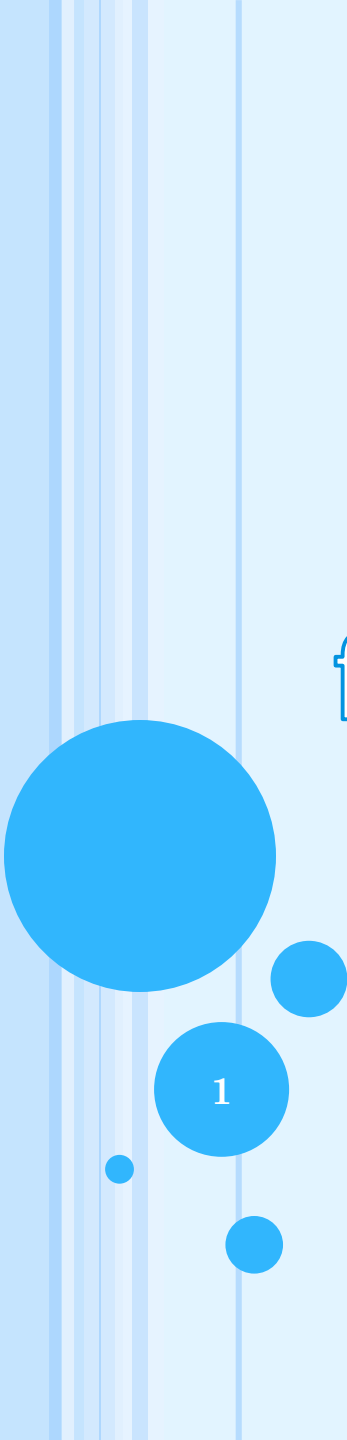




***Denryo Co., Ltd.***

Briefing on Results for the Third quarter of the  
Fiscal Year ending March 31, 2022



# Overview of Results for the Third quarter of FY2022/3

**(April 1, 2021 ~ December 31, 2021)**

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## Highlights of Results for the Third quarter of FY2022/3 (Consolidated)

(million yen)

	Third quarter of FY2021/3		Third quarter of FY2022/3		Change (YoY)	Rate of change (YoY)
Net Sales	38,988	100%	39,449	100%	461	1.2%
Operating income	3,431	8.8%	2,456	6.2%	△975	△28.4%
Ordinary income	3,669	9.4%	2,711	6.9%	△958	△26.1%
Profit attributable to owners of parent	2,496	6.4%	1,900	4.8%	△596	△23.9%
Capital investment	1,548	—	314	—	△1,234	△79.7%
Depreciation	806	—	1,016	—	210	26.1%
Net income per share	119.74 <sup>yen</sup>	—	91.10 <sup>yen</sup>	—	△28.64 <sup>yen</sup>	△23.9%
ROE(%)	5.8	Annualized	4.2	Annualized	—	—

## Sales Trends by Product (Consolidated)

(million yen)

		Third quarter of FY2021/3		Third quarter of FY2022/3		Change (YoY)	Rate of Change (YoY)
Net sales		38,988	100%	39,449	100%	461	1.2%
By product	Generators	31,013	79.5%	31,085	78.8%	71	0.2%
	Welders	3,216	8.2%	3,619	9.2%	402	12.5%
	Compressors	578	1.5%	588	1.5%	9	1.6%
	Others	4,179	10.7%	4,157	10.5%	△21	△0.5%

## Engine Generators (Consolidated)

(million yen)

	Third quarter of FY2021/3	Third quarter of FY2022/3	Rate of change (YoY)
Generators	31,013	31,085	0.2%

- In Japan, shipment of the large-type generators for construction work increased, but shipment of the small-type emergency generators decreased.
- Overseas, shipment mainly to America and the Middle East, increased.

### Manufacturing engine-driven generators with capacity from 1kVA to 1100kVA

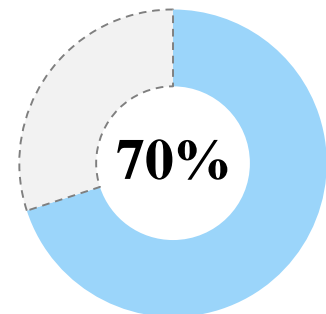
- Mobile-type generators
  - Power source on a construction site and for civil engineering work and disaster recovery/restoration, etc.
- Stand-by generating sets (stationary type)
  - Back-up power source such as disaster prevention equipment and offices, etc.
- Power-supply vehicles, power light, etc.



Soundless generator  
“Mālie”



Generator with operational  
data recording function



Domestic market share of  
engine generators (mobile-type)

\*According to a Company survey  
(5-year average)

## Engine Welders (Consolidated)

(million yen)

	Third quarter of FY2021/3	Third quarter of FY2022/3	Rate of change (YoY)
Welders	3,216	3,619	12.5%

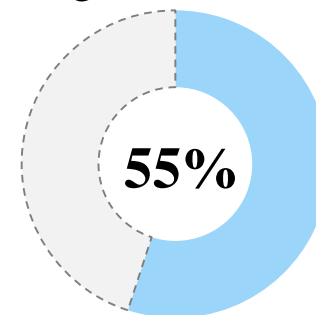
- Shipment to Japan decreased slightly.
- Overseas, shipment of the small-type welding machines increased.

The Company developed the first engine-driven welder for outdoor work in Japan. Ranging from 135A for welding light-gauge steel to a 500A engine-driven welder for heavy-gauge steel, a TIG welder and a CO<sub>2</sub> welder, etc.

- Welding of steel construction for buildings, condominiums and bridges
- Welding of important structures such as petroleum storage tanks and pipelines



CO<sub>2</sub> welder



Domestic market share of  
engine welders

\*According to a Company survey (5-year average)

## Engine Compressors (Consolidated)

(million yen)

	Third quarter of FY2021/3	Third quarter of FY2022/3	Rate of change (YoY)
Compressors	578	588	1.6%

- Shipment to Japan increased slightly.

**Manufacturing compressors  
with air discharge amounts from 1.6m<sup>3</sup>/min to 42.4m<sup>3</sup>/min.**

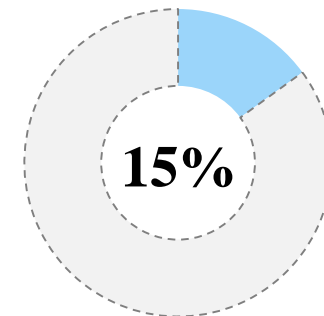
- Breaking-up of roads and ground improvement work of roads
- Mortar spraying work for preventing landslides of mountain roads
- For artificial snow machines on ski slopes, etc.



Engine compressor



Motor compressor



Domestic market share of  
engine compressors

\*According to a Company survey (5-year average)

## Others (Consolidated)

(million yen)

	Third quarter of FY2021/3	Third quarter of FY2022/3	Rate of change (YoY)
Others	4,179	4,157	△0.5%

- Sales of Self-propelled lifters and the purchased merchandise etc. decreased slightly.

### Sales of other products

- Self-propelled lifters
- Parts
- Secondhand equipment and purchased merchandise
- Repair sales, etc.



Self-propelled lifter



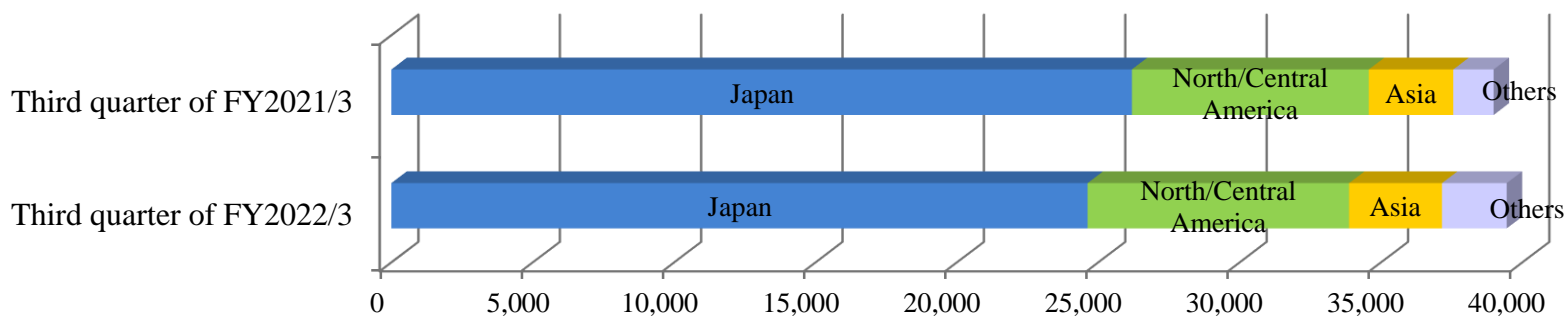
Load testing equipment



## Sales Trend by Region (Consolidated)

(million yen)

		Third quarter of FY2021/3		Third quarter of FY2022/3		Change (YoY)	Rate of change (YoY)
Net sales		38,988	100%	39,449	100%	461	1.2%
Domestic sales		26,190	67.2%	24,624	62.4%	△1,566	△6.0%
Overseas sales		12,797	32.8%	14,825	37.6%	2,027	15.8%
By region	North/Central America	8,381	21.5%	9,248	23.4%	867	10.3%
	Asia	2,988	7.7%	3,287	8.3%	298	10.0%
	Others	1,427	3.7%	2,289	5.8%	861	60.4%



## Factor Analysis of Changes in Operating Income (Consolidated)

### Decrease in Operating income

- The operating income decreased mainly due to an increase in the cost of sales ratio.

(million yen)

	Third quarter of FY2021/3	Third quarter of FY2022/3	Change(YoY)
Operating income	3,431	2,456	△975
Operating income margin	8.8%	6.2%	△2.6 <sub>percentage point</sub>

	Third quarter of FY2021/3	Third quarter of FY2022/3	Rate of change (YoY)
Gross profit margin	23.8%	21.6%	△2.2 <sub>percentage point</sub>
Ratio of SG&A to sales	15.0%	15.4%	0.4 <sub>percentage point</sub>
Ratio of operating income to sales	8.8%	6.2%	△2.6 <sub>percentage point</sub>

- Gross profit margin was declined due to the rise in raw material prices and the increase in depreciation, etc.
- The Ratio of SG&A to sales were worsened by increase of the logistics costs, etc.

# Outlook for FY2022/3



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## Outlook for FY2022/3 : Consolidated Income and Loss

### Key points

- Net sales are expected to be 53.0 billion yen.
- Assumed exchange rate is 105 yen/dollar.

(million yen)

	FY2021/3		FY2022/3(forecast)		Change(YoY)	Rate of Change(YoY)
Net sales	55,006	100%	53,000	100%	△2,006	△3.6%
Operating income	5,332	9.7%	3,900	7.4%	△1,432	△26.9%
Ordinary income	5,645	10.3%	4,100	7.7%	△1,545	△27.4%
Profit attributable to owners of parent	3,860	7.0%	2,750	5.2%	△1,110	△28.8%
Capital investment	1,918		1,150		△768	△40.0%
Depreciation	1,167		1,400		233	20.0%
Net income per share	185.1yen		131.8yen		△53.3yen	
ROE	6.7%		*4.8%			
Cash dividends per share	47.0yen		47.0yen			

\* Equity is calculated by using the amount of money at the end of FY2020/3. 11

## Outlook for Sales by Product (Consolidated)

### Overview

- Overseas sales are expected to recover to a certain degree, but domestic sales are expected to decline in reaction to the strong sales of emergency generator in the previous fiscal year.
- Production delays of some models due to parts shortages are expected to affect the financial results.

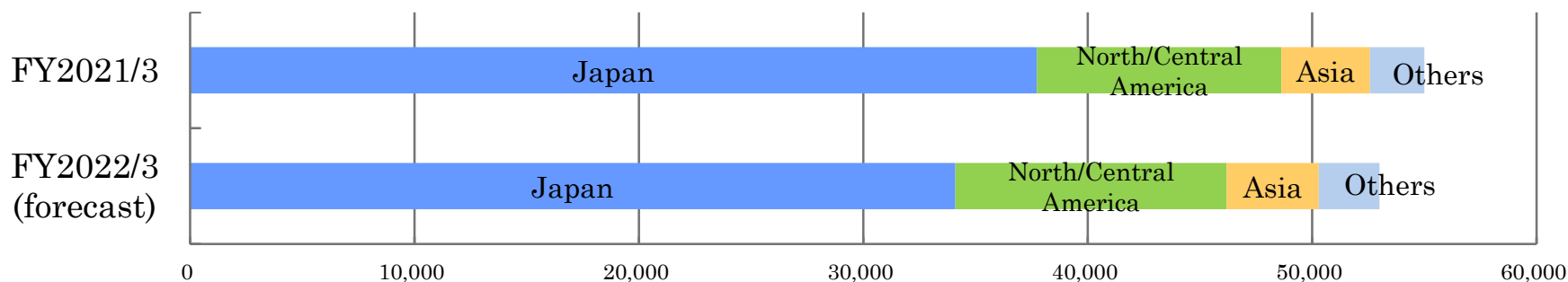
(million yen)

		FY2021/3		FY2022/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		55,006	100%	53,000	100%	Δ2,006	Δ3.6%
By products	Generators	44,020	80.0%	42,300	79.8%	Δ1,720	Δ3.9%
	Welders	4,386	8.0%	4,300	8.1%	Δ86	Δ2.0%
	Compressors	755	1.4%	800	1.5%	45	6.0%
	Others	5,845	10.6%	5,600	10.6%	Δ245	Δ4.2%

## Outlook for Sales by Region (Consolidated)

(million yen)

		FY2021/3		FY2022/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		55,006	100%	53,000	100%	△2,006	△3.6%
Domestic sales		37,737	68.6%	34,100	64.3%	△3,637	△9.6%
Overseas sales		17,269	31.4%	18,900	35.7%	1,631	9.4%
By region	North/Central America	10,897	19.8%	12,100	22.8%	1,203	11.0%
	Asia	3,948	7.2%	4,100	7.7%	152	3.9%
	Others	2,423	4.4%	2,700	5.1%	277	11.4%



## Details of the Operating Income Forecast (Consolidated)

Decrease in operating income

- With the decrease of the net sales and the gross profit margin, operating income is expected to decrease by 1,432 million yen.

(million yen)

	FY2021/3	FY2022/3 (forecast)	Change (YoY)
Operating income	5,332	3,900	△1,432
Operating income margin	9.7%	7.4%	△2.3 <sub>percentage point</sub>

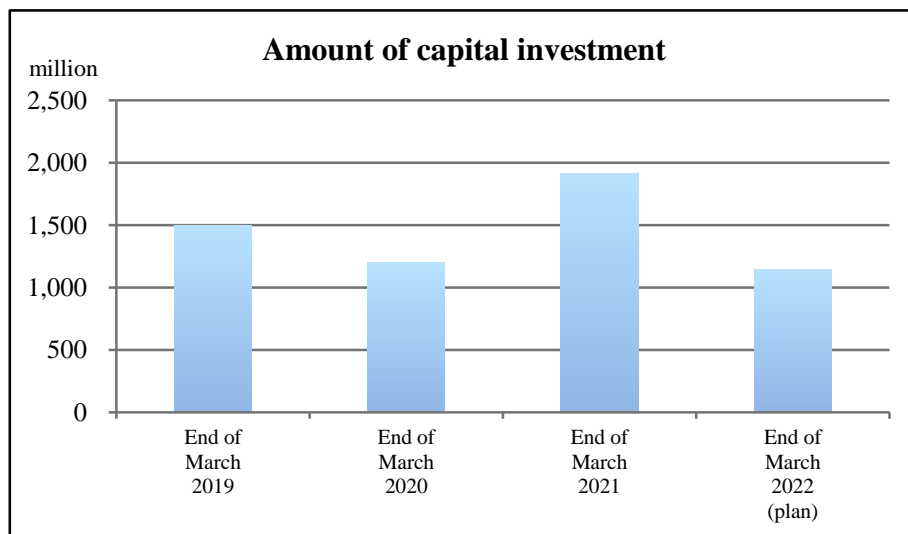
	FY2021/3	FY2022/3 (forecast)	Change (YoY)
Gross profit margin	24.2%	22.6%	△1.6 <sub>percentage point</sub>
Ratio of SG&A to sales	14.5%	15.3%	0.8 <sub>percentage point</sub>
Ratio of operating income to sales	9.7%	7.4%	△2.3 <sub>percentage point</sub>

- The gross profit margin is expected to be affected by the sharp rise in raw material prices.
- The ratio of SG&A to sales are expected to be worsen due to increased logistics costs and expenses associated with the recovery of sales activities.

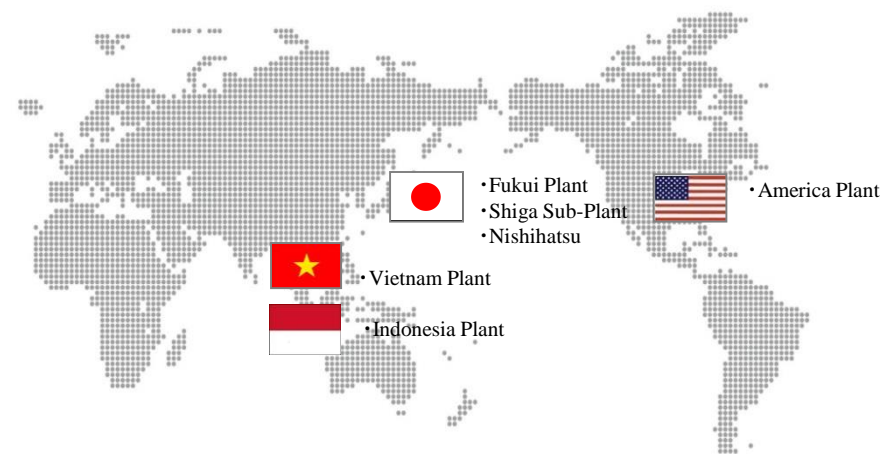
# Changes in the Amount of Capital Investment (Consolidated)

(million yen)

	End of March 2019	End of March 2020	End of March 2021	End of March 2022 (plan)
Cost of equipment	1,499	1,201	1,918	1,150
Main uses	<ul style="list-style-type: none"> <li>•Machinery of Fukui plant, etc. 730</li> <li>•Nishihatsu 50</li> <li>•U.S. Plant 670</li> <li>•Others 40</li> </ul>	<ul style="list-style-type: none"> <li>•Machinery of Fukui plant, etc. 810</li> <li>•Nishihatsu 20</li> <li>•U.S. Plant 290</li> <li>•Vietnam Plant 10</li> <li>•Others 70</li> </ul>	<ul style="list-style-type: none"> <li>•Machinery of Fukui plant, etc. 1,450</li> <li>•Nishihatsu 110</li> <li>•U.S. Plant 30</li> <li>•Vietnam Plant 20</li> <li>•Others 300</li> </ul>	<ul style="list-style-type: none"> <li>•Machinery of Fukui plant, etc. 350</li> <li>•Nishihatsu 50</li> <li>•U.S. Plant 50</li> <li>•Vietnam Plant 100</li> <li>•Others 600</li> </ul>



## Production Sites:





## Notes on Our Outlook

This material contains assumptions and outlooks for the future and forecasts based on plans as of February 10, 2022. Actual results may differ materially from projected values due to future economic changes and competition.

This material is prepared for the purpose of providing information and is not meant to solicit investment in securities issued by the Company. Investors are responsible for making their own final investment decision.