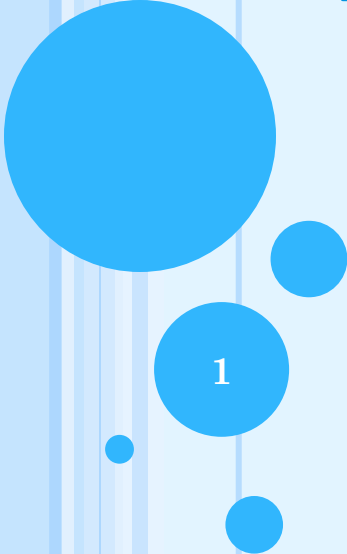




***Denyo Co.,Ltd.***

Briefing on Results for the Third quarter of the  
Fiscal Year ending March 31, 2023



# Overview of Results for the Third quarter of FY2023/3

**(April 1, 2022 ~ December 31, 2022)**

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## Highlights of Results for the Third quarter of FY2023/3 (Consolidated)

(million yen)

	Third quarter of FY2022/3		Third quarter of FY2023/3		Change (YoY)	Rate of change (YoY)
Net Sales	39,449	100%	46,183	100%	6,734	17.1%
Operating income	2,456	6.2%	2,751	6.0%	295	12.0%
Ordinary income	2,711	6.9%	2,818	6.1%	107	3.9%
Profit attributable to owners of parent	1,900	4.8%	1,994	4.3%	94	4.9%
Capital investment	314	—	2,268	—	1,954	622.3%
Depreciation	1,016	—	927	—	△ 89	△ 8.8%
Net income per share	91.10 <sup>yen</sup>	—	96.34 <sup>yen</sup>	—	5.24 <sup>yen</sup>	5.8%
ROE(%)	4.2	Annualized	4.2	Annualized	—	—

## Sales Trends by Product (Consolidated)

(million yen)

		Third quarter of FY2022/3		Third quarter of FY2023/3		Change (YoY)	Rate of Change (YoY)
Net sales		39,449	100%	46,183	100%	6,733	17.1%
By product	Generators	31,085	78.8%	38,289	82.9%	7,204	23.2%
	Welders	3,619	9.2%	3,325	7.2%	△ 293	△ 8.1%
	Compressors	588	1.5%	573	1.2%	△ 15	△ 2.6%
	Others	4,157	10.5%	3,995	8.7%	△ 161	△ 3.9%

# Engine Generators (Consolidated)

(million yen)

	Third quarter of FY2022/3	Third quarter of FY2023/3	Rate of change (YoY)
Generators	31,085	38,289	23.2%

- In Japan, shipment to the rental industry remain robust. Sales of emergency power generators decreased, partly due to the postponement of construction work schedules.
- Overseas, shipment mainly to America and the Southeast Asia, increased.

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

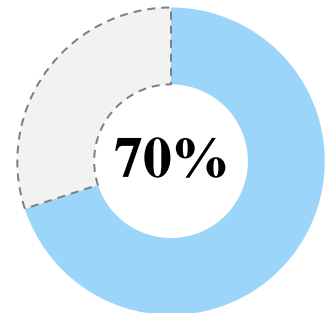
- Mobile-type generators
  - Power source on a construction site and for civil engineering work and disaster recovery/restoration, etc.
- Stand-by generating sets (stationary type)
  - Back-up power source such as disaster prevention equipment and offices, etc.
- Power-supply vehicles, power light, etc.



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)

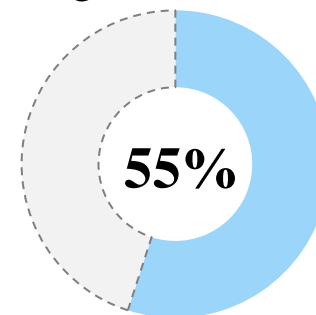
(million yen)

	Third quarter of FY2022/3	Third quarter of FY2023/3	Rate of change (YoY)
Welders	3,619	3,325	△ 8.1%

- Shipment to Japan and overseas market decreased due to the shortage of parts.

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 CO2 welder, etc.

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



Domestic market share of  
engine welders

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

## Engine Compressors (Consolidated)

(million yen)

	Third quarter of FY2022/3	Third quarter of FY2023/3	Rate of change (YoY)
Compressors	588	573	△ 2.6%

- Shipment to America increased, but shipment to Japan decreased.

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

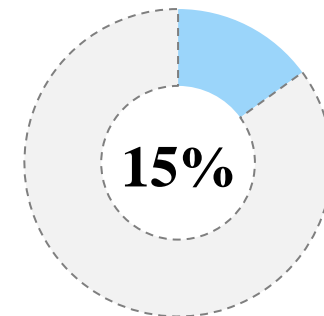
- Breaking-up of roads and ground improvement work of roads
- Mortar spraying work for preventing landslides of mountain roads
- For artificial snow machines on ski slopes, etc.



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 FY2022/3	Third quarter of FY2023/3	Rate of change (YoY)
Others	4,157	3,995	△ 3.9%

- Shipment of the self-propelled lifters increased, but sales of OEM products and others decreased.

### Sales of other products

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



Self-propelled lifter



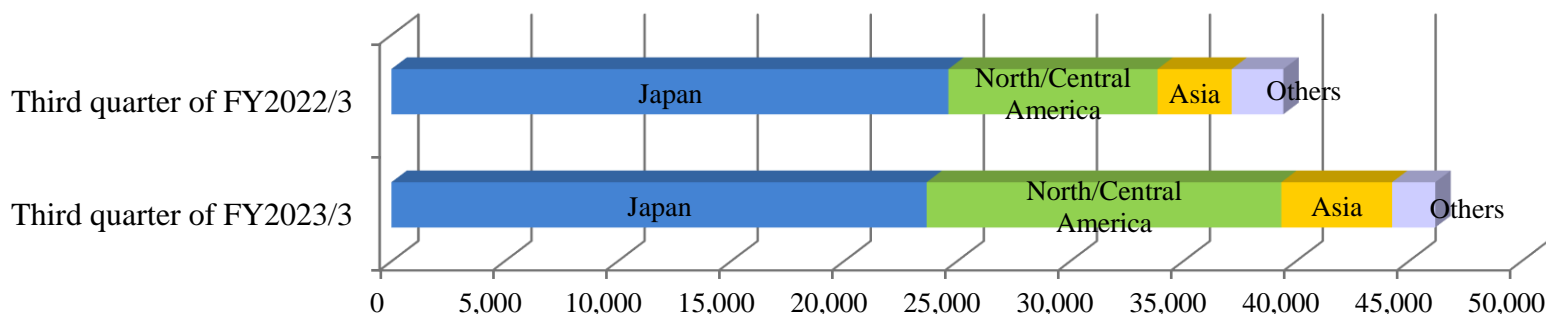
Load testing equipment



## Sales Trend by Region (Consolidated)

(million yen)

		Third quarter of FY2022/3		Third quarter of FY2023/3		Change (YoY)	Rate of change (YoY)
Net sales		39,449	100%	46,183	100%	6,733	17.1%
Domestic sales		24,624	62.4%	23,665	51.2%	△ 959	△ 3.9%
Overseas sales		14,825	37.6%	22,518	48.8%	7,692	51.9%
By region	North/Central America	9,248	23.4%	15,694	34.0%	6,445	69.7%
	Asia	3,287	8.3%	4,909	10.6%	1,622	49.4%
	Others	2,289	5.8%	1,914	4.1%	△ 375	△ 16.4%



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

### Increase in Operating income

- Increased due to factors such as sales increase and the passing on of cost increases to selling prices.

(million yen)

	Third quarter of FY2022/3	Third quarter of FY2023/3	Change(YoY)
Operating income	2,456	2,751	295
Operating income margin	6.2%	6.0%	△ 0.3 <sub>percentage point</sub>

	Third quarter of FY2022/3	Third quarter of FY2023/3	Rate of change (YoY)
Gross profit margin	21.6%	20.1%	△ 1.5 <sub>percentage point</sub>
Ratio of SG&A to sales	15.4%	14.2%	△ 1.2 <sub>percentage point</sub>
Ratio of operating income to sales	6.2%	6.0%	△ 0.3 <sub>percentage point</sub>

- The gross profit margin was declined due to the rise in raw material prices. Improved compared to the first half, partly because it was reflected in sales prices.
- The ratio of SG&A to sales decreased due to a significant increase in sales despite an increase in costs due to a recovery in sales activities.

# Outlook for FY2023/3



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## Outlook for FY2023/3 : Consolidated Income and Loss

### Key points

- Net sales are expected to be 60.0 billion yen.
- Assumed exchange rate is 130 yen/dollar.

(million yen)

	FY2022/3		FY2023/3(forecast)		Change(YoY)	Rate of Change(YoY)
Net sales	55,168	100%	60,000	100%	4,832	8.8%
Operating income	3,653	6.6%	3,400	5.7%	△ 253	△ 6.9%
Ordinary income	4,029	7.3%	3,500	5.8%	△ 529	△ 13.1%
Profit attributable to owners of parent	2,753	5.0%	2,400	4.0%	△ 353	△ 12.8%
Capital investment	839		3,700		2,861	341.0%
Depreciation	1,361		1,300		△ 61	△ 4.5%
Net income per share	132.0 <sup>yen</sup>		115.8 <sup>yen</sup>		△ 16.2 <sup>yen</sup>	
ROE	4.6%		3.9%			
Cash dividends per share	47.0 <sup>yen</sup>		48.0 <sup>yen</sup>			

\* Equity is calculated by using the amount of money at the end of FY2022/3.

## Outlook for Sales by Product (Consolidated)

### Overview

- In Japan, demand is expected to remain robust, but our supply constrains for some products and the impact of postponement of construction due to soaring construction material prices are expected.
- Overseas, sales to America and Asia are expected to recover.

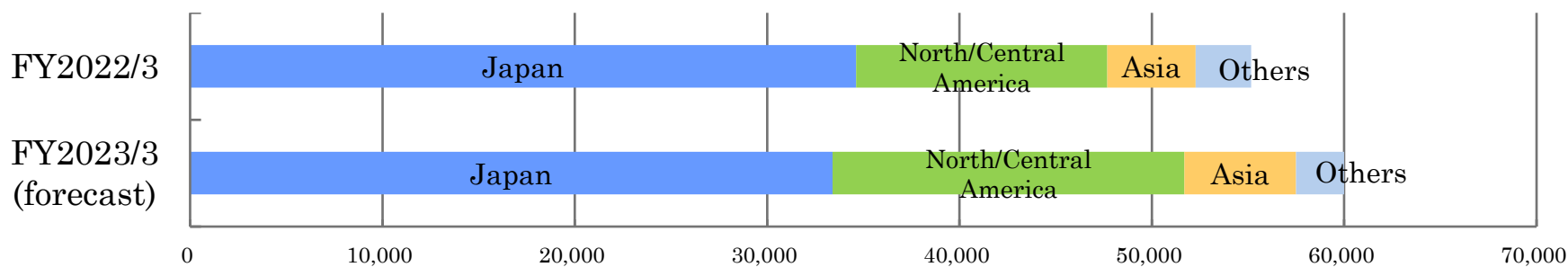
(million yen)

		FY2022/3		FY2023/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		55,168	100%	60,000	100%	4,832	8.8%
By products	Generators	43,754	79.3%	49,600	82.7%	5,846	13.4%
	Welders	4,829	8.8%	4,100	6.8%	△ 729	△ 15.1%
	Compressors	727	1.3%	800	1.3%	73	10.0%
	Others	5,856	10.6%	5,500	9.2%	△ 356	△ 6.1%

## Outlook for Sales by Region (Consolidated)

(million yen)

		FY2022/3		FY2023/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		55,168	100%	60,000	100%	4,832	8.8%
Domestic sales		34,632	62.8%	33,400	55.7%	△ 1,232	△ 3.6%
Overseas sales		20,536	37.2%	26,600	44.3%	6,064	29.5%
By region	North/Central America	13,052	23.7%	18,300	30.5%	5,248	40.2%
	Asia	4,596	8.3%	5,800	9.7%	1,204	26.2%
	Others	2,886	5.2%	2,500	4.2%	△ 386	△ 13.4%



## Details of the Operating Income Forecast (Consolidated)

Decrease in operating income

- Profits are expected to decrease due to factors such as rising raw material costs.

(million yen)

	FY2022/3	FY2023/3 (forecast)	Change (YoY)
Operating income	3,653	3,400	△ 253
Operating income margin	6.6%	5.7%	△ 0.9 percentage point

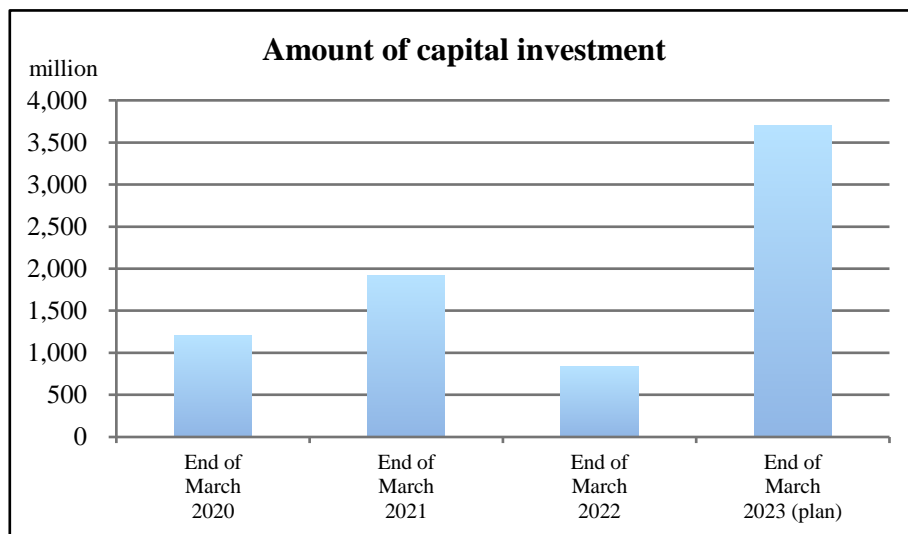
	FY2022/3	FY2023/3 (forecast)	Change (YoY)
Gross profit margin	21.2%	20.3%	△ 0.9 percentage point
Ratio of SG&A to sales	14.6%	14.6%	0 percentage point
Ratio of operating income to sales	6.6%	5.7%	△ 0.9 percentage point

- The gross profit margin is expected to decline due to a slight delay in passing on the increase in raw material costs to selling prices.
- The ratio of SG&A to sales is expected to be on par with the previous fiscal year.

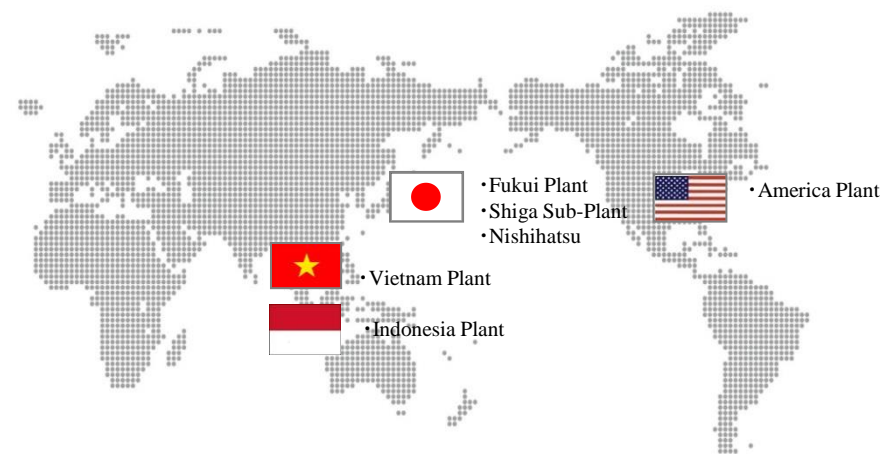
# Changes in the Amount of Capital Investment (Consolidated)

(million yen)

	End of March 2020	End of March 2021	End of March 2022	End of March 2023 (plan)
Cost of equipment	1,201	1,918	839	3,700
Main uses	<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. 290</li> <li>▪ Nishihatsu 50</li> <li>▪ U.S. Plant 20</li> <li>▪ Vietnam Plant 20</li> <li>▪ Others 460</li> </ul>	<ul style="list-style-type: none"> <li>▪ Machinery of Fukui plant, etc. 540</li> <li>▪ Nishihatsu 1,400</li> <li>▪ U.S. Plant 160</li> <li>▪ Vietnam Plant 100</li> <li>▪ Others 1,500 (repair base, etc.)</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 9, 2023. 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.