Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

February 7, 2024

Consolidated Financial Results for the Nine Months Ended December 31, 2023 <under Japanese GAAP>

Name of the Listed Company:	**Mitsuuroko Group Holdings Co., Ltd.**
Listing:	Tokyo Stock Exchange
Securities Code:	8131
URL:	https://www.mitsuuroko.com/
Representative:	Kohei Tajima, Representative Director, President and Chief Executive Officer
Contact:	Kazuhiro Kojima, Director, Corporate Secretary TEL: +81-3-3275-6300

Scheduled date to file quarterly securities report:	February 9, 2024
Scheduled date to commence dividend payments:	–
Preparation of supplementary material on quarterly financial results:	None
Holding of quarterly financial results briefing:	None

(Millions of yen with fractional amounts rounded down)

1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	221,877	(5.4)	8,841	22.0	9,687	9.8	6,717	50.9
December 31, 2022	234,614	39.8	7,246	–	8,819	338.8	4,451	315.1

Note: Comprehensive income For the nine months ended December 31, 2023: ¥5,848 million [12.3%]
For the nine months ended December 31, 2022: ¥5,206 million [–%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	113.24	–
December 31, 2022	74.23	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2023	181,053	95,419	52.7	1,625.38
March 31, 2023	173,999	92,884	53.4	1,561.61

Reference: Equity

As of December 31, 2023: ¥95,409 million　　As of March 31, 2023: ¥92,869 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	–	–	37.00	37.00
Fiscal year ending March 31, 2024	–	–	–		
Fiscal year ending March 31, 2024 (Forecast)				39.00	39.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2024	360,000	11.2	11,400	(7.4)	12,000	(14.6)	7,200	(7.6)	121.07

Note: Revisions to the earnings forecasts most recently announced: None

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None

Newly included: –
Excluded: –

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement
  a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
  b. Changes in accounting policies due to other reasons: None
  c. Changes in accounting estimates: None
  d. Restatement: None

(4) Number of shares issued (common shares)
  a. Total number of shares issued at the end of the period (including treasury shares)

As of December 31, 2023	60,134,401 shares
As of March 31, 2023	60,134,401 shares

  b. Number of treasury shares at the end of the period

As of December 31, 2023	1,434,980 shares
As of March 31, 2023	664,091 shares

  c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	59,320,507 shares
Nine months ended December 31, 2022	59,970,387 shares

Note: The number of treasury shares at the end of the period includes the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) (567,900 shares as of March 31, 2023, 520,300 shares as of December 31, 2023). Also, the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) are included in treasury shares that are deducted for calculation of the average number of shares outstanding during the period (567,900 shares for nine months ended December 31, 2022, 536,052 shares for nine months ended December 31, 2023).

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Cautions on forward-looking statements, etc.)

The forward-looking statements contained in this material, including earnings forecasts, are based on information currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual business and other results may differ substantially due to various factors. Please refer to "(3) Explanation regarding consolidated earnings forecasts and other forward-looking statements" in "1. Qualitative information regarding financial results for the period" on page 7 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

Attached Material

Index

1. Qualitative information regarding financial results for the period

(1) Explanation regarding operating results

During the nine months ended December 31, 2023, economic conditions in Japan showed a moderate recovery trend due to progressive normalization of economic activity. However, the economic outlook remains uncertain due to factors that include prolonged geopolitical risk encompassing the situation in Ukraine and escalating tensions in the Middle East attributable to the Israel-Gaza conflict, rapidly depreciating yen, and price hikes.

In the domestic energy market, there have been rapid changes in the Group's business environment, such as demand for decarbonization on a global scale and growing demand for resilient, stable energy supply infrastructure to cope with frequent and intense natural disasters as well as shift in demand due to aging society, declining population and post-COVID-19 lifestyle change.

Under such circumstances, from the standpoints of environmental friendliness, supply stability and economic efficiencies, we believe that energy business operators make advanced and swift progress toward achieving low carbon emissions and decarbonization for a sustainable society, enhanced resilience for a safe and secure society, and solid business foundation for stable supply and business continuity.

The Group's core Energy Solutions Business takes various initiatives to accommodate diverse customer needs and greater choices, while maintaining and improving supply infrastructure even in case of emergencies under the Group's solid business foundation and multifaceted competence rooted in the local communities. The Company's consolidated subsidiary Mitsuuroko Vessel Co., Ltd. sells "carbon neutral LPG," which offsets the CO_2 generated from LPG mining until combustion, using carbon credit certified by an international NGO in the U.S. In addition, Mitsuuroko Green Energy Co., Ltd. ("Mitsuuroko Green Energy"), another consolidated subsidiary of the Company, has installed grid storage batteries in Tahara-shi, Aichi, and initiated their operation on September 20, 2023, as an initiative for promoting use of renewable energy as a mainstay power source and stabilizing the power grid. Mitsuuroko Green Energy also installed a second batch of grid storage batteries in Sendai-shi, Miyagi, and initiated operation on December 15, 2023. Mitsuuroko Green Energy will endeavor to contribute to further expansion of renewable energy and stabilization of the power grid by engaging in operations using its in-house systems as an aggregator and entering the balancing market, capacity market, and other markets.

In addition, on October 31, 2023, Mitsuuroko Green Energy concluded a basic agreement on business tie-ups with Yourstand, Inc. ("Yourstand"; Head Office: Yokohama-shi, Kanagawa; President and Representative Director: Nobuyuki Ura) to form a capital and business tie-up for collaboration in the electric vehicle ("EV") charging business, as well as an investment agreement for a third-party allotment of new shares to Mitsuuroko Green Energy. The "Guidelines for Promoting the Development of EV Charging Infrastructure" announced by the Ministry of Economy, Trade and Industry in October 2023 set a target of installing 300,000 EV charging infrastructure units by 2030. Through this capital and business tie-up, Yourstand's extensive track record and expertise in EV charger sales and installation will be combined with the Group's customer base and nationwide sales network to contribute to the spread of EV charging infrastructure in Japan.

In the Overseas Business, we acquired the leasehold of 36 Kaki Bukit Place ("the Property") in Singapore dated December 15, 2023. With immediate access to MRT station, expressways, and neighborhood amenities, the Property is also strategically located near Paya Lebar Airbase which is planned for redevelopment from 2030. The area will be transformed into a new district featuring both commercial hubs and residential spaces.

On December 22, 2023, the Company issued "ESG Management Support Private Placement Bonds," an ESG assessment-based unsecured private placement bond. In issuing the bonds, the Company underwent "MUFG ESG Assessment supported by JCR" and received the highest rank of "S" (industry-leading ESG management). The Company continues to take initiatives for sustainable growth and improving corporate value through enhancement of corporate governance and sustainability.

To streamline groupwide operations, we promoted digital transformation (DX) at the Group's administration center, thereby automating 90% or more of input work for order sending and receiving operations. Comparing the same operations with fiscal 2014 when the administration center was established, over three times more data was processed per person in fiscal 2022, and unit costs were reduced by more than 60%.

With regard to financial results in the nine months ended December 31, 2023, efforts to expand production capacity and cut costs in the bottled water business and efforts to improve profitability in the

Power & Electricity Business contributed to the Group's earnings, despite a decrease in sales volume in the Energy Solutions Business due to higher average temperatures and increased tendency to economize, a temporary operation suspension at a bottled water plant in the Foods Business, and a temporary closure of a service facility in the Living & Wellness Business. As a result, net sales decreased by 5.4% year on year to ¥221,877 million, operating profit increased by 22.0% year on year to ¥8,841 million, ordinary profit increased by 9.8% year on year to ¥9,687 million, and profit attributable to owners of parent increased by 50.9% year on year to ¥6,717 million.

Gross profit, operating profit, ordinary profit and profit attributable to owners of parent were at record highs for the first nine months of a fiscal year.

Operating results by segment are as follows.

Energy Solutions Business

In the LPG business, as demand from restaurants and other businesses was on a steady recovery trend, the LPG sales volume for commercial use grew to 101% of the level of the same period a year ago. On the other hand, although we actively undertook measures to acquire new customers, LPG sales volume for home use fell to 98% of the level of the same period a year ago due to higher average temperature and soaring prices that have resulted in growing economization. To counter soaring price, we are providing support for LPG rates to customers in each prefecture by utilizing the government's special regional revitalization grant. To contribute to the local communities, we will continue to cooperate with national and local governments by participating in their initiatives to reduce the burden on customers.

In the petroleum business, sales volume for household heating oil is on a downward trend due to higher temperatures. In contrast, as a result of active customer acquisition and development, sales volume of gasoline and diesel fuel increased to 117% and 110%, respectively, of the level of the same period a year ago. In addition, in the directly operated gasoline service station business, new customer acquisition through SNS and other efforts resulted in the growth of gasoline and diesel gross profit to 108%, and gross profit of other non-oil products such as maintenance, car sales, and car rentals to 113% of the level of the same period a year ago.

In the housing equipment business, the harsh condition continued with net sales held at 92.4% that of the same period a year ago, in part due to effects of an increase in sales volume in the previous fiscal year resulting from a recoil effect upon having eliminated delays in the delivery of water heaters.

Retail sales saw an increase to 101% of the level of the same period a year ago with the effect of physical exhibitions and growing interest in CO_2 emission-reducing value-added products. We will continue to focus on eco-friendly products and work to reduce CO_2 emissions within the Group.

For the Energy Solutions Business as a whole, net sales grew 1.8% year on year to ¥101,530 million, and operating profit grew 25.7% year on year to ¥951 million, mainly due to an increase in gross profit from improving unit selling prices for LPG as well as an increase in gross profit from expanded sales for home installation of solar panels, storage batteries, etc. as a result of promoting our growth strategy toward decarbonization.

Power & Electricity Business

In the retail business, the situation for electric power supply remains scarce due to surging cost derived from rising resource prices caused by the prolonged situation in Ukraine and the weak yen, as well as the issuance of a power saving request by the government this summer. Although wholesale market price is settling, uncertainties remain around supply and demand during this fiscal year and may result in a challenging business environment.

We work on improving profitability by mitigating the impact of soaring cost, and improving unit selling prices. Ongoing efforts in diversifying power source include maintaining supply volume up to the volume procured, decreasing reliance on wholesale market, as well as diversifying power suppliers.

As a result, net sales decreased by 15.2% year on year to ¥98,475 million, and operating profit increased by 22.5% year on year to ¥8,361 million.

Based on our participation in the Ministry of Economy, Trade and Industry's "Operation to Mitigate

Sudden Fluctuations in Electricity and Gas Prices," we implemented discounts for electricity and gas charges using the discounted selling price set by the government in accordance with the respective amounts of energy used between January and September 2023 (based on meter readings between February and October). Given the continuation of the Operation, we will also offer discounts on electricity and city gas charges for respective amounts of energy used between October 2023 and April 2024 (based on meter readings between November 2023 and May 2024).

In addition, as an initiative for making renewable energy a mainstay power source and stabilizing the power grid, we have installed grid storage batteries in Tahara-shi, Aichi, on September 20, 2023, and in Sendai-shi, Miyagi, on December 15, 2023, and initiated their operation.

In utilizing these grid storage batteries, together with the implementation of the Demand Response Service that the Group excels in, we seek to stabilize the power grid. Also, we will further engage in initiatives to introduce more renewable energy power generation equipment with an eye to achieving carbon neutrality. In so doing, we will contribute to balancing supply and demand in the process of expanding renewable energy, as well as saving electricity and energy leading to the reduction of the burden of electricity charges.

Foods Business

In the beverage business, the sales volume of mineral water sold by Mitsuuroko Beverage Co., Ltd. increased significantly to 167% of the level of the previous fiscal year. Ihara Factory in Shizuoka has expanded production lines and the business was able to meet larger demands from many clients, and it developed additional clients as recognition of our high product quality grew. In addition, our in-house developed green tea that uses only tea leaves from Shizuoka, with robust demand from our clients, contributed to growth of beverages overall as a pillar of the business alongside mineral water. By expanding our production facilities and increasing sales of products developed in-house, we were able to alleviate the impact of rising personnel expenses and soaring raw material costs, and have maintained our strong performance.

In the foods business, for the Mitsuuroko Grocery that it operates, Mitsuuroko Provisions Co., Ltd. focused on developing new menus for in-store cooking and capturing the increase in customers visiting the store following the change of COVID-19's category to Class 5. In addition, in the shop business, with the expanding demand from inbound tourism, sales of souvenirs recorded particularly outstanding growth.

Our bakery Azabujuban Mont-Thabor increased the manufacturing volume at each of its stores in line with the increased number of customers it is attracting to its facilities.

Our café restaurant brand Motomachi Coffee increased traffic to its stores by offering external brand select products, a good match for coffee, in its store shelves. The evening visitors have also increased, making a turnaround from the stagnant trend since the COVID-19 pandemic. In addition, in franchise development, we are proposing small-scale, quicker turn-over urban stores to new franchisee candidates.

Our burger chain Carl's Jr. Japan increased the number of visitors to its stores and maintained its recovery trend in business performance by catching the demand from inbound tourists and the recovery trend in dining demand.

For the Foods Business as a whole, although operations at the Ihara Factory in the bottled water business were temporarily suspended for partial facility renewal, the impact of soaring cost of production was mitigated by the expansion of sales volume through aggressive sales activities. As a result, net sales increased by 19.6% year on year to ¥16,106 million, and operating profit increased by 49.9% year on year to ¥559 million.

Living & Wellness Business

In the real estate business, revenue from residential and other properties has performed well, and the business is securing stable sales. There were contributions from the three rental apartment complexes that we acquired in September 2022 (Prasio Hirao, View Heights Takayama, and Cosmos Reid Kokubunji), as well as increased occupancy rates at VIP Sendai Futsukamachi, which completed renovation of its common area and some rooms. As a result, net sales rose 9.1% year on year. In August 2023, we acquired the rental apartment complex Ouju Takayama located in Setagaya-ku, Tokyo, which is also performing well.

In the real estate business, in addition to repairs and replacement prioritizing safety to all properties, we are investing in facilities in line with the values of the times. We place particular emphasis on sustainability, centered on decarbonization, resource conservation, etc., by switching to the use of electricity generated using renewable energy, installing water-saving facilities, and implementing other initiatives. In November 2023, we introduced the Mitsuuroko Green Plan, provided by Mitsuuroko Green Energy, at our office property "Morioka Saien Center Building." As a result, we were able to achieve zero CO_2 emissions for the electricity used by this facility. While bearing the optimal portfolio structure in mind, we will actively acquire and develop new revenue-generating properties going forward.

At the HAMABOWL EAS Building, year-end and new-year holiday events were implemented to raise awareness and increase the number of visitors, including giving away prizes by a lottery using receipts via the LINE communication app, the front entrance illumination, installing a Christmas tree, and displaying posters. The number of visitors to the entire building has been on a recovery trend, with each of the months from October to December seeing an increase in the number of visitors compared to the same month of the previous year.

As for SPA EAS, in 2023, the maximum temperature was much higher than normal throughout Japan, and the hot springs industry as a whole faced difficult conditions for promoting customer use in the midst of a record warm winter. However, SPA EAS saw increase in its number of visitors and net sales at 105.4% and 103.0% of the level of the same period a year ago, respectively.

As an external evaluation, SPA EAS received awards in 12 categories in the "18th Annual Nifty Hot Spring Rankings (2023)" (out of 16,813 facilities nationwide), its highest number ever, including overall 3rd place nationally and 1st place in Kanagawa. In particular, it was ranked 1st in the Kanto region in the user vote ranking and commended as a facility that is supported by customers, which has helped create motivation among employees.

In addition, in November, SPA EAS was certified by the Minister of Health, Labour and Welfare as a "health promotion facility utilizing hot springs." Among the 26 such facilities throughout Japan, this was the first facility to be certified in Yokohama-shi. We are working to popularize our health promotion program for local residents, and also to promote the use of our facilities as a welfare program to contribute to the health-focused management of neighboring corporations, and work to enhance our presence as a "wellness resort spa facility."

Hamabowl saw a steady recovery in its number of visitors and net sales due to the impact of COVID-19 being downgraded to Class 5 in May. Its number of visitors and net sales were at 113.8% and 124.6% of the level of the same period a year ago, respectively. During winter, with increased demand for get-togethers and year-end parties, large-scale usage such as full-lane rentals has increased. In addition, Hamabowl began its Health Bowling Class for the third time from mid-October, with a total of 119 participants in six courses. 50 graduates of the program have continued bowling as league members since the class ended at the beginning of December. We will continue our sincere efforts to operate the facility as the Hamabowl that is loved by its local customers in Yokohama-shi.

In the sports business, the sports studio "EIGHT ANGLE," which launched in Jiyugaoka in April 2023, has been well received for its private golf lessons with a wide variety of instructors, including professional golf player Momoka Miura, who is affiliated with Mitsuuroko Group, and professional golf player Yumi Sasahara, whose lesson videos are popular on YouTube. In addition, we will operate our sports studio to help further enrich people's lives in ways such as expanding lessons beyond golf, offering baseball lessons taught by former professional baseball players, and launching "vision training" for elementary school students in the spring.

Based on the above reasons, for the Living & Wellness Business as a whole, net sales increased 7.0% year on year to ¥1,978 million, while operating profit was ¥103 million (compared to an operating loss of ¥40 million in the same period of the previous fiscal year).

Overseas Business

In this business, mainly General Storage Company Pte. Ltd. and six other companies operate the self-storage business in Asia. During the nine months ended December 31, 2023, at the "Self Storage Awards Asia 2023" hosted by the Self Storage Association Asia, an industry organization in Asia, one site and three individuals from the Group companies were awarded in two of the seven categories ("Multi-site Operation Store of the Year" and "Manager of the Year"). In addition, a solar power generation system has been installed and continues to steadily generate electricity at Chai Chee, where a headquarters and self-storage facility are located. Going forward, we will accordingly proceed with efforts that include contributing to our local communities while making effective use of our facilities. In addition, as a new investment, we acquired the real estate leasehold of 36 Kaki Bukit Place, located in the central-east area of Singapore within the planned Paya Lebar redevelopment area. General Storage Company Pte. Ltd., our consolidated subsidiary based in Singapore, will operate and manage the property, and we will focus on the investment potential in line with changes in aspects such as the residential environment as well as market growth.

During the nine months ended December 31, 2023, net sales increased by 7.5% year on year to ¥1,972 million, while operating loss was ¥166 million (compared to an operating profit of ¥159 million in the same period of the previous fiscal year), mainly due to the effect of taxes and other expenses arising from the acquisition of the real estate leasehold of 36 Kaki Bukit Place.

Dividend income from Siamgas & Petrochemicals Public Company Limited, with which the Company has concluded a strategic business alliance agreement, for the nine months ended December 31, 2023, decreased by 67.2% year on year to ¥381 million mainly due to the company's decrease in profit, and was recorded in non-operating income.

Others

In the ICT telecommunications business, the number of household installations of "Mitsuuroko net," an Internet service targeting rental apartment and condominium owners and property management companies, remained steady. As a result, the number of household installations of the service amounted to 123% of the level of the same period a year ago. As we continue to supply LPG to multi-unit residences going forward, we will also work to solve problems by promoting the development of various solutions closely aligned with customer needs, particularly in terms of vacancy measures and property value improvement.

In the information system development and sales business, in addition to strong sales of the "COSMOS Series," an LPG sales management system, one year has passed since we started providing "SmartOWL® delivery operation streamlining solution" for streamlining LPG deliveries, resulting in a significant reduction in the number of LPG deliveries to consumers' residences that have LPWA devices installed, with the average reduction exceeding 30%. According to a calculated estimate based on the average travel distance for LPG deliveries, there is a potential reduction of 1.189 kg in CO_2 emissions per delivery, and we expect even greater reductions in CO_2 emissions in the future by promoting installation of LPWA devices and the use of the SmartOWL® delivery operation streamlining solution.

As for the leasing business, the Group expanded the number of EV models it offers as EVs have grown in popularity. This business was selected as a designated leasing business operator to contribute to the preservation of the global environment by promoting the widespread use of decarbonized equipment. By leveraging this strength, we provide support from the aspect of a leasing business for small and medium-sized enterprises that aim for decarbonization in the supply chains as a whole, while we also engage in ESG initiatives.

In the content business, we are co-producing TV programs and movies, planning TV dramas and theatrical performances, etc. From October to December 2023, "Hakko Danshi 2," the second in a series of travel programs that introduce traditional Japanese technology, was broadcasted on TV Aichi and TV Kanagawa. Paid program events held in Tokyo, Nagoya, and Osaka to coincide with the broadcast drew an audience of approximately 1,600 people, and approximately 400 DVDs of the program produced by Mitsuuroko were sold.

For other business as a whole, net sales increased by 16.6% year on year to ¥1,814 million and operating profit increased by 299.3% year on year to ¥62 million, mainly due to sales increase in the leasing business.

(2) Explanation regarding the financial position

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023	Change
Assets	173,999	181,053	+7,053
Liabilities	81,115	85,634	+4,519
Net assets	92,884	95,419	+2,534
Shareholders' equity	92,869	95,409	+2,539
Equity ratio (%)	53.4	52.7	(0.7)

Assets

Total assets increased by ¥7,053 million compared to the end of the previous fiscal year to ¥181,053 million.

The main factors for change included an increase of ¥2,121 million in cash and deposits resulting from increased earnings in the Power & Electricity Business, etc., an increase of ¥2,086 million in notes and accounts receivable - trade resulting from increased net sales in the Energy Solutions Business, etc., and an increase of ¥2,913 million in non-current assets resulting from the acquisition of the leasehold of 36 Kaki Bukit Place, etc. in Singapore.

Liabilities

Total liabilities increased by ¥4,519 million compared to the end of the previous fiscal year to ¥85,634 million.

The main factors for change included an increase of ¥4,915 million in notes and accounts payable - trade resulting from increased cost of sales in the Energy Solutions Business, etc., a decrease of ¥2,012 million in income taxes payable, an increase of ¥2,665 million in long-term borrowings and an increase of ¥1,550 million in bonds payable, resulting from increased demand for capital to acquire rental properties, etc.

Net assets

Net assets increased by ¥2,534 million compared to the end of the previous fiscal year to ¥95,419 million.

The main factors for change were an increase of ¥4,485 million in retained earnings, a decrease of ¥1,446 million in valuation difference on available-for-sale securities resulting from a decrease in the amount of investment securities, and a decrease of ¥1,087 million due to purchase of treasury shares.

As a result, the equity ratio decreased by 0.7 percentage points from the end of the previous fiscal year to 52.7%.

(3) Explanation regarding consolidated earnings forecasts and other forward-looking statements

We have not revised the financial results forecast announced at the time of the financial results announcement on May 10, 2023, due to some uncertain factors arising from future trends in fuel prices and temperatures.

2. Quarterly consolidated financial statements and significant notes

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	32,538	34,659
Notes and accounts receivable - trade	31,033	33,119
Merchandise and finished goods	6,175	5,555
Raw materials and supplies	795	843
Other	9,628	10,141
Allowance for doubtful accounts	(30)	(38)
Total current assets	80,141	84,281
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,842	13,630
Machinery, equipment and vehicles, net	3,855	3,924
Land	18,179	17,100
Construction in progress	56	743
Other, net	5,216	7,398
Total property, plant and equipment	42,150	42,797
Intangible assets		
Trademark right	2,845	3,040
Goodwill	1,341	1,666
Other	1,254	4,712
Total intangible assets	5,441	9,419
Investments and other assets		
Investment securities	37,506	35,734
Deferred tax assets	1,664	1,750
Other	7,365	7,322
Allowance for doubtful accounts	(269)	(252)
Total investments and other assets	46,266	44,554
Total non-current assets	93,858	96,771
Total assets	173,999	181,053

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,573	29,488
Short-term borrowings	5,491	4,725
Current portion of bonds payable	764	1,001
Income taxes payable	3,356	1,343
Provisions	1,087	508
Other	9,780	8,719
Total current liabilities	45,054	45,787
Non-current liabilities		
Bonds payable	4,698	6,249
Long-term borrowings	11,331	13,997
Deferred tax liabilities	6,654	5,984
Provisions	498	558
Retirement benefit liability	2,559	2,628
Asset retirement obligations	3,062	3,205
Other	7,255	7,223
Total non-current liabilities	36,060	39,846
Total liabilities	81,115	85,634
Net assets		
Shareholders’ equity		
Share capital	7,077	7,077
Capital surplus	307	313
Retained earnings	73,793	78,279
Treasury shares	(533)	(1,621)
Total shareholders’ equity	80,645	84,048
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,899	9,452
Deferred gains or losses on hedges	(61)	(44)
Foreign currency translation adjustment	1,391	1,954
Remeasurements of defined benefit plans	(5)	(2)
Total accumulated other comprehensive income	12,224	11,360
Non-controlling interests	15	10
Total net assets	92,884	95,419
Total liabilities and net assets	173,999	181,053

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of income

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	234,614	221,877
Cost of sales	204,989	188,597
Gross profit	29,624	33,280
Selling, general and administrative expenses	22,378	24,438
Operating profit	7,246	8,841
Non-operating income		
Interest income	14	56
Dividend income	1,543	786
Share of profit of entities accounted for using equity method	267	327
Compensation income	53	55
Other	282	218
Total non-operating income	2,160	1,444
Non-operating expenses		
Interest expenses	216	231
Commission expenses	186	186
Loss on derivatives trading	15	100
Other	169	80
Total non-operating expenses	587	598
Ordinary profit	8,819	9,687
Extraordinary income		
Gain on sale of non-current assets	140	21
Gain on receipt of donated non-current assets	48	3
Gain on sale of investment securities	–	70
Total extraordinary income	188	96
Extraordinary losses		
Loss on sale of non-current assets	0	36
Loss on retirement of non-current assets	73	91
Impairment losses	1,916	86
Loss on store closings	35	26
Loss on subsidy repayment	13	–
Litigation settlement	10	–
Total extraordinary losses	2,049	241
Profit before income taxes	6,957	9,542
Income taxes - current	2,801	2,974
Income taxes - deferred	95	(144)
Total income taxes	2,897	2,830
Profit	4,060	6,712
Loss attributable to non-controlling interests	(391)	(5)
Profit attributable to owners of parent	4,451	6,717

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	4,060	6,712
Other comprehensive income		
Valuation difference on available-for-sale securities	381	(1,459)
Foreign currency translation adjustment	670	563
Remeasurements of defined benefit plans, net of tax	8	2
Share of other comprehensive income of entities accounted for using equity method	86	29
Total other comprehensive income	1,146	(864)
Comprehensive income	5,206	5,848
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,598	5,853
Comprehensive income attributable to non-controlling interests	(391)	(5)

(3) Notes to quarterly consolidated financial statements

Notes on the premise of going concerns

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Segment information, etc.

[Segment information]

I Nine months ended December 31, 2022 (From April 1, 2022, to December 31, 2022)

1. Information regarding the amount of net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segments						Others (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
	Energy Solutions Business	Power & Electricity Business	Foods Business	Living & Wellness Business	Overseas Business	Subtotal				
Net sales										
Sales to external customers	99,731	116,179	13,462	1,849	1,835	233,058	1,556	234,614	–	234,614
Intersegment sales or transfers	131	574	12	6	–	725	187	912	(912)	–
Total	99,862	116,754	13,475	1,856	1,835	233,783	1,743	235,526	(912)	234,614
Segment profit (loss)	757	6,827	373	(40)	159	8,077	15	8,093	(846)	7,246

(Notes) 1. The "Others" category is a business segment that is not included in the reportable segments and includes Leasing Business, Insurance Agency Business and sales of other services.

2. The segment profit (loss) adjustment of ¥(846) million includes intersegment eliminations of ¥(13) million, corporate expenses of ¥(832) million that are not allocated to each reportable segment, and other adjustments of ¥0 million. Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment.

3. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.

2. Information regarding loss on impairment of non-current assets and goodwill by reportable segment

Material loss on impairment related to non-current assets

In the Power & Electricity Business, the Company recorded loss on impairment of non-current assets due to the suspension of operations of the Gumihara Wind Power Station and the recording of asset retirement obligations for Azuchi-Oshima Wind Power Station. The amount of the said loss on impairment recorded in the nine months ended December 31, 2023, is ¥1,901 million.

In the Foods Business, the Company recorded loss on impairment of non-current assets of the previous "Carl's Jr. Jiyugaoka Restaurant," due to the relocation thereof. The amount of the said loss on impairment recorded in the nine months ended December 31, 2023, is ¥14 million.

II Nine months ended December 31, 2023 (From April 1, 2023, to December 31, 2023)

1. Information regarding the amount of net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segments						Others (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
	Energy Solutions Business	Power & Electricity Business	Foods Business	Living & Wellness Business	Overseas Business	Subtotal				
Net sales										
Sales to external customers	101,530	98,475	16,106	1,978	1,972	220,063	1,814	221,877	–	221,877
Intersegment sales or transfers	102	558	11	7	–	679	276	956	(956)	–
Total	101,633	99,034	16,117	1,985	1,972	220,742	2,091	222,834	(956)	221,877
Segment profit (loss)	951	8,361	559	103	(166)	9,809	62	9,871	(1,029)	8,841

(Notes) 1. The “Others” category is a business segment that is not included in the reportable segments and includes Leasing Business, Insurance Agency Business and sales of other services.

2. The segment profit (loss) adjustment of ¥(1,029) million includes intersegment eliminations of ¥(10) million, corporate expenses of ¥(1,018) million that are not allocated to each reportable segment, and other adjustments of ¥(0) million. Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment.

3. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.

2. Information regarding loss on impairment of non-current assets and goodwill by reportable segment

Not applicable.