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Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 [Japanese GAAP]



February 14, 2024

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
 Inquiries: Hironari Ishida, Manager, Corporate Administration Division
 Tel: +81-475-27-1011
 Annual general meeting of shareholders (as planned): March 26, 2024
 Dividend payable date (as planned): March 27, 2024
 Annual securities report filing date (as planned): March 27, 2024
 Supplemental material for financial results: Available
 Convening briefing of financial results: Available (for analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023 - December 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	%
Fiscal year ended December 31, 2023	96,298	(9.3)	9,668	32.4	10,408	31.2	6,464	35.6
December 31, 2022	106,200	60.7	7,304	85.5	7,931	79.3	4,766	67.5

(Note) Comprehensive income: Fiscal year ended December 31, 2023: ¥7,753 million [29.6%]
 Fiscal year ended December 31, 2022: ¥5,981 million [77.5%]

	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	%	%	%
December 31, 2023	242.81	241.57	7.4	9.4	10.0
December 31, 2022	179.27	178.26	5.9	7.6	6.9

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended December 31, 2023: ¥- million

Fiscal year ended December 31, 2022: ¥- million

(2) Consolidated Financial Positions

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2023	111,445	92,929	80.9	3,386.39
As of December 31, 2022	109,823	86,385	76.6	3,161.03

(Reference) Equity: As of December 31, 2023: ¥90,185 million

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

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
December 31, 2023	11,832	(8,982)	(1,260)	22,509
December 31, 2022	12,172	(9,668)	(1,874)	20,920

2. Dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
December 31, 2022	–	15.00	–	17.00	32.00	851	17.9	1.0
Fiscal year ended	–	17.00	–	21.00	38.00	1,011	15.7	1.2
December 31, 2023								
Fiscal year ending	–	20.00	–	20.00	40.00		23.2	
December 31, 2024 (Forecast)								

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending December 31, 2024 (January 1, 2024 - December 31, 2024)

(% 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	%	
First half	46,700	(7.3)	4,400	(15.1)	4,700	(16.3)	2,900	(14.1)	Yen 108.89
Full year	92,200	(4.3)	6,800	(29.7)	7,500	(27.9)	4,600	(28.8)	172.73

*** Notes:**

- (1) Material changes in subsidiaries during this period: None
(Changes in scope of consolidations resulting from change in subsidiaries)
- (2) 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
- (Note) For details, please refer to “3. Consolidated Financial Statements and Principal Notes, (5) Notes to Consolidated Financial Statements (Changes in accounting policies)” on page 13 of the attachment (in Japanese).
- (3) Number of issued and outstanding shares (common stock)
- 1) Number of issued and outstanding shares at the end of fiscal year (including treasury stock):

December 31, 2023:	28,336,061 shares
December 31, 2022:	28,336,061 shares

 - 2) Number of treasury stock at the end of fiscal year:

December 31, 2023:	1,704,354 shares
December 31, 2022:	1,736,853 shares

 - 3) Average number of shares:

Fiscal year ended December 31, 2023:	26,623,171 shares
Fiscal year ended December 31, 2022:	26,590,693 shares

* These consolidated financial results are outside the scope of audit 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. Overview of Operating Results, etc., (4) Future Outlook” on page 3 of the attachment (in Japanese).

Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	21,572	23,179
Notes and accounts receivable - trade, and contract assets	14,924	11,183
Securities	2,999	5,499
Inventories	1,754	2,273
Other	1,708	2,240
Allowance for doubtful accounts	(9)	(5)
Total current assets	42,949	44,371
Non-current assets		
Property, plant and equipment		
Buildings and structures	28,570	29,034
Accumulated depreciation	(18,729)	(19,462)
Buildings and structures, net	9,841	9,571
Machinery, equipment and vehicles	99,642	103,411
Accumulated depreciation	(81,197)	(84,126)
Machinery, equipment and vehicles, net	18,445	19,285
Land	6,788	6,796
Construction in progress	3,789	3,322
Other	19,344	20,431
Accumulated depreciation	(17,783)	(18,556)
Other, net	1,561	1,875
Total property, plant and equipment	40,426	40,851
Intangible assets	1,553	1,620
Investments and other assets		
Investment securities	12,282	12,955
Long-term loans receivable from subsidiaries and associates	10,930	10,047
Retirement benefit asset	119	163
Deferred tax assets	913	807
Other	681	663
Allowance for doubtful accounts	(34)	(34)
Total investments and other assets	24,893	24,601
Total non-current assets	66,874	67,074
Total assets	109,823	111,445

(Million yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,233	6,600
Short-term borrowings	371	357
Accounts payable - other	4,105	2,845
Income taxes payable	2,015	1,817
Provision for bonuses	31	32
Provision for loss on construction contracts	26	–
Other	856	978
Total current liabilities	17,639	12,631
Non-current liabilities		
Long-term borrowings	582	569
Provision for gas holder repairs	250	249
Retirement benefit liability	4,433	4,258
Other	532	807
Total non-current liabilities	5,798	5,885
Total liabilities	23,438	18,516
Net assets		
Shareholders' equity		
Share capital	8,000	8,000
Capital surplus	13,915	13,943
Retained earnings	62,466	68,025
Treasury shares	(1,230)	(1,208)
Total shareholders' equity	83,151	88,761
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	672	1,146
Remeasurements of defined benefit plans	256	277
Total accumulated other comprehensive income	929	1,424
Share acquisition rights	195	177
Non-controlling interests	2,109	2,566
Total net assets	86,385	92,929
Total liabilities and net assets	109,823	111,445

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

Fiscal Year Ended December 31

(Million yen)

	For the fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)	For the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)
Net sales	106,200	96,298
Cost of sales	89,168	76,448
Gross profit	17,031	19,850
Supply and sales, selling, general and administrative expenses		
Supply and sales expenses	5,674	6,006
Selling, general and administrative expenses	4,052	4,175
Total supply and sales, selling, general and administrative expenses	9,726	10,181
Operating profit	7,304	9,668
Non-operating income		
Interest income	249	295
Dividend income	259	361
Other	168	161
Total non-operating income	677	818
Non-operating expenses		
Interest expenses	9	10
Donations	36	55
Other	4	12
Total non-operating expenses	50	78
Ordinary profit	7,931	10,408
Extraordinary income		
Compensation for forced relocation	–	134
Total extraordinary income	–	134
Extraordinary losses		
Impairment losses	6	51
Loss on retirement of non-current assets	183	215
Other	40	18
Total extraordinary losses	230	285
Profit before income taxes	7,700	10,257
Income taxes - current	2,523	2,825
Income taxes - deferred	(175)	180
Total income taxes	2,347	3,005
Profit	5,353	7,251
Profit attributable to non-controlling interests	586	787
Profit attributable to owners of parent	4,766	6,464

Consolidated Statements of Comprehensive Income

Fiscal Year Ended December 31

(Million yen)

	For the fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)	For the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)
Profit	5,353	7,251
Other comprehensive income		
Valuation difference on available-for-sale securities	164	481
Remeasurements of defined benefit plans, net of tax	463	20
Total other comprehensive income	627	501
Comprehensive income	5,981	7,753
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,399	6,958
Comprehensive income attributable to non-controlling interests	582	794

(3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,000	12,922	58,434	(1,253)	78,103
Cumulative effects of changes in accounting policies			62		62
Restated balance	8,000	12,922	58,496	(1,253)	78,165
Changes during period					
Dividends of surplus			(797)		(797)
Profit attributable to owners of parent			4,766		4,766
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		28		24	52
Change in ownership interest of parent due to transactions with non-controlling interests		964			964
Net changes in items other than shareholders' equity					
Total changes during period	–	992	3,969	23	4,985
Balance at end of period	8,000	13,915	62,466	(1,230)	83,151

	Accumulated other comprehensive income		
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of period	503	(206)	297
Cumulative effects of changes in accounting policies			
Restated balance	503	(206)	297
Changes during period			
Dividends of surplus			
Profit attributable to owners of parent			
Purchase of treasury shares			
Disposal of treasury shares			
Change in ownership interest of parent due to transactions with non-controlling interests			
Net changes in items other than shareholders' equity	168	463	632
Total changes during period	168	463	632
Balance at end of period	672	256	929

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	212	3,504	82,117
Cumulative effects of changes in accounting policies			62
Restated balance	212	3,504	82,179
Changes during period			
Dividends of surplus			(797)
Profit attributable to owners of parent			4,766
Purchase of treasury shares			(0)
Disposal of treasury shares			52
Change in ownership interest of parent due to transactions with non-controlling interests			964
Net changes in items other than shareholders' equity	(17)	(1,394)	(779)
Total changes during period	(17)	(1,394)	4,205
Balance at end of period	195	2,109	86,385

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,000	13,915	62,466	(1,230)	83,151
Cumulative effects of changes in accounting policies					–
Restated balance	8,000	13,915	62,466	(1,230)	83,151
Changes during period					
Dividends of surplus			(904)		(904)
Profit attributable to owners of parent			6,464		6,464
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		28		23	51
Net changes in items other than shareholders' equity					
Total changes during period	–	28	5,559	22	5,609
Balance at end of period	8,000	13,943	68,025	(1,208)	88,761

	Accumulated other comprehensive income		
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of period	672	256	929
Cumulative effects of changes in accounting policies			
Restated balance	672	256	929
Changes during period			
Dividends of surplus			
Profit attributable to owners of parent			
Purchase of treasury shares			
Disposal of treasury shares			
Net changes in items other than shareholders' equity	474	20	494
Total changes during period	474	20	494
Balance at end of period	1,146	277	1,424

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	195	2,109	86,385
Cumulative effects of changes in accounting policies			—
Restated balance	195	2,109	86,385
Changes during period			
Dividends of surplus			(904)
Profit attributable to owners of parent			6,464
Purchase of treasury shares			(1)
Disposal of treasury shares			51
Net changes in items other than shareholders' equity	(17)	456	934
Total changes during period	(17)	456	6,544
Balance at end of period	177	2,566	92,929

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)	For the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)
Cash flows from operating activities		
Profit before income taxes	7,700	10,257
Depreciation	5,416	5,564
Interest and dividend income	(508)	(657)
Interest expenses	9	10
Decrease (increase) in trade receivables	(5,364)	3,791
Decrease (increase) in inventories	(217)	(519)
Increase (decrease) in trade payables	3,443	(3,632)
Increase (decrease) in retirement benefit liability	(481)	(174)
Increase (decrease) in other provisions	77	(31)
Loss on retirement of non-current assets	46	46
Compensation for forced relocation	–	(134)
Other, net	2,674	(290)
Subtotal	12,795	14,230
Interest and dividends received	499	658
Interest paid	(9)	(10)
Income taxes paid	(1,113)	(3,180)
Proceeds from compensation for forced relocation	–	134
Net cash provided by (used in) operating activities	12,172	11,832
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,958)	(7,164)
Purchase of short-term and long-term investment securities	(52,821)	(62,933)
Proceeds from sale and redemption of short-term and long-term investment securities	51,289	60,455
Loan advances to subsidiaries and associates	(2,707)	(65)
Other, net	529	724
Net cash provided by (used in) investing activities	(9,668)	(8,982)
Cash flows from financing activities		
Proceeds from long-term borrowings	405	405
Repayments of long-term borrowings	(452)	(432)
Dividends paid	(794)	(901)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(900)	–
Other, net	(133)	(331)
Net cash provided by (used in) financing activities	(1,874)	(1,260)
Net increase (decrease) in cash and cash equivalents	628	1,589
Cash and cash equivalents at beginning of period	20,291	20,920
Cash and cash equivalents at end of period	20,920	22,509