

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2019 (Based on Japanese GAAP)



August 8, 2019

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 9, 2019  
 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, 2019 (from April 1, 2019 to June 30, 2019)

(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, 2019	13,552	14.4	799	33.6	740	5.9	417	(9.1)
Three months ended June 30, 2018	11,847	12.0	598	62.1	698	70.0	458	117.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2019	19.91		–	
Three months ended June 30, 2018	21.60		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2019	73,754	56,331	73.4
As of March 31, 2019	74,085	56,290	73.1

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, 2019	–	20.00	–	22.00	42.00
Year ending March 31, 2020	–	–	–	–	–
Year ending March 31, 2020 (Forecast)	–	22.00	–	22.00	44.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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, 2019	26,500	4.9	1,800	25.4	1,900	14.6	1,200	8.4	57.26
Full year	56,500	1.7	4,600	9.5	4,900	6.7	3,200	1.0	152.69

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2019  
 (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: Yes
- 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, 2019	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 June 30, 2019	1,899,901 shares	As of March 31, 2019	1,901,761 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, 2019	20,957,919 shares	Three months ended June 30, 2018	21,242,572 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	15,189	15,550
Notes and accounts receivable - trade	19,250	18,742
Electronically recorded monetary claims - operating	3,503	2,587
Securities	999	999
Merchandise and finished goods	4,258	4,608
Work in process	1,236	1,431
Raw materials and supplies	5,152	4,949
Other	263	286
Allowance for doubtful accounts	(5)	(4)
Total current assets	49,849	49,151
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,303	7,239
Machinery, equipment and vehicles, net	1,989	2,099
Land	4,834	4,836
Construction in progress	101	451
Other, net	184	179
Total property, plant and equipment	14,414	14,805
Intangible assets	364	654
Investments and other assets		
Investment securities	9,104	8,792
Other	358	355
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	9,457	9,142
Total non-current assets	24,236	24,603
Total assets	74,085	73,754

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	9,296	8,736
Electronically recorded obligations - operating	2,146	2,097
Short-term borrowings	431	209
Accrued expenses	670	1,589
Income taxes payable	538	301
Provision for bonuses	636	370
Provision for bonuses for directors (and other officers)	75	19
Provision for product warranties	99	100
Other	728	713
<b>Total current liabilities</b>	<b>14,624</b>	<b>14,139</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,110	1,077
Lease obligations	0	304
Deferred tax liabilities	1,323	1,219
Retirement benefit liability	432	418
Other	304	263
<b>Total non-current liabilities</b>	<b>3,170</b>	<b>3,283</b>
<b>Total liabilities</b>	<b>17,794</b>	<b>17,422</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,954	1,954
Capital surplus	1,779	1,779
Retained earnings	48,793	48,726
Treasury shares	(2,107)	(2,106)
<b>Total shareholders' equity</b>	<b>50,420</b>	<b>50,355</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,464	3,389
Foreign currency translation adjustment	301	446
Remeasurements of defined benefit plans	(32)	(30)
<b>Total accumulated other comprehensive income</b>	<b>3,732</b>	<b>3,805</b>
<b>Non-controlling interests</b>	<b>2,137</b>	<b>2,171</b>
<b>Total net assets</b>	<b>56,290</b>	<b>56,331</b>
<b>Total liabilities and net assets</b>	<b>74,085</b>	<b>73,754</b>

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

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	11,847	13,552
Cost of sales	9,111	10,562
Gross profit	2,735	2,990
Selling, general and administrative expenses	2,136	2,190
Operating profit	598	799
Non-operating income		
Interest income	6	10
Dividend income	77	83
Rental income from buildings	20	19
Foreign exchange gains	26	–
Other	5	77
Total non-operating income	136	191
Non-operating expenses		
Interest expenses	8	12
Sales discounts	4	5
Foreign exchange losses	–	34
Share of loss of entities accounted for using equity method	21	194
Other	2	4
Total non-operating expenses	36	251
Ordinary profit	698	740
Extraordinary income		
Gain on sales of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on disposal of non-current assets	2	2
Total extraordinary losses	2	2
Profit before income taxes	696	738
Income taxes - current	300	333
Income taxes - deferred	(124)	(61)
Total income taxes	175	271
Profit	521	466
Profit attributable to		
Profit attributable to owners of parent	458	417
Profit attributable to non-controlling interests	62	49
Other comprehensive income		
Valuation difference on available-for-sale securities	(253)	(74)
Foreign currency translation adjustment	(907)	169
Remeasurements of defined benefit plans, net of tax	3	2
Share of other comprehensive income of entities accounted for using equity method	1	(0)
Total other comprehensive income	(1,156)	96
Comprehensive income	(635)	563
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(585)	489
Comprehensive income attributable to non-controlling interests	(49)	73

## Supplementary information

### (1) Sales results by product

(Millions of yen)

Product	Three months ended	Three months ended	Year-on-year	
	June 30, 2018	June 30, 2019	Change	%
Generators	9,180	10,520	1,340	14.6
Welders	1,229	1,216	(12)	(1.0)
Compressors	236	263	27	11.7
Others	1,201	1,551	349	29.1
Total	11,847	13,552	1,705	14.4

### (2) Sales results by region

(Millions of yen)

Region	Three months ended	Three months ended	Year-on-year	
	June 30, 2018	June 30, 2019	Change	%
Japan	6,422	7,267	845	13.2
North/Central America	3,458	4,584	1,125	32.5
Asia	1,496	1,292	(204)	(13.6)
Others	470	408	(61)	(13.1)
Total	11,847	13,552	1,705	14.4