

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)



August 9, 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 to file Quarterly Securities Report: August 10, 2023
 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, 2023 (from April 1, 2023 to June 30, 2023)

(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, 2023	16,836	31.6	996	196.0	1,177	186.9	806	208.9
Three months ended June 30, 2022	12,791	6.8	336	(60.3)	410	(52.2)	260	(55.1)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	39.07		–	
Three months ended June 30, 2022	12.59		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	90,976	69,498	73.3
As of March 31, 2023	89,744	68,658	73.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	–	23.00	–	27.00	50.00
Year ending March 31, 2024	–				
Year ending March 31, 2024 (Forecast)		24.00	–	27.00	51.00

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 three months ended June 30, 2023
(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: No
- 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, 2023	22,859,660 shares	As of March 31, 2023	22,859,660 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	2,220,571 shares	As of March 31, 2023	2,226,890 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, 2023	20,632,797 shares	Three months ended June 30, 2022	20,719,612 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	21,331	22,894
Notes receivable - trade	3,021	3,171
Electronically recorded monetary claims - operating	4,864	5,790
Accounts receivable - trade	14,172	12,060
Securities	999	999
Merchandise and finished goods	5,243	4,946
Work in process	2,103	2,642
Raw materials and supplies	9,066	9,162
Other	719	393
Allowance for doubtful accounts	(4)	(4)
Total current assets	61,517	62,055
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,211	8,136
Machinery, equipment and vehicles, net	1,716	1,599
Land	6,494	6,497
Construction in progress	1,643	1,740
Other, net	211	204
Total property, plant and equipment	18,278	18,178
Intangible assets	831	861
Investments and other assets		
Investment securities	8,669	9,449
Deferred tax assets	286	274
Other	163	161
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	9,118	9,881
Total non-current assets	28,227	28,921
Total assets	89,744	90,976

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,047	9,882
Electronically recorded obligations - operating	2,690	2,787
Short-term borrowings	1,882	1,882
Accrued expenses	577	1,311
Income taxes payable	671	492
Provision for bonuses	666	410
Provision for bonuses for directors (and other officers)	63	19
Provision for product warranties	99	105
Other	1,001	1,004
Total current liabilities	17,700	17,895
Non-current liabilities		
Long-term borrowings	1,365	1,426
Lease liabilities	328	327
Deferred tax liabilities	1,167	1,310
Retirement benefit liability	513	506
Other	10	10
Total non-current liabilities	3,385	3,582
Total liabilities	21,085	21,478
Net assets		
Shareholders' equity		
Share capital	1,954	1,954
Capital surplus	1,788	1,788
Retained earnings	59,100	59,327
Treasury shares	(2,720)	(2,717)
Total shareholders' equity	60,123	60,353
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,500	4,090
Foreign currency translation adjustment	2,322	2,278
Remeasurements of defined benefit plans	(51)	(47)
Total accumulated other comprehensive income	5,770	6,321
Non-controlling interests	2,764	2,823
Total net assets	68,658	69,498
Total liabilities and net assets	89,744	90,976

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

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	12,791	16,836
Cost of sales	10,283	13,489
Gross profit	2,508	3,347
Selling, general and administrative expenses	2,171	2,350
Operating profit	336	996
Non-operating income		
Interest income	11	26
Dividend income	82	93
Rental income from buildings	20	20
Foreign exchange gains	–	56
Other	5	18
Total non-operating income	120	215
Non-operating expenses		
Interest expenses	5	22
Foreign exchange losses	2	–
Share of loss of entities accounted for using equity method	28	8
Other	9	4
Total non-operating expenses	46	34
Ordinary profit	410	1,177
Extraordinary income		
Gain on sale of non-current assets	–	2
Gain on sale of investment securities	14	0
Total extraordinary income	14	3
Extraordinary losses		
Loss on disposal of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	424	1,180
Income taxes - current	236	440
Income taxes - deferred	(61)	(102)
Total income taxes	174	337
Profit	249	842
Profit attributable to		
Profit attributable to owners of parent	260	806
Profit (loss) attributable to non-controlling interests	(11)	36
Other comprehensive income		
Valuation difference on available-for-sale securities	(75)	587
Foreign currency translation adjustment	714	(21)
Remeasurements of defined benefit plans, net of tax	15	3
Share of other comprehensive income of entities accounted for using equity method	(0)	2
Total other comprehensive income	654	572
Comprehensive income	904	1,415
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	771	1,356
Comprehensive income attributable to non-controlling interests	133	59

Revenue Recognition

[Breakdown of Revenue from Contracts with Customers]

(1) Sales results by product

(Millions of yen)

Product	Three months ended	Three months ended	Year-on-year	
	June 30, 2022	June 30, 2023	Change	%
Generators	10,232	14,396	4,164	40.7
Welders	1,158	991	(167)	(14.4)
Compressors	162	192	29	18.3
Others	1,237	1,256	18	1.5
Revenue from contracts with customers	12,791	16,836	4,045	31.6
Other revenue	—	—	—	—
Net sales to external customers	12,791	16,836	4,045	31.6

(2) Sales results by region

(Millions of yen)

Region	Three months ended	Three months ended	Year-on-year	
	June 30, 2022	June 30, 2023	Change	%
Japan	6,581	7,243	662	10.1
Overseas	6,210	9,593	3,383	54.5
North/Central America	4,149	7,118	2,968	71.5
Asia	1,539	1,549	10	0.7
Others	521	925	403	77.4
Revenue from contracts with customers	12,791	16,836	4,045	31.6
Other revenue	—	—	—	—
Net sales to external customers	12,791	16,836	4,045	31.6