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Consolidated Financial Results for the Nine Months Ended September 30, 2022 [Japanese GAAP]



November 10, 2022

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): November 11, 2022
 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 Nine Months Ended September 30, 2022 (January 1, 2022 - September 30, 2022)

(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	%
Nine months ended September 30, 2022	75,646	66.1	5,533	66.9	5,915	64.0	3,596	51.1
September 30, 2021	45,544	2.2	3,314	(0.6)	3,605	0.3	2,379	(7.6)

(Note) Comprehensive income: Nine months ended September 30, 2022: ¥3,934 million [33.2%]
 Nine months ended September 30, 2021: ¥2,954 million [28.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2022	135.28	134.51
September 30, 2021	89.60	89.04

(2) Consolidated Financial Positions

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of September 30, 2022	103,229	84,338	79.7
As of December 31, 2021	99,096	82,117	79.1

(Reference) Capital adequacy: As of September 30, 2022: ¥82,259 million
 As of December 31, 2021: ¥78,400 million

2. Dividends

	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Total
Fiscal year ended December 31, 2021	Yen —	Yen 15.00	Yen —	Yen 15.00	Yen 30.00
Fiscal year ending December 31, 2022	—	15.00	—		
Fiscal year ending December 31, 2022 (Forecast)				17.00	32.00

(Note) Correction of dividend forecast from the most recent dividend forecast: Yes

We have revised the year-end dividend forecast for the fiscal year ending December 31, 2022 to ¥17.00 per share, an increase of ¥2.00 from ¥15.00 per share. For details, please refer to “Notice Regarding Revision to Dividend Forecast for the Fiscal Year Ending December 31, 2022 (9th Term)” announced today, on November 10, 2022.

3. Consolidated Financial Results Forecasts for the Fiscal Year Ending December 31, 2022 (January 1, 2022 - December 31, 2022)

(% indicates changes from the previous 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
Full year	96,800	46.5	6,200	57.4	6,800	53.7	4,100	44.1	154.20

(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 8 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 and outstanding shares (common stock)
- 1) Number of issued and outstanding shares at the end of fiscal year (including treasury stock):

September 30, 2022:	28,336,061 shares
December 31, 2021:	28,336,061 shares
 - 2) Number of treasury stock at the end of fiscal year:

September 30, 2022:	1,736,757 shares
December 31, 2021:	1,770,572 shares
 - 3) Average number of shares:

Nine months ended September 30, 2022:	26,587,810 shares
Nine months ended September 30, 2021:	26,560,592 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 3 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, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	20,894	13,226
Notes and accounts receivable - trade	9,463	—
Notes and accounts receivable - trade, and contract assets	—	10,894
Securities	2,700	10,499
Inventories	1,537	1,814
Other	2,241	2,085
Allowance for doubtful accounts	(7)	(8)
Total current assets	36,829	38,511
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,254	9,907
Machinery, equipment and vehicles, net	17,575	16,667
Other, net	10,885	11,996
Total property, plant and equipment	38,716	38,571
Intangible assets	1,548	1,471
Investments and other assets		
Investment securities	10,805	11,836
Long-term loans receivable from subsidiaries and associates	9,448	11,173
Other	1,782	1,698
Allowance for doubtful accounts	(34)	(34)
Total investments and other assets	22,001	24,674
Total non-current assets	62,266	64,718
Total assets	99,096	103,229
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,772	7,758
Provisions	29	63
Income taxes payable	621	1,158
Other	3,407	3,651
Total current liabilities	10,830	12,632
Non-current liabilities		
Retirement benefit liability	4,915	4,954
Provisions	203	234
Other	1,030	1,069
Total non-current liabilities	6,148	6,258
Total liabilities	16,978	18,891

(Million yen)

	As of December 31, 2021	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	8,000	8,000
Capital surplus	12,922	13,915
Retained earnings	58,434	61,296
Treasury shares	(1,253)	(1,230)
Total shareholders' equity	78,103	81,981
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	503	435
Remeasurements of defined benefit plans	(206)	(157)
Total accumulated other comprehensive income	297	277
Share acquisition rights	212	195
Non-controlling interests	3,504	1,883
Total net assets	82,117	84,338
Total liabilities and net assets	99,096	103,229

(2) Consolidated Quarterly Statements of Income and Comprehensive Income

Consolidated Quarterly Statements of Income

Nine Months Ended September 30

(Million yen)

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2022
Net sales	45,544	75,646
Cost of sales	35,182	62,989
Gross profit	10,361	12,656
Selling, general and administrative expenses	7,047	7,122
Operating profit	3,314	5,533
Non-operating income		
Interest income	130	164
Dividend income	69	138
Other	141	122
Total non-operating income	341	425
Non-operating expenses		
Donations	36	35
Other	13	7
Total non-operating expenses	50	43
Ordinary profit	3,605	5,915
Extraordinary income		
Gain on sale of non-current assets	49	—
Reversal of allowance for doubtful accounts	13	—
Total extraordinary income	63	—
Extraordinary losses		
Loss on retirement of non-current assets	131	173
Other	11	—
Total extraordinary losses	142	173
Profit before income taxes	3,526	5,742
Income taxes	948	1,786
Profit	2,577	3,956
Profit attributable to non-controlling interests	198	359
Profit attributable to owners of parent	2,379	3,596

Consolidated Quarterly Statements of Comprehensive Income
 Nine Months Ended September 30

(Million yen)

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2022
Profit	2,577	3,956
Other comprehensive income		
Valuation difference on available-for-sale securities	327	(70)
Remeasurements of defined benefit plans, net of tax	48	48
Total other comprehensive income	376	(21)
Comprehensive income	2,954	3,934
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,750	3,577
Comprehensive income attributable to non-controlling interests	203	356