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Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 [Japanese GAAP]



May 8, 2026

Company name: KYUSHU LEASING SERVICE CO., LTD.
 Stock exchange listing: Tokyo and Fukuoka Stock Exchanges
 Securities code: 8596
 URL: <https://www.k-lease.co.jp>
 Representative: Seiji Isoyama, President and CEO
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 Scheduled date of general shareholders' meeting: June 26, 2026
 Scheduled date of commencing dividend payments: June 5, 2026
 Scheduled date of filing securities report: June 24, 2026
 Availability of supplementary explanatory materials on annual financial results: Available
 Schedule of annual financial results briefing session: Scheduled (for analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (April 1, 2025 - March 31, 2026)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2026	35,838	(8.9)	6,083	7.6	6,008	7.6	3,929	10.1
March 31, 2025	39,338	17.4	5,651	21.9	5,584	21.6	3,569	17.1

(Note) Comprehensive income: Fiscal year ended March 31, 2026: 4,377 million yen [16.8%]

Fiscal year ended March 31, 2025: 3,748 million yen [17.2%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2026	173.85	—	8.9	2.9	17.0
March 31, 2025	158.17	—	8.7	2.8	14.4

(Reference) Equity in earnings of affiliated companies: Fiscal year ended March 31, 2026: (54) million yen
 Fiscal year ended March 31, 2025: — million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2026	219,586	45,498	20.6	2,004.11
As of March 31, 2025	201,932	42,630	21.0	1,881.25

(Reference) Equity: As of March 31, 2026: 45,336 million yen
 As of March 31, 2025: 42,489 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2026	(7,773)	(2,884)	12,059	6,325
March 31, 2025	(3,250)	(68)	3,141	4,907

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2025	–	17.00	–	36.00	53.00	1,259	33.5	2.9
Fiscal year ended	–	28.00	–	30.00	58.00	1,378	33.4	3.0
March 31, 2026								
Fiscal year ending	–	31.00	–	31.00	62.00		33.4	
March 31, 2027 (Forecast)								

(Note) 2nd quarter-end and year-end dividends for the fiscal year ended March 31, 2025 include a commemorative dividend of 2 yen each.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2027 (April 1, 2026 - March 31, 2027)

(% indicates changes from the previous corresponding period.)

	Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	6,200	1.9	6,100	1.5	4,200	6.9	185.66

(Note) Until the fiscal year ended March 31, 2026, the Company disclosed consolidated financial results forecasts for each stage from net sales to profit attributable to owners of parent. However, in light of the characteristics of the Company's business, net sales are not considered an appropriate indicator of business performance, and the Company places greater emphasis on profit at each level as performance indicators. Accordingly, from the fiscal year ending March 31, 2027, the Company will change its disclosure items to operating profit and subsequent profit levels.

*** Notes:**

(1) Significant changes in the scope of consolidation during the period under review: Yes

Newly included: 1 company (KLI New Energy LLC)

Excluded: –

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Total number of issued and outstanding shares (common shares)

1) Total number of issued shares at the end of the year (including treasury shares):

March 31, 2026: 25,952,374 shares

March 31, 2025: 25,952,374 shares

2) Total number of treasury shares at the end of the year:

March 31, 2026: 3,330,645 shares

March 31, 2025: 3,366,800 shares

3) Average number of shares outstanding during the year:

Year ended March 31, 2026: 22,601,461 shares

Year ended March 31, 2025: 22,567,870 shares

(Note) Treasury shares include the Company shares held by Custody Bank of Japan, Ltd. (Trust Account E) as trust property for the “Board Benefit Trust (BBT)” and the “Japanese employee stock ownership plan (J-ESOP).”

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (April 1, 2025 - March 31, 2026)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended								
March 31, 2026	21,270	3.5	2,305	9.2	2,214	10.4	1,687	16.4
March 31, 2025	20,542	3.0	2,112	21.9	2,005	21.9	1,450	29.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Year ended		
March 31, 2026	74.66	–
March 31, 2025	64.27	–

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2026	199,264	38,127	19.1	1,685.44
As of March 31, 2025	183,545	37,707	20.5	1,669.53

(Reference) Equity: As of March 31, 2026: 38,127 million yen

As of March 31, 2025: 37,707 million yen

* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

Financial results forecasts and other forward-looking statements contained herein are based on information available as of this report's publication and certain assumptions that are deemed reasonable, and actual results may differ significantly due to various factors. For the assumptions underlying the forecasts herein and cautionary notes on the use of these financial results forecasts, please refer to "1. Overview of Operating Results, etc. (4) Future Outlook" on page 5 of the Attachments.

(How to obtain the supplementary explanatory materials on financial results)

The supplementary explanatory materials on financial results are posted on the Company's website (in Japanese only).

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026), the Japanese economy continued its gradual recovery amid a continuation of the improved employment and income situations, and an expansion of personal consumption supported by steady inbound demand. Corporate earnings remained steady thanks to a range of factors, including progress on price pass-through. The willingness to engage in capital investments in order to address the medium- to long-term issues of labor shortages and DX also remained at a high level.

However, concerns of a slowdown in the global economy stemming from the trade policies of key countries placed a downward pressure on the Japanese economy, and the shift in monetary policy of the Bank of Japan has had an impact on the situation corporations find themselves in with regarding to procuring financing. The heightened geopolitical risk resulting from the prolonged situation in Ukraine and the escalating situation in the Middle East is also having a wide-ranging impact on the entire supply chain, not just limited to fluctuations in the price of resources. Given the above, the future outlook remains uncertain.

Under this business environment, the Group has continued to engage in a variety of measures formulated to help execute on the three basic strategies of “Establishing a solid revenue foundation,” “Creating new business fields,” and “Strengthening the management foundation” as set out in the Group’s medium-term management plan, “Co-creation 2027: Create the Future with the Power of Connection.” In addition to these efforts, the Group has also been working on initiatives to help it achieve sustainable growth and improve corporate value.

Establishing a Solid Revenue Foundation

The Group has placed an even greater focus on strengthening collaboration with Nishi-Nippon Financial Holdings, Inc. By combining the Group’s comprehensive financial services—which encompass diverse functions such as building leasing, financing, and real estate brokerage in addition to machinery and equipment leasing—we have promoted and expanded the proposal of solutions aimed at resolving the management issues of our business partners. In particular, by collaborating with Nishi-Nippon Financial Holdings, Inc., we have seen success in developing local, high-quality customers and in cooperative initiatives on local large-scale capital investment projects, through which we have recorded solid results. We have also proactively pursued financing projects in the Kyushu and Kanto areas, steadily increasing our operating assets, and expanding the scale of our business.

In the real estate segment, in tandem with efforts to develop rental properties in the Fukuoka and Okinawa areas, the Group has been replacing assets through sales, helping ensure a stable and efficient expansion of our profit base.

Creating New Business Fields

In the renewable energy sector, the Group established a new subsidiary company with the aim of developing new businesses for supporting grid-scale batteries and the FIP system. We also worked with regional power companies to develop storage facilities for grid-scale batteries and focused efforts on acquiring information on new investment projects related to this. In so doing, we hope to build up expertise in this field and lay the foundations for future business opportunities.

As part of the expansion of our business overseas with a view to helping address social issues, the Group, in collaboration with alliance partners, invested in a large-scale detached housing development project in Indonesia and in a logistics facility in Singapore. In leveraging the strengths of the Group’s comprehensive financial services, we were able to expand the fields in which the Group conducts its business.

Furthermore, with the aim of strengthening our sales system, the Group moved forward with preparations toward the opening of a branch in Osaka, which began operations on April 3, 2026. In collaboration with the Group’s Fukuoka headquarters, the Group will seek to provide its business partners in the Kansai area with comprehensive high value-added financial services and solutions.

Strengthening the Management Foundation

The Group promoted DX-related initiatives, actively invested in human capital, and promoted career development supports, reskilling, and transformations to its internal company culture as part of efforts to grow as a comprehensive financial services company that can provide solutions optimized to address the increasingly diverse and complex management issues faced by our business partners.

In addition, based on interest rate trends and the economic situation, the Group worked to strengthen the ALM system of holistically managing assets and liabilities, and strived to improve the effectiveness of risk management. With the aim of ensuring stable and effective funds procurement, the Group also promoted efforts to diversify the methods by which it can secure financing, by beginning to use commercial paper and through the issuing of its 3rd round of debenture bonds.

As a result of these initiatives, regarding consolidated financial results for the fiscal year ended March 31, 2026, all segments performed favorably. The Company posted net sales of 35,838 million yen (down 8.9% year on year), operating profit of 6,083 million yen (up 7.6% year on year), ordinary profit of 6,008 million yen (up 7.6% year on year), and profit attributable to owners of parent was 3,929 million yen (up 10.1% year on year). In addition to exceeding our full-year projections, operating profit and ordinary profit were highest on record.

Operating assets increased due to the replacement of assets with a view toward profitability and efficiency from the perspective of ensuring the sustainable growth of the Group, ending at 205,656 million yen (up 8.0% year on year).

The financial targets and results for the medium-term management plan, “Co-creation 2027,” are as follows:

Financial targets

Consolidated	Target for final year (March 2027) of Co-creation 2027	March 2026 results	March 2025 results
Profit	4.0 billion yen	3.9 billion yen	3.5 billion yen
ROA	Greater than 1.75%	1.86%	1.81%
ROE	Greater than 8.00%	8.95%	8.68%

Operating results by business segment are as follows.

1) Leasing/Installment sales

Net sales decreased by 8.4% year on year to 21,844 million yen, while operating profit increased by 14.9% year on year to 1,935 million yen. The main factors included the absence of proceeds from the sale of leased properties recorded in the same period of the previous fiscal year, and the steady performance of new leasing contracts, especially for commercial equipment and in environmental areas, including renewable energy. Operating assets as of March 31, 2026 were 105,744 million yen (up 4.9% from the end of the previous fiscal year).

2) Finance

Net sales increased by 23.3% year on year to 2,648 million yen and operating profit increased by 22.8% year on year to 1,576 million yen. This was mainly due to an increase in interest revenue exceeding funding and credit costs, resulting from the accumulation of high-quality operating assets through the implementation of profitability-focused sales strategies. Operating assets as of March 31, 2026 were 45,459 million yen (up 9.7% from the end of the previous fiscal year).

3) Real estate

Net sales decreased by 17.9% year on year to 9,579 million yen and operating profit decreased by 4.0% year on

year to 2,829 million yen. This was due to the one time factor of an absence of proceeds from large real estate sales recorded in the real estate segment during the same period of the previous fiscal year, despite stable revenues from real estate for rent, as well as the recording of proceeds from real estate sales. Operating assets as of March 31, 2026 were 49,140 million yen (up 15.2% from the end of the previous fiscal year).

4) Fee business

Net sales increased by 0.4% year on year to 488 million yen and operating profit increased by 1.4% year on year to 250 million yen due to steady streams of automobile-related commissions and income from the insurance agency business.

5) Environmental solutions

Net sales increased by 8.5% year on year to 1,248 million yen and operating profit increased by 31.9% year on year to 261 million yen due to solid revenue from electricity sales and income from equity investments in environment-related areas. Operating assets as of March 31, 2026 were 5,312 million yen (down 1.7% from the end of the previous fiscal year).

(2) Overview of Financial Position for the Fiscal Year under Review

Assets, liabilities and net assets

Total assets at the end of the fiscal year under review increased by 17,653 million yen or 8.7% from the end of the previous fiscal year to 219,586 million yen. This was mainly due to an increase of 3,984 million yen in accounts receivable - operating loans, an increase of 3,980 million yen in real estate for sale, an increase of 3,920 million yen in installment receivables, and an increase of 2,798 million yen in investment securities.

Total liabilities increased by 14,784 million yen or 9.3% from the end of the previous fiscal year to 174,087 million yen. This was mainly due to an increase of 6,798 million yen in borrowings, an increase of 4,500 million yen in commercial paper, and an increase of 2,500 million yen in bonds payable.

Total net assets increased by 2,868 million yen or 6.7% from the end of the previous fiscal year to 45,498 million yen. This was mainly due to an increase of 2,408 million yen in retained earnings.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year under review were 6,325 million yen, an increase of 1,417 million yen from the end of the previous fiscal year.

Status of Cash Flows from Operating Activities

Net cash used in operating activities was 7,773 million yen, compared with a cash outflow of 3,250 million yen in the previous fiscal year. This was mainly due to cash outflows, including an increase of 5,563 million yen in accounts receivable - operating loans, an increase of 4,264 million yen in installment receivables, and an increase of 2,931 million yen in real estate for sale.

Status of Cash Flows from Investing Activities

Net cash used in investing activities was 2,884 million yen, compared with a cash outflow of 68 million yen in the previous fiscal year. This was mainly due to 1,831 million yen in purchase of shares of subsidiaries and associates and 1,034 million yen in purchase of investment securities.

Status of Cash Flows from Financing Activities

Net cash provided by financing activities was 12,059 million yen, compared with a cash inflow of 3,141 million yen in the previous fiscal year. This was mainly due to cash inflows, including net increase in long-term and short-term borrowings of 6,798 million yen, net increase in commercial paper of 4,500 million yen, net increase in bonds payable of 2,475 million yen despite cash outflows, including 1,518 million yen in dividends paid.

(4) Future Outlook

With regard to the business environment in which the Group finds itself, it is expected that demand for capital investment by corporations will remain steady, backed by continued labor shortages and the need for businesses to reduce their environmental impact. It is also expected that the Japanese economy will remain robust thanks to favorable tailwinds brought about by the government's large-scale economic stimulus measures.

The impact of the heightened geopolitical risk on the Japanese economy is also becoming increasingly apparent, including in terms of rising energy costs on the back of the escalating situation in the Middle East, disruptions to supply chains, and concerns over inflation gathering pace. In light of the above, the Group recognizes that the future outlook for the Japanese economy remains unclear.

Given the present environment, the Group believes that it is essential that it has an accurate picture of the business conditions of our business partners and to further strengthen our support systems. In addition, based on the assumption that the policy interest rate will continue to rise, we will look to improve the added-value of the services that we provide, while also looking to expand the foundations of our business by taking on the challenge of moving into new sectors as part of efforts to boost our profitability.

As we move toward the final year of our medium-term management plan, "Co-creation 2027," we will seek to maximize the results of the various initiatives that we have been working on thus far, and continue efforts toward helping the Group achieve sustainable growth and an improvement in its corporate value.

Financial results forecasts for the year ending March 31, 2027 are operating profit of 6,200 million yen (up 1.9% year on year), ordinary profit of 6,100 million yen (up 1.5% year on year), and profit attributable to owners of parent of 4,200 million yen (up 6.9% year on year). With these forecasts, we are aiming to ensure financial results that exceed the financial targets set out in "Co-creation 2027."

(5) Basic Policy on Profit Distribution and Dividends for the Fiscal Year under Review and the Next Fiscal Year

The Company believes that the payment of dividends should be determined based on a comprehensive analysis of the Company's financial results, financial situation, and plans for future business development for each fiscal year. During the period of the medium-term management plan "Co-creation 2027," the Company's basic policy has been to seek a balance with the Company's internal reserves while implementing progressive dividends and ensuring stable dividends, aiming for a dividend-to-equity (DOE) ratio of 3.0% or greater on a consolidated basis.

Based on this policy and in accordance with the press release "Notice Regarding Upward Revision to Full-year Financial Results Forecast for Fiscal Year Ending March 31, 2026 and Revision (Increase) to Year-end Dividend Forecast" dated February 6, 2026, the Company has decided to increase the year-end dividend by 2.00 yen per common share to 30.00 yen, which, when combined with the interim dividend of 28.00 yen, brings the annual dividend to 58.00 yen per share for the fiscal year ended March 31, 2026.

Moreover, based on the aforementioned shareholder return policy, the Company plans to pay an annual dividend of 62.00 yen per common share for the fiscal year ending March 31, 2027.

From the perspective of ensuring flexibility in capital policy and dividend policy, the Board of Directors is the Company's decision-making body for matters such as dividends of surplus.

2. Basic Policy on Selection of Accounting Standards

The Company has adopted Japanese GAAP for the preparation of its consolidated financial statements to ensure the comparability of consolidated financial statements among companies and across periods. With regard to the adoption of International Financial Reporting Standards (IFRS), the Company's policy is to take appropriate measures after consideration of the situation in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes
(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	4,907	6,325
Notes and accounts receivable - trade	65	87
Installment receivables	29,659	33,580
Lease receivables and investments in leases	64,399	65,730
Accounts receivable - operating loans	41,118	45,102
Accounts receivable - lease	320	267
Real estate for sale	9,389	13,369
Other	838	647
Allowance for doubtful accounts	(447)	(516)
Total current assets	150,252	164,595
Non-current assets		
Property, plant and equipment		
Assets for lease		
Real estate for rent, net	27,570	28,312
Other, net	7,572	7,260
Total assets for lease	35,142	35,573
Other operating assets		
Lease asset, net	2,127	1,937
Other, net	941	1,163
Total other operating assets	3,069	3,101
Own-used assets	552	573
Total property, plant and equipment	38,764	39,248
Intangible assets	506	432
Investments and other assets		
Investment securities	10,494	13,293
Distressed receivables	23	75
Deferred tax assets	599	642
Other	1,291	1,298
Total investments and other assets	12,408	15,310
Total non-current assets	51,679	54,990
Total assets	201,932	219,586

(Million yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,768	4,035
Short-term borrowings	38,572	42,861
Current portion of bonds payable	500	500
Commercial papers	–	4,500
Lease liabilities	360	328
Income taxes payable	1,209	999
Provision for bonuses	186	197
Provision for loss on guarantees	278	319
Other	4,572	5,239
Total current liabilities	49,448	58,981
Non-current liabilities		
Bonds payable	18,800	21,300
Long-term borrowings	79,646	82,156
Lease liabilities	2,399	2,161
Deferred tax liabilities	29	35
Provision for employee stock ownership plan trust	263	267
Provision for share awards for directors (and other officers)	103	122
Retirement benefit liability	178	180
Asset retirement obligations	470	436
Long-term guarantee deposits	4,326	4,372
Other	3,636	4,075
Total non-current liabilities	109,854	115,106
Total liabilities	159,302	174,087
Net assets		
Shareholders' equity		
Share capital	2,933	2,933
Capital surplus	811	811
Retained earnings	39,332	41,740
Treasury shares	(1,266)	(1,250)
Total shareholders' equity	41,810	44,234
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	678	930
Foreign currency translation adjustment	–	171
Total accumulated other comprehensive income	678	1,101
Non-controlling interests	140	162
Total net assets	42,630	45,498
Total liabilities and net assets	201,932	219,586

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales		
Lease sales	23,316	21,163
Real estate lease revenue	3,119	3,228
Installment sales	752	906
Finance revenue	1,391	1,764
Other incost relating to real estate	7,788	5,851
Other net sales	2,970	2,923
Total net sales	39,338	35,838
Cost of sales		
Lease costs	20,670	18,306
Cost of real estate lease revenue	1,361	1,411
Capital costs	949	1,390
Other cost relating to real estate	6,558	4,393
Other cost of sales	811	812
Total cost of sales	30,351	26,314
Gross profit	8,987	9,523
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	115	35
Provision for loss on guarantees	7	40
Salaries and allowances	962	1,023
Bonuses	341	369
Provision for J-ESOP expense	20	21
Retirement benefit expenses	63	55
Welfare expenses	302	299
Rent expenses	146	153
Taxes and dues	103	101
Depreciation	154	190
Other	1,116	1,148
Total selling, general and administrative expenses	3,335	3,439
Operating profit	5,651	6,083
Non-operating income		
Interest income	5	7
Dividend income	52	58
Gain on sale of investment securities	–	49
Foreign exchange gains	–	15
Other	34	19
Total non-operating income	92	151
Non-operating expenses		
Interest expenses	87	134
Share of loss of entities accounted for using equity method	–	54
Bond issuance costs	58	24
Other	13	13
Total non-operating expenses	159	226
Ordinary profit	5,584	6,008

(Million yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Extraordinary income		
Gain on sales of real estate for rent	37	29
Gain on reversal of asset retirement obligations	–	45
Total extraordinary income	37	75
Extraordinary losses		
Impairment losses	–	272
Total extraordinary losses	–	272
Profit before income taxes	5,621	5,811
Income taxes – current	1,948	2,011
Income taxes – deferred	(132)	(153)
Total income taxes	1,815	1,857
Profit	3,805	3,953
Profit attributable to non-controlling interests	235	24
Profit attributable to owners of parent	3,569	3,929

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Profit	3,805	3,953
Other comprehensive income		
Valuation difference on available-for-sale securities	(56)	251
Share of other comprehensive income of entities accounted for using equity method	–	171
Total other comprehensive income	(56)	423
Comprehensive income	3,748	4,377
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,512	4,352
Comprehensive income attributable to non-controlling interests	235	24

(3) Consolidated Statements of Changes in Equity
Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,933	811	36,583	(1,277)	39,051
Changes during period					
Dividends of surplus			(819)		(819)
Profit attributable to owners of parent			3,569		3,569
Purchase of treasury stock					–
Disposal of treasury shares				11	11
Changes in equity of parent from transaction of non-controlling interest					–
Change of scope of consolidation, etc.			(1)		(1)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,748	11	2,759
Balance at end of period	2,933	811	39,332	(1,266)	41,810

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	735	–	735	355	40,142
Changes during period					
Dividends of surplus					(819)
Profit attributable to owners of parent					3,569
Purchase of treasury stock					–
Disposal of treasury shares					11
Changes in equity of parent from transaction of non-controlling interest					–
Change of scope of consolidation, etc.					(1)
Net changes in items other than shareholders' equity	(56)	–	(56)	(214)	(271)
Total changes during period	(56)	–	(56)	(214)	2,487
Balance at end of period	678	–	678	140	42,630

Fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,933	811	39,332	(1,266)	41,810
Changes during period					
Dividends of surplus			(1,520)		(1,520)
Profit attributable to owners of parent			3,929		3,929
Purchase of treasury stock				(0)	(0)
Disposal of treasury shares				15	15
Changes in equity of parent from transaction of non-controlling interest		0			0
Change of scope of consolidation, etc.					-
Net changes in items other than shareholders' equity					
Total changes during period	-	0	2,408	15	2,423
Balance at end of period	2,933	811	41,740	(1,250)	44,234

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	678	-	678	140	42,630
Changes during period					
Dividends of surplus					(1,520)
Profit attributable to owners of parent					3,929
Purchase of treasury stock					(0)
Disposal of treasury shares					15
Changes in equity of parent from transaction of non-controlling interest					0
Change of scope of consolidation, etc.					-
Net changes in items other than shareholders' equity	251	171	423	21	444
Total changes during period	251	171	423	21	2,868
Balance at end of period	930	171	1,101	162	45,498

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	5,621	5,811
Depreciation	1,160	1,224
Impairment losses	–	272
Loss (gain) on sales of real estate for rent	(37)	(29)
Increase (decrease) in allowance for doubtful accounts	160	69
Increase (decrease) in provision for bonuses	14	11
Increase (decrease) in provision for loss on guarantees	7	40
Net change in reserve for employee stock ownership plan trust	16	19
Increase (decrease) in provision for share awards for directors (and other officers)	10	19
Increase (decrease) in retirement benefit liability	16	1
Interest and dividend income	(57)	(65)
Capital costs and interest expenses	1,037	1,524
Bond issuance costs	58	24
Foreign exchange losses (gains)	0	(15)
Share of loss (profit) of entities accounted for using equity method	–	54
Loss (gain) on sale of investment securities	–	(49)
Decrease (increase) in installment receivables	(3,738)	(4,264)
Net decrease (increase) in lease receivables and investments in leases	(3,633)	(1,108)
Decrease (increase) in accounts receivable - operating loans	144	(5,563)
Decrease (increase) in real estate for sale	3,411	(2,931)
Decrease (increase) in operational investment securities	(2,022)	880
Decrease (increase) in distressed receivables	17	(41)
Increase (decrease) in trade payables	1,506	267
Proceeds from sale of assets for lease	552	84
Purchase of assets for lease	(3,255)	(689)
Purchase of other operating assets	(3)	(213)
Other, net	(1,495)	582
Subtotal	(507)	(4,084)
Interest and dividends received	57	66
Interest paid	(1,028)	(1,532)
Income taxes paid	(1,772)	(2,221)
Net cash provided by (used in) operating activities	(3,250)	(7,773)

(Million yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from investing activities		
Purchase of own-used assets	(76)	(42)
Purchase of intangible assets	(84)	(56)
Purchase of investment securities	–	(1,034)
Proceeds from sale and redemption of investment securities	93	80
Purchase of shares of subsidiaries and associates	–	(1,831)
Other, net	(0)	–
Net cash provided by (used in) investing activities	(68)	(2,884)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,000)	(2,000)
Net increase (decrease) in commercial papers	–	4,500
Proceeds from long-term borrowings	43,380	45,460
Repayments of long-term borrowings	(45,223)	(36,661)
Proceeds from issuance of bonds	9,941	2,975
Redemption of bonds	(500)	(500)
Repayments of lease liabilities	(187)	(192)
Dividends paid	(818)	(1,518)
Repayments to non-controlling shareholders	(266)	(2)
Other, net	(183)	(0)
Net cash provided by (used in) financing activities	3,141	12,059
Effect of exchange rate change on cash and cash equivalents	(2)	15
Net increase (decrease) in cash and cash equivalents	(179)	1,417
Cash and cash equivalents at beginning of period	5,087	4,907
Cash and cash equivalents at end of period	4,907	6,325

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on changes in accounting policies)

Not applicable.

(Changes in scope of consolidation or equity method)

(1) Significant changes in scope of consolidation

In the fiscal year ended March 31, 2026, KLI New Energy LLC was newly established and included in the scope of consolidation.

(2) Significant changes in the scope of equity method

In the fiscal year ended March 31, 2026, 8JPR JV PTE. LTD. and STORAGE-OH Co., Ltd. were newly included in the scope of application of the equity method due to the Company's acquisition of their shares.

(Additional information)

(Transactions of delivering the Company's own stock to employees, etc. through trusts)

The Company introduced a performance-based stock compensation plan (the "Board Benefit Trust (BBT)") for its Directors and Audit & Supervisory Board Members (excluding Outside Directors and Outside Audit & Supervisory Board Members), and an incentive plan (the "Japanese employee stock ownership plan (J-ESOP)") that delivers the Company's shares to employees who have satisfied certain requirements (hereinafter, collectively referred to as the "Trust").

The Company's shares held by the Trust are presented as treasury shares under net assets in the consolidated balance sheets, and the book value and the number of these treasury shares as of the end of the previous fiscal year were 572 million yen and 1,176,400 shares, respectively, while those as of the end of the fiscal year under review were 557 million yen and 1,140,200 shares, respectively.

(Segment information, etc.)

(Segment information)

1. Overview of reportable segments

The Company's reportable segments are segments that are regularly reviewed by the Board of Directors to determine the allocation of management resources and assess business results.

The Company services a wide range of customers, conducting leasing and installment sales, finance for corporate lending, real estate business, including the sale and leasing of real estate, and a fee business, which includes soliciting life insurance and introducing automotive leases. It has classified "Leasing/installment sales," "Finance," "Real estate," "Fee business," and "Environmental solutions" as its reportable segments according to the type of services offered.

2. Method of calculation of net sales, income (loss), assets, liabilities, and other items by reportable segment

The method of accounting for reported business segments is generally the same as described in "Important Matters Concerning the Basis for Preparation of Consolidated Financial Statements."

3. Information on net sales, profit (loss), assets, liabilities, and other items by reportable segment

For the year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Million yen)

	Reportable segment					
	Leasing/ Installment sales	Finance	Real estate	Fee business	Environmental solutions	Total
Net sales						
Net sales to outside customers	23,857	2,147	11,672	486	1,150	39,314
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	23,857	2,147	11,672	486	1,150	39,314
Segment profit (loss)	1,684	1,283	2,948	246	198	6,361

	Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
Net sales				
Net sales to outside customers	24	39,338	—	39,338
Inter-segment net sales or transfers	—	—	—	—
Total	24	39,338	—	39,338
Segment profit (loss)	(45)	6,315	(663)	5,651

(Notes) 1. "Others" include business segments that are not included in reportable segments, including sale of goods.

2. The negative 663 million yen adjustment for segment profit (loss) represents corporate expenses unallocated to reportable segments consisting of general administrative expenses.

3. Segment profit (loss) was adjusted based on operating profit reported on the consolidated statements of income for the corresponding period.

For the year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Million yen)

	Reportable segment					
	Leasing/ Installment sales	Finance	Real estate	Fee business	Environmental solutions	Total
Net sales						
Net sales to outside customers	21,844	2,648	9,579	488	1,248	35,809
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	21,844	2,648	9,579	488	1,248	35,809
Segment profit (loss)	1,935	1,576	2,829	250	261	6,853

	Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
Net sales				
Net sales to outside customers	28	35,838	—	35,838
Inter-segment net sales or transfers	—	—	—	—
Total	28	35,838	—	35,838
Segment profit (loss)	(29)	6,824	(740)	6,083

- (Notes) 1. “Others” include business segments that are not included in reportable segments, including sale of goods.
2. The negative 740 million yen adjustment for segment profit (loss) represents corporate expenses unallocated to reportable segments consisting of general administrative expenses.
3. Segment profit (loss) was adjusted based on operating profit reported on the consolidated statements of income for the corresponding period.

(Per share information)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Net assets per share	1,881.25 yen	2,004.11 yen
Basic earnings per share	158.17 yen	173.85 yen

(Notes) 1. Data on diluted earnings per share is not presented above, as there were no potential shares with a dilutive effect.

2. “Number of common shares at end of period used for calculating net assets per share” does not include the Company shares held by a stock benefit trust as trust property for the “Board Benefit Trust (BBT)” and the “Japanese employee stock ownership plan (J-ESOP)” (1,176,400 shares in the previous fiscal year; 1,140,200 shares in the fiscal year under review).

“Average number of common shares outstanding during the period used in the calculation of basic earnings per share” does not include the Company shares held by a stock benefit trust as trust property for the “Board Benefit Trust (BBT)” and the “Japanese employee stock ownership plan (J-ESOP)” (1,194,103 shares in the previous fiscal year; 1,160,473 shares in the fiscal year under review).

3. The basis for calculating basic earnings per share is as follows.

Item	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	3,569	3,929
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent relating to common shares (Million yen)	3,569	3,929
Average number of common shares outstanding during the period	22,567,870	22,601,461

4. The basis for calculating net assets per share is as follows.

Item	As of March 31, 2025	As of March 31, 2026
Total net assets (Million yen)	42,630	45,498
Amount deducted from total net assets (Million yen)	140	162
[Of which, non-controlling interests]	(140)	(162)
Net assets at end of period relating to common shares (Million yen)	42,489	45,336
Number of common shares at end of period used for calculating net assets per share	22,585,574	22,621,729

(Significant subsequent events)

Not applicable.

4. Supplementary Information

Operating assets (Consolidated)

Name of segment		As of March 31, 2025		As of March 31, 2026	
		Year-end amount (Million yen)	Percentage (%)	Year-end amount (Million yen)	Percentage (%)
Leasing/Installment sales	Finance leases	63,583	33.4	64,902	31.6
	Operating leases	7,572	4.0	7,260	3.5
	Total leases	71,155	37.4	72,163	35.1
	Installment sales	29,659	15.6	33,580	16.3
	Total leases and installment sales	100,815	53.0	105,744	51.4
Finance		41,458	21.8	45,459	22.1
Real estate	Operating leases	27,617	14.5	28,392	13.8
	Other	15,051	7.9	20,748	10.1
	Total real estate	42,668	22.4	49,140	23.9
Environmental solutions		5,403	2.8	5,312	2.6
Total		190,345	100.0	205,656	100.0

5. Other

Changes in Officers

(1) Change in Directors (scheduled on June 26, 2026)

Directors to retire

(Current position)	(Name)
Director and Senior Managing Executive Officer	Ryosuke Higaki
Director and Managing Executive Officer	Takashi Ishihara
Outside Director	Seiji Yazaki

Newly appointed candidate for Director

(Planned position upon appointment)	(Name)	(Current position)
President and CEO	Hiroyuki Irie	Advisor, KYUSHU LEASING SERVICE CO., LTD

Director candidates for promotion

(Planned position upon promotion)	(Name)	(Current position)
Chairman	Seiji Isoyama	President and CEO
Director and Senior Managing Executive Officer	Takeo Kurose	Director and Managing Executive Officer

(2) Changes in Executive Officers (scheduled on April 1, 2026)

(Current position)	(Name)	
Managing Executive Officer	Atsushi Kato	(New appointment)
Senior Executive Officer	Masakazu Okada	(Promotion)
Executive Officer	Koji Sugihara	(New appointment)

(3) New Officer Composition

The new composition of officers of the Company as of June 26, 2026 is as follows:

(Position)	(Name)	
Chairman	Seiji Isoyama	(Promotion)
President and CEO	Hiroyuki Irie	(New appointment)
Director and Senior Managing Executive Office	Takeo Kurose	(Promotion)
Director and Managing Executive Officer	Kohei Nonaka	
Outside Director	Akiko Kato	
Outside Director	Yumiko Doira	

Audit and Supervisory Board Member (Full-time)	Masayuki Itahashi
Outside Audit & Supervisory Board Member	Takashige Honda
Outside Audit & Supervisory Board Member	Yusuke Nakahara

Managing Executive Officer	Atsushi Kato	(New appointment)
Managing Executive Officer	Kimitaka Kojima	
Managing Executive Officer	Ryoichi Kojima	
Managing Executive Officer	Kazuhiro Nakamura	
Senior Executive Officer	Shigefumi Matsuura	
Senior Executive Officer	Tadaaki Inoue	
Senior Executive Officer	Hiroshi Sasaki	
Senior Executive Officer	Masakazu Okada	(Promotion)
Executive Officer	Hiroaki Iwasaka	
Executive Officer	Takahiro Otsubo	

Executive Officer	Yoshinori Matsuo
Executive Officer	Hideki Nishioka
Executive Officer	Hideki Suzuki
Executive Officer	Koji Sugihara (New appointment)