

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2020
(Based on Japanese GAAP)**



November 12, 2020

Company name: Denyo Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6517 URL: <https://www.denyo.co.jp/>
 Representative: President Shoichi Shiratori
 Inquiries: Director & Managing Executive Officer Toshiya Tozawa TEL 03-6861-1111
 Scheduled date to file Quarterly Securities Report: November 13, 2020
 Scheduled date to commence dividend payments: December 9, 2020
 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 six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(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	%
Six months ended September 30, 2020	25,346	(16.0)	2,014	(24.0)	2,167	(18.1)	1,442	(21.1)
Six months ended September 30, 2019	30,176	19.5	2,649	84.6	2,646	59.6	1,828	65.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	69.17		-	
Six months ended September 30, 2019	87.22		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	74,747	59,323	76.4
As of March 31, 2020	75,626	58,354	74.1

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, 2020	-	22.00	-	24.00	46.00
Year ending March 31, 2021	-	22.00	-	-	-
Year ending March 31, 2021 (Forecast)	-	-	-	24.00	46.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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
Full year	52,000	(17.3)	4,100	(32.3)	4,400	(29.1)	2,800	(31.2)	134.29

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020
(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 September 30, 2020	22,859,660 shares	As of March 31, 2020	22,859,660 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	2,006,544 shares	As of March 31, 2020	2,014,745 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2020	20,848,623 shares	Six months ended September 30, 2019	20,961,513 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	20,054	20,272
Notes and accounts receivable - trade	18,193	15,260
Electronically recorded monetary claims - operating	2,921	2,855
Securities	999	999
Merchandise and finished goods	3,920	5,302
Work in process	1,409	1,324
Raw materials and supplies	5,144	5,058
Other	293	285
Allowance for doubtful accounts	(4)	(5)
Total current assets	52,932	51,354
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,960	6,708
Machinery, equipment and vehicles, net	1,883	1,663
Land	4,835	4,831
Construction in progress	601	1,260
Other, net	164	249
Total property, plant and equipment	14,445	14,714
Intangible assets	620	588
Investments and other assets		
Investment securities	7,328	7,770
Other	302	323
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	7,628	8,090
Total non-current assets	22,694	23,392
Total assets	75,626	74,747

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,888	7,880
Electronically recorded obligations - operating	1,985	1,892
Short-term borrowings	210	1,268
Accrued expenses	541	443
Income taxes payable	1,062	596
Provision for bonuses	638	717
Provision for bonuses for directors (and other officers)	81	42
Provision for product warranties	103	112
Other	741	592
Total current liabilities	14,252	13,546
Non-current liabilities		
Long-term borrowings	1,088	–
Lease obligations	282	265
Long-term accounts payable - other	81	81
Deferred tax liabilities	960	1,084
Retirement benefit liability	433	414
Other	172	31
Total non-current liabilities	3,019	1,877
Total liabilities	17,272	15,423
Net assets		
Shareholders' equity		
Share capital	1,954	1,954
Capital surplus	1,779	1,779
Retained earnings	51,902	52,824
Treasury shares	(2,365)	(2,352)
Total shareholders' equity	53,271	54,207
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,575	2,914
Foreign currency translation adjustment	248	12
Remeasurements of defined benefit plans	(32)	(26)
Total accumulated other comprehensive income	2,791	2,900
Non-controlling interests	2,290	2,215
Total net assets	58,354	59,323
Total liabilities and net assets	75,626	74,747

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

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	30,176	25,346
Cost of sales	23,188	19,529
Gross profit	6,987	5,817
Selling, general and administrative expenses	4,338	3,802
Operating profit	2,649	2,014
Non-operating income		
Interest income	23	24
Dividend income	104	83
Rental income from buildings	41	38
Foreign exchange gains	–	38
Other	81	28
Total non-operating income	251	213
Non-operating expenses		
Interest expenses	29	29
Sales discounts	11	11
Share of loss of entities accounted for using equity method	167	8
Foreign exchange losses	33	–
Other	13	11
Total non-operating expenses	254	60
Ordinary profit	2,646	2,167
Extraordinary income		
Gain on sales of non-current assets	0	–
Gain on sales of investment securities	218	–
Total extraordinary income	218	–
Extraordinary losses		
Loss on disposal of non-current assets	19	0
Loss on sales of investment securities	22	–
Total extraordinary losses	41	0
Profit before income taxes	2,822	2,166
Income taxes - current	878	658
Income taxes - deferred	11	(3)
Total income taxes	889	654
Profit	1,933	1,512
Profit attributable to		
Profit attributable to owners of parent	1,828	1,442
Profit attributable to non-controlling interests	105	70
Other comprehensive income		
Valuation difference on available-for-sale securities	(317)	339
Foreign currency translation adjustment	(288)	(307)
Remeasurements of defined benefit plans, net of tax	4	6
Share of other comprehensive income of entities accounted for using equity method	(1)	(0)
Total other comprehensive income	(602)	38
Comprehensive income	1,330	1,550
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,269	1,551
Comprehensive income attributable to non-controlling interests	60	(0)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	2,822	2,166
Depreciation	578	527
Interest and dividend income	(127)	(107)
Interest expenses	29	29
Share of loss (profit) of entities accounted for using equity method	167	8
Loss (gain) on sales of investment securities	(195)	–
Decrease (increase) in trade receivables	1,394	2,897
Decrease (increase) in inventories	40	(1,306)
Increase (decrease) in trade payables	(175)	(1,020)
Other, net	(92)	(211)
Subtotal	4,441	2,982
Interest and dividends received	140	121
Interest paid	(29)	(29)
Income taxes paid	(710)	(1,113)
Net cash provided by (used in) operating activities	3,842	1,961
Cash flows from investing activities		
Purchase of property, plant and equipment	(787)	(987)
Purchase of intangible assets	(8)	(16)
Purchase of investment securities	(1)	(1)
Proceeds from sales of investment securities	390	–
Other, net	(39)	1
Net cash provided by (used in) investing activities	(446)	(1,003)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(219)	0
Purchase of treasury shares	(0)	(0)
Dividends paid	(479)	(520)
Dividends paid to non-controlling interests	(58)	(74)
Other, net	–	(7)
Net cash provided by (used in) financing activities	(758)	(602)
Effect of exchange rate change on cash and cash equivalents	(55)	(137)
Net increase (decrease) in cash and cash equivalents	2,581	217
Cash and cash equivalents at beginning of period	16,170	21,054
Cash and cash equivalents at end of period	18,752	21,272

Supplementary information

(1) Sales results by product

(Millions of yen)

Product	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020	Year-on-year	
			Change	%
Generators	24,167	20,072	(4,094)	(16.9)
Welders	2,434	2,206	(227)	(9.4)
Compressors	512	424	(88)	(17.2)
Others	3,061	2,642	(418)	(13.7)
Total	30,176	25,346	(4,829)	(16.0)

(2) Sales results by region

(Millions of yen)

Region	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020	Year-on-year	
			Change	%
Japan	17,386	16,329	(1,057)	(6.1)
North/Central America	9,509	6,156	(3,353)	(35.3)
Asia	2,423	1,938	(484)	(20.0)
Others	856	921	65	7.6
Total	30,176	25,346	(4,829)	(16.0)