

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Based on Japanese GAAP)



February 13, 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: February 14, 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 nine months ended December 31, 2019 (from April 1, 2019 to December 31, 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	%
Nine months ended December 31, 2019	46,256	15.7	4,449	67.8	4,537	54.1	3,102	59.3
Nine months ended December 31, 2018	39,982	10.5	2,651	(1.0)	2,945	3.3	1,947	7.2

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2019	147.98	–
Nine months ended December 31, 2018	91.88	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2019	76,837	58,199	72.9
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	Yen	Yen	Yen	Yen
Year ended March 31, 2019	–	20.00	–	22.00	42.00
Year ending March 31, 2020	–	22.00	–		
Year ending March 31, 2020 (Forecast)				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
Full year	59,500	7.1	5,200	23.8	5,400	17.6	3,600	13.7	171.70

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 2019	1,884,630 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)

Nine months ended December 31, 2019	20,965,423 shares	Nine months ended December 31, 2018	21,195,433 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	15,189	17,529
Notes and accounts receivable - trade	19,250	18,223
Electronically recorded monetary claims - operating	3,503	4,324
Securities	999	999
Merchandise and finished goods	4,258	4,055
Work in process	1,236	1,436
Raw materials and supplies	5,152	5,942
Other	263	296
Allowance for doubtful accounts	(5)	(4)
Total current assets	49,849	52,804
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,303	6,971
Machinery, equipment and vehicles, net	1,989	1,841
Land	4,834	4,832
Construction in progress	101	602
Other, net	184	161
Total property, plant and equipment	14,414	14,410
Intangible assets	364	612
Investments and other assets		
Investment securities	9,104	8,714
Other	358	301
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	9,457	9,010
Total non-current assets	24,236	24,033
Total assets	74,085	76,837

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	9,296	10,161
Electronically recorded obligations - operating	2,146	2,429
Short-term borrowings	431	210
Accrued expenses	670	679
Income taxes payable	538	553
Provision for bonuses	636	366
Provision for bonuses for directors (and other officers)	75	55
Provision for product warranties	99	75
Other	728	608
<b>Total current liabilities</b>	<b>14,624</b>	<b>15,141</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,110	1,095
Lease obligations	0	282
Deferred tax liabilities	1,323	1,450
Retirement benefit liability	432	400
Other	304	267
<b>Total non-current liabilities</b>	<b>3,170</b>	<b>3,496</b>
<b>Total liabilities</b>	<b>17,794</b>	<b>18,638</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	50,933
Treasury shares	(2,107)	(2,089)
<b>Total shareholders' equity</b>	<b>50,420</b>	<b>52,578</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,464	3,446
Foreign currency translation adjustment	301	(14)
Remeasurements of defined benefit plans	(32)	(25)
<b>Total accumulated other comprehensive income</b>	<b>3,732</b>	<b>3,406</b>
<b>Non-controlling interests</b>	<b>2,137</b>	<b>2,214</b>
<b>Total net assets</b>	<b>56,290</b>	<b>58,199</b>
<b>Total liabilities and net assets</b>	<b>74,085</b>	<b>76,837</b>

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

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	39,982	46,256
Cost of sales	30,842	35,428
Gross profit	9,140	10,828
Selling, general and administrative expenses	6,488	6,378
Operating profit	2,651	4,449
Non-operating income		
Interest income	30	36
Dividend income	150	155
Rental income from buildings	62	60
Share of profit of entities accounted for using equity method	47	–
Foreign exchange gains	16	–
Other	47	91
Total non-operating income	354	343
Non-operating expenses		
Interest expenses	32	42
Sales discounts	16	17
Share of loss of entities accounted for using equity method	–	146
Foreign exchange losses	–	32
Other	12	17
Total non-operating expenses	61	256
Ordinary profit	2,945	4,537
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	3	218
Total extraordinary income	4	218
Extraordinary losses		
Loss on disposal of non-current assets	3	40
Impairment loss	107	–
Loss on sales of investment securities	1	22
Total extraordinary losses	112	62
Profit before income taxes	2,836	4,692
Income taxes - current	692	1,229
Income taxes - deferred	50	170
Total income taxes	743	1,399
Profit	2,093	3,292
Profit attributable to		
Profit attributable to owners of parent	1,947	3,102
Profit attributable to non-controlling interests	145	190

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,097)	(18)
Foreign currency translation adjustment	(228)	(370)
Remeasurements of defined benefit plans, net of tax	10	7
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(1,317)	(380)
Comprehensive income	776	2,912
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	674	2,775
Comprehensive income attributable to non-controlling interests	101	136

## Supplementary information

### (1) Sales results by product

(Millions of yen)

Product	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Year-on-year	
			Change	%
Generators	31,223	37,143	5,919	19.0
Welders	3,746	3,714	(31)	(0.9)
Compressors	862	751	(111)	(12.9)
Others	4,150	4,648	497	12.0
Total	39,982	46,256	6,274	15.7

### (2) Sales results by region

(Millions of yen)

Region	Nine months ended December 31, 2018	Nine months ended December 31, 2019	Year-on-year	
			Change	%
Japan	24,322	26,853	2,530	10.4
North/Central America	10,163	13,906	3,742	36.8
Asia	3,883	4,100	216	5.6
Others	1,612	1,396	(215)	(13.4)
Total	39,982	46,256	6,274	15.7