

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2017 (Based on Japanese GAAP)



February 8, 2018

Company name: Denyo Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 6517 URL: <http://www.denyo.co.jp/>  
 Representative: President Shoichi Shiratori  
 Inquiries: Senior Executive Officer Toshiya Tozawa TEL 03-6861-1111  
 Scheduled date to file Quarterly Securities Report: February 9, 2018  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2017	36,198	2.8	2,678	0.9	2,852	(1.3)	1,816	(0.0)
Nine months ended December 31, 2016	35,224	(3.8)	2,653	(1.6)	2,890	(4.7)	1,817	(13.2)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2017	85.51		–	
Nine months ended December 31, 2016	84.99		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2017	72,263	55,522	74.0
As of March 31, 2017	68,678	53,145	74.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2017	–	15.00	–	15.00	30.00
Year ending March 31, 2018	–	15.00	–		
Year ending March 31, 2018 (Forecast)				15.00	30.00

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	50,500	3.4	4,000	(5.8)	4,200	(7.2)	2,600	(9.3)	122.41

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2017  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2017	22,859,660 shares	As of March 31, 2017	22,859,660 shares
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Number of treasury shares at the end of the period

As of December 31, 2017	1,616,963 shares	As of March 31, 2017	1,623,221 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2017	21,240,231 shares	Nine months ended December 31, 2016	21,378,898 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	11,937	14,384
Notes and accounts receivable - trade	19,420	19,061
Securities	999	999
Merchandise and finished goods	6,110	5,341
Work in process	1,101	1,311
Raw materials and supplies	3,493	3,972
Other	758	634
Allowance for doubtful accounts	(6)	(5)
Total current assets	43,814	45,701
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,018	6,983
Machinery, equipment and vehicles, net	2,317	1,870
Land	4,848	4,843
Construction in progress	140	228
Other, net	174	212
Total property, plant and equipment	14,499	14,137
Intangible assets	547	486
Investments and other assets		
Investment securities	9,525	11,664
Other	294	278
Allowance for doubtful accounts	(2)	(5)
Total investments and other assets	9,817	11,937
Total non-current assets	24,863	26,561
Total assets	68,678	72,263

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	8,937	10,068
Short-term loans payable	210	210
Accrued expenses	556	636
Income taxes payable	630	100
Provision for bonuses	632	388
Provision for directors' bonuses	70	45
Provision for product warranties	108	100
Other	450	633
<b>Total current liabilities</b>	<b>11,596</b>	<b>12,182</b>
<b>Non-current liabilities</b>		
Long-term loans payable	1,122	1,130
Deferred tax liabilities	1,907	2,560
Net defined benefit liability	418	421
Other	487	444
<b>Total non-current liabilities</b>	<b>3,936</b>	<b>4,557</b>
<b>Total liabilities</b>	<b>15,532</b>	<b>16,740</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,954	1,954
Capital surplus	1,779	1,779
Retained earnings	44,521	45,674
Treasury shares	(1,632)	(1,621)
<b>Total shareholders' equity</b>	<b>46,623</b>	<b>47,787</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,735	5,216
Foreign currency translation adjustment	764	495
Remeasurements of defined benefit plans	(1)	(3)
<b>Total accumulated other comprehensive income</b>	<b>4,498</b>	<b>5,709</b>
<b>Non-controlling interests</b>	<b>2,023</b>	<b>2,025</b>
<b>Total net assets</b>	<b>53,145</b>	<b>55,522</b>
<b>Total liabilities and net assets</b>	<b>68,678</b>	<b>72,263</b>

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	35,224	36,198
Cost of sales	26,734	27,393
Gross profit	8,490	8,805
Selling, general and administrative expenses	5,836	6,127
Operating profit	2,653	2,678
Non-operating income		
Interest income	18	25
Dividend income	123	125
House rent income	66	51
Share of profit of entities accounted for using equity method	47	46
Foreign exchange gains	1	-
Other	57	24
Total non-operating income	314	272
Non-operating expenses		
Interest expenses	45	37
Sales discounts	12	14
Foreign exchange losses	-	31
Other	18	15
Total non-operating expenses	77	98
Ordinary profit	2,890	2,852
Extraordinary income		
Gain on sales of non-current assets	-	1
Gain on sales of investment securities	-	1
Total extraordinary income	-	2
Extraordinary losses		
Loss on disposal of non-current assets	0	1
Other	0	-
Total extraordinary losses	0	1
Profit before income taxes	2,890	2,853
Income taxes - current	808	768
Income taxes - deferred	105	162
Total income taxes	914	930
Profit	1,976	1,922
Profit attributable to		
Profit attributable to owners of parent	1,817	1,816
Profit attributable to non-controlling interests	159	106
Other comprehensive income		
Valuation difference on available-for-sale securities	762	1,477
Foreign currency translation adjustment	(2,336)	(298)
Remeasurements of defined benefit plans, net of tax	(0)	(1)
Share of other comprehensive income of entities accounted for using equity method	4	3
Total other comprehensive income	(1,570)	1,181
Comprehensive income	405	3,103
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	529	3,026
Comprehensive income attributable to non-controlling interests	(123)	77

## Supplementary information

### (1) Sales results by product

(Millions of yen)

Product	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Generators	26,163	27,577
Welders	3,765	3,775
Compressors	1,052	737
Others	4,242	4,108
Total	35,224	36,198

### (2) Sales results by region

(Millions of yen)

Region	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Japan	20,958	22,593
North/Central America	7,408	7,351
Asia	4,973	4,331
Others	1,884	1,922
Total	35,224	36,198