

Translation

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**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2022  
(Based on Japanese GAAP)**



May 12, 2022

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 of ordinary general meeting of shareholders: June 29, 2022  
 Scheduled date to file Securities Report: June 29, 2022  
 Scheduled date to commence dividend payments: June 8, 2022  
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	55,168	0.3	3,653	(31.5)	4,029	(28.6)	2,753	(28.7)
Year ended March 31, 2021	55,006	(12.5)	5,332	(12.0)	5,645	(9.0)	3,860	(5.2)

	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, 2022	132.02	–	4.6	5.0	6.6
Year ended March 31, 2021	185.13	–	6.7	7.3	9.7

(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, 2022	80,774	63,760	76.0	2,963.99
As of March 31, 2021	79,057	61,564	75.1	2,846.49

(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, 2022	2,695	(819)	(1,643)	23,358
Year ended March 31, 2021	4,941	(1,748)	(1,086)	22,913

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, 2021	–	22.00	–	25.00	47.00	1,018	25.4	1.7
Year ended March 31, 2022	–	22.00	–	25.00	47.00	1,015	35.6	1.6
Year ending March 31, 2023 (Forecast)	–	23.00	–	25.00	48.00		35.5	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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, 2022	26,000	4.7	1,300	(19.5)	1,500	(11.2)	1,000	(14.8)	48.26
Full year	57,500	4.2	3,900	6.7	4,200	4.2	2,800	1.7	135.14

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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:

Yes

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, 2022	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 March 31, 2022	2,140,078 shares	As of March 31, 2021	2,003,959 shares
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Average number of shares during the period

Year ended March 31, 2022	20,852,930 shares	Year ended March 31, 2021	20,850,660 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	21,913	22,358
Notes and accounts receivable - trade	17,436	–
Notes receivable - trade	–	4,102
Electronically recorded monetary claims - operating	3,426	4,306
Accounts receivable - trade	–	11,856
Securities	999	999
Merchandise and finished goods	4,636	5,086
Work in process	1,566	1,724
Raw materials and supplies	4,073	6,049
Other	396	392
Allowance for doubtful accounts	(4)	(4)
Total current assets	54,443	56,872
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,533	14,120
Accumulated depreciation	(6,387)	(6,979)
Buildings and structures, net	7,145	7,140
Machinery, equipment and vehicles	8,388	8,593
Accumulated depreciation	(5,862)	(6,582)
Machinery, equipment and vehicles, net	2,526	2,011
Land	5,047	5,066
Construction in progress	20	319
Other	2,001	2,128
Accumulated depreciation	(1,776)	(1,902)
Other, net	225	226
Total property, plant and equipment	14,964	14,764
Intangible assets		
Right-of-use assets	519	542
Software	47	49
Other	16	102
Total intangible assets	583	694
Investments and other assets		
Investment securities	8,750	8,092
Long-term loans receivable	3	1
Deferred tax assets	187	226
Other	125	125
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	9,065	8,443
Total non-current assets	24,613	23,902
Total assets	79,057	80,774

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	8,773	9,026
Electronically recorded obligations - operating	1,991	2,554
Short-term borrowings	1,317	210
Accrued expenses	514	553
Income taxes payable	978	404
Provision for bonuses	637	642
Provision for bonuses for directors (and other officers)	83	66
Provision for product warranties	126	98
Other	1,010	713
<b>Total current liabilities</b>	<b>15,434</b>	<b>14,269</b>
<b>Non-current liabilities</b>		
Long-term borrowings	–	856
Lease liabilities	267	283
Deferred tax liabilities	1,358	1,113
Retirement benefit liability	401	458
Other	31	31
<b>Total non-current liabilities</b>	<b>2,058</b>	<b>2,744</b>
<b>Total liabilities</b>	<b>17,493</b>	<b>17,013</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,954	1,954
Capital surplus	1,779	1,788
Retained earnings	54,766	56,500
Treasury shares	(2,350)	(2,598)
<b>Total shareholders' equity</b>	<b>56,149</b>	<b>57,645</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	3,643	3,209
Foreign currency translation adjustment	(417)	591
Remeasurements of defined benefit plans	(10)	(33)
<b>Total accumulated other comprehensive income</b>	<b>3,215</b>	<b>3,766</b>
<b>Non-controlling interests</b>	<b>2,198</b>	<b>2,348</b>
<b>Total net assets</b>	<b>61,564</b>	<b>63,760</b>
<b>Total liabilities and net assets</b>	<b>79,057</b>	<b>80,774</b>

## Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	55,006	55,168
Cost of sales	41,683	43,448
Gross profit	13,323	11,719
Selling, general and administrative expenses	7,990	8,065
Operating profit	5,332	3,653
Non-operating income		
Interest income	42	41
Dividend income	169	185
Rental income from buildings	77	81
Foreign exchange gains	15	32
Share of profit of entities accounted for using equity method	45	42
Miscellaneous income	64	55
Total non-operating income	415	438
Non-operating expenses		
Interest expenses	55	38
Commitment fees	6	6
Rental costs	9	9
Sales discounts	26	–
Miscellaneous losses	4	7
Total non-operating expenses	102	62
Ordinary profit	5,645	4,029
Extraordinary income		
Gain on sale of non-current assets	0	4
Gain on sale of investment securities	40	28
Total extraordinary income	40	32
Extraordinary losses		
Loss on disposal of non-current assets	7	43
Loss from remittance fraud in foreign subsidiary	–	102
Total extraordinary losses	7	145
Profit before income taxes	5,678	3,916
Income taxes - current	1,735	1,230
Income taxes - deferred	(14)	(36)
Total income taxes	1,721	1,194
Profit	3,956	2,722
Profit attributable to		
Profit attributable to owners of parent	3,860	2,753
Profit (loss) attributable to non-controlling interests	96	(30)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,063	(433)
Foreign currency translation adjustment	(780)	1,219
Remeasurements of defined benefit plans, net of tax	22	(23)
Share of other comprehensive income of entities accounted for using equity method	4	(0)
Total other comprehensive income	310	761
Comprehensive income	4,266	3,484
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,284	3,304
Comprehensive income attributable to non-controlling interests	(17)	180

## Consolidated statements of changes in equity

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
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
Disposal of treasury shares to stock benefit trust					
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
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
Disposal of treasury shares to stock benefit trust						
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

Fiscal year ended March 31, 2022

(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	54,766	(2,350)	56,149
Changes during period					
Dividends of surplus			(1,018)		(1,018)
Profit attributable to owners of parent			2,753		2,753
Purchase of treasury shares				(255)	(255)
Disposal of treasury shares				16	16
Disposal of treasury shares to stock benefit trust		9		(9)	-
Net changes in items other than shareholders' equity					
Total changes during period	-	9	1,734	(247)	1,496
Balance at end of period	1,954	1,788	56,500	(2,598)	57,645

	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	3,643	(417)	(10)	3,215	2,198	61,564
Changes during period						
Dividends of surplus						(1,018)
Profit attributable to owners of parent						2,753
Purchase of treasury shares						(255)
Disposal of treasury shares						16
Disposal of treasury shares to stock benefit trust						-
Net changes in items other than shareholders' equity	(433)	1,008	(23)	550	149	700
Total changes during period	(433)	1,008	(23)	550	149	2,196
Balance at end of period	3,209	591	(33)	3,766	2,348	63,760

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	5,678	3,916
Depreciation	1,166	1,361
Increase (decrease) in retirement benefit liability	7	8
Increase (decrease) in provision for product warranties	23	(28)
Increase (decrease) in provision for bonuses	(1)	5
Increase (decrease) in provision for bonuses for directors (and other officers)	2	(17)
Increase (decrease) in allowance for doubtful accounts	0	(0)
Interest and dividend income	(212)	(226)
Interest expenses	55	38
Share of loss (profit) of entities accounted for using equity method	(45)	(42)
Loss (gain) on sale of investment securities	(40)	(28)
Loss (gain) on sale of non-current assets	(0)	(3)
Loss (gain) on disposal of non-current assets	7	42
Loss from remittance fraud in foreign subsidiary	–	102
Decrease (increase) in trade receivables	63	932
Decrease (increase) in inventories	(32)	(2,118)
Increase (decrease) in trade payables	24	534
Other, net	(121)	(77)
Subtotal	6,575	4,397
Interest and dividends received	225	238
Interest paid	(55)	(38)
Loss from remittance fraud in foreign subsidiary	–	(102)
Income taxes paid	(1,804)	(1,800)
Net cash provided by (used in) operating activities	4,941	2,695
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,844)	(800)
Purchase of intangible assets	(39)	(66)
Purchase of investment securities	(2)	(2)
Proceeds from sale of investment securities	134	81
Loan advances	(0)	(0)
Proceeds from collection of loans receivable	3	3
Other, net	0	(34)
Net cash provided by (used in) investing activities	(1,748)	(819)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	0	(0)
Proceeds from long-term borrowings	–	782
Repayments of long-term borrowings	–	(1,107)
Purchase of treasury shares	(0)	(255)
Dividends paid	(996)	(1,018)
Dividends paid to non-controlling interests	(74)	(30)
Other, net	(14)	(14)
Net cash provided by (used in) financing activities	(1,086)	(1,643)
Effect of exchange rate change on cash and cash equivalents	(246)	212
Net increase (decrease) in cash and cash equivalents	1,859	445
Cash and cash equivalents at beginning of period	21,054	22,913
Cash and cash equivalents at end of period	22,913	23,358



## Revenue Recognition

[Breakdown of Revenue from Contracts with Customers]

(1) Sales results by product

(Millions of yen)

Product	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Year-on-year	
			Change	%
Generators	44,020	43,754	(265)	(0.6)
Welders	4,386	4,829	443	10.1
Compressors	755	727	(27)	(3.7)
Others	5,845	5,856	11	0.2
Revenue from contracts with customers	55,006	55,168	161	0.3
Other revenue	—	—	—	—
Net sales to external customers	55,006	55,168	161	0.3

(2) Sales results by region

(Millions of yen)

Region	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Year-on-year	
			Change	%
Japan	37,737	34,632	(3,105)	(8.2)
Overseas	17,269	20,536	3,266	18.9
North/Central America	10,897	13,052	2,155	19.8
Asia	3,948	4,596	647	16.4
Others	2,423	2,886	463	19.1
Revenue from contracts with customers	55,006	55,168	161	0.3
Other revenue	—	—	—	—
Net sales to external customers	55,006	55,168	161	0.3