

Reference Documents for the General Meeting of Shareholders  
 Financial Statements, etc. Related to the Last Business Year of the Successor Company Succeeding  
 to the Company's Business

## **Business Report**

(April 1, 2020 - March 31, 2021)

### **1. Overview of the Company**

#### (1) Business Progress and Results

In the fiscal year under review, the company conducted sales activities mainly of LED lighting rental services and product sales (air-conditioning equipment), aiming to establish stable revenue bases by collaborating with KYUSHU LEASING SERVICE CO., LTD.

The company also started rental sales of "environmental equipment for virus inactivation and disinfection" in February, 2021.

As a result, the company posted net sales of 581,994 thousand yen (down 22.4% year on year), ordinary profit of 59,114 thousand yen (down 4.0% year on year), and profit of 43,517 thousand yen (down 4.0%).

The main factor of the decrease in net sales is the discontinuation of the construction work contracting business except for that of electrical work from the second half of this fiscal year.

In the sound-proof panel business (rental and sales), the company sold the panels of Kanto Yard and Kansai Yard, both of which had significantly low operating rates (amount of sales: 46,005 thousand yen) to dispose of unprofitable products.

#### (2) Capital Investments

In the fiscal year under review, the company acquired the following four properties of low pressure solar systems in the solar business of the environment department at the end of September, 2020.

(In thousands of yen)

	Power output	Number of blocks	Land price	Equipment price
Shintomi-cho	400kw	10	5,000	140,000
Sueyoshi-cho	240kw	6	3,000	70,000
Takanabe-cho	200kw	5	3,000	65,000
Kawaminami-cho	440kw	11	7,000	145,000
Total	1,280kw	32	18,000	420,000

This investment is expected to generate net sales of more than approx. 60,000 thousand yen and operating profit of approx. 15,000 thousand yen.

#### (3) Capital Raising

The capital raised by the company in this fiscal year is as follows.

- |   |                      |
|---|----------------------|
| 1. Procurement of LED rental assets                             | 139,673 thousand yen |
| 2. Capital related to acquisition of low pressure solar systems | 420,000 thousand yen |

With respect to the procurement of LED rental assets in 1., the company has accepted an installment sales agreement from KYUSHU LEASING SERVICE CO., LTD.

The low pressure solar systems in 2. have been acquired from KYUSHU LEASING SERVICE CO., LTD. through leases that transfer ownership the properties.

As a result, the company has outstanding accounts payable - installment purchase from KYUSHU LEASING SERVICE CO., LTD. of 747,140 thousand yen and long-term lease liabilities of 877,787 thousand yen.

(4) Issues to Be Addressed

While operating activities are limited due to the COVID-19 pandemic, the company aims to make the most of strength as a group of KYUSHU LEASING SERVICE CO., LTD. and secure profits in a stable manner by further enhancing and proactively operating the rental business.

(5) Trends in Assets and Income

(In thousands of yen, unless otherwise specified.)

Item	The 20th fiscal year ended March 31, 2019	The 21st fiscal year ended March 31, 2020	The 22nd fiscal year ended March 31, 2021
Net sales	684,922	750,021	581,994
Ordinary profit	58,423	61,597	59,114
Profit	1,264	45,315	43,517
Basic earnings per share (yen)	790	28,321	27,198
Total assets	1,373,413	1,529,432	1,958,066
Net assets	151,251	196,566	240,084
Net assets per share (yen)	94,531	122,853	150,052

Note: Basic earnings per share is calculated based on the number of shares issued and outstanding at the end of the period (1,600 shares).

(6) Principal Business

The company engages in LED lighting rental and sales business, business of selling other mechanical products, electrical work contracting business, electric power sales business using high and low pressure solar systems, and other affairs.

(7) Business Locations

Headquarters: 4-4-21 Hakata Ekimae, Hakata-ku, Fukuoka, Japan

(8) Employees

Number of employees	Year-on-year increase/decrease
8	Decrease of one employee

## 2. Status of Shares of the Company

Status of shares

- (1) Total number of shares authorized to be issued          6,400 shares
- (2) Total number of shares outstanding                            1,600 shares
- (3) Number of shareholders at the end of the year                2 persons
- (4) Shareholders

Shareholder name	Number of shares held	Voting rights
KYUSHU LEASING SERVICE CO., LTD.	1,440 shares	90%
Oishi Planning Co., Ltd.	160 shares	10%

## 3. Company Officers

Status of Directors and Corporate Audit & Supervisory Board Members

Position	Name	Area of responsibility or main profession	
Representative Director	Kazunari Abe	Business management in general	
Director	Takashi Minoda	In charge of construction	
Director	Shigeru Nakano	KYUSHU LEASING SERVICE CO., LTD.	Director and Senior Managing Executive Officer
Director	Takashi Ishihara	KYUSHU LEASING SERVICE CO., LTD..	Director and Managing Executive Officer
Director	Takeo Kurose	KYUSHU LEASING SERVICE CO., LTD.	Director and Managing Executive Officer
Director	Kohei Nonaka	KYUSHU LEASING SERVICE CO., LTD.	Director and Senior Executive Officer
Director	Kenji Oishi	Oishi Planning Co., Ltd.	Representative Director
Audit & Supervisory Board Member	Koichi Abe	KYUSHU LEASING SERVICE CO., LTD.	Full-time Audit & Supervisory Board Member

## 4. Significant Subsequent Events Concerning the Company's Status

Not applicable

## Non-Consolidated Balance Sheet

(As of March 31, 2021)

(In yen)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
Current assets	1,219,543,958	Current liabilities	88,745,941
Cash and deposits	172,083,518	Accounts payable-trade	73,601,072
Notes receivable-trade	6,655,012	Accrued expenses	2,944,816
Accounts receivable-trade	47,797,093	Income taxes payable	8,480,400
Investments in leases	855,317,753	Other current liabilities	3,719,653
Installment receivables	61,341,584	Non-current liabilities	1,629,235,723
Merchandise	5,448,036	Long-term accounts payable - installment purchase	747,140,824
Prepaid expenses	3,240,200	Long-term lease liabilities	877,787,899
Other current assets	75,125,524	Provision for retirement benefits	4,307,000
Allowance for doubtful accounts	(7,464,762)	<b>Total liabilities</b>	<b>1,717,981,664</b>
Non-current assets	738,522,265	<b>(Net assets)</b>	
Property, plant and equipment	733,001,239	Share capital	80,000,000
Buildings	709,170	Retained earnings	160,084,559
Facilities attached to buildings	30,213	Other retained earnings	160,084,559
Machinery and equipment	388,962	Retained earnings brought forward	160,084,559
Tools, furniture and fixtures	82,828		
Land	19,178,933		
Leased assets	712,611,133		
Intangible assets	569,026		
Telephone subscription right	153,600		
Software	415,426		
Investments and other assets	4,952,000		
Shares of subsidiaries and associates	4,950,000		
Investments in capital	1,000		
Guarantee deposits	1,000	<b>Total net assets</b>	<b>240,084,559</b>
<b>Total assets</b>	<b>1,958,066,223</b>	<b>Total liabilities and net assets</b>	<b>1,958,066,223</b>

## Non-Consolidated Statement of Income

(April 1, 2020 - March 31, 2021)

(In yen)

Description	Amount	
Net sales		
Lease sales	229,281,323	
Rental sales	41,489,936	
Installment sales	3,345,148	
Net sales of goods	118,485,295	
Maintenance sales	4,372,272	
Construction sales	29,527,200	
Electric power sales	138,960,211	
Other sales	11,248,377	
SPC sales	5,284,839	
		581,994,601
Cost of sales		
Cost of lease sales	150,208,412	
Cost of rental sales	32,753,649	
Cost of goods sold	97,435,192	
Cost of maintenance sales	1,793,675	
Cost of construction sales	27,274,350	
Cost of electric power sales	80,253,671	
Other cost of sales	326,000	
Capital costs	51,873,724	
		441,918,673
Gross profit		140,075,928
Selling, general and administrative expenses		81,410,680
Operating profit		58,665,248
Non-operating income		
Interest income	845	
Miscellaneous income	510,358	
		511,203
Non-operating expenses		
Miscellaneous losses	61,541	
		61,541
Ordinary profit		59,114,910
Profit before income taxes		59,114,910
Income taxes-current		15,597,100
Profit		43,517,810

## Statement of Changes in Equity

(April 1, 2020 – March 31, 2021)

(In yen)

	Shareholder's equity				Net assets
	Share capital	Retained earnings		Shareholders' equity	
		Retained earnings brought forward			
Balance as of April 1, 2020	80,000,000	116,566,749	116,566,749	196,566,749	196,566,749
Changes in items during period					
Profit		43,517,810	43,517,810	43,517,810	43,517,810
Total changes in items during period		43,517,810	43,517,810	43,517,810	43,517,810
Balance as of March 31, 2021	80,000,000	160,084,559	160,084,559	240,084,559	240,084,559

## Notes to the Non-Consolidated Financial Statements

(April 1, 2020 – March 31, 2021)

I. These financial statements were prepared based on the accounting guidance for SMEs.

### II. Notes on Significant Accounting Policies

#### 1. Depreciation method of non-current assets

Property, plant and equipment	Declining-balance method pursuant to the Corporation Tax Act; provided, however, that buildings obtained on April 1, 1998 or later (excluding facilities attached to buildings), facilities attached to buildings obtained on April 1, 2016 or later and structures shall be depreciated by the straight-line method.
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Intangible assets	Straight-line method pursuant to the Corporation Tax Act
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Leased assets	Straight-line method over the lease term
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### III. Notes on Balance Sheet

1. Estimated uncollectible amount directly reduced from distressed receivables	1,991,316 yen
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#### 2. Breakdown of lease investment assets

Amount of claim	1,133,380,090 yen
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Equivalent to interest income	(278,062,337) yen
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Net	855,317,753 yen
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### IV. Notes on Statement of Changes in Equity

1. Number of outstanding shares at the end of the year under review	1,600 shares
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## Audit Report

In regard to the directors' performance of their duties for the 22th fiscal year from April 1, 2020 to March 31, 2021, I have prepared this Audit Report and reports as follows.

### 1. Method and Contents of Audit

I communicated with Directors and employees to collect information and create an auditing environment. I also attended the Board of Directors meeting and other important meetings, received reports on their execution of business. I requested explanation as necessary, viewed important written approval and other documents and surveyed the status of businesses and properties at the headquarters. Using the methods above, I examined the business report and the supplementary schedules thereto for the fiscal year.

I also surveyed accounting books and their related documents, and examined the accounting documents for the fiscal year (balance sheet, statement of income and statement of changes in equity) and supplementary schedules thereto.

### 2. Audit Results

#### (1) Results of audit of business report, etc.

- (i) I find that the business report and the supplementary schedules thereto accurately present the status of the company in accordance with laws, regulations, and the articles of incorporation.
- (ii) I do not find any misconduct nor any material fact constituting a violation of any law, regulation, or the articles of incorporation in relation to the directors' performance of their duties.

#### (2) Results of audit of accounting documents and supplementary schedules thereto

I find that the accounting documents and supplementary schedules thereto properly represent the company's properties and profit (loss) in terms of all important aspects.

May 10, 2021

K.L.I. CO., LTD

Koichi Abe

Audit & Supervisory Board Member [Seal]