

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2017 (Based on Japanese GAAP)



August 8, 2017

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: August 9, 2017  
 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, 2017 (from April 1, 2017 to June 30, 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	%
Three months ended June 30, 2017	10,575	(0.3)	369	(36.9)	411	(37.0)	211	(47.0)
Three months ended June 30, 2016	10,606	(4.9)	584	(27.5)	652	(30.4)	398	(29.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2017	9.94		–	
Three months ended June 30, 2016	18.62		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2017	67,873	53,273	75.6
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	–	–	–	–	–
Year ending March 31, 2018 (Forecast)	–	15.00	–	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
Six months ending September 30, 2017	24,000	4.8	1,900	14.0	2,050	14.9	1,370	24.2	64.51
Full year	52,000	6.4	4,600	8.3	5,000	10.5	3,150	9.9	148.33

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 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 June 30, 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 June 30, 2017	1,623,332 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)

Three months ended June 30, 2017	21,236,397 shares	Three months ended June 30, 2016	21,374,699 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	11,937	13,582
Notes and accounts receivable - trade	19,420	15,972
Securities	999	999
Merchandise and finished goods	6,110	6,565
Work in process	1,101	881
Raw materials and supplies	3,493	3,493
Other	758	835
Allowance for doubtful accounts	(6)	(3)
Total current assets	43,814	42,327
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,018	6,850
Machinery, equipment and vehicles, net	2,317	2,122
Land	4,848	4,843
Construction in progress	140	245
Other, net	174	182
Total property, plant and equipment	14,499	14,245
Intangible assets	547	513
Investments and other assets		
Investment securities	9,525	10,492
Other	294	300
Allowance for doubtful accounts	(2)	(5)
Total investments and other assets	9,817	10,787
Total non-current assets	24,863	25,545
Total assets	68,678	67,873

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	8,937	7,831
Short-term loans payable	210	209
Accrued expenses	556	1,110
Income taxes payable	630	182
Provision for bonuses	632	379
Provision for directors' bonuses	70	15
Provision for product warranties	108	87
Other	450	561
<b>Total current liabilities</b>	<b>11,596</b>	<b>10,378</b>
<b>Non-current liabilities</b>		
Long-term loans payable	1,122	1,120
Deferred tax liabilities	1,907	2,214
Net defined benefit liability	418	414
Other	487	472
<b>Total non-current liabilities</b>	<b>3,936</b>	<b>4,221</b>
<b>Total liabilities</b>	<b>15,532</b>	<b>14,599</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	44,401
Treasury shares	(1,632)	(1,632)
<b>Total shareholders' equity</b>	<b>46,623</b>	<b>46,502</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,735	4,429
Foreign currency translation adjustment	764	373
Remeasurements of defined benefit plans	(1)	(2)
<b>Total accumulated other comprehensive income</b>	<b>4,498</b>	<b>4,800</b>
<b>Non-controlling interests</b>	<b>2,023</b>	<b>1,969</b>
<b>Total net assets</b>	<b>53,145</b>	<b>53,273</b>
<b>Total liabilities and net assets</b>	<b>68,678</b>	<b>67,873</b>

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

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	10,606	10,575
Cost of sales	8,063	8,201
Gross profit	2,543	2,373
Selling, general and administrative expenses	1,958	2,004
Operating profit	584	369
Non-operating income		
Interest income	6	7
Dividend income	65	63
House rent income	22	16
Other	23	10
Total non-operating income	117	98
Non-operating expenses		
Interest expenses	11	12
Sales discounts	3	5
Foreign exchange losses	20	13
Share of loss of entities accounted for using equity method	8	19
Other	4	5
Total non-operating expenses	49	56
Ordinary profit	652	411
Extraordinary income		
Gain on sales of non-current assets	–	0
Total extraordinary income	–	0
Extraordinary losses		
Loss on disposal of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	652	411
Income taxes - current	278	199
Income taxes - deferred	(83)	(48)
Total income taxes	195	150
Profit	457	261
Profit attributable to		
Profit attributable to owners of parent	398	211
Profit attributable to non-controlling interests	58	49
Other comprehensive income		
Valuation difference on available-for-sale securities	(737)	691
Foreign currency translation adjustment	(513)	(448)
Remeasurements of defined benefit plans, net of tax	(0)	(0)
Share of other comprehensive income of entities accounted for using equity method	(2)	2
Total other comprehensive income	(1,253)	245
Comprehensive income	(796)	506
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(756)	512
Comprehensive income attributable to non-controlling interests	(40)	(6)

## Supplementary information

### (1) Sales results by product

(Millions of yen)

Product	Three months ended June 30, 2016	Three months ended June 30, 2017
Generators	7,776	7,937
Welders	1,077	1,113
Compressors	393	232
Others	1,360	1,291
Total	10,606	10,575

### (2) Sales results by region

(Millions of yen)

Region	Three months ended June 30, 2016	Three months ended June 30, 2017
Japan	5,575	5,403
North/Central America	2,533	2,475
Asia	1,805	2,067
Others	692	628
Total	10,606	10,575