

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2023
(Based on Japanese GAAP)**



May 11, 2023

Company name: Denyo Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6517 URL <https://www.denyo.co.jp/>
 Representative: President Takanori Yoshinaga
 Inquiries: Director & Managing Executive Officer Makoto Tanabe TEL 03-6861-1111
 Scheduled date of ordinary general meeting of shareholders: June 29, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: June 8, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	64,311	16.6	4,874	33.4	5,180	28.6	3,633	32.0
Year ended March 31, 2022	55,168	0.3	3,653	(31.5)	4,029	(28.6)	2,753	(28.7)

	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, 2023	175.64	—	5.7	6.1	7.6
Year ended March 31, 2022	132.02	—	4.6	5.0	6.6

(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, 2023	89,744	68,658	73.4	3,193.67
As of March 31, 2022	80,774	63,760	76.0	2,963.99

(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, 2023	2,031	(4,116)	937	22,331
Year ended March 31, 2022	2,695	(819)	(1,643)	23,358

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, 2022	—	22.00	—	25.00	47.00	1,015	35.6	1.6
Year ended March 31, 2023	—	23.00	—	27.00	50.00	1,074	28.5	1.6
Year ending March 31, 2024 (Forecast)	—	24.00	—	27.00	51.00		28.4	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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, 2023	30,000	6.1	1,600	47.6	1,750	51.2	1,200	49.9	58.16
Full year	65,000	1.1	5,000	2.6	5,350	3.3	3,700	1.8	179.33

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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, 2023	22,859,660 shares	As of March 31, 2022	22,859,660 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	2,226,890 shares	As of March 31, 2022	2,140,078 shares
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Average number of shares during the period

Year ended March 31, 2023	20,687,375 shares	Year ended March 31, 2022	20,852,930 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	22,358	21,331
Notes receivable - trade	4,102	3,021
Electronically recorded monetary claims - operating	4,306	4,864
Accounts receivable - trade	11,856	14,172
Securities	999	999
Merchandise and finished goods	5,086	5,243
Work in process	1,724	2,103
Raw materials and supplies	6,049	9,066
Other	392	719
Allowance for doubtful accounts	(4)	(4)
Total current assets	56,872	61,517
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,120	16,001
Accumulated depreciation	(6,979)	(7,789)
Buildings and structures, net	7,140	8,211
Machinery, equipment and vehicles	8,593	9,432
Accumulated depreciation	(6,582)	(7,715)
Machinery, equipment and vehicles, net	2,011	1,716
Land	5,066	6,494
Construction in progress	319	1,643
Other	2,128	2,099
Accumulated depreciation	(1,902)	(1,888)
Other, net	226	211
Total property, plant and equipment	14,764	18,278
Intangible assets		
Right-of-use assets	542	626
Software	49	138
Other	102	66
Total intangible assets	694	831
Investments and other assets		
Investment securities	8,092	8,669
Long-term loans receivable	1	1
Deferred tax assets	226	286
Other	125	163
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	8,443	9,118
Total non-current assets	23,902	28,227
Total assets	80,774	89,744

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,026	10,047
Electronically recorded obligations - operating	2,554	2,690
Short-term borrowings	210	1,882
Accrued expenses	553	577
Income taxes payable	404	671
Provision for bonuses	642	666
Provision for bonuses for directors (and other officers)	66	63
Provision for product warranties	98	99
Other	713	1,001
Total current liabilities	14,269	17,700
Non-current liabilities		
Long-term borrowings	856	1,365
Lease liabilities	283	328
Deferred tax liabilities	1,113	1,167
Retirement benefit liability	458	513
Other	31	10
Total non-current liabilities	2,744	3,385
Total liabilities	17,013	21,085
Net assets		
Shareholders' equity		
Share capital	1,954	1,954
Capital surplus	1,788	1,788
Retained earnings	56,500	59,100
Treasury shares	(2,598)	(2,720)
Total shareholders' equity	57,645	60,123
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,209	3,500
Foreign currency translation adjustment	591	2,322
Remeasurements of defined benefit plans	(33)	(51)
Total accumulated other comprehensive income	3,766	5,770
Non-controlling interests	2,348	2,764
Total net assets	63,760	68,658
Total liabilities and net assets	80,774	89,744

Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	55,168	64,311
Cost of sales	43,448	50,676
Gross profit	11,719	13,634
Selling, general and administrative expenses	8,065	8,760
Operating profit	3,653	4,874
Non-operating income		
Interest income	41	59
Dividend income	185	228
Rental income from buildings	81	80
Foreign exchange gains	32	–
Share of profit of entities accounted for using equity method	42	188
Miscellaneous income	55	51
Total non-operating income	438	607
Non-operating expenses		
Interest expenses	38	51
Commitment fees	6	30
Rental costs	9	7
Foreign exchange losses	–	196
Miscellaneous losses	7	14
Total non-operating expenses	62	300
Ordinary profit	4,029	5,180
Extraordinary income		
Gain on sale of non-current assets	4	2
Gain on sale of investment securities	28	39
Total extraordinary income	32	41
Extraordinary losses		
Loss on disposal of non-current assets	43	3
Loss from remittance fraud in foreign subsidiary	102	–
Total extraordinary losses	145	3
Profit before income taxes	3,916	5,218
Income taxes - current	1,230	1,657
Income taxes - deferred	(36)	(149)
Total income taxes	1,194	1,507
Profit	2,722	3,710
Profit attributable to		
Profit attributable to owners of parent	2,753	3,633
Profit (loss) attributable to non-controlling interests	(30)	76
Other comprehensive income		
Valuation difference on available-for-sale securities	(433)	289
Foreign currency translation adjustment	1,219	2,072
Remeasurements of defined benefit plans, net of tax	(23)	(17)
Share of other comprehensive income of entities accounted for using equity method	(0)	1
Total other comprehensive income	761	2,345
Comprehensive income	3,484	6,055
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,304	5,637
Comprehensive income attributable to non-controlling interests	180	418

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,954	1,788	56,500	(2,598)	57,645
Changes during period					
Dividends of surplus			(1,033)		(1,033)
Profit attributable to owners of parent			3,633		3,633
Purchase of treasury shares				(136)	(136)
Disposal of treasury shares				14	14
Disposal of treasury shares to stock benefit trust					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,599	(122)	2,477
Balance at end of period	1,954	1,788	59,100	(2,720)	60,123

	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	3,209	591	(33)	3,766	2,348	63,760
Changes during period						
Dividends of surplus						(1,033)
Profit attributable to owners of parent						3,633
Purchase of treasury shares						(136)
Disposal of treasury shares						14
Disposal of treasury shares to stock benefit trust						-
Net changes in items other than shareholders' equity	290	1,731	(17)	2,003	416	2,420
Total changes during period	290	1,731	(17)	2,003	416	4,898
Balance at end of period	3,500	2,322	(51)	5,770	2,764	68,658

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,916	5,218
Depreciation	1,361	1,266
Increase (decrease) in retirement benefit liability	8	19
Increase (decrease) in provision for product warranties	(28)	0
Increase (decrease) in provision for bonuses	5	24
Increase (decrease) in provision for bonuses for directors (and other officers)	(17)	(2)
Increase (decrease) in allowance for doubtful accounts	(0)	0
Interest and dividend income	(226)	(287)
Interest expenses	38	51
Share of loss (profit) of entities accounted for using equity method	(42)	(188)
Loss (gain) on sale of investment securities	(28)	(39)
Loss (gain) on sale of non-current assets	(3)	(1)
Loss (gain) on disposal of non-current assets	42	3
Loss from remittance fraud in foreign subsidiary	102	–
Decrease (increase) in trade receivables	932	(1,214)
Decrease (increase) in inventories	(2,118)	(2,702)
Increase (decrease) in trade payables	534	591
Other, net	(77)	455
Subtotal	4,397	3,193
Interest and dividends received	238	297
Interest paid	(38)	(52)
Loss from remittance fraud in foreign subsidiary	(102)	–
Income taxes paid	(1,800)	(1,407)
Net cash provided by (used in) operating activities	2,695	2,031
Cash flows from investing activities		
Purchase of property, plant and equipment	(800)	(4,064)
Purchase of intangible assets	(66)	(93)
Purchase of investment securities	(2)	(3)
Proceeds from sale of investment securities	81	69
Loan advances	(0)	(0)
Proceeds from collection of loans receivable	3	1
Other, net	(34)	(25)
Net cash provided by (used in) investing activities	(819)	(4,116)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(0)	1,599
Proceeds from long-term borrowings	782	509
Repayments of long-term borrowings	(1,107)	(6)
Purchase of treasury shares	(255)	(136)
Dividends paid	(1,018)	(1,033)
Dividends paid to non-controlling interests	(30)	(1)
Other, net	(14)	6
Net cash provided by (used in) financing activities	(1,643)	937
Effect of exchange rate change on cash and cash equivalents	212	119
Net increase (decrease) in cash and cash equivalents	445	(1,027)
Cash and cash equivalents at beginning of period	22,913	23,358
Cash and cash equivalents at end of period	23,358	22,331

Revenue Recognition

[Breakdown of Revenue from Contracts with Customers]

(1) Sales results by product

(Millions of yen)

Product	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Year-on-year	
			Change	%
Generators	43,754	53,700	9,945	22.7
Welders	4,829	4,401	(428)	(8.9)
Compressors	727	727	0	0.0
Others	5,856	5,482	(374)	(6.4)
Revenue from contracts with customers	55,168	64,311	9,143	16.6
Other revenue	—	—	—	—
Net sales to external customers	55,168	64,311	9,143	16.6

(2) Sales results by region

(Millions of yen)

Region	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Year-on-year	
			Change	%
Japan	34,632	34,244	(387)	(1.1)
Overseas	20,536	30,066	9,530	46.4
North/Central America	13,052	21,617	8,564	65.6
Asia	4,596	5,902	1,306	28.4
Others	2,886	2,547	(339)	(11.8)
Revenue from contracts with customers	55,168	64,311	9,143	16.6
Other revenue	—	—	—	—
Net sales to external customers	55,168	64,311	9,143	16.6