

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2023
(Based on Japanese GAAP)**



November 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: November 10, 2023
 Scheduled date to commence dividend payments: December 7, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 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	%
Six months ended September 30, 2023	34,201	21.0	2,167	100.0	2,305	99.3	1,598	99.6
Six months ended September 30, 2022	28,271	13.8	1,083	(32.9)	1,157	(31.5)	800	(31.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	77.46		-	
Six months ended September 30, 2022	38.64		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2023	94,916		72,176		72.9	
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	-	24.00	-	-	-
Year ending March 31, 2024 (Forecast)	-	-	-	29.00	53.00

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
Full year	69,500	8.1	5,300	8.7	5,600	8.1	3,800	4.6	184.10

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 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 September 30, 2023	2,214,254 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)

Six months ended September 30, 2023	20,637,580 shares	Six months ended September 30, 2022	20,723,049 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	21,331	23,041
Notes receivable - trade	3,021	3,216
Electronically recorded monetary claims - operating	4,864	6,317
Accounts receivable - trade	14,172	13,503
Securities	999	999
Merchandise and finished goods	5,243	5,715
Work in process	2,103	2,418
Raw materials and supplies	9,066	9,016
Other	719	468
Allowance for doubtful accounts	(4)	(4)
Total current assets	61,517	64,692
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,211	8,268
Machinery, equipment and vehicles, net	1,716	1,552
Land	6,494	6,510
Construction in progress	1,643	2,004
Other, net	211	204
Total property, plant and equipment	18,278	18,541
Intangible assets	831	906
Investments and other assets		
Investment securities	8,669	10,282
Deferred tax assets	286	336
Other	163	161
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	9,118	10,777
Total non-current assets	28,227	30,224
Total assets	89,744	94,916

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,047	10,049
Electronically recorded obligations - operating	2,690	3,550
Short-term borrowings	1,882	1,882
Accrued expenses	577	640
Income taxes payable	671	678
Provision for bonuses	666	772
Provision for bonuses for directors (and other officers)	63	38
Provision for product warranties	99	113
Other	1,001	1,046
Total current liabilities	17,700	18,772
Non-current liabilities		
Long-term borrowings	1,365	1,446
Lease liabilities	328	350
Deferred tax liabilities	1,167	1,661
Retirement benefit liability	513	498
Other	10	10
Total non-current liabilities	3,385	3,968
Total liabilities	21,085	22,740
Net assets		
Shareholders' equity		
Share capital	1,954	1,954
Capital surplus	1,788	1,788
Retained earnings	59,100	60,120
Treasury shares	(2,720)	(2,705)
Total shareholders' equity	60,123	61,158
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,500	4,650
Foreign currency translation adjustment	2,322	3,472
Remeasurements of defined benefit plans	(51)	(43)
Total accumulated other comprehensive income	5,770	8,078
Non-controlling interests	2,764	2,938
Total net assets	68,658	72,176
Total liabilities and net assets	89,744	94,916

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

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	28,271	34,201
Cost of sales	22,851	27,554
Gross profit	5,419	6,646
Selling, general and administrative expenses	4,336	4,479
Operating profit	1,083	2,167
Non-operating income		
Interest income	22	56
Dividend income	111	122
Rental income from buildings	42	42
Share of profit of entities accounted for using equity method	10	12
Other	15	27
Total non-operating income	202	261
Non-operating expenses		
Interest expenses	17	48
Foreign exchange losses	97	68
Other	14	6
Total non-operating expenses	129	123
Ordinary profit	1,157	2,305
Extraordinary income		
Gain on sale of non-current assets	0	3
Gain on sale of investment securities	39	0
Total extraordinary income	39	4
Extraordinary losses		
Loss on disposal of non-current assets	0	8
Total extraordinary losses	0	8
Profit before income taxes	1,195	2,301
Income taxes - current	480	785
Income taxes - deferred	(65)	(49)
Total income taxes	414	735
Profit	781	1,565
Profit attributable to		
Profit attributable to owners of parent	800	1,598
Loss attributable to non-controlling interests	(19)	(33)
Other comprehensive income		
Valuation difference on available-for-sale securities	137	1,146
Foreign currency translation adjustment	2,296	1,395
Remeasurements of defined benefit plans, net of tax	23	7
Share of other comprehensive income of entities accounted for using equity method	(0)	4
Total other comprehensive income	2,457	2,553
Comprehensive income	3,238	4,118
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,857	3,906
Comprehensive income attributable to non-controlling interests	381	212

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,195	2,301
Depreciation	606	613
Interest and dividend income	(134)	(179)
Interest expenses	17	48
Share of loss (profit) of entities accounted for using equity method	(10)	(12)
Loss (gain) on sale of investment securities	(39)	(0)
Decrease (increase) in trade receivables	3,505	(430)
Decrease (increase) in inventories	(2,926)	(38)
Increase (decrease) in trade payables	178	416
Other, net	578	823
Subtotal	2,972	3,541
Interest and dividends received	146	187
Interest paid	(17)	(47)
Income taxes paid	(564)	(787)
Net cash provided by (used in) operating activities	2,536	2,894
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,036)	(610)
Purchase of intangible assets	(61)	(117)
Purchase of investment securities	(1)	(1)
Proceeds from sale of investment securities	69	51
Net decrease (increase) in time deposits	–	(11)
Other, net	(0)	(2)
Net cash provided by (used in) investing activities	(1,030)	(692)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	149	–
Repayments of long-term borrowings	–	(30)
Purchase of treasury shares	–	(0)
Dividends paid	(538)	(578)
Dividends paid to non-controlling interests	(1)	(37)
Other, net	(9)	(11)
Net cash provided by (used in) financing activities	(399)	(658)
Effect of exchange rate change on cash and cash equivalents	83	155
Net increase (decrease) in cash and cash equivalents	1,190	1,698
Cash and cash equivalents at beginning of period	23,358	22,331
Cash and cash equivalents at end of period	24,548	24,029

Revenue Recognition

[Breakdown of Revenue from Contracts with Customers]

(1) Sales results by product

(Millions of yen)

Product	Six months ended September 30, 2022	Six months ended September 30, 2023	Year-on-year	
			Change	%
Generators	23,284	29,201	5,917	25.4
Welders	2,138	2,122	(15)	(0.7)
Compressors	385	364	(21)	(5.5)
Others	2,461	2,512	50	2.1
Revenue from contracts with customers	28,271	34,201	5,930	21.0
Other revenue	—	—	—	—
Net sales to external customers	28,271	34,201	5,930	21.0

(2) Sales results by region

(Millions of yen)

Region	Six months ended September 30, 2022	Six months ended September 30, 2023	Year-on-year	
			Change	%
Japan	14,164	15,589	1,424	10.1
Overseas	14,106	18,612	4,506	31.9
North/Central America	9,551	13,714	4,163	43.6
Asia	3,258	3,281	23	0.7
Others	1,296	1,616	319	24.6
Revenue from contracts with customers	28,271	34,201	5,930	21.0
Other revenue	—	—	—	—
Net sales to external customers	28,271	34,201	5,930	21.0