

### **3D Investment Partners Sends Open Letter to Toshiba Board of Directors**

*Calls Upon Toshiba to Conduct a Comprehensive and Objective Review of Strategic Alternatives, Including of Alternative Ownership Structures*

**Tokyo – April 26, 2021:** 3D Investment Partners Pte. Ltd. announced today that it has sent an open letter to the Board of Directors of Toshiba Corporation ('Toshiba', TYO: 6502). 3D Investment Partners Pte. Ltd. provides discretionary investment management services to funds that, in aggregate, are one of Toshiba's largest shareholders.

In the letter, 3D Investment Partners Pte. Ltd calls upon the Board of Directors to conduct comprehensive and objective review of strategic alternatives, including alternative ownership structures, with a goal of enhancing corporate value.

The full contents of the letter are as follows:

Board of Directors  
Toshiba Corporation  
1-1, Shibaura 1-chome, Minato-ku, Tokyo, 105-8001, Japan

Re: Review of Strategic Alternatives

Ladies and Gentlemen:

As you know, 3D Investment Partners Pte. Ltd. provides discretionary investment management services to funds that, in aggregate, are one of the largest owners of Toshiba Corporation ("**Toshiba**" or the "**Company**"). We wrote to the Chairman of the Board on April 18 to express our concern about the Board's actions in response to reported private equity interest in Toshiba and have heard nothing back.

As proud owners of the Company, we strongly desire to see Toshiba reestablished as an admired corporation that benefits all its stakeholders and the Japanese economy. We believe the Company has tremendous opportunities to create value for shareholders, provide rewarding work for employees, invent and develop important products for customers, and deliver benefits for all of society.

#### Toshiba's Stock is Undervalued and Shareholders are Skeptical

We believe Toshiba is significantly undervalued in the public markets. Toshiba's valuation continues to be significantly lower than its peers and its intrinsic value because of the lack of trust and alignment between the owners and the Board. If that overhang were removed, we believe Toshiba's stock would be valued at multiples that are at least in line with its large industrial peers. Given the Company's market-leading businesses, admired brand, strong intellectual property, and profit potential, we estimate that the fair value of Toshiba's stock is in excess of JPY 6500 per share.

We believe that for Toshiba to fulfill its full potential, and for the stock to be valued in line with peers, the Board and executive team must show the soundness of Toshiba's governance and regain the trust of stakeholders, including shareholders. Among other things, and in keeping with the Japanese Corporate Governance Code and

consistent with your public remarks at the press conference on April 14, the Toshiba Board should explore all means by which the Company can create value for shareholders and other stakeholders.

We understand that CVC Capital Partners has expressed interest, and continues to have interest, in acquiring Toshiba. (We understand that CVC's most recent letter reiterates that CVC "stands by its April 6 Proposal.") There are media reports that other firms may be interested as well.

As large shareholders, we are not inclined to have Toshiba sell itself to a new owner unless such a transaction would provide full and fair value to Toshiba's shareholders. Of course, the Board and shareholders cannot know the price at which such a privatization might occur, unless the Board encourages and embraces potential proposals and objectively explores such proposals on behalf of all stakeholders. As you know, METI considers an MBO as one possible way to enhance corporate value. In addition, there are numerous options available to Toshiba with respect to the Company's stake in Kioxia, which represents a meaningful portion of Toshiba's overall corporate value.

#### Toshiba Should Review All Strategic Alternatives, Including Alternative Ownership Structures

We believe our Company is at an important crossroad with the recent resignation of Mr. Kurumatani, the expressions of interest from private equity suitors, and the ongoing process for maximization and distribution of the value of Kioxia. In responding to these events, this Board and the executive team have the opportunity to build trust with shareholders, or for that trust to further erode.

We call upon the Board to openly welcome interest from suitors who could enhance corporate value and ask the Board to conduct a formal review of strategic alternatives. To conduct a fair and proper process, Toshiba should explicitly indicate that it is open to alternative ownership structures and correct media speculation that Toshiba's management team and Board have a strong preference for remaining a listed company.

The comprehensive review must be conducted with the assistance of an independent financial advisor who is hired for this purpose. The review should be structured in a manner to:

- invite and encourage participation by private equity firms and strategic acquirers alike by informing such parties that their interest is welcome and Toshiba is willing to objectively consider all forms of ownership;
- indicate the Board's expectations with respect to the content of a proposal, such as the required representations about the proposed new owner, its financing sources, management approach and required regulatory approvals;
- make available to all *bona fide* suitors such information as may be necessary to aid them and their financing sources, such as banks, in developing a proposal;
- evaluate all expressions of interest in acquiring Toshiba objectively and equally, to determine what is best for Toshiba and its stakeholders, including shareholders;
- determine the best solution for all stakeholders, including shareholders, after comparing the various alternatives, including any buyout proposals, to the option of remaining listed; and
- be transparent with all Toshiba stakeholders about the process and the results of the process.

We believe these steps are a critical first test of the new leadership and its commitment to the interests of Toshiba and its stakeholders.

#### Toshiba's Reported Actions Concern Us

We are very concerned, based on media reports and Toshiba's own press releases, that Toshiba may not be serving the interests of the corporation and has been actively discouraging takeover proposals. As best we can tell, CVC expressed strong interest in acquiring Toshiba in writing on April 6 but then, in its April 18 letter, stated that it would, "step aside to await your guidance" on the grounds that its buyout offer "was and continues to be contingent on obtaining the full support of your board and management team." What new signals did Toshiba send to CVC between April 6 and April 18 that caused CVC to doubt whether the Company would welcome a buyout proposal?

We believe Toshiba's public statements – such as that it wished to remain a publicly-listed company – are having the effect of deterring potential acquirors. In reality, Toshiba cannot know whether remaining listed or being owned privately is better for Toshiba and its stakeholders until Toshiba receives proposals and evaluates those proposals. The media has also reported that management has privately asked Japanese banks not to help finance a buyout of Toshiba.

These public and private statements create the impression that any acquisition proposal will be seen as hostile. But a proposal that adds to corporate value should not be deemed hostile.

We believe the media speculation, which has not been adequately addressed by the Board, seriously diminishes the chances that a concrete proposal will be made. Any attempt by the Board and management team to discourage potential suitors or opportunities to create corporate value are wholly inconsistent with good governance and the fiduciary responsibilities of the Board and management. We believe the Board must be even handed and invite participation from all parties. This is especially true given the lack of public market confidence in Toshiba and importance of this moment in the Company's history.

#### Conclusion

The lesson from the recent AGM and EGM is clear: if the shareholders cannot trust the Board and executive team to act in the interests of Toshiba, the owners will insist on being more directly involved in the governance and oversight of the Company.

Our firm is focused on enabling Toshiba to realize its enormous potential for all stakeholders. We believe that the Board must consider whether that goal can be better achieved under a new form of ownership. If the Board cannot demonstrate that it has objectively and properly considered this question, public shareholders will have no choice but to seek a more significant and ongoing role in governance.

We are disappointed that the Chairman did not respond to our prior letter and hope that all of the directors will consider our views and act accordingly.

Sincerely,

3D Investment Partners

#### **About 3D Investment Partners**

3D Investment Partners Pte. Ltd is an independent Singapore-based Japan focused value investing fund manager founded in 2015. 3D Investment Partners Pte. Ltd. focuses on partnering with managements who share its investment philosophy of medium- to long-term value creation through compound capital growth and a common objective of achieving long-term returns.

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