

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2021
(Based on Japanese GAAP)**



May 13, 2021

Company name: Denyo Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6517 URL <https://www.denyo.co.jp/>
 Representative: President Shoichi Shiratori
 Inquiries: Senior Executive Officer Makoto Tanabe TEL 03-6861-1111
 Scheduled date of ordinary general meeting of shareholders: June 29, 2021
 Scheduled date to file Securities Report: June 29, 2021
 Scheduled date to commence dividend payments: June 8, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated operating results

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	%
Year ended March 31, 2021	55,006	(12.5)	5,332	(12.0)	5,645	(9.0)	3,860	(5.2)
Year ended March 31, 2020	62,887	13.2	6,057	44.2	6,202	35.1	4,071	28.6

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	185.13	–	6.7	7.3	9.7
Year ended March 31, 2020	194.32	–	7.4	8.3	9.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	79,057	61,564	75.1	2,846.49
As of March 31, 2020	75,626	58,354	74.1	2,689.54

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	4,941	(1,748)	(1,086)	22,913
Year ended March 31, 2020	7,272	(874)	(1,528)	21,054

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	–	22.00	–	24.00	46.00	999	23.7	1.7
Year ended March 31, 2021	–	22.00	–	25.00	47.00	1,018	25.4	1.7
Year ending March 31, 2022 (Forecast)	–	22.00	–	25.00	47.00		29.7	

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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, 2021	26,000	2.6	2,000	(0.7)	2,200	1.5	1,500	4.0	71.92
Full year	56,000	1.8	4,700	(11.9)	5,000	(11.4)	3,300	(14.5)	158.23

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2021	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 March 31, 2021	2,003,959 shares	As of March 31, 2020	2,014,745 shares
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Average number of shares during the period

Year ended March 31, 2021	20,850,660 shares	Year ended March 31, 2020	20,952,519 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	20,054	21,913
Notes and accounts receivable - trade	18,193	17,436
Electronically recorded monetary claims - operating	2,921	3,426
Securities	999	999
Merchandise and finished goods	3,920	4,636
Work in process	1,409	1,566
Raw materials and supplies	5,144	4,073
Other	293	396
Allowance for doubtful accounts	(4)	(4)
Total current assets	52,932	54,443
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,040	13,533
Accumulated depreciation	(6,080)	(6,387)
Buildings and structures, net	6,960	7,145
Machinery, equipment and vehicles	7,428	8,388
Accumulated depreciation	(5,545)	(5,862)
Machinery, equipment and vehicles, net	1,883	2,526
Land	4,835	5,047
Construction in progress	601	20
Other	2,018	2,001
Accumulated depreciation	(1,854)	(1,776)
Other, net	164	225
Total property, plant and equipment	14,445	14,964
Intangible assets		
Right-of-use assets	565	519
Software	45	47
Other	9	16
Total intangible assets	620	583
Investments and other assets		
Investment securities	7,328	8,750
Long-term loans receivable	6	3
Deferred tax assets	171	187
Other	124	125
Allowance for doubtful accounts	(3)	(2)
Total investments and other assets	7,628	9,065
Total non-current assets	22,694	24,613
Total assets	75,626	79,057

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,888	8,773
Electronically recorded obligations - operating	1,985	1,991
Short-term borrowings	210	1,317
Accrued expenses	541	514
Income taxes payable	1,062	978
Provision for bonuses	638	637
Provision for bonuses for directors (and other officers)	81	83
Provision for product warranties	103	126
Other	741	1,010
Total current liabilities	14,252	15,434
Non-current liabilities		
Long-term borrowings	1,088	–
Lease obligations	282	267
Long-term accounts payable - other	81	–
Deferred tax liabilities	960	1,358
Retirement benefit liability	433	401
Other	172	31
Total non-current liabilities	3,019	2,058
Total liabilities	17,272	17,493
Net assets		
Shareholders' equity		
Share capital	1,954	1,954
Capital surplus	1,779	1,779
Retained earnings	51,902	54,766
Treasury shares	(2,365)	(2,350)
Total shareholders' equity	53,271	56,149
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,575	3,643
Foreign currency translation adjustment	248	(417)
Remeasurements of defined benefit plans	(32)	(10)
Total accumulated other comprehensive income	2,791	3,215
Non-controlling interests	2,290	2,198
Total net assets	58,354	61,564
Total liabilities and net assets	75,626	79,057

Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	62,887	55,006
Cost of sales	48,288	41,683
Gross profit	14,598	13,323
Selling, general and administrative expenses	8,540	7,990
Operating profit	6,057	5,332
Non-operating income		
Interest income	50	42
Dividend income	197	169
Rental income from buildings	80	77
Foreign exchange gains	–	15
Share of profit of entities accounted for using equity method	–	45
Miscellaneous income	109	64
Total non-operating income	438	415
Non-operating expenses		
Interest expenses	56	55
Commitment fees	31	6
Foreign exchange losses	55	–
Rental costs	9	9
Sales discounts	24	26
Share of loss of entities accounted for using equity method	107	–
Miscellaneous losses	6	4
Total non-operating expenses	293	102
Ordinary profit	6,202	5,645
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	218	40
Total extraordinary income	218	40
Extraordinary losses		
Loss on disposal of non-current assets	40	7
Loss on sale of investment securities	22	–
Loss on valuation of investment securities	180	–
Total extraordinary losses	243	7
Profit before income taxes	6,177	5,678
Income taxes - current	1,895	1,735
Income taxes - deferred	(1)	(14)
Total income taxes	1,893	1,721
Profit	4,284	3,956
Profit attributable to		
Profit attributable to owners of parent	4,071	3,860
Profit attributable to non-controlling interests	213	96

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Other comprehensive income		
Valuation difference on available-for-sale securities	(884)	1,063
Foreign currency translation adjustment	(53)	(780)
Remeasurements of defined benefit plans, net of tax	(0)	22
Share of other comprehensive income of entities accounted for using equity method	(4)	4
Total other comprehensive income	(942)	310
Comprehensive income	3,342	4,266
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,130	4,284
Comprehensive income attributable to non-controlling interests	212	(17)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,954	1,779	48,793	(2,107)	50,420
Cumulative effects of changes in accounting policies			(2)		(2)
Restated balance	1,954	1,779	48,790	(2,107)	50,417
Changes during period					
Dividends of surplus			(959)		(959)
Profit attributable to owners of parent			4,071		4,071
Purchase of treasury shares				(276)	(276)
Disposal of treasury shares				18	18
Net changes in items other than shareholders' equity					
Total changes during period	–	–	3,112	(258)	2,854
Balance at end of period	1,954	1,779	51,902	(2,365)	53,271

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	3,464	301	(32)	3,732	2,137	56,290
Cumulative effects of changes in accounting policies						(2)
Restated balance	3,464	301	(32)	3,732	2,137	56,288
Changes during period						
Dividends of surplus						(959)
Profit attributable to owners of parent						4,071
Purchase of treasury shares						(276)
Disposal of treasury shares						18
Net changes in items other than shareholders' equity	(888)	(52)	(0)	(941)	153	(788)
Total changes during period	(888)	(52)	(0)	(941)	153	2,065
Balance at end of period	2,575	248	(32)	2,791	2,290	58,354

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,954	1,779	51,902	(2,365)	53,271
Cumulative effects of changes in accounting policies			–		–
Restated balance	1,954	1,779	51,902	(2,365)	53,271
Changes during period					
Dividends of surplus			(996)		(996)
Profit attributable to owners of parent			3,860		3,860
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				15	15
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,863	14	2,877
Balance at end of period	1,954	1,779	54,766	(2,350)	56,149

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,575	248	(32)	2,791	2,290	58,354
Cumulative effects of changes in accounting policies						–
Restated balance	2,575	248	(32)	2,791	2,290	58,354
Changes during period						
Dividends of surplus						(996)
Profit attributable to owners of parent						3,860
Purchase of treasury shares						(0)
Disposal of treasury shares						15
Net changes in items other than shareholders' equity	1,068	(665)	22	424	(92)	332
Total changes during period	1,068	(665)	22	424	(92)	3,210
Balance at end of period	3,643	(417)	(10)	3,215	2,198	61,564

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	6,177	5,678
Depreciation	1,161	1,166
Loss (gain) on valuation of investment securities	180	–
Increase (decrease) in retirement benefit liability	(1)	7
Increase (decrease) in provision for product warranties	3	23
Increase (decrease) in provision for bonuses	2	(1)
Increase (decrease) in provision for bonuses for directors (and other officers)	6	2
Increase (decrease) in allowance for doubtful accounts	(3)	0
Interest and dividend income	(248)	(212)
Interest expenses	56	55
Share of loss (profit) of entities accounted for using equity method	107	(45)
Loss (gain) on sale of investment securities	(195)	(40)
Loss (gain) on sale of non-current assets	1	(0)
Loss (gain) on disposal of non-current assets	39	7
Decrease (increase) in trade receivables	1,607	63
Decrease (increase) in inventories	137	(32)
Increase (decrease) in trade payables	(545)	24
Other, net	(32)	(121)
Subtotal	8,455	6,575
Interest and dividends received	261	225
Interest paid	(56)	(55)
Income taxes paid	(1,386)	(1,804)
Net cash provided by (used in) operating activities	7,272	4,941
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,250)	(1,844)
Purchase of intangible assets	(18)	(39)
Purchase of investment securities	(2)	(2)
Proceeds from sale of investment securities	390	134
Loan advances	(1)	(0)
Proceeds from collection of loans receivable	5	3
Net decrease (increase) in time deposits	18	–
Other, net	(15)	0
Net cash provided by (used in) investing activities	(874)	(1,748)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(218)	0
Purchase of treasury shares	(276)	(0)
Dividends paid	(959)	(996)
Dividends paid to non-controlling interests	(58)	(74)
Other, net	(15)	(14)
Net cash provided by (used in) financing activities	(1,528)	(1,086)
Effect of exchange rate change on cash and cash equivalents	13	(246)
Net increase (decrease) in cash and cash equivalents	4,883	1,859
Cash and cash equivalents at beginning of period	16,170	21,054
Cash and cash equivalents at end of period	21,054	22,913

Supplementary information

(1) Sales results by product

(Millions of yen)

Product	Fiscal year ended	Fiscal year ended	Year-on-year	
	March 31, 2020	March 31, 2021	Change	%
Generators	50,436	44,020	(6,416)	(12.7)
Welders	5,072	4,386	(686)	(13.5)
Compressors	1,012	755	(257)	(25.4)
Others	6,365	5,845	(520)	(8.2)
Total	62,887	55,006	(7,880)	(12.5)

(2) Sales results by region

(Millions of yen)

Region	Fiscal year ended	Fiscal year ended	Year-on-year	
	March 31, 2020	March 31, 2021	Change	%
Japan	37,043	37,737	694	1.9
North/Central America	18,430	10,897	(7,532)	(40.9)
Asia	5,197	3,948	(1,249)	(24.0)
Others	2,216	2,423	207	9.4
Total	62,887	55,006	(7,880)	(12.5)