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Consolidated Financial Results for the Three Months Ended March 31, 2023 [Japanese GAAP]



May 15, 2023

Company name: K & O Energy Group Inc.
 Stock exchange listings: Tokyo Stock Exchange
 Securities code: 1663
 URL: <https://www.k-and-o-energy.co.jp/>
 Representative: Akio Midorikawa, Representative Director and President
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 Quarterly securities report filing date (as planned): May 15, 2023
 Dividend payable date (as planned): –
 Supplemental material of quarterly results: None
 Convening briefing of quarterly results: None

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

1. Consolidated Financial Results for the Three Months Ended March 31, 2023 (January 1, 2023 - March 31, 2023)

(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	%
Three months ended March 31, 2023	29,416	3.9	2,672	24.5	2,916	30.7	1,694	26.1
March 31, 2022	28,303	66.8	2,146	8.3	2,231	8.1	1,343	(2.8)

(Note) Comprehensive income: Three months ended March 31, 2023: ¥1,859 million [24.6%]

Three months ended March 31, 2022: ¥1,491 million [(20.3)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2023	63.70	63.37
March 31, 2022	50.58	50.28

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity-to-asset ratio
	Million yen	Million yen	%
As of March 31, 2023	106,067	87,616	80.4
As of December 31, 2022	109,823	86,385	76.6

(Reference) Equity: As of March 31, 2023: ¥85,314 million

As of December 31, 2022: ¥84,080 million

2. Dividends

	Annual dividend per share				
	First quarter end	Second quarter end	Third quarter end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2022	—	15.00	—	17.00	32.00
Fiscal year ending December 31, 2023	—				
Fiscal year ending December 31, 2023 (Forecast)		17.00	—	17.00	34.00

(Note) Correction of dividend forecast from the most recent dividend forecast: None

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending December 31, 2023 (January 1, 2023 - December 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	51,000	4.0	4,300	9.8	4,500	6.8	2,700	4.4	101.51
Full year	97,100	(8.6)	6,600	(9.6)	7,100	(10.5)	4,300	(9.8)	161.66

(Note) Correction of financial forecast from the most recent financial forecast: None

*** Notes:**

- (1) Material changes in subsidiaries during this period: None
(Changes in scope of consolidations resulting from change in subsidiaries)
- (2) Applying of specific accounting of the consolidated quarterly financial statements: Yes
(Note) For details, please refer to “2. Consolidated Quarterly Financial Statements and Principal Notes, (3) Notes to Consolidated Quarterly Financial Statements (Applying of specific accounting of the consolidated quarterly financial statements)” on page 7 of the attachment (in Japanese).
- (3) Changes in accounting policies, accounting estimates and retrospective restatement
- 1) Changes in accounting policies based on revisions of accounting standard: Yes
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Number of issued shares (common stock)
- 1) Number of issued shares at the end of the period (including treasury shares):

March 31, 2023:	28,336,061 shares
December 31, 2022:	28,336,061 shares
 - 2) Number of treasury shares at the end of the period:

March 31, 2023:	1,727,786 shares
December 31, 2022:	1,736,853 shares
 - 3) Average number of shares outstanding during the period:

Three months ended March 31, 2023:	26,608,297 shares
Three months ended March 31, 2022:	26,568,619 shares

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

*** Notes for using forecasted information and other notes**

- Forward-looking statements and other statements about the future in this document are based on information currently available to the Company and certain assumptions deemed reasonable. Actual performance and other results may differ significantly due to various factors. For the financial results forecast, etc., please refer to “1. Qualitative Information on Quarterly Financial Results for the Period under Review, (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 2 of the attachment (in Japanese).
- Due to the nature of the Group’s business, which is heavily weighted toward gas business, the Group’s performance is subject to significant seasonal fluctuations caused by temperatures and other factors.

Consolidated Quarterly Financial Statements and Principal Notes
(1) Consolidated Quarterly Balance Sheets

(Million yen)

	As of December 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	21,572	14,859
Notes and accounts receivable - trade, and contract assets	14,924	10,871
Securities	2,999	10,598
Inventories	1,754	2,087
Other	1,708	1,717
Allowance for doubtful accounts	(9)	(7)
Total current assets	42,949	40,126
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,841	9,708
Machinery, equipment and vehicles, net	18,445	17,968
Other, net	12,139	12,158
Total property, plant and equipment	40,426	39,834
Intangible assets	1,553	1,519
Investments and other assets		
Investment securities	12,282	12,260
Long-term loans receivable from subsidiaries and associates	10,930	10,702
Other	1,714	1,658
Allowance for doubtful accounts	(34)	(34)
Total investments and other assets	24,893	24,586
Total non-current assets	66,874	65,940
Total assets	109,823	106,067
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,233	6,953
Provisions	57	66
Other	7,348	5,739
Total current liabilities	17,639	12,759
Non-current liabilities		
Retirement benefit liability	4,433	4,139
Provisions	250	266
Other	1,114	1,284
Total non-current liabilities	5,798	5,690
Total liabilities	23,438	18,450

(Million yen)

	As of December 31, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Share capital	8,000	8,000
Capital surplus	13,915	13,919
Retained earnings	62,466	63,709
Treasury shares	(1,230)	(1,223)
Total shareholders' equity	83,151	84,404
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	672	647
Remeasurements of defined benefit plans	256	263
Total accumulated other comprehensive income	929	910
Share acquisition rights	195	185
Non-controlling interests	2,109	2,116
Total net assets	86,385	87,616
Total liabilities and net assets	109,823	106,067

(2) Consolidated Quarterly Statements of Income and Comprehensive Income
Consolidated Quarterly Statements of Income
Three Months Ended March 31

(Million yen)

	For the three months ended March 31, 2022	For the three months ended March 31, 2023
Net sales	28,303	29,416
Cost of sales	23,814	24,284
Gross profit	4,489	5,132
Selling, general and administrative expenses	2,342	2,459
Operating profit	2,146	2,672
Non-operating income		
Interest income	44	64
Dividend income	5	137
Other	41	45
Total non-operating income	92	247
Non-operating expenses		
Interest expenses	2	1
Donations	4	1
Other	0	0
Total non-operating expenses	7	3
Ordinary profit	2,231	2,916
Extraordinary losses		
Loss on retirement of non-current assets	116	68
Other	–	9
Total extraordinary losses	116	78
Profit before income taxes	2,114	2,838
Income taxes	653	961
Profit	1,461	1,877
Profit attributable to non-controlling interests	117	182
Profit attributable to owners of parent	1,343	1,694

Consolidated Quarterly Statements of Comprehensive Income

Three Months Ended March 31

(Million yen)

	For the three months ended March 31, 2022	For the three months ended March 31, 2023
Profit	1,461	1,877
Other comprehensive income		
Valuation difference on available-for-sale securities	14	(24)
Remeasurements of defined benefit plans, net of tax	16	6
Total other comprehensive income	30	(18)
Comprehensive income	1,491	1,859
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,374	1,676
Comprehensive income attributable to non-controlling interests	117	183