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Matters Subject to Measures for Electronic Provision When Convening the 7th Annual General Meeting of Shareholders

- Business Report

  "Systems to Ensure the Appropriateness of Business and their Status"

  "Status of Accounting Auditor"

  "Policy on Determination of Dividends of Surplus, Etc."
- Consolidated Financial Statements

  "Notes to Consolidated financial statements"
- Financial Statements

  "Notes to Non-consolidated financial statements"

7th Fiscal Year

(From April 1, 2024 to March 31, 2025)

Kioxia Holdings Corporation

In accordance with the provisions of laws and regulations and the Company's Articles of Incorporation, these matters are excluded from the paper-based documents delivered to shareholders who have made a request for such paper-based documents (those which contain matters subject to measures for electronic provision).

Systems to Ensure the Appropriateness of Business and their Status

1. Overview of the decisions on systems to ensure the appropriateness of business operations

   The following is an overview of the decisions regarding systems to ensure that the execution of duties by directors complies with laws and the Articles of Incorporation, as well as systems to ensure the appropriateness of the Company's business operations.

[Systems for Ensuring Appropriate Operations of the Company and Its Subsidiaries]

1) Systems to ensure that the execution of duties by directors complies with laws and the Articles of Incorporation
   - (i) The Board of Directors of the Company receives regular reports from directors on the status of their execution of duties and requires them to report on necessary matters as needed at Board meetings.
   - (ii) The audit and supervisory board members of the Company regularly conduct interviews with directors.
   - (iii) The audit and supervisory board members, based on internal rules regarding reports to audit and supervisory board members, receive immediate reports from directors on any significant legal violations or other material matters.
   - (iv) The Company has established the "Kioxia Group Standards of Conduct," which clearly defines the shared values and code of conduct for all officers and employees, and ensures that the Company's directors comply with this Code through ongoing executive training programs.
2) Systems for the retention and management of information related to the execution of duties by directors
   - (i) The Company's directors appropriately preserve and manage important documents such as management decision records and various types of reports in accordance with the "Document Control Regulations."
   - (ii) The Company's directors establish a system that allows directors and audit and supervisory board members to view important information, such as management decision documents, financial documents, and business reports.
3) Regulations and systems for managing risk of loss
   - (i) The Company's Chief Risk and Compliance Officer, in accordance with the "Risk and Compliance Management Regulations," formulates and promotes measures related to crisis risk management for the Company and its subsidiaries.
   - (ii) The Company's directors, in accordance with the "Business Risk Management Regulations," formulate and promote measures necessary to continuously identify business risk factors of the Company and its subsidiaries and to minimize losses when risks materialize.
4) Systems to ensure efficient execution of duties by directors
   - (i) The Company's Board of Directors determines the fundamental management policy, medium-term management plans, and annual budgets.
   - (ii) The Board of Directors appropriately allocates authority and responsibilities among directors, and directors clarify the authority and responsibilities of employees in

accordance with the “Duties and Authority Regulations” and the “Executive Duty Regulations.”

(iii) Directors set specific goals and roles for each division and employee.

(iv) Directors make business decisions in accordance with proper procedures based on the “Board of Directors Regulations” and the “Authority Standards.”

(v) Directors appropriately evaluate the performance of the Company and its subsidiaries.

(vi) Directors promote the strengthening of the information security system and ensure the proper operation of information processing systems, such as accounting systems.

5) Systems to ensure that the execution of duties by employees complies with laws and the Articles of Incorporation

(i) The Company’s Representative Director ensures that all officers and employees comply with the “Kioxia Group Standards of Conduct,” which clearly defines shared values and codes of conduct, through ongoing employee training programs.

(ii) The Company’s Chief Risk and Compliance Officer, in accordance with the “Risk and Compliance Management Regulations,” formulates and promotes measures related to compliance for the Company and its subsidiaries.

(iii) The Company has established a whistleblowing system that allows officers and employees to report illegal acts of the Company to the executive side, and the directors take appropriate action to identify and respond to issues early by utilizing this system.

6) Systems to ensure the appropriateness of business operations in the Corporate Group comprising the Company, its parent company, and its subsidiaries

(i) Subsidiaries adopt and implement the “Kioxia Group Standards of Conduct” and establish whistleblowing systems appropriate to the circumstances of each country.

(ii) The Company establishes a system whereby, in the event of important matters arising in the business operations of a subsidiary, the subsidiary reports to the Company based on the “Business Communication Guidelines” and other relevant rules.

(iii) The Company ensures that its subsidiaries promote measures aligned with the Company’s policies, adjusted to the actual circumstances of each subsidiary.

(iv) Domestic subsidiaries establish audit systems by audit and supervisory board members in accordance with the “Kioxia Group Audit and Supervisory Board Members’ Audit Policy.”

(v) The Company conducts internal audits of its subsidiaries covering accounting processes and business operations.

[Matters Necessary for the Execution of Duties by Audit and Supervisory Board Members]

1) System for assigning employees to assist audit and supervisory board members when requested

The Company’s directors assign employees from divisions such as the Human Resources and Administration Division and the Finance Division to assist audit and supervisory board members in the execution of their duties.

2) Matters concerning the independence of the aforementioned employees from directors and ensuring the effectiveness of instructions given to them
   The Company's directors shall hold prior consultations with the audit and supervisory board members regarding personnel matters related to employees who assist in the execution of duties by audit and supervisory board members.
3) Systems for reporting to the audit and supervisory board members
   (i) Directors and employees of the Company shall report to the audit and supervisory board members as necessary whenever significant matters arise that may affect management or business performance, in accordance with separately established regulations.
   (ii) Domestic subsidiaries shall regularly report their status to the Company's audit and supervisory board members through channels such as the Group Audit Liaison Committee.
   (iii) The Company's Representative Director shall provide audit and supervisory board members with opportunities to attend important meetings.
   (iv) Systems to ensure that individuals who report to the audit and supervisory board members are not treated disadvantageously
   The Company specifies in its regulations concerning reporting to the audit and supervisory board members that officers and employees of the Company and its subsidiaries who have made such reports shall not be treated disadvantageously due to having made such reports.
   (v) Policies concerning procedures for advance payment or reimbursement of expenses incurred in the execution of duties by audit and supervisory board members, and handling of other expenses or liabilities related to their duties
   When audit and supervisory board members request advance payment of expenses in accordance with Article 388 of the Companies Act in relation to the execution of their duties, the relevant department shall review the request and, unless it is determined that the expenses are not necessary for the execution of such duties, the Company shall promptly process the expenses.
4) Other systems to ensure that audits by audit and supervisory board members are conducted effectively
   (i) The Company's Representative Director shall exchange information regularly with the audit and supervisory board members.
   (ii) The Company's directors and employees shall report to the audit and supervisory board members regarding the status of their duty execution through regular hearings and on-site interviews.
   (iii) The Company's directors shall report the results of internal audits concerning accounting and business processes to the audit and supervisory board members as needed.

2. Overview of Systems for Ensuring Appropriate Operations and the Operational Status of such Systems

   The overview of systems for ensuring appropriate operations and the operational status of such systems during the current consolidated fiscal year is as follows:

1) The Company's systems to ensure that the execution of duties by directors complies with laws and the Articles of Incorporation
The Company's directors provide regular reports on the status of their duty execution at scheduled Board of Directors meetings, and the audit and supervisory board members attend such meetings to verify the contents of these reports. The Company has adopted the "Kioxia Group Standards of Conduct" and provides various compliance training to its officers and employees to ensure adherence.
2) The Company's systems for the retention and management of information related to the execution of duties by directors
Important documents related to the execution of duties by directors, such as materials for Board of Directors meetings, are properly managed and preserved under the jurisdiction of the Legal Affairs Division and the Corporate Strategy Division, as specified in the "Document Control Regulations."
3) Regulations and systems for managing risk of loss
Under the "Risk and Compliance Management Regulations," the Company's Representative Director and President serves as the Officer Responsible for Risk Compliance and takes the lead in supervising and promoting risk and compliance management activities across the Kioxia Group. A "Risk and Compliance Committee" is held at least once every six months as the committee with authority and responsibility over all risk and compliance matters within the Company, where necessary matters for risk and compliance management activities are deliberated, formulated, and promoted. The committee also handles and resolves crisis risk matters as described below.
Additionally, within the Group, authority is delegated under the "Risk and Compliance Management Regulations" for risks arising in the course of business operations that require particular focus—such as business risks, financial/accounting risks, and information security risks. Individual committees and regulations are established for each, enabling detailed analysis and management based on the nature of each risk. With respect to business risks, the Representative Director and President bears overall responsibility for business risk management under the "Business Risk Management Regulations." The Representative Director and President identifies risks associated with decision-making items at management meetings, in management decision documents, and at the Board of Directors, determines and monitors risk indicators, and implements necessary measures. Regarding financial and accounting risks, under the "Accounting Risk Compliance Management Regulations," the Representative Director and President serves as the Accounting Compliance Officer of the Company. An "Accounting Compliance Committee" has been established and is, in principle, held quarterly to examine matters such as the development, promotion, evaluation (including evaluation of internal controls related to financial reporting), and improvement of the Company's accounting compliance framework, based on collected risk information, evaluation results, and internal audit outcomes.
For information security risks, the Representative Director and President has appointed a Chief Information Security Officer, and established an "Information Security Committee" which meets semi-annually to deliberate on necessary matters to reinforce information security. The committee ensures the establishment and maintenance of the

Company's information security framework. The secretariat of the Information Security Committee consists of the Information Security Department and the Information Systems Department.

Other risks, including those that could escalate into crisis risks (i.e., emergencies that are difficult to address via normal decision-making channels and which, if they materialize, could severely diminish corporate value due to reputational damage, loss of trust, or depletion of management resources), are also managed under the "Risk and Compliance Management Regulations." These are overseen by the Internal Management Reinforcement Division, Human Resources and Administration Division, Legal Affairs Division, and Corporate Strategy Division. Relevant divisions also monitor changes in applicable laws, regulations, and newly required social norms, and revise the risk table as needed.

4) The Company's systems to ensure efficient execution of duties by directors

   The Board of Directors decides on important matters of management policy and the allocation of business responsibilities for each director based on the "Board of Directors Regulations." It also meets regularly to verify the appropriateness of business operations.

5) System for assigning employees to assist audit and supervisory board members when requested

   When audit and supervisory board members request the appointment of staff to assist with their duties, such staff are assigned from the Human Resources and Administration Division after prior consultation with the audit and supervisory board members. The Company ensures the independence of these staff from directors and secures the effectiveness of instructions given to them.

6) Systems for reporting to the audit and supervisory board members

   In addition to being given opportunities to attend important meetings, audit and supervisory board members receive reports from the Company's directors and employees on significant matters affecting management and performance as they arise. The Company specifies in its regulations concerning reporting to the audit and supervisory board members that officers and employees of the Company and its subsidiaries who make such reports shall not be treated disadvantageously for doing so. Additionally, the status of the relevant subsidiaries is regularly reported to the Company's audit and supervisory board members through channels such as the Group Audit Liaison Committee.

7) Other systems to ensure that audits by audit and supervisory board members are conducted effectively

   In the most recent fiscal year, the full-time audit and supervisory board members participated in important meetings such as the Board of Directors, expressed opinions as necessary, conducted regular interviews with directors, collaborated and shared information with the audit department and the accounting auditor to implement three-way audits, held Group Audit Liaison Committee meetings, and visited Company sites and Group companies in person or conducted remote interviews. Dialogues were also held during site visits. These activities were shared with the Audit and Supervisory Board, which in turn audited the governance system of the Group, monitored the risk and compliance management systems and their effectiveness, and verified the effectiveness of the whistleblowing systems.

(4) Status of Accounting Auditor

(i) Name of Accounting Auditor PricewaterhouseCoopers Japan LLC

(ii) Remuneration Amount

(Millions of yen)

	Remuneration Amount
Remuneration Amount for the Accounting Auditor for the Fiscal Year Ended March 31, 2025	211
Amount of Money and Other Property-Related Benefits Payable to the Accounting Auditor by the Company and Its Subsidiaries	343

Notes: 1. The audit contract between the Company and the accounting auditor does not clearly distinguish the amounts of remuneration for audits conducted under the Companies Act and those conducted under the Financial Instruments and Exchange Act, nor is it practically possible to distinguish them. Therefore, the stated amount of remuneration, for the accounting auditor for the fiscal year ended March 31, 2025 includes the total amount of both. Amounts payable under the audit contract that have not yet been finalized are included as estimated amounts.

2. The Audit and Supervisory Board verified the appropriateness of the accounting auditor's audit plan, execution status of audit duties, and basis for calculating the estimated remuneration, among other matters, and subsequently consented to the amount of remuneration for the accounting auditor.

(iii) Non-Audit Services

The Company has paid consideration to the accounting auditor for services other than those set forth in Article 2, paragraph (1) of the Certified Public Accountants Act (i.e., non-audit services), namely the preparation of comfort letters.

(iv) Policy on Decisions Regarding Dismissal or Non-Reappointment of the Accounting Auditor

If the Audit and Supervisory Board determines that it is necessary, such as when there are obstacles to the proper execution of duties by the accounting auditor, it will decide on the contents of proposals regarding dismissal or non-reappointment of the accounting auditor to be submitted to the general meeting of shareholders.

Furthermore, if the accounting auditor is deemed to fall under any of the items stipulated in Article 340, paragraph (1) of the Companies Act, the Audit and Supervisory Board shall dismiss the accounting auditor with the unanimous consent of all audit and supervisory board members. In such a case, an audit and supervisory board member designated by the Audit and Supervisory Board shall report the dismissal of the accounting auditor and the reason for the dismissal at the first general meeting of shareholders convened after the dismissal.

(5) Policy on Determination of Dividends of Surplus, Etc.

The Company recognizes shareholder returns as an important management issue; however, from the perspective of maximizing corporate value, the current policy prioritizes allocating internal reserves to sustained and agile capital expenditure and R&D to achieve continuous growth, while also strengthening the financial base. Accordingly, the Company will not implement shareholder returns, including dividends to common shareholders, for the time being, but will consider revising its return policy in the future based on funding needs for growth investments and financial conditions.

The Company's Articles of Incorporation provide that dividends of surplus may be distributed on record dates in addition to the fiscal year-end and interim periods. Pursuant to Article 459, paragraph (1) of the Companies Act, the Articles of Incorporation stipulate that the Board of Directors may serve as the decision-making body for dividends of surplus.

Note that holders of Series 1 (*Kou*) preferred shares and Series 2 (*Otsu*) preferred shares (bond-type preferred shares) are entitled to receive dividends of surplus and distribution of residual assets before common shareholders.

Dividends of surplus for the fiscal year ended March 31, 2025 are as follows:

Date of resolution	Series of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
May 15, 2025 Board of Directors Meeting	Series 1 (*Kou*) preferred shares	9,286	7,738,453	March 31, 2025	June 30, 2025
	Series 2 (*Otsu*) preferred shares	14,475	8,041,552		

Note: Series 1 (*Kou*) and Series 2 (*Otsu*) preferred shares are recognized as financial liabilities under IFRS. Dividends are recognized as "Finance costs" in the consolidated statement of profit or loss.

Notes to Consolidated Financial Statements

Notes on Significant Matters Forming the Basis for the Preparation of the Consolidated Financial Statements

1. Basis of preparation of consolidated financial statements

   The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”), pursuant to the provisions of Article 120, Paragraph 1 of the Regulation on Corporate Accounting. In addition, pursuant to the latter part of the same paragraph, certain disclosure items required under IFRS have been omitted.

2. Scope of consolidation and application of the equity method

   (1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

A. Number of consolidated subsidiaries	22
B. Names of major consolidated subsidiaries	Kioxia Corporation Kioxia Iwate Corporation Kioxia America, Inc.

   (2) Number of associates accounted for using the equity method and their names

A. Number of equity-method affiliates	6
B. Names of major equity-method affiliates	D.T. Fine Electronics Co., Ltd. Flash Forward LLC (Note) Flash Partners, Ltd. (Note) Flash Alliance Ltd. (Note)

   Note: These are joint operations. The Group recognizes its own assets, liabilities, incomes and expenses relating to the joint operations.

   (3) Fiscal year-end of consolidated subsidiaries

   Among the consolidated subsidiaries, the fiscal year-end of Kioxia (China) Co., Ltd. and Solid State Storage Technology (Guangzhou) Co., Ltd. is December 31, while that of Kioxia Energy Management Corporation is September 30. If the fiscal year-end of a consolidated subsidiary differs from that of the Company, the Group prepares provisional financial statements as of the Company’s fiscal year-end and consolidates them accordingly.

3. Material accounting policies

   (1) Financial instruments

   A. Financial assets

   (i) Initial recognition and measurements

   The Group initially recognizes a financial asset when the Group becomes a party to the contractual provisions of the instrument.

   The Group classifies its financial assets into financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. This classification is determined at initial recognition.

   (a) Financial assets measured at amortized cost

The Group classifies a financial asset as measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with an objective to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets measured at fair value through other comprehensive income

The Group makes an irrevocable election to classify a financial asset as measured at fair value through other comprehensive income at initial recognition for particular investments in equity instruments such as an investee's equity held for the purpose of maintaining or enhancing the relationship with the investee.

(c) Financial assets measured at fair value through profit or loss

The Group classifies a financial asset as measured at fair value through profit or loss unless it is measured at amortized cost in accordance with (a) or at fair value through other comprehensive income in accordance with (b).

All financial assets are measured initially at fair value plus transaction costs except for those classified as financial assets measured at fair value through profit or loss. The transaction cost for a financial asset measured at fair value through profit or loss is recognized in profit or loss.

(ii) Subsequent measurement

Financial assets are subsequently measured based on the classification as follows:

(a) Financial assets measured at amortized cost

Financial assets are measured at amortized cost using the effective interest method less impairment losses. Interest income is calculated using the effective interest method and is recognized in profit or loss for the period as a part of finance income.

(b) Financial assets measured at fair value through other comprehensive income

Equity instruments are measured at fair value on the reporting date and gain or loss recognized from changes in fair value are recognized in other comprehensive income. They are not subsequently transferred to profit or loss. However, the Group transfers the cumulative gain or loss from other components of equity to retained earnings when financial assets measured at fair value through other comprehensive income are derecognized.

Dividends received related to equity instruments are recognized in profit or loss on the date that the Group's right to the dividend is identified.

(c) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss.

(iii) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost. The loss allowance is measured based on an assessment as to whether there are significant increases in the credit risk of the financial asset measured at each period end date, subsequent to initial recognition. The Group measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if it is determined that the credit risk of the financial asset has increased significantly since initial recognition. If the credit risk of a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for the financial asset at an amount equal to expected credit losses that arise within 12 months after the reporting date. However, for trade receivables which do not contain a significant financing component, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses regardless of whether there are significant increases in the credit risk of the financial assets since initial recognition.

The amount of expected credit losses is measured at the present value of the difference between the contractual cash flows that are due to the Group under the contract and the future cash flows that the Group expects to receive. This amount is recognized in profit or loss.

The Group measures interest income using the effective interest method on the gross carrying amount less the loss allowance, when the objective evidence shows that a financial asset is credit-impaired. The objective evidence includes a significant financial difficulty of the borrower and a breach of contract such as a default or delinquency.

In addition, when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof, the Group directly reduces the related amount from the gross carrying amount of the financial asset.

(iv) Derecognition of financial assets

The Group derecognizes its financial assets when the contractual rights to the cash flows from the assets expire or the Group transfers substantially all of the risks and rewards of ownership of the financial assets. When the Group retains control of the financial assets transferred, it continues to recognize financial assets and related liabilities to the extent of the Group’s continuing involvement.

B. Financial liabilities

(i) Initial recognition and measurements

The Group initially recognizes a financial liability when the Group becomes a party to the contractual provisions of the instrument.

The Group classifies its financial liabilities into financial liabilities measured at amortized cost or financial liabilities measured at fair value through profit or loss. This classification is determined at initial recognition.

Financial liabilities measured at fair value through profit or loss are initially measured at fair value. Financial liabilities measured at amortized cost are measured at fair value less directly attributable transaction costs.

(ii) Subsequent measurement

Financial liabilities are subsequently measured based on the classification as follows:

(a) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured using the effective interest method. A gain or loss on a financial liability is recognized as a part of finance costs in profit or loss when the financial liability is derecognized or amortized using the effective interest method.

(b) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss.

(iii) Derecognition of financial liabilities

The Group derecognizes its financial liabilities when the financial liabilities are extinguished, that is, when obligations specified in the contracts are discharged, canceled, or the obligations expire.

C. Presentation of financial assets and liabilities

Financial assets and financial liabilities are offset against each other on the consolidated financial statements and shown in the net amounts, only when the Group has the legally enforceable right to offset and intent to either settle net or simultaneously realize asset and settle liabilities.

D. Derivatives

The Group utilizes forward exchange contracts in order to manage its exposure to foreign currency exchange rate risk.

The derivatives are initially measured at fair value when the contract is entered into and remeasured at fair value in subsequent periods.

The gains or losses on derivatives not designated as hedging instruments are recognized as profit or loss.

However, the derivatives that are designated as hedging instruments are accounted for as cash flow hedge. The Group formally documents the risk management strategies and objectives, the nature of risk to be hedged, and the hedge effectiveness when executing hedging transactions.

Under cash flow hedge, the effective portion of gains or losses on hedging instruments is recognized as other comprehensive income, while the ineffective portion is immediately recognized as profit or loss.

The amounts of hedging instruments recognized in other comprehensive income are reclassified to profit or loss when the transactions of the hedged items affect profit or loss.

(2) Inventories valuation standards and valuation methods

Raw materials, finished products held for sale or work-in-progress are measured at the lower of cost and net realizable value. Cost is calculated based on the average method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(3) Standards and methods for valuation and depreciation of property, plant and equipment and intangible assets

A. Property, plant and equipment

Property, plant and equipment are presented at cost less accumulated depreciation and accumulated impairment losses.

Costs include expenses directly related to acquisition of the asset, costs of dismantling and removing the asset and restoration costs.

Depreciation expense on assets other than land and construction-in-progress is recognized using the straight-line method over estimated useful lives. The estimated useful lives of major classes of assets are as follows:

- Buildings and structures: 3-60 years
- Machinery and other assets: 3-17 years

The estimated useful life, residual value and depreciation method of an asset are reviewed at least once in a reporting period, generally as of the end of each reporting period, and any changes are accounted for as a change in an accounting estimate and are accounted for prospectively.

B. Intangible assets

(i) Research and development cost

Expenditures on research activities aimed at obtaining new scientific and technological knowledge and understanding are recognized as an expense when incurred.

Expenditures on development activities are recognized as an intangible asset when the expenditure attributable to the intangible asset is reliably measurable, products or processes are technically and commercially feasible, it is probable that future economic benefits to the Group will be generated, and the Group has the intention and sufficient resources to complete and use or sell those assets. Otherwise, the expenditure is recognized as an expense when it is incurred.

(ii) Other intangible assets

Separately acquired intangible assets are measured at cost at initial recognition.

Intangible assets other than those with indefinite useful lives are subsequently amortized over their estimated useful lives on a straight-line method and presented at carrying amounts equal to cost less accumulated amortization and impairment losses. Estimated useful lives of major classes of intangible assets are as follows. The Group does not have intangible assets with indefinite useful lives.

- Software: 5 years
- Technology related assets: 4 years
- Customer related assets: 5 years

The estimated useful life, residual value and the amortization method of an asset are reviewed at least once in a reporting period, generally as of the end of each reporting period, and any changes are accounted for as a change in an accounting estimate and are accounted for prospectively.

C. Impairment of non-financial assets

The Group’s non-financial assets other than inventories and deferred tax assets are assessed for indication of impairment as of the end of each reporting period. If an indication of impairment exists, the recoverable amount of the asset is estimated.

The recoverable amount of an asset or a cash-generating unit is the higher of its value in use and its fair value less costs of disposal. In calculating the asset’s value in use, estimated future cash flows are discounted to present value using the pre-tax discount rate that reflects the time value of money and the risks specific to the asset. In calculating the asset's fair value less costs of disposal, the Group uses an appropriate valuation model supported by available indicators of fair value. Assets that are not individually tested for impairment are grouped into the smallest cash-generating units that generate largely independent cash inflows from other assets and asset groups through their continued use.

The Group's corporate assets do not generate independent cash flows. When there is indication of impairment on corporate assets, the recoverable amounts of the cash-generating units to which the corporate assets belong are determined.

Impairment losses are recognized in profit or loss when the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses recognized on cash-generating units are firstly allocated to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then are allocated to the other assets of the cash-generating unit pro rata on the basis of the carrying amount of each asset within the cash-generating unit.

For non-financial assets excluding goodwill, as of the end of each reporting period, the Group assesses whether there is any indication that an impairment loss recognized in prior periods may have decreased or may no longer exist. An impairment loss recognized in prior periods is reversed if there has been a change in the estimate used to determine the asset's recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized for the asset in prior years.

(4) Provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount of a provision is determined by discounting estimated future cash flows using a pre-tax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount amount due to the passage of time are recognized as a finance cost.

(5) Accounting for employee benefits

A. Post-employment benefits

The Group operates defined-benefit plans and defined-contribution plans as post-employment benefit plans.

Retirement benefit liability or asset is determined by deducting the fair value of plan assets from the present value of the defined benefit obligation. However, when the plan has a surplus, the amount of net defined benefit asset recognized is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group estimates the present value of the defined benefit obligation using the projected unit credit method.

The discount rate is determined as of the end of the reporting period based on market yields for high quality corporate bonds over the discount period, which is based on future expected benefit payment dates.

Remeasurements of defined benefit plans are recognized in other comprehensive income and immediately transferred from other components of equity to retained earnings in the period when they occur.

Net interest is calculated by multiplying the net liabilities or assets for retirement benefit by the discount rate and is included in defined benefit cost.

Past service costs are recognized in the profit or loss during the period in which they arise.

Expenses related to defined contribution plans are recognized in the period in which employees provide services.

B. Termination benefits

The Group provides termination benefits as a result of either the Group's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Group recognizes a liability and expense for termination benefits at the earlier of the date when the Group can no longer withdraw the offer of those benefits or when the Group recognizes costs for a restructuring that involves the payment of termination benefits.

C. Short-term employee benefits

Expenses related to short-term employee benefits are not discounted and are recognized in the periods in which related services are received.

The Group recognizes the future payment of bonuses and paid absences as a liability when the Group has a present legal or constructive obligation to make such payments as a result of services provided by employees, and a reliable estimate of the obligation can be made.

(6) Revenue

The Group recognizes revenue based on the five-step approach below.

Step 1: Identify the contract with a customer
Step 2: Identify performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to performance obligations
Step 5: Recognize revenue when performance obligations are satisfied

The Group manufactures and sells memory-related products. The Group recognizes revenue at a point in time when performance obligations are satisfied by transferring such products to the customer (when the customer obtains control of the products). Revenue is measured at the price contracted with the customer less any discount, rebates, and other deductions.

(7) Goodwill

The measurement of goodwill at initial recognition is described in "(9) Business combinations."

Goodwill is not amortized, but tested for impairment in every reporting period. Impairment is described in "(3) Standards and methods for valuation and depreciation of property, plant and equipment and intangible assets – C. Impairment of non-financial assets." Impairment losses of goodwill are recognized in profit or loss, and are not reversed in subsequent periods.

After initial recognition, goodwill is carried at the acquisition cost less any accumulated impairment losses.

(8) Leases

The Group recognizes the right-of-use asset (real estate, machinery, etc.) and the lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which includes the amount of the initial measurement of the lease liability plus any initial direct costs, plus lease payments made at or before the commencement date less any lease incentives received. After the commencement date, the Group depreciates the right-of-use asset using the straight-line method over the shorter of the useful life of the asset or the lease term.

The lease liability is initially measured at the present value of the remaining lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease payments include fixed lease payments, variable lease payments that depend on an index or a rate, and the exercise price of a purchase option if the Group is reasonably certain to exercise that option. After the commencement date, the lease liability is adjusted to reflect interest on the lease liability and the lease payments made. Each lease payment is allocated between repayments of the lease liability and finance costs.

The carrying amount of the lease liability is remeasured and the amount of the remeasurement is recognized as an adjustment to the right-of-use asset if there is a change in the lease term, change in future lease payments resulting from a change in an index or a rate, or a change in the assessment of an option to purchase the underlying asset.

(9) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the sum of fair values on the acquisition date of the assets transferred, liabilities assumed and equity instruments issued by the Company in exchange for control of the acquiree. When the cost of an acquisition exceeds the fair value of net identifiable assets and liabilities, the difference is recognized as goodwill in the consolidated financial statements. When the cost of an acquisition is below the fair value of identifiable assets and liabilities, the difference is immediately recognized in profit on the consolidated financial statements.

Transaction costs incurred in relation to a business combination such as agents' fees, legal fees, and due diligence fees are expensed as incurred.

If the initial accounting for a business combination has not been completed as of the end of the consolidated fiscal year in which the business combination occurs, those items not completed are reported at provisional amounts. If information on facts and circumstances existing at the date of the acquisition are obtained during the period in which the information would have affected the measurement of the amounts had the information been known at the date of acquisition ("measurement period"), provisional amounts recognized at the date of acquisition are retrospectively corrected in light of such information. If the newly obtained information leads to recognition of new assets and liabilities, such additional assets and liabilities are recognized. The measurement period is one year at the longest.

Additional acquisition of non-controlling interests that do not result from loss of control are accounted for as an equity transaction and therefore do not lead to recognition of goodwill.

Acquiree's identifiable assets and liabilities are measured at fair value on the date of acquisition, except for the following:

- deferred tax assets and liabilities, and assets and liabilities related to employee benefit contracts
- share-based payments of the acquiree
- assets or disposal groups classified as held-for-sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

Business combinations under common control, in which all combined companies or operations are ultimately controlled by the same parties before and after the business combination and the control is not temporary, are accounted for based on carrying amounts. Capital surplus is adjusted for if there is a difference between the consideration transferred at acquisition and the carrying value of the acquiree's equity.

(10) Foreign currency translations

A. Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the respective group entity using the exchange rate at the date of the transaction. Foreign-currency denominated monetary assets and liabilities are translated into the functional currency using the exchange rate as of the end of the reporting period. Foreign-currency denominated nonmonetary assets and liabilities measured at fair value are translated into the functional currency using the exchange rate at the date when the fair value was measured.

Exchange differences arising from translation or settlement are recognized in profit or loss. However, exchange differences arising from financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income.

B. Financial information of foreign operations

Assets and liabilities of foreign operations are translated into the Japanese yen using the exchange rate as of the end of the reporting period, whereas incomes and expenses are translated using the average rate for the period, unless the rates fluctuate significantly. Exchange differences arising from translating financial information of foreign operations are recognized in other comprehensive income. Exchange differences of foreign operations are recognized in profit or loss in the period in which the foreign operations are disposed of.

(11) Government grants

Government grants are measured and recognized at fair value when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. Government grants related to acquisition of assets are deducted from the cost of the assets.

(12) Share-based payments

The Group has adopted a stock option plan which is accounted for as an equity-settled share-based payment plan as an incentive to officers and employees of the Group. Stock options are measured at fair value at the grant date and recognized as expense over the vesting periods with corresponding increases in equity, after considering the number of stock options that are expected to be eventually vested. If subsequent information indicates that the number of stock options expected to vest differs from previous estimates, the Group revises the estimates, as appropriate.

(13) Other significant matters related to the preparation of consolidated financial statements

Presentation of amounts

Amounts are rounded to the nearest million yen.

Notes on Accounting Estimates

Preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that have significant effects on adopting accounting policies and the amounts of assets, liabilities, revenue and expenses. Actual results may differ from those estimates.

The estimates and underlying assumptions are continuously reviewed. The effects of a change in accounting estimates are recognized in the period of the change and future periods.

The estimates and underlying assumptions that have significant effects on the amounts recognized in the consolidated financial statements made by the management are as follows:

- Net realizable value of inventories (Inventories: 352,863 million yen)
- Impairment of non-financial assets (Property, plant and equipment: 1,100,181 million yen; Right-of-use assets: 197,063 million yen; Goodwill: 395,256 million yen; Intangible assets: 10,658 million yen)
- Recoverability of deferred tax assets (Deferred tax assets: 319,163 million yen)
- Measurement of defined benefit obligations (Retirement benefit liability: 46,477 million yen)

Inventories are measured at the lower of cost and net realizable value. If the assumption of estimated selling price, which is the basis for calculating net realizable value, changes due to uncertain future economic conditions or other factors, the amount of inventories could be materially affected.

The recoverable amount used in impairment testing of non-financial assets may be significantly affected by changes in assumptions underlying estimates such as business plans, growth rates, and discount rates, due to future changes in uncertain economic conditions.
Deferred tax assets are evaluated for collectability based on the expected timing and amount of taxable income in future business plans. These business plans include assumptions related to market trends, and if such assumptions change due to uncertain future economic conditions, it may affect the collectability of deferred tax assets.
Defined benefit obligations are calculated using discount rates as actuarial assumptions. Changes in discount rates in response to market interest rate fluctuations may significantly affect the recorded amount of retirement benefit liabilities.

Notes on the consolidated statement of financial position

1. Assets pledged as collateral and corresponding liabilities
   (1) Assets pledged as collateral and corresponding liabilities
      A. Assets pledged as collateral

Current assets	
Cash and cash equivalents	66,266 million yen
Subtotal	66,266 million yen
Non-current assets	
Property, plant and equipment	348,551 million yen
Subtotal	348,551 million yen
Total	414,817 million yen

      B. Liabilities corresponding to the assets pledged as collateral

Current liabilities	
Borrowings	138,657 million yen
Non-current liabilities	
Borrowings	302,340 million yen
Total	440,997 million yen

The following assets eliminated during the consolidation process are also pledged as collateral. The amounts are presented at acquisition cost for the Group.

Shares of subsidiaries and associates	44,287 million yen
Investments in capital of subsidiaries and associates	22,282 million yen
Total	66,569 million yen

   (2) Assets and liabilities for sale and leaseback transactions
   The Group does not have legal title to the assets below for sale and leaseback transactions since the transactions are not recognized as sales but continuously accounted for as property, plant and equipment.

A. Assets for sale and leaseback transactions

Non-current assets

Property, plant and equipment	205,157 million yen

B. Liabilities corresponding to the assets pledged as collateral

Current liabilities	
Borrowings	107,851 million yen
Non-current liabilities	
Borrowings	228,858 million yen
Total	336,709 million yen

2. Loss allowance deducted directly from assets

Trade and other receivables: 688 million yen

3. Total accumulated depreciation on assets (including accumulated impairment losses)

Total accumulated depreciation of property, plant and equipment and right-of-use assets: 2,311,929 million yen

4. Financial covenants

Certain borrowings of the Company are subject to financial covenants. The key terms are as follows:

(1) The "Consolidated Leverage Ratio" shall not exceed the figures in the table below on a continuous basis.

	Fiscal Year Ended March 2025	Fiscal Year Ending March 2026	Fiscal Year Ending March 2027
Second Quarter	3.69:1	2.17:1	1.70:1
Fourth Quarter	2.39:1	1.94:1	1.45:1

(2) The "Consolidated Equity" shall be greater than the figures below.

As of September 30, 2024: 823,000 million yen

As of the last day of each second quarter and fourth quarter after September 30, 2024:

823,000 million yen or 80 percent of "Total equity" in the consolidated statement of financial position of the corresponding period last year added 323,000 million yen, whichever is higher

(3) The "Consolidated Debt to Equity Ratio" shall not exceed the figures in the table below.

	Fiscal Year Ended March 2025	Fiscal Year Ending March 2026	Fiscal Year Ending March 2027
Second Quarter	137%	118%	93%
Fourth Quarter	130%	105%	80%

(4) The Group shall not have negative consolidated profit for the year in any two consecutive full fiscal years ended on or after March 31, 2025.

[Definitions and calculation formulas]

A. "Consolidated" means the amount in the consolidated financial statements prepared in accordance with IFRS.
B. "Consolidated Leverage Ratio" means the ratio of "Consolidated Debt" to "Consolidated EBITDA."
   - "Consolidated Debt" is consolidated interest-bearing debt (excluding preferred shares and lease liabilities).
   - "Consolidated EBITDA" is consolidated operating profit plus depreciation and amortization regarding "Property, plant and equipment" and "Intangible assets" which are including consolidated operating profit.
C. "Consolidated Equity" is "Total equity" in the consolidated statement of financial position plus the amount of preferred shares (323,000 million yen as of March 31, 2025).
D. "Consolidated Debt to Equity Ratio" means the ratio of "Consolidated Debt" to "Consolidated Equity."

Notes on the consolidated statement of changes in equity

1. Total number and classes of shares issued as of the end of the consolidated fiscal year

   Common shares: 539,355,180 shares

   Series 1 (*Kou*) preferred shares: 1,200 shares

   Series 2 (*Otsu*) preferred shares: 1,800 shares

   Note: The increase in the number of common shares was 21,562,500 shares through a public offering with consideration and 292,680 shares through the exercise of share acquisition rights.

2. Dividends

(1) The amount paid as dividends

Date of resolution	Series of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
June 10, 2024 Board of Directors Meeting	Series 1 (*Kou*) preferred shares	5,219	4,349,156	March 31, 2024	June 28, 2024
	Series 2 (*Otsu*) preferred shares	8,348	4,637,595		

Note: Series 1 (*Kou*) and Series 2 (*Otsu*) preferred shares are recognized as financial liabilities under IFRS. Dividends are recognized as “Finance costs” in the consolidated statement of profit or loss.

(2) Dividends whose record date is during the fiscal year ended March 31, 2025, whereas the effective date is after March 31, 2025.

Date of resolution	Series of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
May 15, 2025 Board of Directors Meeting	Series 1 (*Kou*) preferred shares	9,286	7,738,453	March 31, 2025	June 30, 2025
	Series 2 (*Otsu*) preferred shares	14,475	8,041,552		

Note: Series 1 (*Kou*) and Series 2 (*Otsu*) preferred shares are recognized as financial liabilities under IFRS. Dividends are recognized as “Finance costs” in the consolidated statement of profit or loss.

3. Number and class of shares underlying share acquisition rights as of the end of the consolidated fiscal year (excluding those for which the commencement date of the exercise period has not yet arrived)

   Common shares: 12,141,720 shares

Notes on financial instruments

1. Status of financial instruments

(1) Capital management

The Group makes capital expenditures and research and development expenditures, in order to enhance its corporate value through global growth.

Those expenditures are managed to achieve an optimal balance between equity and net interest-bearing debt which is interest-bearing debt excluding cash and cash equivalents.

The Group monitors the net debt-to-equity ratio and the ratio of equity attributable to owners of the parent as capital management indicators.

(2) Credit risk management

Credit risk is the risk of financial loss resulting from the failure of a customer to fulfill its contractual obligation. With regard to trade receivables, the Group sets and manages credit limits for counterparties in accordance with its credit management policy. The Group's receivables are from a large number of counterparties, spread across diverse industries and geographical areas, and therefore the Group does not have significant concentrated credit risk exposure to any single counterparty or any group of counterparties.

The credit risk on derivatives is limited because the counterparties are limited to financial institutions with high credit ratings and the counterparties are diversified.

The carrying amount of the financial assets after deducting impairment losses in the consolidated financial statements is the Group's maximum exposure to the credit risk of the financial assets.

(3) Liquidity risk management

Liquidity risk is the risk that the Group will be unable to meet its repayment obligations on the due dates of its financial liabilities.

The Group manages liquidity risk by diversifying financing sources, securing appropriate funds for repayments, securing credit facilities from financial institutions that can be utilized at any time, and monitoring forecasted and actual cash flows on an ongoing basis.

(4) Foreign currency risk management

The Group's exposure to foreign currency risk relates primarily to performance, assets, and liabilities denominated in foreign currencies, especially the US dollar, associated with international business.

The Group enters into forward exchange contracts, which are designed to mitigate its exposure to foreign currency exchange rate risk of assets and liabilities.

(5) Interest rate risk management

The Group is exposed to various interest rate risks, particularly, the risk that interest rate fluctuations could have a significant impact on the Group's borrowing costs.

(6) Market risk management

The Group is exposed to the risk of stock price fluctuations arising from equity instruments (shares).

The Group periodically reviews the fair values and the financial condition of the issuers, and reviews the holdings of the shares as necessary, considering the relationship with related business counterparties.

2. Fair value of financial instruments

The carrying amount and the fair value of financial instruments are as follows. If the carrying amount of the instruments represents a reasonable appropriation of its fair value, disclosure is omitted.

(Millions of yen)

Category	Carrying amount	Fair value
Non-current liabilities		
Other financial liabilities (preferred shares)	321,261	317,960

The fair value of financial instruments is calculated as described below:

(1) Cash and cash equivalents, trade and other receivables, trade and other payables

The fair value is determined at the carrying amount which approximates their fair value, as they are settled in a short period of time.

(2) Other financial assets, other financial liabilities

The fair value of listed shares is the market price as of the end of the period.

The fair value of unlisted shares is calculated based on an appropriate valuation technique such as comparable company analysis.

The fair value of debt instruments is calculated based on net assets method.

The fair value of derivatives is calculated based on observable market data, such as the price offered by a financial institution, as of the end of the period.

The fair value of accrued interest is determined at the carrying amount which approximates its fair value, as it is settled in a short period of time.

The fair value of preferred shares is calculated based on the present value of estimated future cash flows.

(3) Borrowings

The fair value of short-term borrowings is determined at the carrying amount which approximates its fair value, as it is settled in a short period of time.

The fair value of long-term borrowings is determined at the carrying amount which approximates its fair value, as long-term borrowings mainly have variable interest rates that regularly reflect market rates and considering the remaining term of the debt and the credit standing of the Group.

Earnings per Share

Equity attributable to owners of parent per share:	1,367.49 yen
Basic earnings (loss) per share:	519.96 yen

Notes on revenue recognition

(1) Disaggregation of revenue from contracts with customers

The Group mainly provides memory and related products used for applications such as SSD & Storage and Smart Devices, and recognizes consideration for the products received from customers as revenue. Information on revenue by application is as follows:

SSD & Storage	991,147 million yen
Smart Devices	501,142 million yen
Other	214,171 million yen
Total	1,706,460 million yen

Regarding sales of products, revenue arising from products is recognized when control of the products is transferred to a customer. The legal title, physical possession, and the significant risks and rewards of ownership for products are transferred to a customer when products are delivered to a customer's designated location.

The Group may offer rebates depending on certain conditions such as sales volume or sales value. The Group also provides price adjustment payments to compensate certain customers for market pricing declines compared to initial contractual values. In such cases, the transaction price is determined at the amount of consideration promised in a contract with a customer less the estimated amount of adjustments such as rebates. Adjustments, including rebates and price adjustments are estimated reasonably, using the most likely amount method based on all the available information (historical, current, and forecast) and revenue is recognized only to the extent that it is highly probable that a significant reversal of revenue will not occur.
Consideration for a transaction is generally received within a few months after the delivery of the product, which is the satisfaction of the performance obligation. Therefore, the transaction price of the Group does not include significant financing components.
In terms of product sales, payment for replacement of a functioning product resulting from product defect is considered as an assurance-type product warranty and is accounted for as a provision for product warranties.

(2) Contract balances
Contract balances of the Group are as follows:

(Millions of yen)

	April 1, 2024	March 31, 2025
Accounts receivable and electronically recorded monetary claims (Trade and other receivables)	128,293	215,835
Contract liabilities (Other current liabilities)	50,731	–

(3) Transaction price allocated to the remaining performance obligations
As the Group does not have significant transactions for which the original expected contract duration of the remaining performance obligations is longer than one year, disclosure of the information related to the remaining performance obligations is omitted based on practical expedient.

(4) Assets recognized from the costs to obtain or fulfill a contract with a customer
Costs for obtaining a contract are expensed as incurred, as the goods and services of the Group are transferred to customers within a year.
There is no asset recognized from the costs incurred to fulfill a contract with a customer.

Notes to significant subsequent events

Not applicable.

Notes to Non-consolidated Financial Statements

1. Notes on significant accounting policies
   (1) Basis and method for valuation of securities
   Shares of subsidiary: Cost method using the moving average method
   (2) Depreciation method for non-current assets
   Property, plant and equipment
   Property, plant and equipment are depreciated using the straight-line method. The principal useful lives are as follows:
   Tools, furniture and fixtures: 8 years
   (3) Revenue and expense recognition criteria
   The Group applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and the "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, March 26, 2021). Revenue from contracts with customers is recognized based on the following five-step approach:
   Step 1: Identify the contract with a customer
   Step 2: Identify performance obligations in the contract
   Step 3: Determine the transaction price
   Step 4: Allocate the transaction price to performance obligations
   Step 5: Recognize revenue at the point in time or over time when performance obligations are satisfied
   The Company formulates and manages the business strategies of the Group and regards its subsidiaries as customers. Under contracts related to management guidance, the Company identifies the provision of guidance and advice to its subsidiaries on overall management matters as its performance obligation. Since these performance obligations are satisfied over time, revenue is recognized over the contract period.
   (4) Other significant matters forming the basis for the preparation of financial statements
   Presentation of amounts
   Amounts are rounded to the nearest million yen.

2. Notes on accounting estimates
   With respect to unlisted shares of subsidiary (amount recorded in the financial statements for the current fiscal year: 1,147,267 million yen), if the financial condition of the issuing company deteriorates and the actual value of the shares declines significantly, a substantial write-down is made at the fiscal year-end, unless there is sufficient evidence—based on business plans or other relevant information—demonstrating that recovery will occur within approximately five years. These business plans include assumptions related to market trends, and if such assumptions change due to uncertain future economic conditions, it may necessitate impairment. As a result, the value of shares of subsidiary presented in the financial statements for the following fiscal year may be significantly affected.

3. Notes on the balance sheet

(1) Accounts receivable and payable to subsidiary(excluding those presented separately)

Short-term accounts receivable:	4,187 million yen
Short-term accounts payable:	411 million yen
Long-term accounts payable:	221 million yen

(2) Assets pledged as collateral and corresponding liabilities to assets pledged

The following assets are pledged as collateral for borrowings totaling 439,541 million yen (including current portion) from financial institutions.

Cash and deposits:	69 million yen

(3) Total accumulated depreciation of property, plant and equipment:

0 million yen

4. Notes on the statement of income

Transactions with subsidiary

Operating transactions:

Operating revenue:	8,570 million yen

Non-operating transactions:

Interest income:	22,008 million yen
Commission income:	25,432 million yen
Interest expenses:	76 million yen

5. Notes on the statement of changes in net assets

(1) Classes and total number of issued shares as of the end of the fiscal year

Common shares:	539,355,180 shares
Series 1 (*Kou*) preferred shares:	1,200 shares
Series 2 (*Otsu*) preferred shares:	1,800 shares

Note: The increase in the number of common shares was 21,562,500 shares through a public offering with consideration and 292,680 shares through the exercise of share acquisition rights.

(2) Classes and total number of treasury shares as of the end of the fiscal year

Common shares:	- shares
Series 1 (*Kou*) preferred shares:	- shares
Series 2 (*Otsu*) preferred shares:	- shares

6. Notes on tax effect accounting

The main causes of deferred tax assets are accrued expenses, tax loss carryforwards, etc.

The Company applies the group tax sharing system and accounts for corporate and local corporate income taxes, as well as related tax effect accounting and disclosures, in accordance with the “Practical Solution on Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021).

Due to the enactment of the “Act on Partial Revision of the Income Tax Act” (Act No. 13 of 2025) by the National Diet on March 31, 2025, the “Special Defense Corporation Tax” will be imposed from fiscal years beginning on or after April 1, 2026.

Accordingly, for temporary differences expected to be reversed in fiscal years beginning on or after April 1, 2026, deferred tax assets and liabilities are calculated using a revised statutory effective tax rate of 31.52%, instead of the previous 30.62%. The impact of the tax rate change is immaterial.

7. Notes on transactions with related parties
Subsidiary

(Millions of yen)

Type	Name	Ownership Ratio of Voting Rights, etc.	Relationship with Related Parties	Details of transactions	Transaction amounts	Item	Balance as of March 31, 2025
Subsidiary	Kioxia Corporation	Direct 100.0%	Management guidance Lending of funds, etc. Guarantee obligations Provision of collateral Dual roles of executives	Receipt of management advisory fees (Note 1)	8,570	Accounts receivable - other	1,263
				Lending of funds (Note 2)	544,541	Current portion of long-term loans receivable from subsidiary	140,000
				Collection of funds (Note 2)	824,226	Long-term loans receivable from subsidiary	285,941
				Receipt of interest (Note 2)	21,877	Accrued income	849
				Receipt of fees (Note 2)	25,432	Accounts receivable - other	418
				Group finance (Note 3)	–	Deposits paid to subsidiary	36,700
				Receipt of interest (Note 3)	131	Accrued income	2
				Financial guarantee (Note 4)	–	–	–
				Provision of collateral (Note 5)	455,821	–	–
Subsidiary	Kioxia Energy Management Corporation	Indirect 100.0%	Provision of collateral	Provision of collateral (Note 5)	470	–	–
Subsidiary	Kioxia Taiwan Corporation	Indirect 100.0%	Provision of collateral	Provision of collateral (Note 5)	13,046	–	–

Notes: 1. The management advisory fee is determined through mutual consultation between the two companies with reference to general transaction conditions.
2. Loans of funds have been provided. Transaction amounts and other terms are determined through negotiation.
3. For group finance transactions, the amount is omitted due to the recurring nature of the Group’s internal fund management.
4. The financial guarantee pertains to a loan agreement with a financial institution entered into by the said company for specific capital expenditure purposes (maximum borrowing limit: 120.0 yen billion). As of the end of the fiscal year under review, there is no outstanding balance on the loan.
5. With respect to borrowings by the Company from financial institutions, the Company receives collateral provided by assets owned by its subsidiary.

8. Notes on per share information

Net assets per share: 1,568.12 yen

Profit (loss) per share: –

Note: For the purpose of calculating profit per share, the amount of preferred dividends paid from retained earnings not attributable to common shareholders is deducted from profit.

9. Notes on revenue recognition

The basic information for understanding revenue is provided in “1. Notes on Significant Accounting Policies, (3) Revenue and expense recognition criteria.”

10. Notes to significant subsequent events

Not applicable.