

July 30<sup>th</sup> 2020

Effissimo Capital Management Pte Ltd

### **Submission of Change Report Pertaining to Toshiba Corporation**

Today, Effissimo Capital Management Pte Ltd (“we”, “us” or “our” in possessive form hereafter) submitted the 6<sup>th</sup> ‘Change Report Pertaining to Report of Possession of Large Volume’ (“Report” hereafter) to the Director-General of the Kanto Local Finance Bureau as it relates to Toshiba Corporation (“Toshiba” hereafter). This Report discloses that our ownership<sup>1</sup> in Toshiba has decreased from 15.36% as disclosed in the prior 5<sup>th</sup> Report<sup>2</sup> to 9.91%. Please find the explanation behind our reduction in ownership below.

We have sponsored a shareholder resolution to appoint our founder and executive director Yoichiro Imai to serve on Toshiba’s board of directors. This stems from our belief that there are internal control related problems at Toshiba. Therefore, it is imperative to fundamentally improve corporate governance and compliance in order to increase Toshiba’s medium-to long-term corporate value. As we are deemed to be a foreign investor under Japan’s Foreign Exchange and Foreign Trade Act (“FEFTA” hereafter), we have submitted prior notifications and have been subject to examination pursuant to the applicable regulations thereunder. Needless to say, we have no intention to cause any implication to Japan’s national security interests. However through the examination process, we have become acutely aware that the notion – of Effissimo’s executive director serving as Toshiba’s external director while Effissimo retaining a considerable threshold of ownership in Toshiba - may give rise to concerns that there could be implications to Japan’s national security interests. In order to fundamentally improve Toshiba’s corporate governance and compliance we find it vital that Mr. Imai is deeply committed to his duties as a director at Toshiba. However, at the same time it is paramount to extinguish, to the maximum extent possible, any possible concerns of compromising Japan’s national security interests. Therefore, under these circumstances we have determined that it would be inevitable to reduce our ownership in Toshiba.

This week we have received guidance that we will likely obtain clearance under FEFTA to vote for Mr. Imai as a director at the ordinary general meeting of shareholders. If Mr. Imai is seated as a director of Toshiba, it is possible that he will be subjected to material non-public information.<sup>3</sup>

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<sup>1</sup> The ownership percentage calculated pursuant to Article 27-23, Paragraph 4 of the Financial Instruments and Exchange Act (“FIEA” hereafter), including our effective ownership through funds managed by us.

<sup>2</sup> Our 5<sup>th</sup> Report stated that our ownership increased from 11.30% as reported previously to 15.36%. This is not because we purchased Toshiba shares, but rather because Toshiba conducted a share buyback and subsequently cancelled such shares.

<sup>3</sup>This does not imply that there exists at this time any non-public “material fact” or non-public “information relating to a tender offer or the like” as defined by the FIEA, Article 166, Paragraph 2, or FIEA Article 167, Paragraph 3, or any similar information as defined by other similar foreign rules and regulations, in relation to Toshiba. For the avoidance of doubt, neither Yoichiro Imai nor Effissimo Capital Management is currently aware of any such information. We are merely citing such possibility in the future, when Mr. Imai

Thereafter, we may not be able to trade Toshiba stock given insider trading restrictions. Thus, we have decided to sell Toshiba shares at this juncture in time, prior to the ordinary general meeting of shareholders.

It shall be noted that Toshiba's independence criteria for outside directors stipulates that if "the outside director currently belongs or at any point in the past three years has belonged as an executive director, executive officer, or employee to a company that currently holds 10% or more of the voting rights of Toshiba" the director is deemed not to be independent. Our reduction of ownership in Toshiba shall qualify Mr. Imai as an independent director even under this criterion.

We have maintained our position as a Major Shareholder<sup>4</sup> of Toshiba since its capital raise in November 2017. After our reduction in ownership to 9.91% for reasons explained above, we will no longer be a Major Shareholder. However, we intend to continue serving as its largest shareholder in order to increase Toshiba's medium-to long-term corporate value.

#### Contacts

Please reach out to any of the contacts below with any questions or inquiries regarding the matters set out in this statement.

VOX Global Japan K.K.

Minoru Koshida

[minoru.koshida@voxglobalasia.com](mailto:minoru.koshida@voxglobalasia.com) / TEL: 080-2208-9698

Rie Sugiyama

[rie.sugiyama@voxglobalasia.com](mailto:rie.sugiyama@voxglobalasia.com) / TEL: 080-2042-2852

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is seated as a director of Toshiba.

<sup>4</sup> The term "Major Shareholder" is defined under FIEA Article 163, Paragraph 1 as a shareholder that beneficially holds not less than 10% of a company's total voting rights.