

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2020 (Based on Japanese GAAP)



February 10, 2021

Company name: Denyo Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6517 URL: <https://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: February 12, 2021
 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, 2020 (from April 1, 2020 to December 31, 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	%
Nine months ended December 31, 2020	38,988	(15.7)	3,431	(22.9)	3,669	(19.1)	2,496	(19.5)
Nine months ended December 31, 2019	46,256	15.7	4,449	67.8	4,537	54.1	3,102	59.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2020	119.74	–
Nine months ended December 31, 2019	147.98	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2020	76,872	59,881	75.0
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	–	22.00	–		
Year ending March 31, 2021 (Forecast)				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
Full year	52,000	(17.3)	4,100	(32.3)	4,400	(29.1)	2,800	(31.2)	134.29

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 2020	2,006,868 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)

Nine months ended December 31, 2020	20,849,962 shares	Nine months ended December 31, 2019	20,965,423 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	20,054	21,289
Notes and accounts receivable - trade	18,193	15,631
Electronically recorded monetary claims - operating	2,921	3,649
Securities	999	999
Merchandise and finished goods	3,920	4,932
Work in process	1,409	1,473
Raw materials and supplies	5,144	4,806
Other	293	347
Allowance for doubtful accounts	(4)	(5)
Total current assets	52,932	53,124
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,960	7,103
Machinery, equipment and vehicles, net	1,883	1,599
Land	4,835	4,824
Construction in progress	601	1,250
Other, net	164	238
Total property, plant and equipment	14,445	15,016
Intangible assets	620	580
Investments and other assets		
Investment securities	7,328	7,877
Other	302	276
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	7,628	8,150
Total non-current assets	22,694	23,747
Total assets	75,626	76,872

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,888	8,648
Electronically recorded obligations - operating	1,985	2,335
Short-term borrowings	210	1,245
Accrued expenses	541	538
Income taxes payable	1,062	230
Provision for bonuses	638	384
Provision for bonuses for directors (and other officers)	81	61
Provision for product warranties	103	117
Other	741	1,393
Total current liabilities	14,252	14,956
Non-current liabilities		
Long-term borrowings	1,088	–
Lease obligations	282	265
Long-term accounts payable - other	81	81
Deferred tax liabilities	960	1,238
Retirement benefit liability	433	417
Other	172	31
Total non-current liabilities	3,019	2,034
Total liabilities	17,272	16,990
Net assets		
Shareholders' equity		
Share capital	1,954	1,954
Capital surplus	1,779	1,779
Retained earnings	51,902	53,402
Treasury shares	(2,365)	(2,352)
Total shareholders' equity	53,271	54,784
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,575	3,043
Foreign currency translation adjustment	248	(117)
Remeasurements of defined benefit plans	(32)	(22)
Total accumulated other comprehensive income	2,791	2,903
Non-controlling interests	2,290	2,192
Total net assets	58,354	59,881
Total liabilities and net assets	75,626	76,872

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

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	46,256	38,988
Cost of sales	35,428	29,698
Gross profit	10,828	9,289
Selling, general and administrative expenses	6,378	5,858
Operating profit	4,449	3,431
Non-operating income		
Interest income	36	33
Dividend income	155	127
Rental income from buildings	60	58
Foreign exchange gains	–	37
Share of profit of entities accounted for using equity method	–	16
Other	91	41
Total non-operating income	343	314
Non-operating expenses		
Interest expenses	42	42
Sales discounts	17	18
Share of loss of entities accounted for using equity method	146	–
Foreign exchange losses	32	–
Other	17	15
Total non-operating expenses	256	76
Ordinary profit	4,537	3,669
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	218	40
Total extraordinary income	218	40
Extraordinary losses		
Loss on disposal of non-current assets	40	4
Loss on sales of investment securities	22	–
Total extraordinary losses	62	4
Profit before income taxes	4,692	3,705
Income taxes - current	1,229	972
Income taxes - deferred	170	146
Total income taxes	1,399	1,119
Profit	3,292	2,586
Profit attributable to		
Profit attributable to owners of parent	3,102	2,496
Profit attributable to non-controlling interests	190	89
Other comprehensive income		
Valuation difference on available-for-sale securities	(18)	468
Foreign currency translation adjustment	(370)	(479)
Remeasurements of defined benefit plans, net of tax	7	10
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	(380)	(1)
Comprehensive income	2,912	2,585
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,775	2,608
Comprehensive income attributable to non-controlling interests	136	(23)

Supplementary information

(1) Sales results by product

(Millions of yen)

Product	Nine months ended	Nine months ended	Year-on-year	
	December 31, 2019	December 31, 2020	Change	%
Generators	37,143	31,013	(6,129)	(16.5)
Welders	3,714	3,216	(498)	(13.4)
Compressors	751	578	(172)	(22.9)
Others	4,648	4,179	(468)	(10.1)
Total	46,256	38,988	(7,268)	(15.7)

(2) Sales results by region

(Millions of yen)

Region	Nine months ended	Nine months ended	Year-on-year	
	December 31, 2019	December 31, 2020	Change	%
Japan	26,853	26,190	(662)	(2.5)
North/Central America	13,906	8,381	(5,525)	(39.7)
Asia	4,100	2,988	(1,112)	(27.1)
Others	1,396	1,427	31	2.2
Total	46,256	38,988	(7,268)	(15.7)