

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)



November 10, 2022

Company name: Denyo Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6517 URL: <https://www.denyo.co.jp/>
 Representative: President Shoichi Shiratori
 Inquiries: Director & Senior Executive Officer Makoto Tanabe TEL 03-6861-1111
 Scheduled date to file Quarterly Securities Report: November 11, 2022
 Scheduled date to commence dividend payments: December 9, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(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	%
Six months ended September 30, 2022	28,271	13.8	1,083	(32.9)	1,157	(31.5)	800	(31.8)
Six months ended September 30, 2021	24,836	(2.0)	1,615	(19.8)	1,689	(22.0)	1,173	(18.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	38.64		-	
Six months ended September 30, 2021	56.25		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	85,049	66,470	74.9
As of March 31, 2022	80,774	63,760	76.0

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, 2022	-	22.00	-	25.00	47.00
Year ending March 31, 2023	-	23.00	-	-	-
Year ending March 31, 2023 (Forecast)	-	-	-	25.00	48.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	60,000	8.8	3,400	(6.9)	3,500	(13.1)	2,400	(12.8)	115.80

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(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 September 30, 2022	22,859,660 shares	As of March 31, 2022	22,859,660 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	2,132,867 shares	As of March 31, 2022	2,140,078 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	20,723,049 shares	Six months ended September 30, 2021	20,860,102 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	22,358	23,548
Notes receivable - trade	4,102	2,548
Electronically recorded monetary claims - operating	4,306	3,696
Accounts receivable - trade	11,856	11,353
Securities	999	999
Merchandise and finished goods	5,086	5,451
Work in process	1,724	2,927
Raw materials and supplies	6,049	8,571
Other	392	668
Allowance for doubtful accounts	(4)	(3)
Total current assets	56,872	59,763
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,140	7,446
Machinery, equipment and vehicles, net	2,011	1,879
Land	5,066	5,616
Construction in progress	319	667
Other, net	226	216
Total property, plant and equipment	14,764	15,826
Intangible assets	694	779
Investments and other assets		
Investment securities	8,092	8,269
Deferred tax assets	226	258
Other	127	154
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	8,443	8,679
Total non-current assets	23,902	25,285
Total assets	80,774	85,049

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,026	9,938
Electronically recorded obligations - operating	2,554	2,635
Short-term borrowings	210	374
Accrued expenses	553	584
Income taxes payable	404	328
Provision for bonuses	642	736
Provision for bonuses for directors (and other officers)	66	32
Provision for product warranties	98	95
Other	713	894
Total current liabilities	14,269	15,619
Non-current liabilities		
Long-term borrowings	856	1,013
Lease liabilities	283	320
Deferred tax liabilities	1,113	1,145
Retirement benefit liability	458	448
Other	31	31
Total non-current liabilities	2,744	2,959
Total liabilities	17,013	18,579
Net assets		
Shareholders' equity		
Share capital	1,954	1,954
Capital surplus	1,788	1,788
Retained earnings	56,500	56,763
Treasury shares	(2,598)	(2,587)
Total shareholders' equity	57,645	57,918
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,209	3,347
Foreign currency translation adjustment	591	2,486
Remeasurements of defined benefit plans	(33)	(10)
Total accumulated other comprehensive income	3,766	5,823
Non-controlling interests	2,348	2,728
Total net assets	63,760	66,470
Total liabilities and net assets	80,774	85,049

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

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	24,836	28,271
Cost of sales	19,268	22,851
Gross profit	5,567	5,419
Selling, general and administrative expenses	3,952	4,336
Operating profit	1,615	1,083
Non-operating income		
Interest income	20	22
Dividend income	82	111
Rental income from buildings	41	42
Share of profit of entities accounted for using equity method	–	10
Other	27	15
Total non-operating income	171	202
Non-operating expenses		
Interest expenses	26	17
Share of loss of entities accounted for using equity method	2	–
Foreign exchange losses	57	97
Other	10	14
Total non-operating expenses	96	129
Ordinary profit	1,689	1,157
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	28	39
Total extraordinary income	29	39
Extraordinary losses		
Loss on disposal of non-current assets	37	0
Total extraordinary losses	37	0
Profit before income taxes	1,682	1,195
Income taxes - current	515	480
Income taxes - deferred	(8)	(65)
Total income taxes	507	414
Profit	1,174	781
Profit attributable to		
Profit attributable to owners of parent	1,173	800
Profit (loss) attributable to non-controlling interests	1	(19)
Other comprehensive income		
Valuation difference on available-for-sale securities	(30)	137
Foreign currency translation adjustment	898	2,296
Remeasurements of defined benefit plans, net of tax	5	23
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	872	2,457
Comprehensive income	2,047	3,238
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,913	2,857
Comprehensive income attributable to non-controlling interests	134	381

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,682	1,195
Depreciation	673	606
Interest and dividend income	(102)	(134)
Interest expenses	26	17
Share of loss (profit) of entities accounted for using equity method	2	(10)
Loss (gain) on sale of investment securities	(28)	(39)
Decrease (increase) in trade receivables	3,719	3,505
Decrease (increase) in inventories	(1,316)	(2,926)
Increase (decrease) in trade payables	(1,098)	178
Other, net	32	578
Subtotal	3,588	2,972
Interest and dividends received	115	146
Interest paid	(26)	(17)
Income taxes paid	(1,044)	(564)
Net cash provided by (used in) operating activities	2,633	2,536
Cash flows from investing activities		
Purchase of property, plant and equipment	(350)	(1,036)
Purchase of intangible assets	(7)	(61)
Purchase of investment securities	(1)	(1)
Proceeds from sale of investment securities	81	69
Other, net	(30)	(0)
Net cash provided by (used in) investing activities	(307)	(1,030)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	0	149
Proceeds from long-term borrowings	782	–
Repayments of long-term borrowings	(1,107)	–
Purchase of treasury shares	(0)	–
Dividends paid	(541)	(538)
Dividends paid to non-controlling interests	(30)	(1)
Other, net	(8)	(9)
Net cash provided by (used in) financing activities	(905)	(399)
Effect of exchange rate change on cash and cash equivalents	279	83
Net increase (decrease) in cash and cash equivalents	1,699	1,190
Cash and cash equivalents at beginning of period	22,913	23,358
Cash and cash equivalents at end of period	24,613	24,548

Revenue Recognition

[Breakdown of Revenue from Contracts with Customers]

(1) Sales results by product

(Millions of yen)

Product	Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year	
			Change	%
Generators	19,297	23,284	3,986	20.7
Welders	2,499	2,138	(361)	(14.4)
Compressors	383	385	1	0.5
Others	2,654	2,461	(192)	(7.3)
Revenue from contracts with customers	24,836	28,271	3,434	13.8
Other revenue	-	-	-	-
Net sales to external customers	24,836	28,271	3,434	13.8

(2) Sales results by region

(Millions of yen)

Region	Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year	
			Change	%
Japan	15,465	14,164	(1,300)	(8.4)
Overseas	9,371	14,106	4,735	50.5
North/Central America	5,736	9,551	3,815	66.5
Asia	2,095	3,258	1,162	55.5
Others	1,539	1,296	(242)	(15.8)
Revenue from contracts with customers	24,836	28,271	3,434	13.8
Other revenue	-	-	-	-
Net sales to external customers	24,836	28,271	3,434	13.8