

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 (Based on Japanese GAAP)



August 5, 2021

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: August 6, 2021
 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, 2021 (from April 1, 2021 to June 30, 2021)

(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, 2021	11,973	(8.4)	847	(22.7)	857	(29.4)	581	(31.3)
Three months ended June 30, 2020	13,070	(3.6)	1,095	36.9	1,216	64.3	846	102.9

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2021	27.87	–
Three months ended June 30, 2020	40.60	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	77,456	62,260	77.4
As of March 31, 2021	79,057	61,564	75.1

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, 2021	–	22.00	–	25.00	47.00
Year ending March 31, 2022	–	–	–	–	–
Year ending March 31, 2022 (Forecast)	–	22.00	–	25.00	47.00

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 three months ended June 30, 2021
 (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, 2021	22,859,660 shares	As of March 31, 2021	22,859,660 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	2,001,116 shares	As of March 31, 2021	2,003,959 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, 2021	20,855,713 shares	Three months ended June 30, 2020	20,844,931 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	21,913	21,928
Notes and accounts receivable - trade	17,436	–
Notes and accounts receivable - trade, and contract assets	–	14,404
Electronically recorded monetary claims - operating	3,426	3,990
Securities	999	999
Merchandise and finished goods	4,636	5,360
Work in process	1,566	1,691
Raw materials and supplies	4,073	4,436
Other	396	413
Allowance for doubtful accounts	(4)	(4)
Total current assets	54,443	53,220
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,145	7,205
Machinery, equipment and vehicles, net	2,526	2,440
Land	5,047	5,053
Construction in progress	20	15
Other, net	225	228
Total property, plant and equipment	14,964	14,943
Intangible assets	583	610
Investments and other assets		
Investment securities	8,750	8,392
Other	317	291
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	9,065	8,681
Total non-current assets	24,613	24,235
Total assets	79,057	77,456

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,773	8,104
Electronically recorded obligations - operating	1,991	2,047
Short-term borrowings	1,317	210
Accrued expenses	514	1,132
Income taxes payable	978	257
Provision for bonuses	637	380
Provision for bonuses for directors (and other officers)	83	18
Provision for product warranties	126	133
Other	1,010	1,030
Total current liabilities	15,434	13,314
Non-current liabilities		
Lease obligations	267	274
Deferred tax liabilities	1,358	1,177
Retirement benefit liability	401	397
Other	31	31
Total non-current liabilities	2,058	1,880
Total liabilities	17,493	15,195
Net assets		
Shareholders' equity		
Share capital	1,954	1,954
Capital surplus	1,779	1,779
Retained earnings	54,766	54,805
Treasury shares	(2,350)	(2,349)
Total shareholders' equity	56,149	56,190
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,643	3,432
Foreign currency translation adjustment	(417)	332
Remeasurements of defined benefit plans	(10)	(7)
Total accumulated other comprehensive income	3,215	3,756
Non-controlling interests	2,198	2,312
Total net assets	61,564	62,260
Total liabilities and net assets	79,057	77,456

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

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	13,070	11,973
Cost of sales	10,147	9,176
Gross profit	2,922	2,797
Selling, general and administrative expenses	1,827	1,950
Operating profit	1,095	847
Non-operating income		
Interest income	13	10
Dividend income	61	59
Rental income from buildings	19	20
Foreign exchange gains	65	–
Other	5	17
Total non-operating income	165	108
Non-operating expenses		
Interest expenses	14	12
Sales discounts	6	–
Foreign exchange losses	–	60
Share of loss of entities accounted for using equity method	20	19
Other	4	4
Total non-operating expenses	45	97
Ordinary profit	1,216	857
Extraordinary income		
Gain on sale of non-current assets	–	0
Gain on sale of investment securities	–	25
Total extraordinary income	–	26
Extraordinary losses		
Loss on disposal of non-current assets	0	35
Total extraordinary losses	0	35
Profit before income taxes	1,216	848
Income taxes - current	315	307
Income taxes - deferred	(13)	(41)
Total income taxes	301	265
Profit	914	582
Profit attributable to		
Profit attributable to owners of parent	846	581
Profit attributable to non-controlling interests	68	1
Other comprehensive income		
Valuation difference on available-for-sale securities	308	(211)
Foreign currency translation adjustment	(379)	868
Remeasurements of defined benefit plans, net of tax	3	2
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(67)	660
Comprehensive income	846	1,243
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	893	1,122
Comprehensive income attributable to non-controlling interests	(46)	120

Revenue Recognition

[Breakdown of Revenue from Contracts with Customers]

(1) Sales results by product

(Millions of yen)

Product	Three months ended June 30, 2020	Three months ended June 30, 2021	Year-on-year	
			Change	%
Generators	10,365	9,343	(1,021)	(9.9)
Welders	1,178	1,170	(7)	(0.7)
Compressors	266	221	(44)	(16.7)
Others	1,259	1,237	(22)	(1.8)
Revenue from contracts with customers	13,070	11,973	(1,096)	(8.4)
Other revenue	–	–	–	–
Net sales to external customers	13,070	11,973	(1,096)	(8.4)

(2) Sales results by region

(Millions of yen)

Region	Three months ended June 30, 2020	Three months ended June 30, 2021	Year-on-year	
			Change	%
Japan	7,204	7,385	181	2.5
Overseas	5,866	4,588	(1,278)	(21.8)
North/Central America	4,081	2,798	(1,282)	(31.4)
Asia	1,250	1,077	(173)	(13.9)
Others	533	712	178	33.5
Revenue from contracts with customers	13,070	11,973	(1,096)	(8.4)
Other revenue	–	–	–	–
Net sales to external customers	13,070	11,973	(1,096)	(8.4)