



Denryo Co., Ltd.

Briefing on Results for the First quarter of the
Fiscal Year ending March 31, 2024

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the First quarter of FY2024/3

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I . Overview of Results for the First quarter of FY2024/3

(April 1, 2023 ~ June 30, 2023)

Highlights of Results for the First quarter of FY2024/3 (Consolidated)

Key points

- Net Sales increased year on year, mainly due to an increase in shipments to the United States.
- Incomes increased year-on-year, mainly due to a decrease in the expense ratio due to the increase in Net sales.

(million yen)

	First quarter of FY2023/3		First quarter of FY2024/3		Change (YoY)	Rate of change (YoY)
Net sales	12,792	100%	16,836	100%	4,045	31.6%
Operating income	336	2.6%	996	5.9%	660	196.0%
Ordinary income	410	3.2%	1,177	7.0%	766	186.9%
Profit attributable to owners of parent	260	2.0%	806	4.8%	545	208.9%
Capital investment	27	—	210	—	183	677.8%
Depreciation	292	—	302	—	10	3.4%
Net income per share	12.59 yen	—	39.07円	—	26.48 yen	210.3%

Sales Trends by Product (Consolidated)

(million yen)

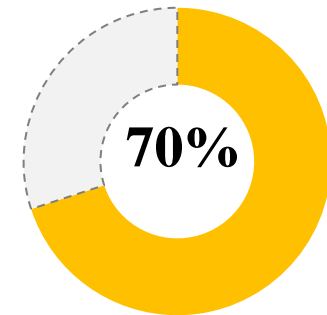
		First quarter of FY2023/3		First quarter of FY2024/3		Change (YoY)	Rate of change (YoY)
Net sales		12,792	100%	16,836	100%	4,045	31.6%
By product	Generators	10,232	80.0%	14,396	85.5%	4,164	40.7%
	Welders	1,159	9.0%	991	5.9%	△ 167	△ 14.4%
	Compressors	162	1.3%	192	1.1%	29	18.3%
	Others	1,238	9.7%	1,256	7.5%	18	1.5%

Engine Generators (Consolidated)

(million yen)

	First quarter of FY2023/3	First quarter of FY2024/3	Rate of change (YoY)
Generators	10,232	14,396	40.7%

- In Japan, shipment of the large-type generators increased.
- Overseas, shipment to America market increased.



Domestic market share of engine generators (mobile-type) *According to a Company survey



Silent generator
“Mālie”



Generator with operational
data recording function

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

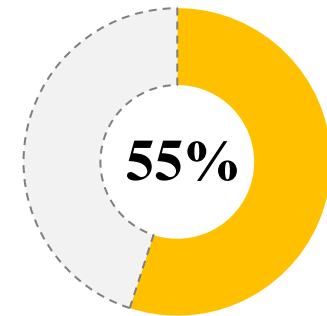
- Mobile-type generators
Power source on a construction site and for civil engineering work and disaster recovery/restoration, etc.
- Stand-by generating sets (stationary type)
Back-up power source such as disaster prevention equipment and offices, etc.
- Power-supply vehicles, etc.

Engine Welders (Consolidated)

(million yen)

	First quarter of FY2023/3	First quarter of FY2024/3	Rate of change (YoY)
Welders	1,158	991	△ 14.4%

- Shipment to Japan increased, but shipment to overseas market decreased.



Domestic market share of engine welders

*According to a Company survey



CO₂ welder

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.

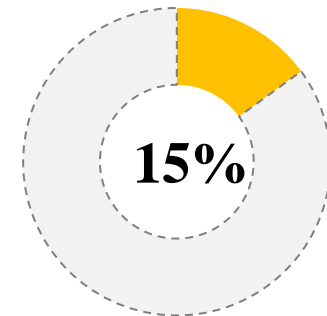
- Welding of steel construction for buildings, condominiums and bridges.
- Welding of important structures such as petroleum storage tanks and pipelines.

Engine Compressors (Consolidated)

(million yen)

	First quarter of FY2023/3	First quarter of FY2024/3	Rate of change (YoY)
Compressors	162	192	18.3%

- Shipments of engine compressors to overseas market increased.



Domestic market share of engine compressors

*According to a Company survey



Engine compressor



Motor compressor

Manufacturing compressors with air discharge amounts from 1.7 m³/min to 45.3 m³/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.

Others (Consolidated)

(million yen)

	First quarter of FY2023/3	First quarter of FY2024/3	Rate of change (YoY)
Others	1,237	1,256	1.5%

- Sales of parts associated with products increased.

Sales of other products

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



Self-propelled lifter

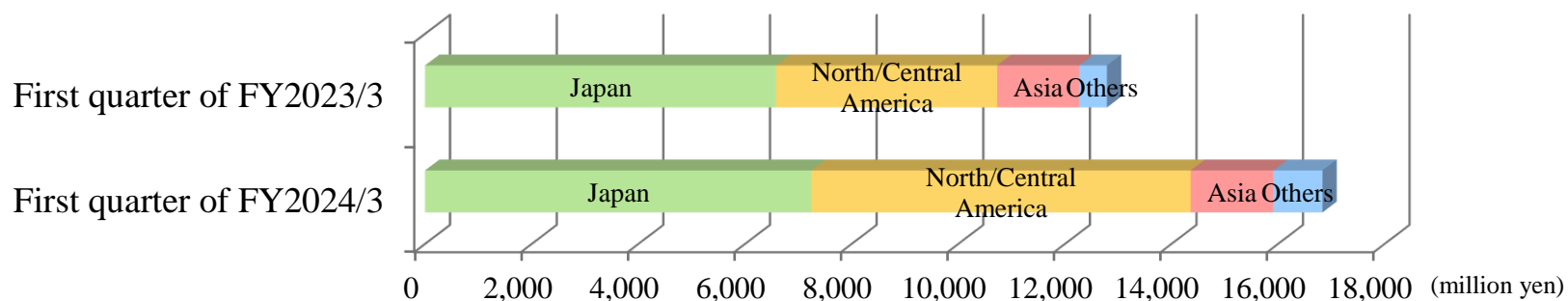


Load testing equipment

Sales Trends by Region (Consolidated)

(million yen)

		First quarter of FY2023/3		First quarter of FY2024/3		Change (YoY)	Rate of change (YoY)
Net sales		12,791	100%	16,836	100%	4,045	31.6%
Domestic sales		6,581	51.4%	7,243	43.0%	662	10.1%
Overseas sales		6,210	48.6%	9,593	57.0%	3,383	54.5%
By region	North/Central America	4,149	32.5%	7,118	42.3%	2,968	71.5%
	Asia	1,539	12.0%	1,549	9.2%	10	0.7%
	Others	521	4.1%	925	5.5%	403	77.4%



Factor Analysis of Changes in Operating Income (Consolidated)

Increase in
Operating income

- The operating income increased due to the increase in Net sales.

(million yen)

	First quarter of FY2023/3	First quarter of FY2024/3	Change(YoY)
Operating income	336	996	660
Operating income margin	2.6%	5.9%	3.3 percentage point

	First quarter of FY2023/3	First quarter of FY2024/3	Rate of change (YoY)
Gross profit margin	19.6%	19.9%	0.3 percentage point
Ratio of SG&A to sales	17.0%	14.0%	△ 3.0 percentage point
Ratio of operating income to sales	2.6%	5.9%	3.3 percentage point

- Gross profit margin improved only slightly due to price increases for some major parts.
- Ratio of SG&A to sales decreased due to an increase in sales despite an increase in fixed costs such as personnel expenses.



II . Outlook for FY2024/3

Outlook for FY2024/3: Consolidated Income and Loss

Key points

- Net sales are expected to be 65 billion yen.
- Assumed exchange rate is 130 yen/dollar.

(million yen)

	FY2023/3		FY2024/3 (forecast)		Change (YoY)	Rate of change(YoY)
Net sales	64,311	100%	65,000	100%	689	1.1%
Operating income	4,874	7.6%	5,000	7.7%	126	2.6%
Ordinary income	5,180	8.1%	5,350	8.2%	170	3.3%
Profit attributable to owners of parent	3,633	5.7%	3,700	5.7%	67	1.8%
Capital investment	4,213		1,800		△ 2,413	△ 57.3%
Depreciation	1,266		1,300		34	2.7%
Net income per share	175.6 ^{yen}		179.3 ^{yen}		3.7 ^{yen}	
ROE	5.7%		* 5.6%			
Cash dividends per share	50.0 ^{yen}		51.0 ^{yen}			

* Equity is calculated by using the amount of money at the end of FY2023/3.

Outlook for Sales by Product (Consolidated)

Overview

- In Japan, demand for construction is expected to remain robust, and sales of products for construction are expected to increase. Stand-by generating sets for disaster prevention equipment generators are also expected to recover.
- Overseas, demand in America and Asia are expected to remain at the high level of the previous fiscal year.

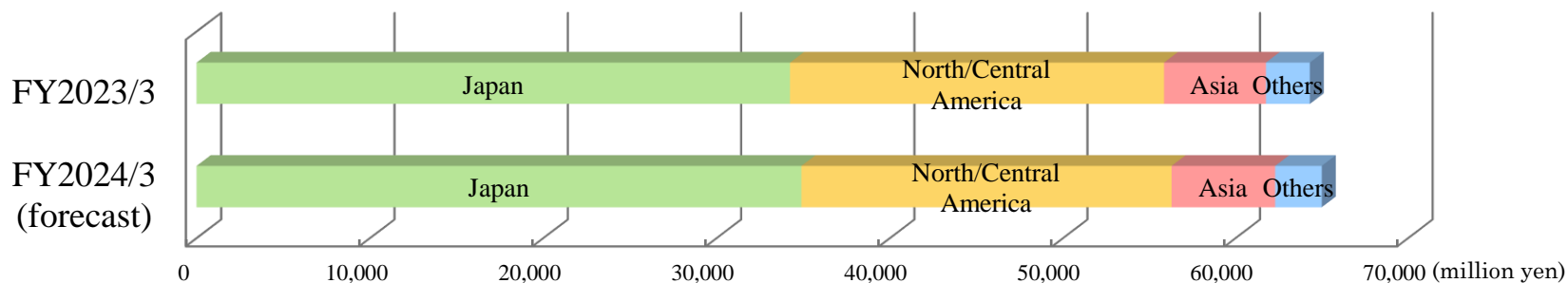
(million yen)

		FY2023/3		FY2024/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		64,311	100%	65,000	100%	689	1.1%
By products	Generators	53,700	83.5%	53,900	82.9%	200	0.4%
	Welders	4,401	6.8%	4,700	7.2%	299	6.8%
	Compressors	727	1.1%	800	1.2%	73	10.0%
	Others	5,482	8.5%	5,600	8.6%	118	2.2%

Outlook for Sales by Region (Consolidated)

(million yen)

		FY2023/3		FY2024/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		64,311	100%	65,000	100%	689	1.1%
Domestic sales		34,244	53.2%	34,900	53.7%	656	1.9%
Overseas sales		30,066	46.8%	30,100	46.3%	34	0.1%
By region	North/Central America	21,617	33.6%	21,400	32.9%	△ 217	△ 1.0%
	Asia	5,902	9.2%	6,000	9.2%	98	1.7%
	Others	2,547	4.0%	2,700	4.2%	153	6.0%



Details of the Operating Income Forecast

Increase in operating income

- Operating income is expected to improve due to higher sales prices and cost reduction activities.

(million yen)

	FY2023/3	FY2024/3 (forecast)	Change (YoY)
Operating income	4,874	5,000	126
Operating income margin	7.6%	7.7%	0.1 percentage point

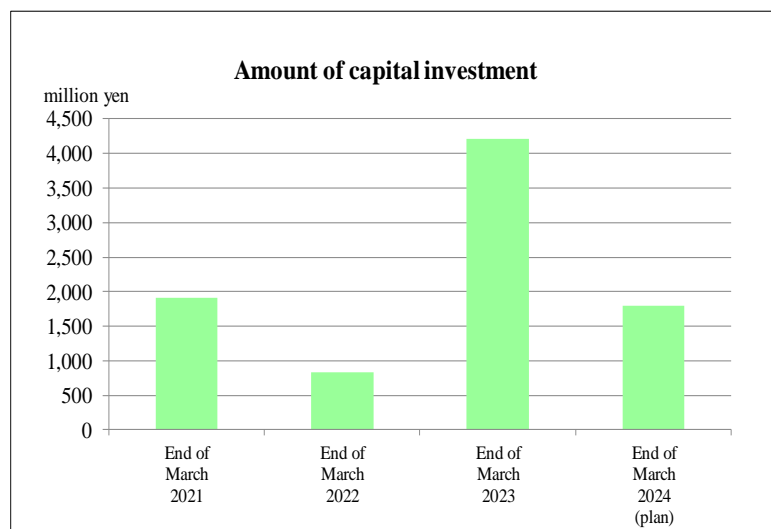
	FY2023/3	FY2024/3 (forecast)	Change (YoY)
Gross profit margin	21.2%	21.9%	0.7 percentage point
Ratio of SG&A to sales	13.6%	14.2%	0.6 percentage point
Ratio of operating income to sales	7.6%	7.7%	0.1 percentage point

- The gross profit margin is expected to improve due to the effect of reflection on selling prices and cost reduction activities, despite price hikes for main parts.
- The ratio of SG&A to sales are expected to be worsen due to increased in labor costs and expenses associated with normalization of sales activities.

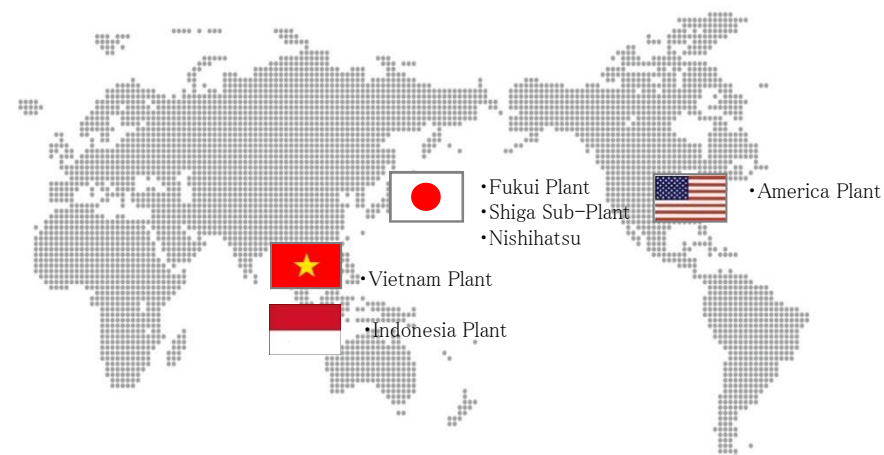
Changes in the Amount of Capital Investment

(million yen)

	End of March 2021	End of March 2022	End of March 2023	End of March 2024 (plan)
Cost of equipment	1,918	839	4,213	1,800
Main uses	<ul style="list-style-type: none"> • Machinery of Fukui plant, etc. 1450 • Nishihatsu 110 • U.S. Plant 30 • Vietnam Plant 20 • Others 300 	<ul style="list-style-type: none"> • Machinery of Fukui plant, etc. 290 • Nishihatsu 50 • U.S. Plant 20 • Vietnam Plant 20 • Others 460 	<ul style="list-style-type: none"> • Machinery of Fukui plant, etc. 360 • Nishihatsu 2500 • U.S. Plant 20 • Vietnam Plant 70 • Others 1,260 	<ul style="list-style-type: none"> • Machinery of Fukui plant, etc. 800 • Nishihatsu 150 • U.S. Plant 200 • Vietnam Plant 200 • Others 450



Production Sites:



Notes on Our Outlook

This material contains assumptions and outlooks for the future and forecasts based on plans as of August 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.