



Briefing on Results for the First quarter of the Fiscal Year ending March 31, 2025

Denyo Co., Ltd.

Stock code: 6517

Stock exchange listing: Tokyo



I . Overview of Results for the First quarter of FY2025/3

II. Outlook for FY2025/3



I . Overview of Results for the First quarter of FY2025/3



Key Point

- Net Sales decreased year on year, mainly due to a decrease in shipments to the United States.
- Incomes increased year-on-year, due to price revisions for some products and the impact of yen depreciation.

(million yen)

	First quarter of FY2024/3		First quarter of FY2025/3		Change (YoY)	Rate of change (YoY)
Net sales	16,836	100%	16,708	100%	△ 127	△ 0.8%
Operating income	996	5.9%	1,716	10.3%	719	72.2%
Ordinary income	1,177	7.0%	1,920	11.5%	743	63.2%
Profit attributable to owners of parent	806	4.8%	1,259	7.5%	453	56.3%
Capital investment	210	—	286		76	36.2%
Depreciation	302	—	289		△ 13	△ 4.3%
Net income per share	39.07 ^{yen}	—	61.02 ^{yen}		21.95 ^{yen}	56.2%

Overview

1. Sales of generators decreased by 510 million yen (3.5%).
2. Sales of welders increased by 95 million yen (9.7%).
3. Sales of compressors increased by 40 million yen (21.3%).

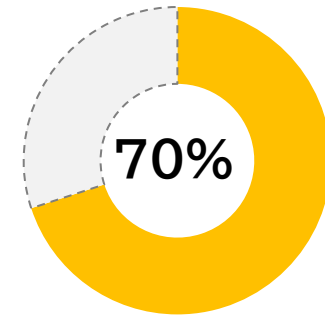
(million yen)

		First quarter of FY2024/3		First quarter of FY2025/3		Change (YoY)	Rate of change (YoY)
Net sales		16,836	100%	16,708	100%	△ 127	△ 0.8%
By product	Generators	14,396	85.5%	13,886	83.1%	△ 510	△ 3.5%
	Welders	991	5.9%	1,087	6.5%	95	9.7%
	Compressors	192	1.1%	233	1.4%	40	21.3%
	Others	1,256	7.5%	1,501	9.0%	245	19.5%



	First quarter of FY2024/3	First quarter of FY2025/3	Rate of change (YoY)
Generators	14,396 million yen	13,886 million yen	△ 3.5%

- In Japan, shipment to the rental industry remain robust. Sales of medium- and large-sized stand-by generating sets for disaster prevention equipment increased.
- Overseas, shipment to the United States remained sluggish.



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

Domestic market share of engine generators (mobile-type)



Soundless generator "Mälie"



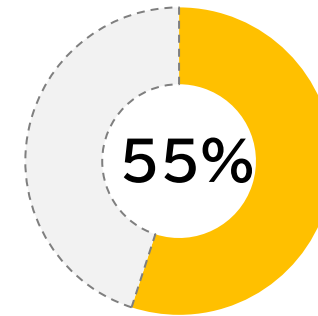
Generator with operational data recording function

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 for disaster prevention equipment and offices, etc..
- Power-supply vehicles, etc..

	First quarter of FY2024/3	First quarter of FY2025/3	Rate of change (YoY)
Welders	991 million yen	1,087 million yen	9.7%

- The mainstay of small welders and large welders for overseas markets increased.



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

Domestic market share of engine welders



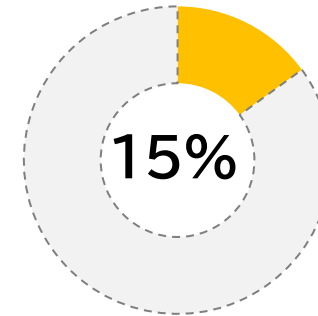
CO₂ welder

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.

	First quarter of FY2024/3	First quarter of FY2025/3	Rate of change (YoY)
Compressors	192 million yen	233 million yen	21.3%

- The shipment to the domestic market increased.



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

Domestic market share of engine compressors



Engine compressor



Motor compressor

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

	First quarter of FY2024/3	First quarter of FY2025/3	Rate of change (YoY)
Others	1,256 million yen	1,501 million yen	19.5%

- Self-propelled lifters and 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 lifters



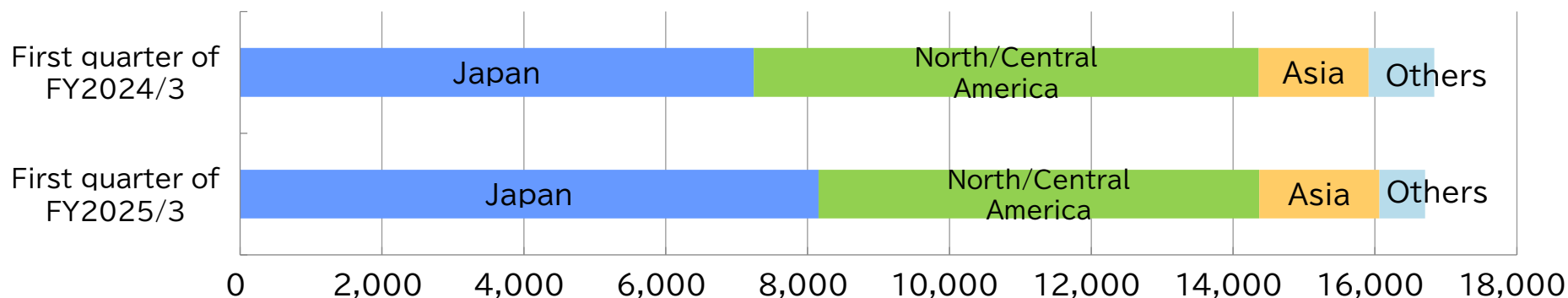
Load testing equipment



Sales Trends by Region (Consolidated)

(million yen)

		First quarter of FY2024/3		First quarter of FY2025/3		Change (YoY)	Rate of change (YoY)
Net sales		16,836	100%	16,708	100%	△ 127	△ 0.8%
Domestic sales		7,243	43.0%	8,155	48.8%	912	12.6%
Overseas sales		9,593	57.0%	8,553	51.2%	△ 1,040	△ 10.8%
By region	North/Central America	7,118	42.3%	6,214	37.2%	△ 904	△ 12.7%
	Asia	1,549	9.2%	1,693	10.1%	144	9.3%
	Others	925	5.5%	645	3.9%	△ 280	△ 30.3%



Increase in Operating Income

Increased due to gross profit improvement.

(million yen)

	First quarter of FY2024/3	First quarter of FY2025/3	Change (YoY)
Operating income	996	1,716	719
Operating income margin (%)	5.9%	10.3%	4.4 percentage points

	First quarter of FY2024/3	First quarter of FY2025/3	Rate of Change (YoY)
Gross profit margin	19.9%	24.5%	4.6 percentage points
Ratio of SG&A to sales	14.0%	14.2%	0.2 percentage points
Ratio of operating income to sales	5.9%	10.3%	4.4 percentage points

- The gross profit margin improved, partly due to the effect of reflecting a portion of cost increases in sales prices and partly due to the effect of the depreciation of the yen.
- The ratio of SG&A to sales increased due to an increase in labor costs, etc..



II. Outlook for FY2025/3



Key points

1. Net sales are expected to be 74 billion yen.
2. Assumed exchange rate is 140 yen/dollar.

(million yen)

	FY2024/3		FY2025/3 (forecast)		Change (YoY)	Rate of change (YoY)
Net sales	73,140	100%	74,000	100%	860	1.2%
Operating income	7,089	9.7%	6,700	9.1%	△ 389	△ 5.5%
Ordinary income	7,378	10.1%	7,000	9.5%	△ 378	△ 5.1%
Profit attributable to owners of parent	5,095	7.0%	4,700	6.4%	△ 395	△ 7.8%
Capital investment	1,913		7,050		5,137	268.5%
Depreciation	1,228		1,400		172	14.0%
Net income per share	246.83 ^{yen}		227.62 ^{yen}		△19.21 ^{yen}	
ROE	7.3%		*6.5%			
Cash dividends per share	64.0 ^{yen}		70.0 ^{yen}			

* Equity is calculated by using the amount of money at the end of FY2024/3.

Overview

- In Japan, sales are expected to remain steady on the back of solid construction demand.
- Overseas, demand in America are expected to decrease, partly as a reaction to the rapid increase over the past two years.

(million yen)

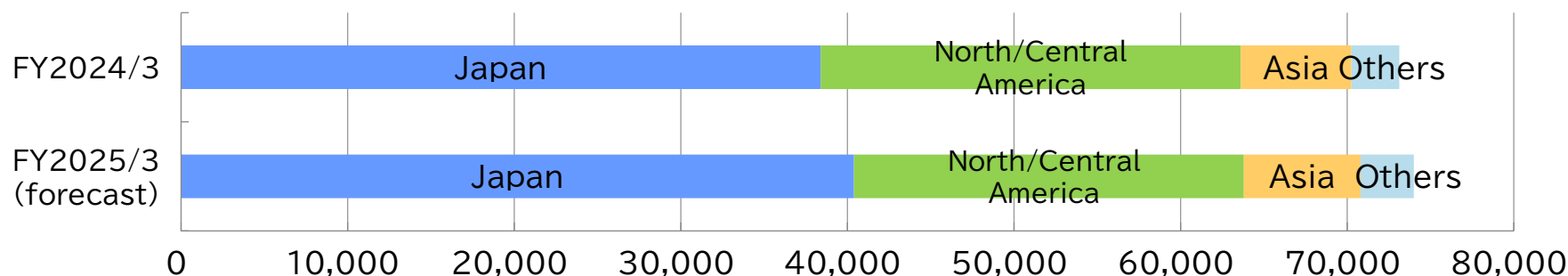
		FY2024/3		FY2025/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		73,140	100%	74,000	100%	860	1.1%
By product	Generators	61,487	84.1%	61,700	83.4%	213	0.3%
	Welders	4,437	6.1%	4,900	6.6%	463	10.4%
	Compressors	693	0.9%	700	0.9%	7	1.0%
	Others	6,521	8.9%	6,700	9.1%	179	2.7%



Outlook for Sales by Region (Consolidated)

(million yen)

		FY2024/3		FY2025/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		73,140	100%	74,000	100%	860	1.2%
Domestic sales		38,389	52.5%	40,400	54.6%	2,011	5.2%
Overseas sales		34,750	47.5%	33,600	45.4%	△ 1,150	△ 3.3%
By region	North/Central America	25,230	34.5%	23,400	31.6%	△ 1,830	△ 7.3%
	Asia	6,642	9.1%	7,000	9.5%	358	5.4%
	Others	2,877	3.9%	3,200	4.3%	323	11.2%



Decrease in operating income

Operating income is expected to decrease due to an increase in expenses.

(million yen)

	FY2024/3	FY2025/3 (forecast)	Change (YoY)
Operating income	7,089	6,700	△ 389
Operating income margin	9.7%	9.1%	△ 0.6 percentage point

	FY2024/3	FY2025/3 (forecast)	Change (YoY)
Gross profit margin	22.2%	22.0%	△ 0.2 percentage point
Ratio of SG&A to sales	12.5%	13.0%	0.5 percentage point
Ratio of operating income to sales	9.7%	9.1%	△ 0.6 percentage point

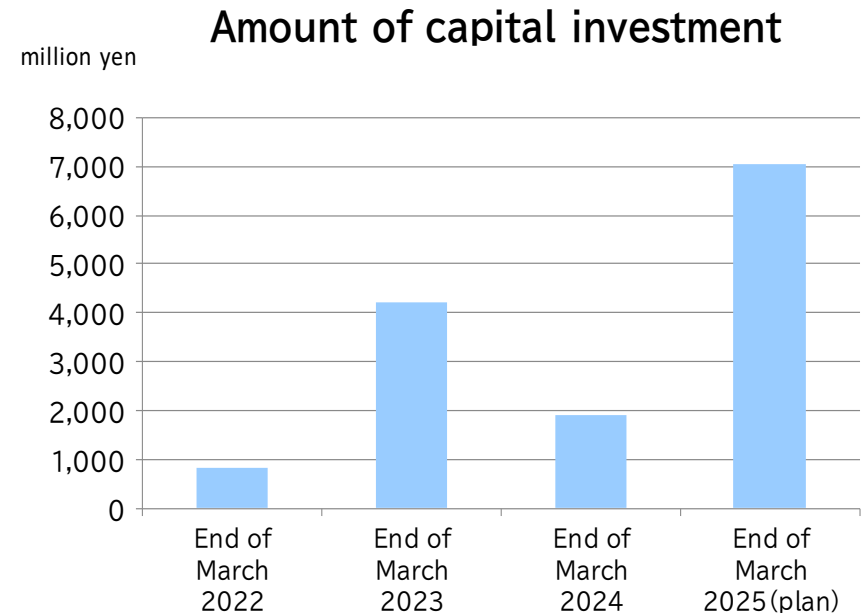
- The gross profit margin is expected to decline due to increases in labor costs and depreciation costs.
- The ratio of SG&A to sales are expected to rise due to increases in personnel costs, domestic logistics costs, etc..



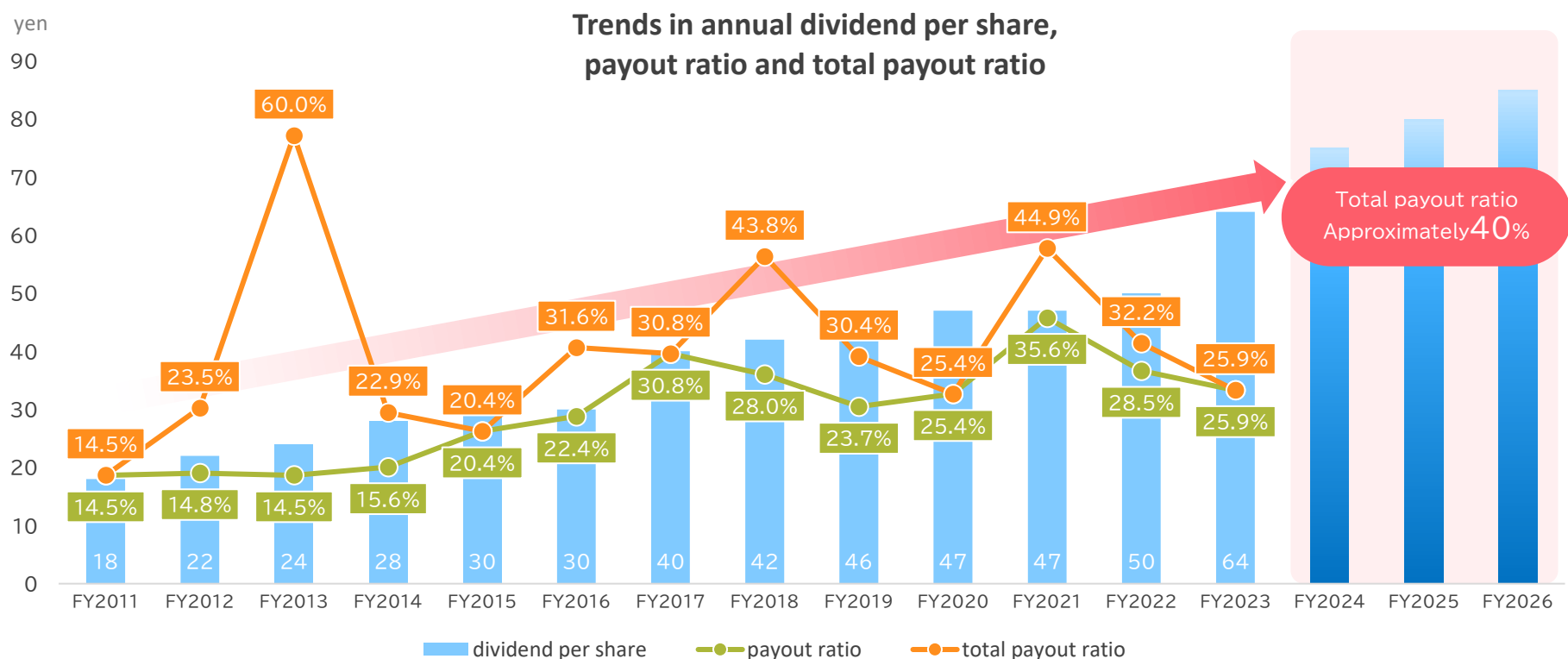
	End of March 2022	End of March 2023	End of March 2024	End of March 2025 (plan)
Cost of equipment	839	4,213	1,913	7,050
Main uses	<ul style="list-style-type: none"> •Machinery of Fukui plant, etc. 290 •Nishihatsu 50 •U.S. Plant 20 •Vietnam Plant 20 •Others 460 	<ul style="list-style-type: none"> •Machinery of Fukui plant, etc. 360 •Nishihatsu 2,500 •U.S. Plant 20 •Vietnam Plant 70 •Others 1,260 	<ul style="list-style-type: none"> •Machinery of Fukui plant, etc. 440 •Nishihatsu 190 •U.S. Plant 170 •Vietnam Plant 20 •Others 1,090 	<ul style="list-style-type: none"> •Machinery of Fukui plant, etc. 760 •Nishihatsu 4,160 •U.S. Plant 100 •Vietnam Plant 200 •Others 1,830



Completion of Nishihatsu's new head office plant is scheduled in FY2024.



- We are aware that it is important to increase the profit returned to shareholders as well as striving to improve earning strength and financial strength.
- We will continue our progressive dividend policy and flexibly acquire treasury shares to allocate results at an approximate total payout ratio of 40%.
- Under this policy, Denyo plans to pay 70 yen per share (30 yen at the interim and 40 yen at the year-end), taking into consideration the earnings forecast and the total return ratio.



This material contains assumptions and outlooks for the future and forecasts based on plans as August 8, 2024. 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.

Notice:

This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.



Reference Materials



The leading manufacturer of outdoor power sources such as engine generators and engine welders

- History:
- July 2, 1948 Established as Japan Power Welding Machine Co., Ltd.
 - 1959 Developed and launched Japan's first high-speed engine-driven welders.
 - 1961 Began to manufacture and sell engine-driven generators.
 - 1966 Developed soundproof engine-driven generators. Changed its corporate name to Denyo Co., Ltd.
 - 1983 Listed on the Second Section of the Tokyo Stock Exchange.
 - 2000 Listed on the First Section of the Tokyo Stock Exchange.
 - 2022 Transited to Prime Market in Tokyo Stock Exchange.

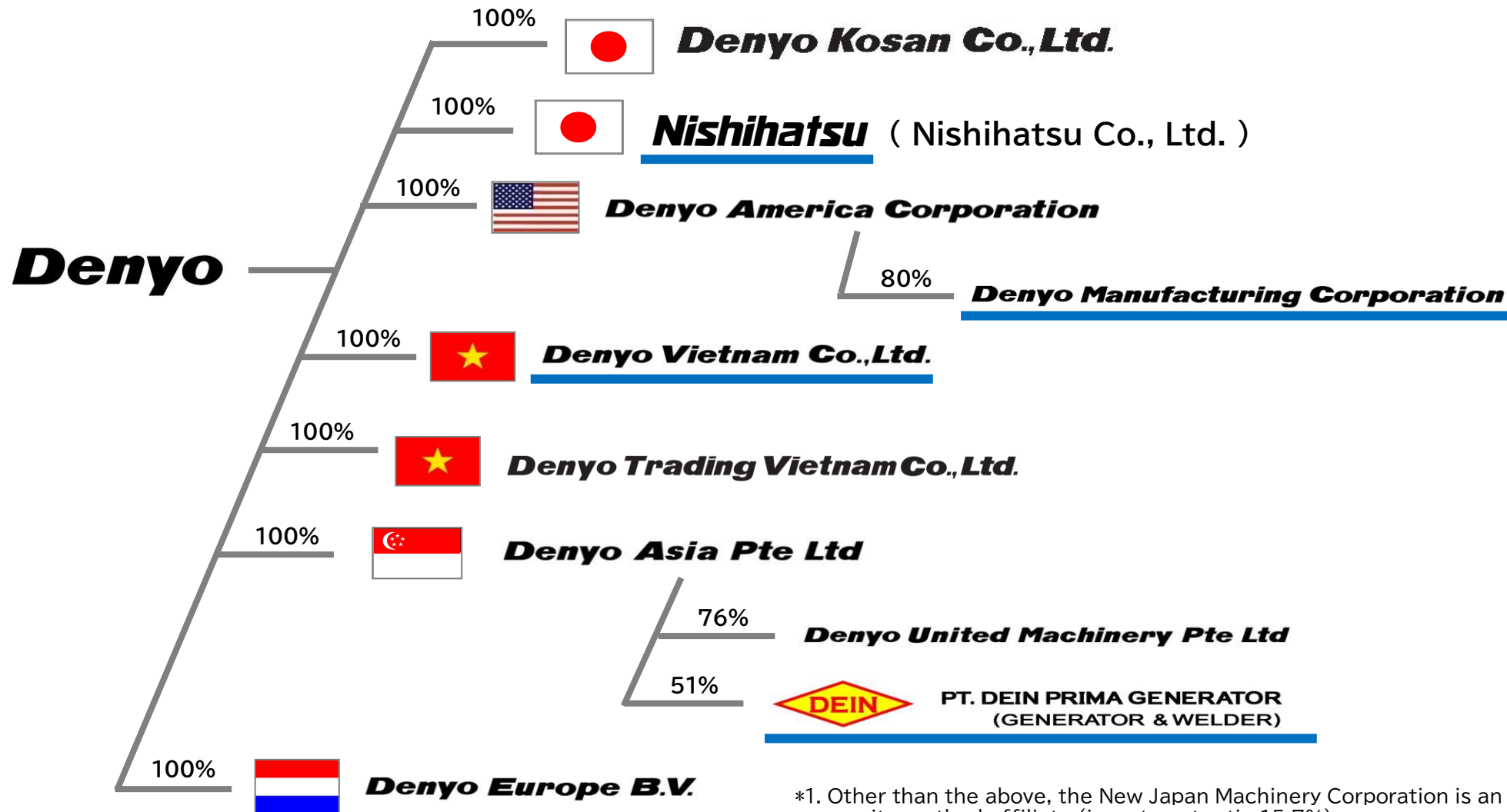
Company size, etc. (FY2024/3 on a consolidated basis) (million yen)

Net sales	73,140
Overseas sales	34,750
Ordinary income	7,378
Profit attributable to owners of parent	5,095
Total assets	100,540
Net assets	75,843
Market capitalization (as of March 31)	53,125
Number of employees	1,408 persons



Head Office (Nihonbashi-Horidomecho, Tokyo)





*1. Other than the above, the New Japan Machinery Corporation is an equity-method affiliate (investment ratio 15.7%).
 *2. Underlined companies are manufacturers.



As a pioneer in outdoor power sources, we supply engine-driven generators, welders, compressors and other products to Japan and to at least 150 other countries and regions.

Engine welders



Features

- Engine-driven welders used outdoors

Applications

- Used for welding steel materials in piping, bridge, pipeline and other construction work

Engine compressors



Features

- Compressing air to supply compressed air
- Allowing air tools to be used in any place since they require no power source

Applications

- Rock drills and machinery for soil improvement
- Used in spray concrete work

Engine generators



● Mobile generators

Features

- These are generators that can be transported with trucks. As a kind of portable power plant, they stably supply high quality electricity at any location.
- An extensive lineup of products with outputs ranging from 1 kVA to 1,100 kVA
- Civil engineering, construction, port, harbor and other worksites

Applications

- Outdoor events
- Broadcasting trucks and many other situations

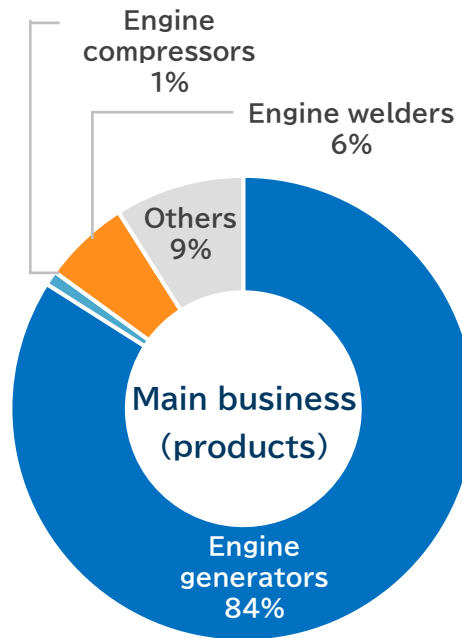
● Stationary power generators

Features

- General-use and standby generators installed on the rooftops of buildings and in basements
- Manufacturing and sales of standby generators used as backup power sources mainly in the event of a power failure
- Generators for disaster resilience
Installed in department stores, hotels and other buildings where the general public gathers and used as backup power sources for sprinklers and other fire-fighting equipment

Applications

- Generators for non-disaster power failures
Installed in office buildings, factories, hospitals and other facilities and used as backup power sources for electric equipment

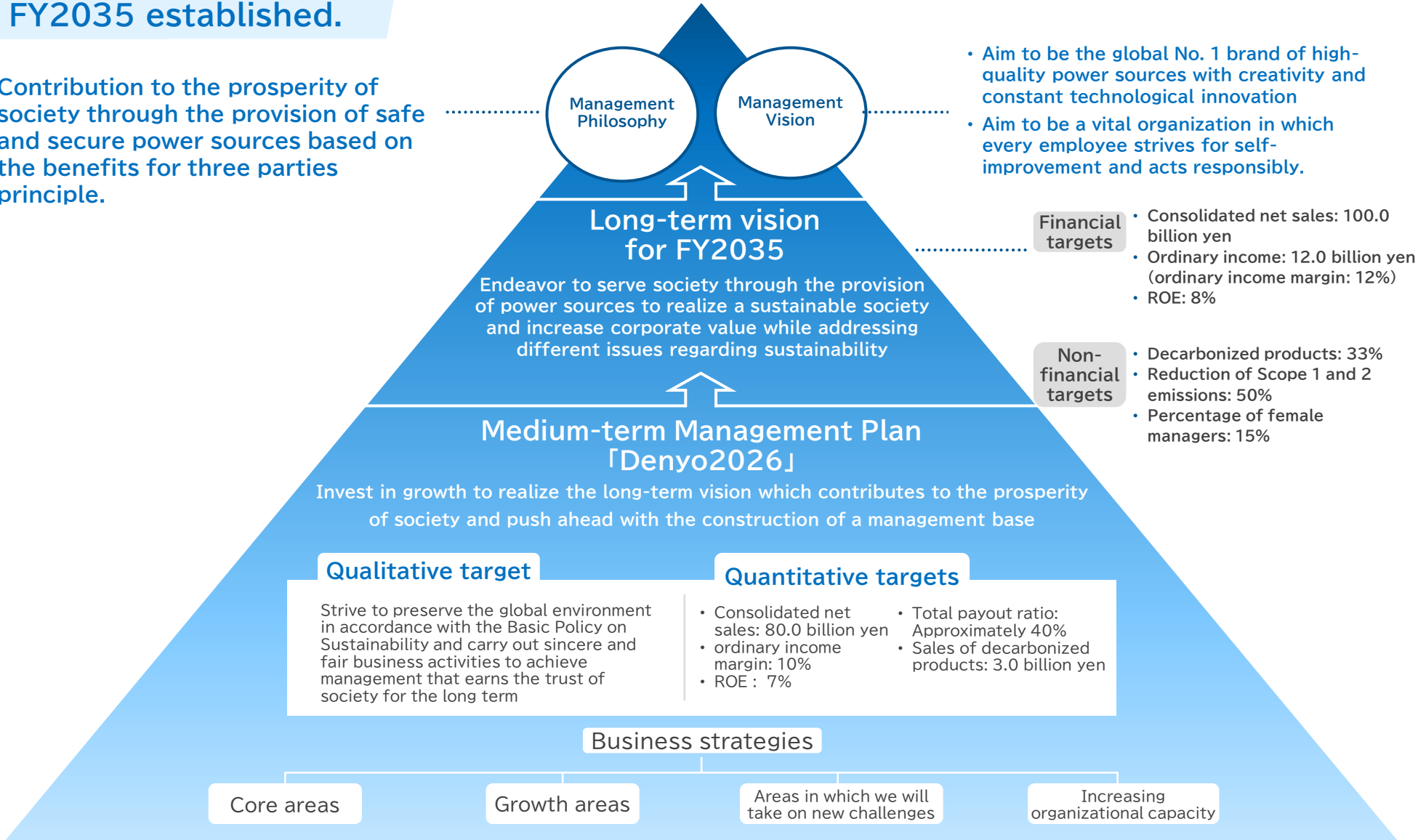


Company name	Denyo Co.,Ltd.
Establishment	July 1948
Number of employees (consolidated)	596 (1,408) as of March 31, 2024

Long-term vision for FY2035 established.

Contribution to the prosperity of society through the provision of safe and secure power sources based on the benefits for three parties principle.

- Aim to be the global No. 1 brand of high-quality power sources with creativity and constant technological innovation
- Aim to be a vital organization in which every employee strives for self-improvement and acts responsibly.



Financial targets

- 1 Consolidated Net Sales Plan **80.0** billion yen
- 2 Ordinary income **8.0** billion yen (ordinary income margin: **10.0%**)
- 3 ROE **7.0%**
- 4 Total payout ratio **Approximately 40%**

Non-financial targets

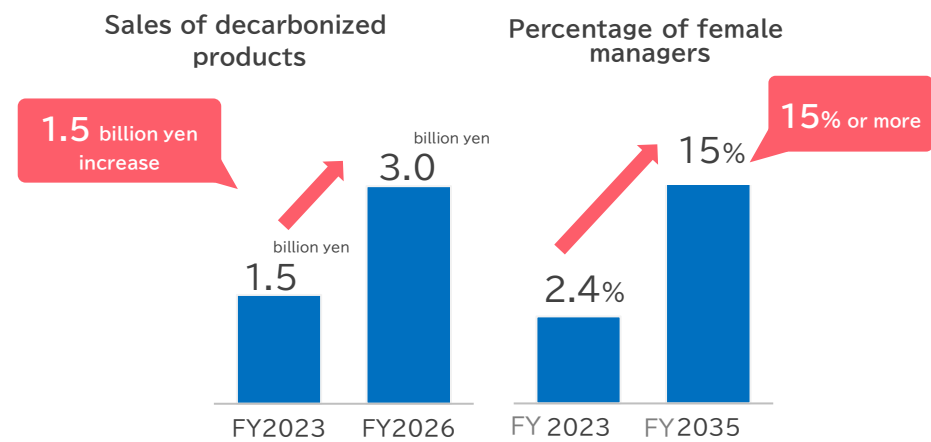
- 1 Sales of decarbonized products **3.0** billion yen
- 2 SCOPE1,2 **50%** reduction *1
- 3 Percentage of female managers **15%** *2

*1 A target of the long-term vision for FY2035 applicable to the group companies in Japan, calculated using the emission intensity per unit of consolidated net sales.

*2 A target of the long-term vision for FY2035 applicable to Denyo Co., Ltd. only

unit: million yen

	FY2023 results	Medium-term Management Plan	
		FY2026	Value or percent change
Consolidated Net Sales	73,140	80,000	6,860
Ordinary income	7,378	8,000	622
ROE	7.3%	7.0%	-
Total payout ratio	25.9%	40.0%	14.1%



Denyo regards global environmental problems as a key management issue, and engages proactively in environmental initiatives. We consider initiatives aimed at creating a hydrogen-based society (such as through the use of hydrogen fuel cells) to be one effective means of reducing CO2 emissions and preventing atmospheric pollution, with the aim of preventing global warming.

Hydrogen-light oil mixed combustion Generator

- Started sales and delivered the first machine to Komatsu Oyama Plant
- Power can be generated with up to 50% hydrogen mixed in with the fuel
- 50% reduction in CO2 emissions compared to using only light oil as fuel
- Successfully commercialized through technology licensing by Komatsu Ltd. and Hitachi, Ltd.
- Expand sales as a key product for building a hydrogen supply chain

Intended use

- Private consumption using byproduct hydrogen
- Back-up power source in a power outage, etc.



Hydrogen-light oil mixed combustion Generator delivered Komatsu Oyama Plant

■ Specifications of this generator

Generation output	250kW
Output voltage	200/400V
Frequency	50Hz
Hydrogen Fuel Consumption	115Nm ³ /h(50% hydrogen mixed)
Diesel fuel consumption	34L/h(50% hydrogen mixed)
Power generation efficiency	35~40%
Hydrogen mixing ratio range	0%~50%(Can be operated with diesel oil only)



Fuel-cell Portable Generator

- Selected by Japan's Ministry of the Environment as a "Low Carbon Technology Research and Development Program"
- Developed a new power conditioner especially for fuel cells, and installed it in the generators
- Demonstration operation will start in June 2021

Intended use

- Civil engineering and construction sites
- Houses without power after a disasters
- Location where TV reporters are reporting, and event sites, etc.



Dedicated Hydrogen Generator

- Uses only hydrogen as fuel and does not emit CO2
- Starting with the development of the 45kVA class , which is the volume zone
- Aiming for market launch after 2025

Intended use

- Civil engineering, construction sites , harbor construction
- TV broadcasting, various events, leisure, etc.

Mobile Battery LED floodlights



Intended use : Night construction, events, etc.

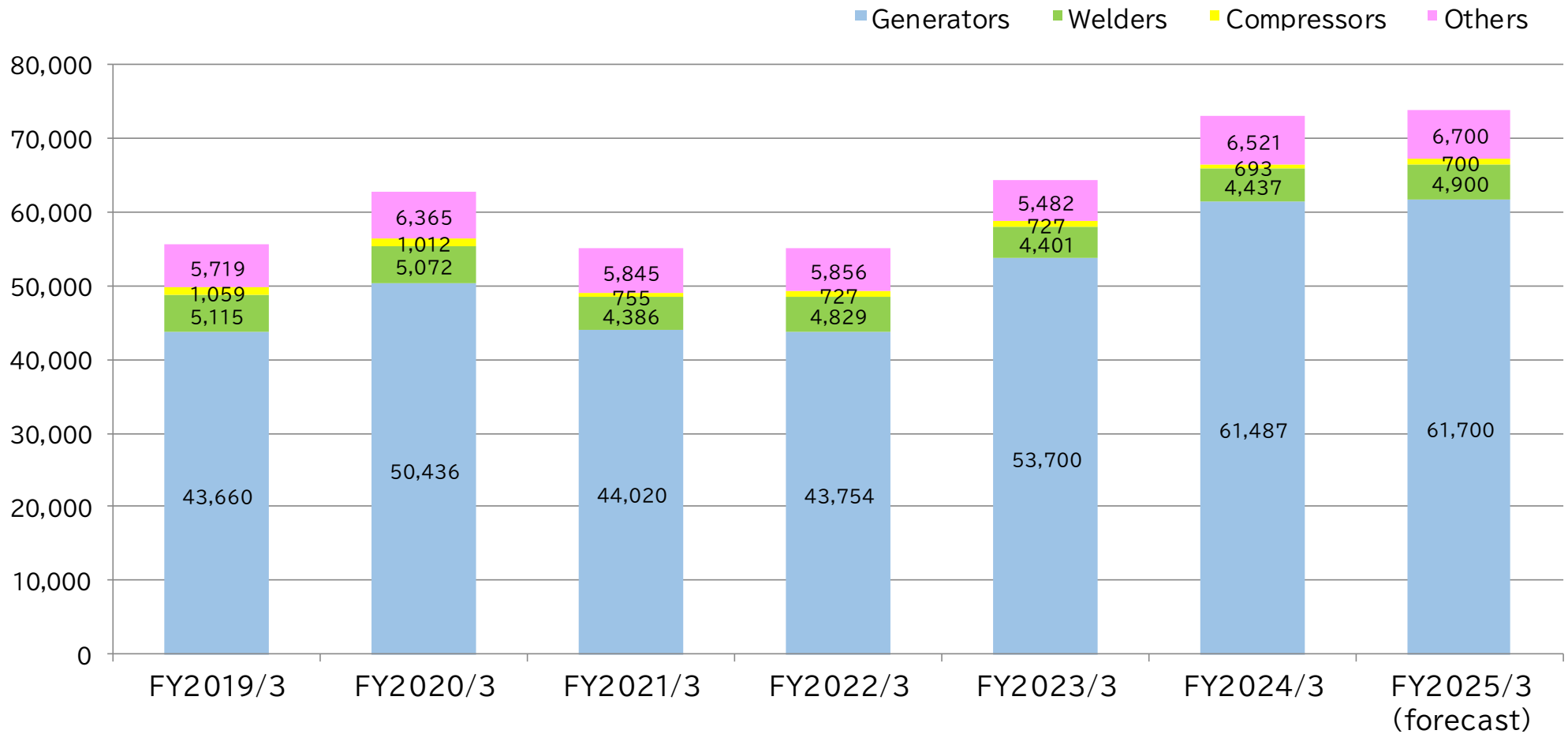
- Quiet and no CO2 emissions
- Uses a detachable cartridge-type lithium-ion battery
- Long operation possible

WELZACK

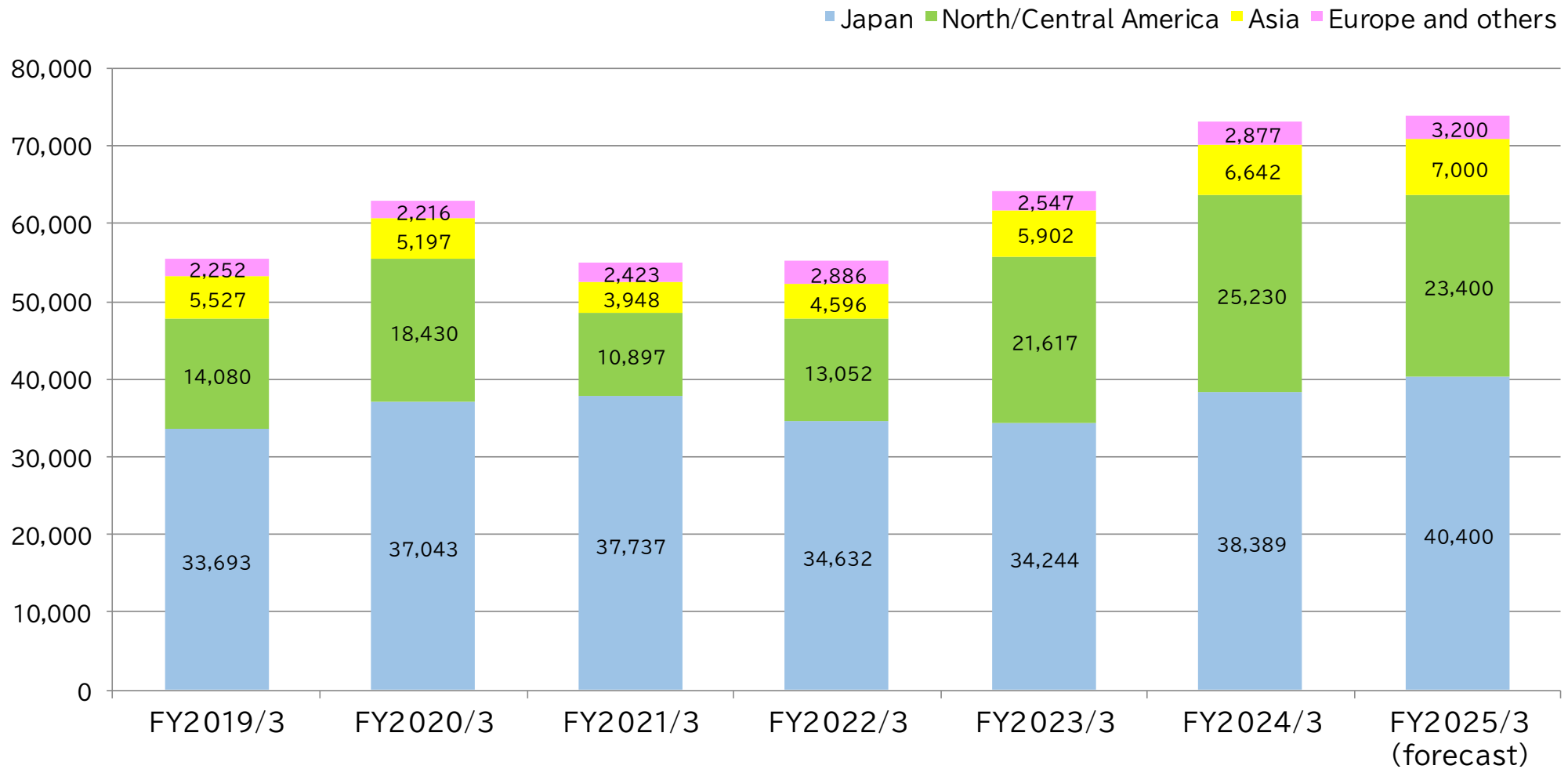


Intended use : Repair work on stairs and narrow areas, etc.

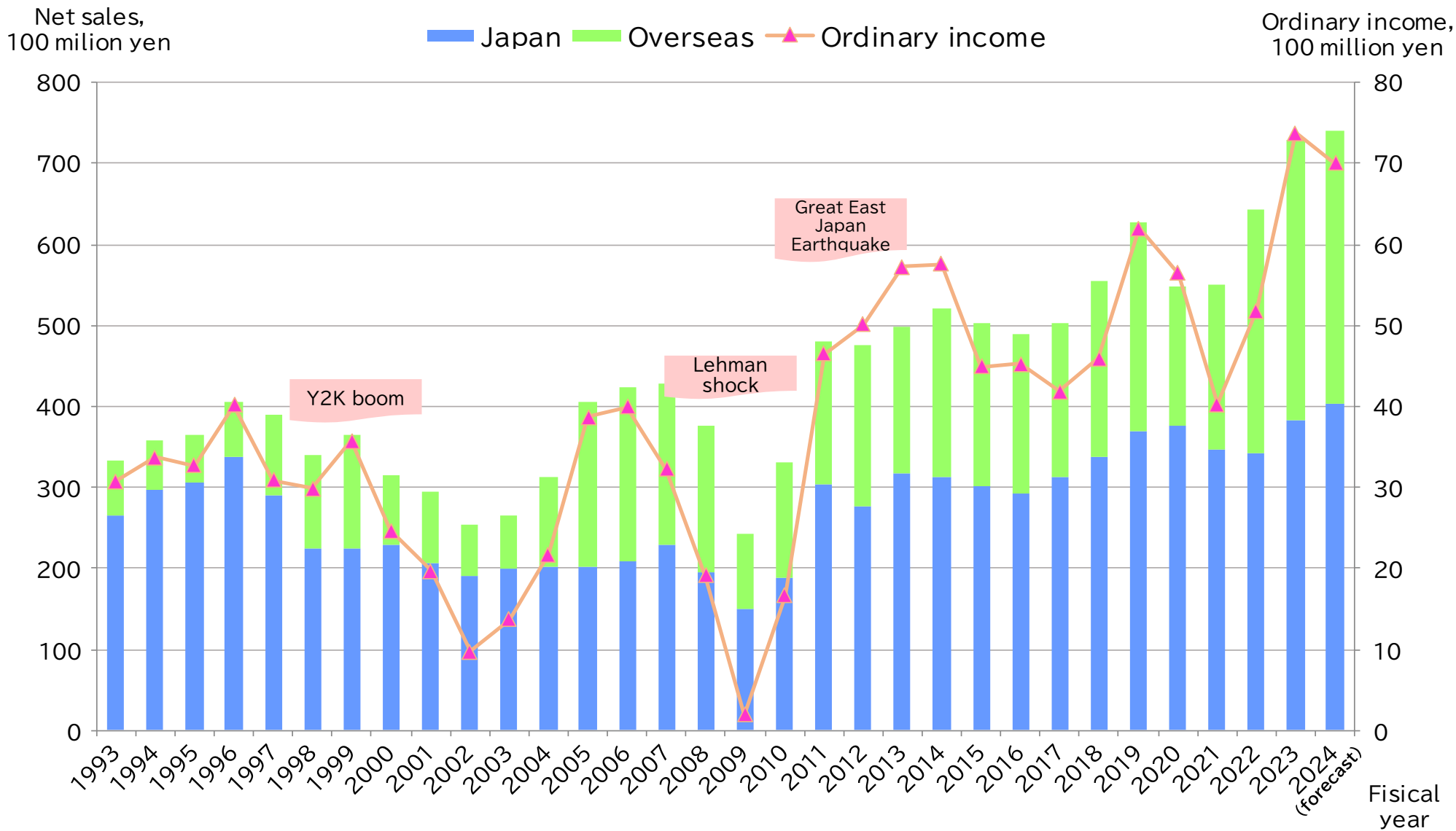
Sales by product



Sales by region



Changes in Results for the Last 30 Years



Developing Technology Tomorrow's Power Needs.

Denyo[®]

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