to be split is different from the above.

5. Overview of splitting company after the company split

There will be no change in the splitting company's name, address, name of the representative, business outline, capital stock or fiscal term.

6. Overview of succeeding company after the company split

There will be no change in the succeeding company's name, address, name of the representative, business outline, capital stock or fiscal term.

7. Future outlook

As the company split is between Toshiba and its wholly-owned subsidiary, the company split will have no impact on Toshiba's consolidated financial results.

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