

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2020 (Based on Japanese GAAP)



August 6, 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 to file Quarterly Securities Report: August 7, 2020
 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 three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(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	%
Three months ended June 30, 2020	13,070	(3.6)	1,095	36.9	1,216	64.3	846	102.9
Three months ended June 30, 2019	13,552	14.4	799	33.6	740	5.9	417	(9.1)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2020	40.60	–
Three months ended June 30, 2019	19.91	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	74,585	58,624	75.7
As of March 31, 2020	75,626	58,354	74.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	–	22.00	–	24.00	46.00
Year ending March 31, 2021	–	–	–	–	–
Year ending March 31, 2021 (Forecast)	–	22.00	–	24.00	46.00

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 three months ended June 30, 2020
 (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 June 30, 2020	22,859,660 shares	As of March 31, 2020	22,859,660 shares
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Number of treasury shares at the end of the period

As of June 30, 2020	2,013,245 shares	As of March 31, 2020	2,014,745 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2020	20,844,931 shares	Three months ended June 30, 2019	20,957,919 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	20,054	19,062
Notes and accounts receivable - trade	18,193	16,249
Electronically recorded monetary claims - operating	2,921	2,931
Securities	999	999
Merchandise and finished goods	3,920	4,863
Work in process	1,409	1,530
Raw materials and supplies	5,144	5,530
Other	293	360
Allowance for doubtful accounts	(4)	(3)
Total current assets	52,932	51,523
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,960	6,771
Machinery, equipment and vehicles, net	1,883	1,763
Land	4,835	4,824
Construction in progress	601	960
Other, net	164	158
Total property, plant and equipment	14,445	14,479
Intangible assets	620	597
Investments and other assets		
Investment securities	7,328	7,707
Other	302	280
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	7,628	7,984
Total non-current assets	22,694	23,061
Total assets	75,626	74,585

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,888	8,180
Electronically recorded obligations - operating	1,985	1,872
Short-term borrowings	210	1,287
Accrued expenses	541	1,075
Income taxes payable	1,062	266
Provision for bonuses	638	374
Provision for bonuses for directors (and other officers)	81	21
Provision for product warranties	103	110
Other	741	973
Total current liabilities	14,252	14,161
Non-current liabilities		
Long-term borrowings	1,088	–
Lease obligations	282	263
Long-term accounts payable - other	81	81
Deferred tax liabilities	960	1,013
Retirement benefit liability	433	408
Other	172	31
Total non-current liabilities	3,019	1,798
Total liabilities	17,272	15,960
Net assets		
Shareholders' equity		
Share capital	1,954	1,954
Capital surplus	1,779	1,779
Retained earnings	51,902	52,229
Treasury shares	(2,365)	(2,364)
Total shareholders' equity	53,271	53,599
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,575	2,883
Foreign currency translation adjustment	248	(16)
Remeasurements of defined benefit plans	(32)	(29)
Total accumulated other comprehensive income	2,791	2,838
Non-controlling interests	2,290	2,187
Total net assets	58,354	58,624
Total liabilities and net assets	75,626	74,585

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

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	13,552	13,070
Cost of sales	10,562	10,147
Gross profit	2,990	2,922
Selling, general and administrative expenses	2,190	1,827
Operating profit	799	1,095
Non-operating income		
Interest income	10	13
Dividend income	83	61
Rental income from buildings	19	19
Foreign exchange gains	–	65
Other	77	5
Total non-operating income	191	165
Non-operating expenses		
Interest expenses	12	14
Sales discounts	5	6
Foreign exchange losses	34	–
Share of loss of entities accounted for using equity method	194	20
Other	4	4
Total non-operating expenses	251	45
Ordinary profit	740	1,216
Extraordinary income		
Gain on sales of non-current assets	0	–
Total extraordinary income	0	–
Extraordinary losses		
Loss on disposal of non-current assets	2	0
Total extraordinary losses	2	0
Profit before income taxes	738	1,216
Income taxes - current	333	315
Income taxes - deferred	(61)	(13)
Total income taxes	271	301
Profit	466	914
Profit attributable to		
Profit attributable to owners of parent	417	846
Profit attributable to non-controlling interests	49	68
Other comprehensive income		
Valuation difference on available-for-sale securities	(74)	308
Foreign currency translation adjustment	169	(379)
Remeasurements of defined benefit plans, net of tax	2	3
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	96	(67)
Comprehensive income	563	846
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	489	893
Comprehensive income attributable to non-controlling interests	73	(46)

Supplementary information

(1) Sales results by product

(Millions of yen)

Product	Fiscal year ended	Fiscal year ended	Year-on-year	
	June 30, 2019	June 30, 2020	Change	%
Generators	10,520	10,365	(155)	(1.5)
Welders	1,216	1,178	(37)	(3.1)
Compressors	263	266	2	0.8
Others	1,551	1,259	(291)	(18.8)
Total	13,552	13,070	(482)	(3.6)

(2) Sales results by region

(Millions of yen)

Region	Fiscal year ended	Fiscal year ended	Year-on-year	
	June 30, 2019	June 30, 2020	Change	%
Japan	7,267	7,204	(63)	(0.9)
North/Central America	4,584	4,081	(502)	(11.0)
Asia	1,292	1,250	(41)	(3.2)
Others	408	533	124	30.6
Total	13,552	13,070	(482)	(3.6)