

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2020
(Based on Japanese GAAP)**



May 14, 2020

Company name: Denyo Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6517 URL <http://www.denyo.co.jp/>
 Representative: President Shoichi Shiratori
 Inquiries: Director & Managing Executive Officer Toshiya Tozawa TEL 03-6861-1111
 Scheduled date of ordinary general meeting of shareholders: June 26, 2020
 Scheduled date to file Securities Report: June 29, 2020
 Scheduled date to commence dividend payments: June 5, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Consolidated operating results

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	%
Year ended March 31, 2020	62,887	13.2	6,057	44.2	6,202	35.1	4,071	28.6
Year ended March 31, 2019	55,554	10.7	4,201	7.7	4,592	9.7	3,166	14.7

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2020	194.32	–	7.4	8.3	9.6
Year ended March 31, 2019	149.83	–	5.9	6.3	7.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	75,626	58,354	74.1	2,689.54
As of March 31, 2019	74,085	56,290	73.1	2,583.90

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2020	7,272	(874)	(1,528)	21,054
Year ended March 31, 2019	4,085	(164)	(1,315)	16,170

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2019	–	20.00	–	22.00	42.00	921	28.0	1.6
Year ended March 31, 2020	–	22.00	–	24.00	46.00	999	23.7	1.7
Year ending March 31, 2021 (Forecast)	–	22.00	–	24.00	46.00		27.4	

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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
Six months ending September 30, 2020	26,000	(13.8)	1,700	(35.8)	1,900	(28.2)	1,300	(28.9)	62.37
Full year	58,000	(7.8)	4,900	(19.1)	5,200	(16.2)	3,500	(14.0)	167.91

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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:

Yes

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

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

As of March 31, 2020	22,859,660 shares	As of March 31, 2019	22,859,660 shares
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Number of treasury shares at the end of the period

As of March 31, 2020	2,014,745 shares	As of March 31, 2019	1,901,761 shares
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Average number of shares during the period

Year ended March 31, 2020	20,952,519 shares	Year ended March 31, 2019	21,135,713 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	15,189	20,054
Notes and accounts receivable - trade	19,459	18,193
Electronically recorded monetary claims - operating	3,294	2,921
Securities	999	999
Merchandise and finished goods	4,258	3,920
Work in process	1,236	1,409
Raw materials and supplies	5,152	5,144
Other	263	293
Allowance for doubtful accounts	(5)	(4)
Total current assets	49,849	52,932
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,224	13,040
Accumulated depreciation	(5,921)	(6,080)
Buildings and structures, net	7,303	6,960
Machinery, equipment and vehicles	7,191	7,428
Accumulated depreciation	(5,201)	(5,545)
Machinery, equipment and vehicles, net	1,989	1,883
Land	4,834	4,835
Construction in progress	101	601
Other	1,947	2,018
Accumulated depreciation	(1,762)	(1,854)
Other, net	184	164
Total property, plant and equipment	14,414	14,445
Intangible assets		
Right-of-use assets	–	565
Software	72	45
Other	291	9
Total intangible assets	364	620
Investments and other assets		
Investment securities	9,104	7,328
Long-term loans receivable	10	6
Deferred tax assets	174	171
Other	172	124
Allowance for doubtful accounts	(5)	(3)
Total investments and other assets	9,457	7,628
Total non-current assets	24,236	22,694
Total assets	74,085	75,626

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,296	8,888
Electronically recorded obligations - operating	2,146	1,985
Short-term borrowings	431	210
Accrued expenses	670	541
Income taxes payable	538	1,062
Provision for bonuses	636	638
Provision for bonuses for directors (and other officers)	75	81
Provision for product warranties	99	103
Other	728	741
Total current liabilities	14,624	14,252
Non-current liabilities		
Long-term borrowings	1,110	1,088
Lease obligations	0	282
Long-term accounts payable - other	81	81
Deferred tax liabilities	1,323	960
Retirement benefit liability	432	433
Other	222	172
Total non-current liabilities	3,170	3,019
Total liabilities	17,794	17,272
Net assets		
Shareholders' equity		
Share capital	1,954	1,954
Capital surplus	1,779	1,779
Retained earnings	48,793	51,902
Treasury shares	(2,107)	(2,365)
Total shareholders' equity	50,420	53,271
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,464	2,575
Foreign currency translation adjustment	301	248
Remeasurements of defined benefit plans	(32)	(32)
Total accumulated other comprehensive income	3,732	2,791
Non-controlling interests	2,137	2,290
Total net assets	56,290	58,354
Total liabilities and net assets	74,085	75,626

Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	55,554	62,887
Cost of sales	43,145	48,288
Gross profit	12,408	14,598
Selling, general and administrative expenses	8,207	8,540
Operating profit	4,201	6,057
Non-operating income		
Interest income	39	50
Dividend income	181	197
Rental income from buildings	78	80
Foreign exchange gains	19	–
Share of profit of entities accounted for using equity method	99	–
Insurance claim income	2	65
Miscellaneous income	58	44
Total non-operating income	480	438
Non-operating expenses		
Interest expenses	45	56
Commitment fee	6	31
Foreign exchange losses	–	55
Rental costs	9	9
Sales discounts	22	24
Share of loss of entities accounted for using equity method	–	107
Miscellaneous loss	3	6
Total non-operating expenses	88	293
Ordinary profit	4,592	6,202
Extraordinary income		
Gain on sales of non-current assets	4	0
Gain on sales of investment securities	122	218
Total extraordinary income	126	218
Extraordinary losses		
Loss on disposal of non-current assets	12	40
Impairment loss	107	–
Loss on sales of investment securities	1	22
Loss on valuation of investment securities	–	180
Total extraordinary losses	122	243
Profit before income taxes	4,597	6,177
Income taxes - current	1,264	1,895
Income taxes - deferred	(24)	(1)
Total income taxes	1,240	1,893
Profit	3,357	4,284
Profit attributable to		
Profit attributable to owners of parent	3,166	4,071
Profit attributable to non-controlling interests	190	213

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,152)	(884)
Foreign currency translation adjustment	(533)	(53)
Remeasurements of defined benefit plans, net of tax	7	(0)
Share of other comprehensive income of entities accounted for using equity method	(0)	(4)
Total other comprehensive income	(1,678)	(942)
Comprehensive income	1,678	3,342
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,566	3,130
Comprehensive income attributable to non-controlling interests	111	212

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,954	1,779	46,620	(1,621)	48,733
Cumulative effects of changes in accounting policies					
Restated balance	1,954	1,779	46,620	(1,621)	48,733
Changes during period					
Dividends of surplus			(994)		(994)
Profit attributable to owners of parent			3,166		3,166
Purchase of treasury shares				(501)	(501)
Disposal of treasury shares				15	15
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,172	(485)	1,687
Balance at end of period	1,954	1,779	48,793	(2,107)	50,420

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	4,617	756	(40)	5,332	2,066	56,132
Cumulative effects of changes in accounting policies						
Restated balance	4,617	756	(40)	5,332	2,066	56,132
Changes during period						
Dividends of surplus						(994)
Profit attributable to owners of parent						3,166
Purchase of treasury shares						(501)
Disposal of treasury shares						15
Net changes in items other than shareholders' equity	(1,153)	(454)	7	(1,600)	70	(1,529)
Total changes during period	(1,153)	(454)	7	(1,600)	70	157
Balance at end of period	3,464	301	(32)	3,732	2,137	56,290

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,954	1,779	48,793	(2,107)	50,420
Cumulative effects of changes in accounting policies			(2)		(2)
Restated balance	1,954	1,779	48,790	(2,107)	50,417
Changes during period					
Dividends of surplus			(959)		(959)
Profit attributable to owners of parent			4,071		4,071
Purchase of treasury shares				(276)	(276)
Disposal of treasury shares				18	18
Net changes in items other than shareholders' equity					
Total changes during period	–	–	3,112	(258)	2,854
Balance at end of period	1,954	1,779	51,902	(2,365)	53,271

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,464	301	(32)	3,732	2,137	56,290
Cumulative effects of changes in accounting policies						(2)
Restated balance	3,464	301	(32)	3,732	2,137	56,288
Changes during period						
Dividends of surplus						(959)
Profit attributable to owners of parent						4,071
Purchase of treasury shares						(276)
Disposal of treasury shares						18
Net changes in items other than shareholders' equity	(888)	(52)	(0)	(941)	153	(788)
Total changes during period	(888)	(52)	(0)	(941)	153	2,065
Balance at end of period	2,575	248	(32)	2,791	2,290	58,354

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	4,597	6,177
Depreciation	1,132	1,161
Impairment loss	107	–
Loss (gain) on valuation of investment securities	–	180
Increase (decrease) in retirement benefit liability	(31)	(1)
Increase (decrease) in provision for product warranties	(9)	3
Increase (decrease) in provision for bonuses	(12)	2
Increase (decrease) in provision for bonuses for directors (and other officers)	1	6
Increase (decrease) in allowance for doubtful accounts	(0)	(3)
Interest and dividend income	(221)	(248)
Interest expenses	45	56
Share of loss (profit) of entities accounted for using equity method	(99)	107
Loss (gain) on sales of investment securities	(120)	(195)
Loss (gain) on sales of non-current assets	(4)	1
Loss (gain) on disposal of non-current assets	11	39
Decrease (increase) in trade receivables	(1,371)	1,607
Decrease (increase) in inventories	(995)	137
Increase (decrease) in trade payables	1,972	(545)
Other, net	97	(32)
Subtotal	5,101	8,455
Interest and dividends received	240	261
Interest paid	(45)	(56)
Income taxes paid	(1,210)	(1,386)
Net cash provided by (used in) operating activities	4,085	7,272
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,488)	(1,250)
Purchase of intangible assets	(6)	(18)
Purchase of investment securities	(2)	(2)
Proceeds from sales of investment securities	266	390
Loan advances	(7)	(1)
Collection of loans receivable	6	5
Net decrease (increase) in time deposits	1,112	18
Other, net	(43)	(15)
Net cash provided by (used in) investing activities	(164)	(874)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	220	(218)
Purchase of treasury shares	(501)	(276)
Dividends paid	(994)	(959)
Dividends paid to non-controlling interests	(41)	(58)
Other, net	–	(15)
Net cash provided by (used in) financing activities	(1,315)	(1,528)
Effect of exchange rate change on cash and cash equivalents	(146)	13
Net increase (decrease) in cash and cash equivalents	2,458	4,883
Cash and cash equivalents at beginning of period	13,712	16,170
Cash and cash equivalents at end of period	16,170	21,054

Supplementary information

(1) Sales results by product

(Millions of yen)

Product	Fiscal year ended	Fiscal year ended	Year-on-year	
	March 31, 2019	March 31, 2020	Change	%
Generators	43,660	50,436	6,776	15.5
Welders	5,115	5,072	(42)	(0.8)
Compressors	1,059	1,012	(47)	(4.5)
Others	5,719	6,365	646	11.3
Total	55,554	62,887	7,332	13.2

(2) Sales results by region

(Millions of yen)

Region	Fiscal year ended	Fiscal year ended	Year-on-year	
	March 31, 2019	March 31, 2020	Change	%
Japan	33,693	37,043	3,349	9.9
North/Central America	14,080	18,430	4,349	30.9
Asia	5,527	5,197	(330)	(6.0)
Others	2,252	2,216	(36)	(1.6)
Total	55,554	62,887	7,332	13.2