

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)



May 9, 2024

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 27, 2024
 Scheduled date to file Securities Report: June 27, 2024
 Scheduled date to commence dividend payments: June 6, 2024
 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, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2024	73,140	13.7	7,089	45.4	7,378	42.4	5,095	40.2
Year ended March 31, 2023	64,311	16.6	4,874	33.4	5,180	28.6	3,633	32.0

	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, 2024	246.83	—	7.3	7.8	9.7
Year ended March 31, 2023	175.64	—	5.7	6.1	7.6

(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, 2024	100,540	75,843	72.4	3,526.50
As of March 31, 2023	89,744	68,658	73.4	3,193.67

(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, 2024	4,176	(1,835)	(819)	24,029
Year ended March 31, 2023	2,031	(4,116)	937	22,331

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, 2023	—	23.00	—	27.00	50.00	1,074	28.5	1.6
Year ended March 31, 2024	—	24.00	—	40.00	64.00	1,371	25.9	1.9
Year ending March 31, 2025 (Forecast)	—	30.00	—	40.00	70.00		30.8	

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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, 2024	34,000	(0.6)	2,300	6.1	2,400	4.1	1,600	0.1	77.49
Full year	74,000	1.2	6,700	(5.5)	7,000	(5.1)	4,700	(7.8)	227.62

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(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, 2024	22,859,660 shares	As of March 31, 2023	22,859,660 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2024	2,211,496 shares	As of March 31, 2023	2,226,890 shares
----------------------	------------------	----------------------	------------------

Average number of shares during the period

Year ended March 31, 2024	20,642,176 shares	Year ended March 31, 2023	20,687,375 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	21,331	23,041
Notes receivable - trade	3,021	2,207
Electronically recorded monetary claims - operating	4,864	9,136
Accounts receivable - trade	14,172	14,702
Securities	999	999
Merchandise and finished goods	5,243	5,760
Work in process	2,103	2,714
Raw materials and supplies	9,066	9,313
Other	719	366
Allowance for doubtful accounts	(4)	(4)
Total current assets	61,517	68,239
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,001	16,861
Accumulated depreciation	(7,789)	(8,423)
Buildings and structures, net	8,211	8,438
Machinery, equipment and vehicles	9,432	9,913
Accumulated depreciation	(7,715)	(8,407)
Machinery, equipment and vehicles, net	1,716	1,506
Land	6,494	6,499
Construction in progress	1,643	2,530
Other	2,099	2,109
Accumulated depreciation	(1,888)	(1,911)
Other, net	211	198
Total property, plant and equipment	18,278	19,172
Intangible assets		
Right-of-use assets	626	655
Software	138	170
Other	66	142
Total intangible assets	831	968
Investments and other assets		
Investment securities	8,669	11,599
Long-term loans receivable	1	1
Deferred tax assets	286	379
Other	163	182
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	9,118	12,159
Total non-current assets	28,227	32,301
Total assets	89,744	100,540

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,047	9,950
Electronically recorded obligations - operating	2,690	3,652
Short-term borrowings	1,882	2,265
Accrued expenses	577	704
Income taxes payable	671	1,344
Provision for bonuses	666	714
Provision for bonuses for directors (and other officers)	63	77
Provision for product warranties	99	191
Other	1,001	1,376
Total current liabilities	17,700	20,275
Non-current liabilities		
Long-term borrowings	1,365	1,423
Lease liabilities	328	349
Deferred tax liabilities	1,167	2,046
Retirement benefit liability	513	592
Other	10	10
Total non-current liabilities	3,385	4,421
Total liabilities	21,085	24,697
Net assets		
Shareholders' equity		
Share capital	1,954	1,954
Capital surplus	1,788	1,788
Retained earnings	59,100	63,102
Treasury shares	(2,720)	(2,704)
Total shareholders' equity	60,123	64,141
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,500	5,541
Foreign currency translation adjustment	2,322	3,224
Remeasurements of defined benefit plans	(51)	(91)
Total accumulated other comprehensive income	5,770	8,673
Non-controlling interests	2,764	3,027
Total net assets	68,658	75,843
Total liabilities and net assets	89,744	100,540

Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	64,311	73,140
Cost of sales	50,676	56,910
Gross profit	13,634	16,229
Selling, general and administrative expenses	8,760	9,140
Operating profit	4,874	7,089
Non-operating income		
Interest income	59	114
Dividend income	228	233
Rental income from buildings	80	91
Share of profit of entities accounted for using equity method	188	54
Miscellaneous income	51	48
Total non-operating income	607	543
Non-operating expenses		
Interest expenses	51	98
Commitment fees	30	7
Rental costs	7	3
Foreign exchange losses	196	141
Miscellaneous losses	14	4
Total non-operating expenses	300	255
Ordinary profit	5,180	7,378
Extraordinary income		
Gain on sale of non-current assets	2	6
Gain on sale of investment securities	39	0
Total extraordinary income	41	7
Extraordinary losses		
Loss on disposal of non-current assets	3	47
Total extraordinary losses	3	47
Profit before income taxes	5,218	7,338
Income taxes - current	1,657	2,246
Income taxes - deferred	(149)	(87)
Total income taxes	1,507	2,158
Profit	3,710	5,179
Profit attributable to		
Profit attributable to owners of parent	3,633	5,095
Profit attributable to non-controlling interests	76	83
Other comprehensive income		
Valuation difference on available-for-sale securities	289	2,034
Foreign currency translation adjustment	2,072	1,119
Remeasurements of defined benefit plans, net of tax	(17)	(40)
Share of other comprehensive income of entities accounted for using equity method	1	6
Total other comprehensive income	2,345	3,119
Comprehensive income	6,055	8,299
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,637	7,998
Comprehensive income attributable to non-controlling interests	418	300

Consolidated statements of changes in equity

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
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
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

Fiscal year ended March 31, 2024

(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	59,100	(2,720)	60,123
Changes during period					
Dividends of surplus			(1,093)		(1,093)
Profit attributable to owners of parent			5,095		5,095
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares				17	17
Net changes in items other than shareholders' equity					
Total changes during period	–	–	4,001	16	4,018
Balance at end of period	1,954	1,788	63,102	(2,704)	64,141

	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	3,500	2,322	(51)	5,770	2,764	68,658
Changes during period						
Dividends of surplus						(1,093)
Profit attributable to owners of parent						5,095
Purchase of treasury shares						(1)
Disposal of treasury shares						17
Net changes in items other than shareholders' equity	2,041	902	(40)	2,903	262	3,166
Total changes during period	2,041	902	(40)	2,903	262	7,184
Balance at end of period	5,541	3,224	(91)	8,673	3,027	75,843

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	5,218	7,338
Depreciation	1,266	1,227
Increase (decrease) in retirement benefit liability	19	8
Increase (decrease) in provision for product warranties	0	92
Increase (decrease) in provision for bonuses	24	47
Increase (decrease) in provision for bonuses for directors (and other officers)	(2)	13
Increase (decrease) in allowance for doubtful accounts	0	(0)
Interest and dividend income	(287)	(348)
Interest expenses	51	98
Share of loss (profit) of entities accounted for using equity method	(188)	(54)
Loss (gain) on sale of investment securities	(39)	(0)
Loss (gain) on sale of non-current assets	(1)	(4)
Loss (gain) on disposal of non-current assets	3	45
Decrease (increase) in trade receivables	(1,214)	(3,611)
Decrease (increase) in inventories	(2,702)	(792)
Increase (decrease) in trade payables	591	501
Other, net	455	956
Subtotal	3,193	5,517
Interest and dividends received	297	355
Interest paid	(52)	(96)
Income taxes paid	(1,407)	(1,598)
Net cash provided by (used in) operating activities	2,031	4,176
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,064)	(1,656)
Purchase of intangible assets	(93)	(165)
Purchase of investment securities	(3)	(3)
Proceeds from sale of investment securities	69	51
Loan advances	(0)	(0)
Proceeds from collection of loans receivable	1	0
Net decrease (increase) in time deposits	—	(13)
Other, net	(25)	(48)
Net cash provided by (used in) investing activities	(4,116)	(1,835)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,599	381
Proceeds from long-term borrowings	509	—
Repayments of long-term borrowings	(6)	(66)
Purchase of treasury shares	(136)	(1)
Dividends paid	(1,033)	(1,093)
Dividends paid to non-controlling interests	(1)	(37)
Other, net	6	(2)
Net cash provided by (used in) financing activities	937	(819)
Effect of exchange rate change on cash and cash equivalents	119	177
Net increase (decrease) in cash and cash equivalents	(1,027)	1,698
Cash and cash equivalents at beginning of period	23,358	22,331
Cash and cash equivalents at end of period	22,331	24,029

Revenue Recognition

[Breakdown of Revenue from Contracts with Customers]

(1) Sales results by product

(Millions of yen)

Product	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Year-on-year Change	%
Generators	53,700	61,487	7,787	14.5
Welders	4,401	4,437	36	0.8
Compressors	727	693	(33)	(4.6)
Others	5,482	6,521	1,038	18.9
Revenue from contracts with customers	64,311	73,140	8,829	13.7
Other revenue	—	—	—	—
Net sales to external customers	64,311	73,140	8,829	13.7

(2) Sales results by region

(Millions of yen)

Region	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Year-on-year Change	%
Japan	34,244	38,389	4,145	12.1
Overseas	30,066	34,750	4,683	15.6
North/Central America	21,617	25,230	3,613	16.7
Asia	5,902	6,642	740	12.5
Others	2,547	2,877	329	12.9
Revenue from contracts with customers	64,311	73,140	8,829	13.7
Other revenue	—	—	—	—
Net sales to external customers	64,311	73,140	8,829	13.7