2025 Annual Report

Year ended March 31, 2025

A Denyo Co.,Ltd.

Profile

Since its establishment in 1948, Denyo has been a pioneer in outdoor power source, developing and manufacturing many original products, including engine-driven generators, engine-driven welders and engine-driven air compressors. Without contenting ourselves with our current market position or technical expertise, we have boldly taken on new R&D challenges and, as a result, we now command a 70% share of the domestic market for engine-driven generators, our main product. The Denyo Group comprises the Company and eleven subsidiaries and affiliate, along with its production facilities in Southeast Asia and the U.S., and R&D center in Japan.

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New TV commercial featuring popular actress Minami Hamabe begins airing in January 2025

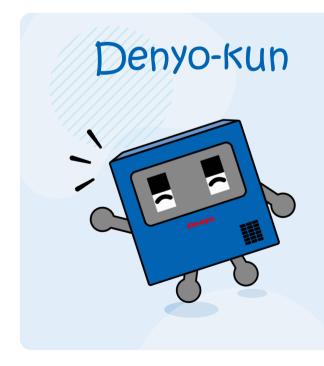
For the first time in approx. 30 years, Denyo has begun to air a TV commercial. The purposes of the Denyo-kun and Minami-san: The Encounter TV commercial are to enhance our corporate visibility, develop new customers, and acquire excellent human resources.

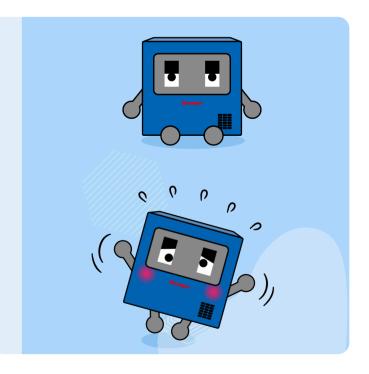
The new TV commercial depicts an encounter between Ms. Minami Hamabe and Denyo's mascot, Denyo-kun.

Ms. Hamabe learns that Denyo products are used in familiar places, such as construction sites, and also to illuminate streets. She praises the work done by Denyo.

A feature of the commercial is Denyo-kun's shy response to Ms. Hamabe.

Denyo will continue its multifaceted PR activities so that more people understand Denyo's business and trust it.

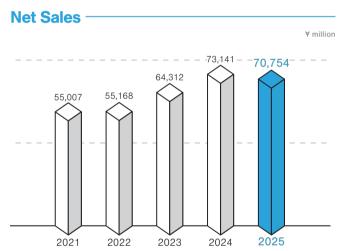


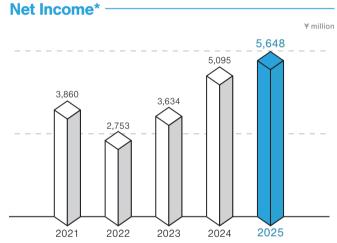


Consolidated Financial Highlights

		Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2023	2025
Net Sales	¥70,754	¥73,141	¥64,312	\$473,175
Total Assets	103,103	100,541	89,744	689,514
Total Net Assets	80,659	75,843	68,659	539,415
Operating Income	7,393	7,089	4,874	49,444
Net Income*	5,648	5,095	3,634	37,770
Per Share Data		Yen		U.S. Dollars
Total Net Assets	¥3,777.66	¥3,526.50	¥3,193.67	\$25.26
Net Income*	274.02	246.83	175.64	1.83
Cash Dividends	75.00	64.00	50.00	0.50

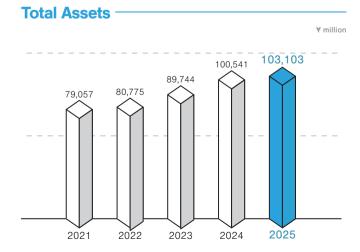
Note: Transaction into U.S. dollars has been made, solely for the reader's convenience, at the rate of ¥149.50 to U.S.\$1, prevailing on the Tokyo Foreign Exchange Market on March 31, 2025.

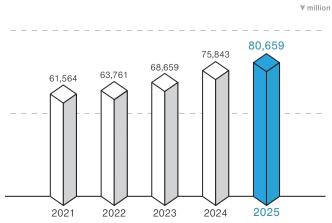




* Net Income attributable to owners of the parent.

Total Net Assets







In the year ended March 31, 2025, the 77th term, the consolidated net sales of the Denyo Group decreased 3.3% year on year, to ¥70,754 million (US\$473,175 thousand). Ordinary profit increased 8.5% year on year to ¥8,003 million (US\$53,518 thousand), and profit attributable to owners of the parent was ¥5,648 million (US\$37,770 thousand), up10.8% year on year.

In the domestic business environment, demand for construction and capital investment in infrastructure were brisk, as in the previous fiscal year, which enabled us to continue to perform strongly. However, the overseas business environment remained challenging due to a decline in shipments to our mainstay U.S. market and other events.

On the profit front, we were able to improve our profit margin thanks in part to the effects of the streamlining of plants and the revision of sales prices.

The fiscal year ending March 31, 2026 is the key turning point of Denyo 2026, our third three-year medium-term management plan. The market environment remains uncertain, but we will continue to deeply explore markets so we do not miss opportunities, and we will focus on the construction market and the disaster prevention and mitigation market.

At the same time, there are numerous factors that are increasing our costs, and we expect profit to decline slightly. We will aggressively push forward with the development of products to achieve our plan, and we will work hard to achieve sustainable growth. Regarding the year-end dividends, we will pay an ordinary dividend of ¥45 (US\$ 0.30) per share, up ¥5 (US\$ 0.03) year on year. We will continue to distribute profits to shareholders in line with our progressive dividend policy and target total payout ratio of 40%. We wish to thank all shareholders for their continued support for the Denyo Group going forward.

June 2025

Takanori Yoshinaga,

. Yoshinas

President

1. Service Center West Japan established

Denyo established Service Center West Japan in Okayama City, Okayama as its West Japan base for large equipment maintenance. This facility began operating on April 1, 2025.

This is a part of our plan to reinforce our structure for repairing and maintaining large equipment that we created because of the strong demand for generators for construction work, including urban development construction and infrastructure repair work, which has enabled us to anticipate that demand for large generators will grow over the medium to long term.

Service Center West Japan opened on the heels of the opening of Service Center Kanto on March 1, 2023. They both facilitate the indoor maintenance of equipment, from small 1 kVA equipment to our largest 1100 kVA products (total dimensions approx. 6.5 m x 2.2 m x 2.8 and weighing 15 tons). Accordingly, they make it possibly to quickly and efficiently repair and maintain equipment.

We will also use the facility to train engineers and staff from service plants* all over Japan as part of our efforts to facilitate the development of human resources, including the improvement of their technological capabilities.

Maximizing its use of the functions of the service bases established in east and west Japan, Denyo will strive to improve the quality of its maintenance services and commit itself to customer satisfaction.

* Servicing plant: Subcontracting companies that perform servicing operations such as the inspection and repair of Denyo products and sales of parts

<Outline of Service Center West Japan>

1. Address: Okayama City, Okayama

2. Site area: 6,705 m²

3. Total floor area: 2,770 m²

- 4. Building structure: Office building (two stories), repair work building, and product warehouse
- 5. Other features: Solar power-generating equipment installed on the roof of the plant building as a carbon neutrality initiative



2. WELZACK backpack-type battery welder

In June 2024, Denyo released the BDW-120BP or WELZACK backpack-type battery welder.

We launched this product in response to growing demand for battery-powered welding machines that are compact, lightweight, and easily portable and do not emit noise or exhaust gases. These machines are needed for quick welding tasks, such as repair work on construction sites where there is no power supply.

Reducing the burdens on workers, WELZACK's

lightweight, backpack-type body weighs 10 kg. It can be carried easily on the back, even when moving frequently around places with uneven floors.

It is powered by a highly versatile power tool battery (a HiKOKI brand product).

Denyo will continue to propose products that cater to the needs of customers while developing products with high environmental performance to achieve carbon neutrality.







3. Denyo co-sponsors the LuckyFes'24 music festival as its first power generator partner

Denyo co-sponsored the LuckyFes'24 music festival held in July at Hitachi Seaside Park in Hitachinaka City, Ibaraki. It is the festival's first power generator partner.

The event was supported by more than 100 Denyo power generators. It was a great success, with approx. 60,000 people attending the festival over the three-day period.

We also ran a booth at the venue and allowed

visitors to use power outlets for free, so they could charge their smartphones and other devices. This showcased the appeal of Denyo, a power generator manufacturer that is essential for music festivals.

Denyo is helping to push forward the development of a prosperous society by supporting cultural activities. We will continue to support the development of music festival cultures a power generator manufacturer that is essential for those events.



Visitors charging their smartphones at our booth



A power generator used at the venue

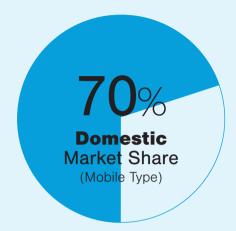
Overview of Product Segment

Business performance by product category and domestic market share

Engine Generators

In the generator segment, looking at the products for the domestic market, shipments of large, medium-sized, and other mobile generators used mainly for construction work and events remained steady. Shipments were also strong for emergency generators for disaster prevention, which are installed as back-up power sources for buildings and factories.

On the other hand, shipments of products for the U.S. market declined significantly, resulting in sales of ¥58,539 million (US\$391,488 thousand), down 4.8% year on year.



Engine Welders

In the engine welders segment, sales were ¥4,645 million (US\$31,064 thousand), up 4.7% year on year, due to an increase in shipments of small welders, mainly those for pipelines in the Middle Eastern market.



Engine Compressors

In the engine compressors segment, shipments for the domestic engine compressor market increased. As a result, segment sales climbed to ¥903 million (US\$6,040 thousand), up 30.1% year on year.



Other Products

In the other products segment, sales increased to ¥6,667 million (US\$44,583 thousand), up 2.2% year on year. This was due to an increase in sales of parts and maintenance of emergency power generators in the domestic market.

Denyo Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Year Ended March 31, 2025

Financial Review

Business Environment and Results

During the fiscal year under review, the Japanese economy recovered at a modest pace. Equipment investments increased and the employment and income situation improved against the backdrop of solid corporate earnings. Meanwhile, the future outlook for the global economy remained uncertain due in part to the impact of monetary restraint and the risk associated with U.S. policy trends.

Regarding the business environment surrounding the Denyo Group, construction demand was strong in Japan due in part to the new construction of logistics warehouses, semiconductor plants, and other facilities—in addition to the ongoing infrastructure repair work and construction in redevelopment projects in the Tokyo Metropolitan area.

Our mainstay U.S. market remained weak, mainly due to players in the market continuing to be cautious regarding investments reflect-

ing the uncertainty of the future and ongoing inventory adjustments.

In these conditions, the Denyo Group actively ran booths at trade shows and focused its efforts on sales of emergency power generators. However, partly reflecting the decline in the sales of products for the U.S. market, net sales decreased to ¥70,754 million (US\$ 473,175 thousand), down 3.3% year on year.

On the profit front, in addition to the effects of price revisions for some products, shipments of relatively high-margin products remained strong. As a result, operating profit increased 4.3% year on year to ¥7,393 million (US\$49,444 thousand), ordinary profit rose 8.5% year on year to ¥8,003 million (US\$53,518 thousand), and profit attributable to owners of parent rose10.8% year on year to ¥5,648 million (US\$37,770 thousand).

Segment Information

In the generator segment, looking at the products for the domestic market, shipments of large, medium-sized, and other mobile generators used mainly for construction work and events remained steady. Shipments were also strong for emergency generators for disaster prevention, which are installed as back-up power sources for buildings and factories. On the other hand, shipments of products for the U.S. market declined significantly, resulting in sales of ¥58,539 million (US\$391,488 thousand), down 4.8% year on year.

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Information by geographical area is as follows.

Consolidated results in each segment are based on the results of the Company and its consolidated subsidiaries located in the specific region. Accordingly, consolidated results in the Japan segment are for the period from April 2024 to March 2025. Those in segments other than Japan are for January to December 2024 because the fiscal year end of overseas consolidated subsidiaries is December 31.

(Japan)

In Japan, shipments of mobile generators, mainly generators for the domestic leasing and rental market, remained steady against the backdrop of strong construction demand. At the same time, shipments

of emergency generators for corporate customers in other markets also remained strong. Exports to the U.S. market remained weak, but exports to the Asian and Middle Eastern markets remained firm. As a result, sales increased to ¥49,664 million (US\$332,137 thousand), up 2.1% year on year, and segment profit increased to ¥4,567 million (US\$30,539 thousand), up 7.8% year on year.

(United States)

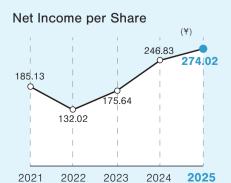
In the U.S., sales decreased 17.6% year on year to ¥16,250 million (US\$108,674 thousand) due to weak demand in the mainstay rental market, mainly reflecting continuation of inventory adjustment of generators and careful stance on new purchases. On the profit front, operating profit increased 36.0% year on year to ¥1,669 million (US\$11,161 thousand), mainly due to a decline in the prices of parts imported from Japan which was a result of the depreciation of the yen.

(Asia)

In Asia, demand for generators for resource and infrastructure development projects remained strong, partly reflecting the weak yen, although the degree of demand varied from country to country. As a result, sales rose14.2% year on year to ¥4,474 million (US\$29,924 thousand). However, operating profit decreased 17.9% year on year to ¥644 million (US\$4,307 thousand), partly reflecting the increase of personnel and other expenses.

(Europe)

In Europe, shipments decreased due to economic downturn in the U.K., the main sales destination, in addition to the completion of a round of shipments of products compatible with EU Stage V. As a result, sales decreased to\fomale 365 million (US\\$2,440 thousand), down 58.2% year on year, and an operating loss of \fomale 3 million (US\\$22 thousand) was posted (compared to an operating profit of \fomale 76 million (US\\$506 thousand) in the previous fiscal year).







Financial Position

(Assets)

Total assets at the end of the fiscal year under review were ¥103,103 million (US\$689,514 thousand), an increase of ¥2,562 million (US\$17,136 thousand) from the end of the previous fiscal year.

Current assets at the end of the fiscal year under review were ¥66,648 million (US\$445,715 thousand), a decrease of ¥1,592 million (US\$10,644 thousand) from the end of the previous fiscal year. This was mainly due to an increase in merchandise and finished goods of ¥1,796 million (US\$12,009 thousand), a decrease in account receivable - trade of ¥942 million (US\$6.303 thousand), and a decrease in raw materials and supplies of ¥1,602 million (US\$10,715 thousand). Non-current assets at the end of the fiscal year under review were ¥36,455 million (US\$243,799 thousand), an increase of ¥4,154 million (US\$27,780 thousand) from the end of the previous fiscal year. This mainly reflected an increase in buildings and structures of ¥5.510 million (US\$36,846 thousand), an increase in machinery, equipment and vehicles of ¥943 million (US\$6,304 thousand), and a decrease in construction in progress of ¥2,213 million (US\$14,800 thousand), which was chiefly the result of investment in the construction of a new Nishihatsu Co., Ltd. headquarters and factory, as well as a decrease in investment securities of ¥841 million (US\$5,626 thousand) attributed mainly to the revaluation of stocks held by the Group.

(Liabilities)

Total liabilities at the end of the fiscal year under review were

Cash Flows

Consolidated cash and cash equivalents (hereinafter, cash) were ¥24,498 million (US\$163,831 thousand) at the end of the fiscal year under review, increasing ¥469 million (US\$3,134 thousand) from the end of the previous fiscal year, despite the posting of profit before income taxes of ¥8,333 million (US\$55,729 thousand) which was more than offset by an increase in the purchase of property, plant and equipment and cash dividends paid.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥7,316 million (US\$48,926 thousand) (cash provided of ¥4,177 million (US\$27,931 thousand) in the previous fiscal year). This was largely due to profit before income taxes of ¥8,333 million (US\$55,729 thousand), depreciation of ¥1,398 million (US\$9,348 thousand), and income taxes

Dividends

Denyo recognizes the importance of continuing to work to return more profits to shareholders while also investing in equipment, research and development to enhance and maintain the competitiveness of our products and the importance of striving to improve profitability and strengthen our financial structure. Our policy is to distribute profits with a target total payout ratio of 40% by continuing our progressive dividend policy and purchasing treasury stock. Our basic policy is to pay dividends of surplus two times a year: an

¥22,444 million (US\$150,100 thousand), decreasing ¥2,253 million (US\$15,067 thousand) from the end of the previous fiscal year. Current liabilities at the end of the fiscal year under review were ¥17,576 million (US\$117,541 thousand), down ¥2,699 million (US\$18,053 thousand) from the end of the previous fiscal year. This was mainly due to a decrease in notes and accounts payable - trade of ¥1,511 million (US\$10,105 thousand) and a decrease in electronically recorded obligations - operating of ¥1,302 million (US\$8,710 thousand). Non-current liabilities at the end of the fiscal year under review were ¥4,868 million (US\$32,558 thousand), up ¥446 million (US\$2,986 thousand) from the end of the previous fiscal year. This was mainly due to an increase in long-term borrowings of ¥876 million (US\$5,858 thousand), a decrease in deferred tax liabilities of ¥229 million (US\$1,529 thousand), and a decrease in retirement benefit liability of ¥230 million (US\$1,541thousand).

(Net assets)

Net assets at the end of the fiscal year under review were ¥80,659 million (US\$539,415 thousand), an increase of ¥4,815 million (US\$32,204 thousand) from the end of the previous fiscal year. This was mainly due to profit attributable to owners of parent of ¥5,648 million (US\$37,770 thousand), a ¥845 million (US\$5,651 thousand) rise in other comprehensive income, and cash dividends paid of ¥1,501 million (US\$10,035 thousand).

paid of ¥2,587 million (US\$17,300 thousand).

(Cash flows from investing activities)

Net cash used in investing activities was ¥5,548 million (US\$37,106 thousand) (cash used of ¥1,836 million (US\$12,275 thousand) in the previous fiscal year). This largely reflected the purchase of property, plant and equipment of ¥5,782 million (US\$38,665 thousand) and proceeds from sales of investment securities of ¥461 million (US\$3,084 thousand).

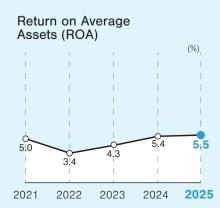
(Cash flows from financing activities)

Net cash used in financing activities was ¥1,791 million (US\$11,979 thousand) (cash used of ¥820 million (US\$5,483 thousand) in the previous fiscal year). This was mainly due to dividends paid of ¥1,501 million (US\$10,035 thousand).

interim dividend and a year-end dividend.

Regarding dividends for the year ended March 31, 2025, we paid an interim dividend of ¥30 (US\$0.20) per share and decided to pay an ordinary year-end dividend of ¥45 (US\$0.30) per share. As a result, dividends for the full year came to ¥75 (US\$0.50) per share. As a consequence, the dividend payout ratio (consolidated) for the fiscal year under review came to 27.4%.







Consolidated Balance Sheet

Denyo Co., Ltd. and Subsidiaries · Year Ended March 31, 2025

	Millions	of Yen	Thousands of U.S. Dollars (Note 1)	
ASSETS	2025	2024	2025	
CURRENT ASSETS:				
Cash and cash equivalents (Note 15)	¥24,498	¥24,029	\$163,831	
Time deposits other than cash equivalents (Note 15)	1	13	8	
Receivables (Note 15):	1,389	2,208	9,291	
Trade notes	7.135	7.024	47,718	
Electronically recorded monetary claims—operating	12,896	13,976	86,242	
Trade accounts	2,282	2,840	15,262	
Associated companies (Note 21)	392	12	2,624	
Other	(5)	(5)	(32)	
Allowance for doubtful receivables	17,649	17,788	118,029	
Inventories (Note 5)	411	355	2,742	
Prepaid expenses and other current assets			2,172	
Total current assets	66,648	68,240	445,715	
PROPERTY, PLANT AND EQUIPMENT:				
Land	6,463	6,499	43,221	
Buildings and structures	23,017	16,862	153,928	
Machinery and equipment (Note 14)	11,893	9,913	79,534	
Furniture and fixtures (Note 14)	2,398	2,109	16,040	
Construction in progress	317	2,531	2,123	
Total	44,088	37,914	294,846	
Accumulated depreciation	(20,545)	(18,742)	(137,396)	
Net property, plant and equipment	23,543	19,172	157,450	
INVESTMENTS AND OTHER ASSETS:				
Investment securities (Notes 4 and 15)	9,597	10,482	64,184	
Investments in associated companies (Note 6)	1,161	1,118	7,764	
Deferred tax assets (Note 11)	599	380	4,003	
Other assets (Note 14)	1,555	1,149	10,398	
Total investments and other assets	12,912	13,129	86,349	

¥103,103 \$689,514 ¥100,541

See notes to consolidated financial statements.

	Millions	of Yen	Thousands of U.S. Dollars (Note 1)	
LIABILITIES AND EQUITY	2025	2024	2025	
CURRENT LIABILITIES:				
Short-term bank loans (Notes 7 and 15)	¥500	¥2,193	\$3,344	
Current portion of long-term debt (Notes 7, 14 and 15)	1,311	104	8,769	
Payables (Note 15):				
Trade notes	169	786	1,133	
Electronically recorded obligations-operating	2,350	3,652	15,714	
Trade accounts	8,263	9,153	55,263	
Associated companies	7	11	46	
Other	486	309	3,249	
Accrued income taxes (Note 11)	1,374	1,344	9,192	
Accrued expenses	1,489	1,496	9,955	
Provision for product warranties	674	191	4,507	
Other current liabilities	953	1,036	6,369	
Total current liabilities	17,576	20,275	117,541	
LONG TERM HARBITIES.				
LONG-TERM LIABILITIES:	2,678	1.773	17.911	
Long-term debt (Notes 7, 14 and 15)	362	593	2,423	
Liability for retirement benefits (Note 9)				
Deferred tax liabilities (Note 11)	1,817 11	2,046 11	12,154 70	
Other long-term liabilities				
Total long-term liabilities	4,868	4,423	32,558	
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 14, 16 and 17)				
EQUITY (Note 10):				
Common stock—authorized, 97,811,000 shares;				
issued, 22,859,660 shares in 2025 and 22,859,660 shares in 2024	1,955	1,955	13,073	
Capital surplus	1,789	1,789	11,961	
Retained earnings	67,250	63,103	449,740	
Treasury stock-at cost, 2,401,752 shares in 2025 and				
2,211,496 shares in 2024 (Note 3)	(3,229)	(2,704)	(21,594)	
Accumulated other comprehensive income:				
Unrealized gain on available-for-sale securities	5,001	5,541	33,444	
Foreign currency translation adjustments	4,442	3,224	29,714	
Defined retirement benefit plans	75	(92)	502	
Total	77,283	72,816	516,840	
Noncontrolling interests	3,376	3,027	22,575	
Total equity	80,659	75,843	539,415	
	¥103,103	¥100,541	\$689,514	
TOTAL	- 100,100	1100,071	Ψ000,014	

Consolidated Statement of Income and Comprehensive Income

Denyo Co., Ltd. and Subsidiaries · Year Ended March 31, 2025

	A #:11!	Thousands of U.S. Dollars		
_	Millions of	or yen 2024	(Note 1) 2025	
		2021		
NET SALES (Notes 12, 20 and 21)	¥70,754	¥73,141	\$473,175	
COST OF SALES	52,964	56,911	354,200	
Gross profit	17,790	16,230	118,975	
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 13)	10,397	9,141	69,531	
Operating income	7,393	7,089	49.444	
	.,	.,	,	
OTHER INCOME (EXPENSES):	475	348	3,176	
Interest and dividend income	(98)	(99)	(655)	
Interest expense Gain on sale of property, plant and equipment	5	7	32	
Loss on sale or disposal of property, plant and equipment	(27)	(48)	(177)	
Foreign exchange gain (loss)	27	(142)	178	
Equity in earnings of associated companies	70	55	469	
	108	92	723	
Rent income	(7)	(7)	(47)	
Commitment fee	352	1	2,356	
Gain on sale of investment securities	35	42	230	
Other-net	940	249	6,285	
Other income-net			· · · · · · · · · · · · · · · · · · ·	
INCOME BEFORE INCOME TAXES	8,333	7,338	55,729	
NCOME TAXES (Note 11):				
Current	2,604	2,246	17,413	
Deferred	(244)	(87)	(1,628)	
Total income taxes	2,360	2,159	15,785	
NET INCOME	5,973	5,179	39,944	
NET INCOME ATTRIBUTABLE TO:				
Owners of the parent	5,648	5,095	37,770	
Noncontrolling interests	325	84	2,174	
NET INCOME—(Forward)	¥5,973	¥5,179	\$39,944	
OTHER COMPREHENSIVE INCOME (Note 18):				
Unrealized (loss) gain on available-for-sale securities	(541)	2,034	(3,618)	
Foreign currency translation adjustments	1,432	1,119	9,583	
Defined retirement benefit plans	167	(40)	1,116	
Share of other comprehensive income in associates	1	7	5	
Total other comprehensive income	1,059	3,120	7,086	
COMPREHENSIVE INCOME	¥7,032	¥8,299	\$47,030	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	¥6,492	¥7,998	\$43,421	
Noncontrolling interests	540	301	3,609	
	Yen		U.S. Dollars	
DED CHARE OF COMMON STOCK (Notes 2) and 10)				
PER SHARE OF COMMON STOCK (Notes 2.u and 19):	¥274.02	¥246,83	\$1.83	
Basic net income	75.00	64.00	0.50	
Cash dividends applicable to the year	7 3.00	04.00	0.30	

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Denyo Co., Ltd. and Subsidiaries ·	Year Ended Mar	ch 31, 2025									
	Thousands					Millio	ons of Yen				
						Accumu	lated Other Co	omprehensive	e Income		
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available- for-Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2023	20,633	1,955	1,789	59,101	(2,720)	3,500	2,321	(52)	65,894	2,765	68,659
Net income attributable to owners of the parent.	,			5,095					5,095		5,095
Cash dividends, ¥51 per share				(1,093)					(1,093)		(1,093)
Purchase of treasury stock	(1)				(2)				(2)		(2)
Selling of treasury stock	16				18				18		18
Net change in the year.						2,041	903	(40)	2,904	262	3,166
BALANCE, MARCH 31, 2024	20,648	¥1,955	¥1,789	¥63,103	¥(2,704)	¥5,541	¥3,224	¥(92)	¥72,816	¥3,027	¥75,843
Net income attributable to owners of the parent				5,648					5,648		5,648
Cash dividends, ¥70 per share				(1,501)					(1,501)		(1,501)
Purchase of treasury stock	(200)				(539)				(539)		(539)
Selling of treasury	10				14				14		14
stock Net change in the year						(540)	1,218	167	845	349	1,194
BALANCE, MARCH 31, 2025	20,458	¥1,955	¥1,789	¥67,250	¥(3,229)	¥5,001	¥4,442	¥75	¥77,283	¥3,376	¥80,659
					Thousar	nds of U.S. Do	ollars (Note 1)				
						Accumu	lated Other Co	omprehensive	e Income		
		Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available- for-Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, MARCH 31, 2024		\$13,073	\$11,961	\$422,005	\$(18,084)	\$37,057	\$21,566	\$(614)	\$486,964	\$20,246	\$507,210
Net income attributable to owners of the parent.	,			37,770					37,770		37,770
Cash dividends, \$0.47 per share				(10,035)					(10,035)		(10,035)
Purchase of treasury stock					(3,606)				(3,606)		(3,606)
Selling of treasury stock Net change in the year					96	(3,613)	8,148	1,116	96 5,651	2,329	96 7,980
BALANCE, MARCH 31, 2025		\$13,073	\$11,961	\$449,740	\$(21,594)	\$33,444	\$29,714	\$502	\$516,840	\$22,575	\$539,415
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Consolidated Statement of Cash Flows

Denyo Co., Ltd. and Subsidiaries · Year Ended March 31, 2025

	Millione	Millions of Yen		
_	2025	2024	(Note 1) 2025	
OPERATING ACTIVITIES:				
	¥8,333	¥7,338	\$55,729	
Income before income taxes	10,000	17,000	Ψ33,723	
	(2,587)	(1,599)	(17,300)	
Income taxes paid Depreciation and amortization	1,398	1,228	9,348	
Loss on sale or disposal of property, plant and equipment—net	22	41	145	
Gain on sale of investment securities	(352)	(1)	(2,356)	
Equity in earnings of associated companies	(70)	(55)	(469)	
Changes in assets and liabilities, net of effects:		, ,	,	
Decrease (increase) in trade notes and accounts receivable	2,894	(3,611)	19,352	
Decrease (increase) in inventories	869	(793)	5,814	
Decrease in interest and dividends receivable	12	7	83	
(Decrease) increase in trade notes and accounts payable	(3,125)	501	(20,897)	
Decrease in provision for allowance for doubtful accounts	(3)	(0)	(17)	
(Decrease) increase in liability for retirement benefits	(3)	9	(19)	
Other-net	(72)	1,112	(487)	
Total adjustments	(1,017)	(3,161)	(6,803)	
Net cash provided by operating activities	7,316	4,177	48,926	
INVESTING ACTIVITIES:				
Purchases of property, plant and equipment	(5,782)	(1,656)	(38,665)	
Purchases of investment securities	(4)	(3)	(24)	
Proceeds from sales of investment securities	461	51	3,084	
Investment in loans receivable	(4)	(1)	(25)	
Collections of loans receivable	2	1	11	
Decrease (increase) in time deposit—net	12	(13)	81	
Other—net	(233)	(215)	(1,568)	
Net cash used in investing activities	(5,548)	(1,836)	(37,106)	
FINANCING ACTIVITIES:				
	(1,721)	381	(11,510)	
(Decrease) increase in short-term loans—net	2,243	001	15,000	
Proceeds from long-term debt	(155)	(67)	(1,034)	
Repayments of long-term debt	(539)	(1)	(3,606)	
Purchases of treasury stock Dividends paid	(1,501)	(1,093)	(10,035)	
Other-net	(118)	(40)	(794)	
	(1,791)	(820)	(11,979)	
Net cash used in financing activities	(1,791)	(020)	(11,979)	
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	492	177	3,292	
NET INCREASE IN CASH AND CASH EQUIVALENTS— (Forward)	¥469	¥1,698	\$3,133	
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	24,029	22,331	160,698	
CASH AND CASH EQUIVALENTS, END OF YEAR	¥24,498	¥24,029	\$163,831	
=				

Notes to Consolidated Financial Statements

Denyo Co., Ltd. and Subsidiaries · Year Ended March 31, 2025

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Denyo Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥149.53 to \$1, the approximate rate of exchange at March 31, 2025. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements as of March 31, 2025, include the accounts of the Company and its 11 subsidiaries, including mainly "Denyo Kosan Co., Ltd.," "Nishihatsu Co., Ltd.," "Denyo America Corporation," "Denyo Manufacturing Corporation," "Denyo Asia Pte. Ltd.," "Denyo United Machinery Pte. Ltd.," "Denyo Europe B.V.," "Denyo Vietnam Co., Ltd." and "P.T. Dein Prima Generator" (together, the "Group").

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

The investment in "New Japan Machinery Corporation," an associated company, is accounted for by the equity method.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

"Denyo America Corporation," "Denyo Manufacturing Corporation," "Denyo Asia Pte. Ltd.," "Denyo United Machinery Pte. Ltd.," "Denyo Europe B.V.," "Denyo Vietnam Co., Ltd." and "P.T. Dein Prima Generator" and two other subsidiaries were consolidated using the financial statements as of December 31 because the difference between the fiscal year-end date of the subsidiaries and that of the Company does not exceed three months. Significant transactions between December 31 and March 31 are reflected in the accompanying consolidated financial statements.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements—
Under Accounting Standards Board of Japan ("ASBJ")
Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial

statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification) tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument. where a foreign associate elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

- c. Cash and Cash Equivalents—Cash and cash equivalents include cash on hand, bank deposits able to be withdrawn on demand and short-term investments with an original maturity of three months or less and are exposed to insignificant risk of fluctuations in value.
- d. Marketable and Investment Securities—Marketable and investment securities are classified and accounted for depending on management's intent. Available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

e. Allowance for Doubtful Accounts—The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Company's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

- f. Inventories—Inventories are stated at the lower of cost, determined by the first-in, first-out method for finished products and work in process, and by the average method for raw materials, or net selling value.
- g. Property, Plant and Equipment—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed by the declining-balance method based on the estimated useful lives of the assets, while the straight-line method is applied to buildings of the Company and its consolidated domestic subsidiaries acquired on or after April 1, 1998, building improvements and structures of the Company and its consolidated domestic subsidiaries acquired on or after April 1, 2016, and all property, plant and equipment of consolidated foreign subsidiaries. The range of useful lives is principally from 7 to 50 years for buildings and structures, and from 2 to 12 years for machinery and equipment.
- h. Long-Lived Assets—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.
- i. Provision for Product Warranties—The provision for product warranties is recorded to provide for future potential costs, such as costs related to after-sales services within the warranty period based on past experience, etc.
- j. Accrued Bonuses—Accrued bonuses to employees are provided for at the estimated amounts that the Company and its domestic subsidiaries are obligated to pay to employees after the fiscal year-end, based on services provided during the current period.
- k. Retirement and Pension Plans—The Company, its domestic subsidiaries and a certain foreign subsidiary maintain defined benefit pension plans. Some foreign subsidiaries maintain defined contribution pension plans.

The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis.

The unrecognized actuarial gains and losses are amortized on a straight-line basis over a period of 5 years, no longer than the expected average remaining service period of the employees, from the year incurred. Actuarial gains and losses that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects.

I. Employee Stockownership Plan—In accordance with PITF No. 30, "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts," upon transfer of treasury stock to the employee stockownership trust (the "Trust") by the entity, any difference between the book value and fair value of the treasury stock is recorded in capital surplus. At year-end, the Company records (1) the Company stock held by the Trust as treasury stock in equity, (2) all other assets and liabilities of the Trust on a line-by-line basis, and (3) a liability/asset for the net of (i) any gain or loss on delivery of the stock by the Trust to the employees, (ii) dividends received from the entity for the stock held by the Trust, and (iii) any expenses relating to the Trust.

m. Revenue Recognition—The Group manufactures and sells industrial electrical machineries, such as engine-driven generators, engine-driven welders and engine-driven compressors, sells parts related to these products, and provides installation services. The Group identifies its performance obligations as the provision of products or services that meet the specifications and quality promised to customers. The sales contracts with customers include the Group's obligation to guarantee that the products continually conform to the agreed specifications within the certain warranty period after the sales, but do not include the guarantee as additional services to customers. So the provision for product warranties is recorded to provide for future costs related to these warranties.

Revenue from the sales of products and parts is recognized at the time the products and parts are delivered to customers because the Group determines that customers obtain control of the products and parts, and the performance obligations are satisfied at the time of delivery of the products and parts based on the contract terms. However, for sales in Japan, a period between shipping and the transfer of control is typical in most cases, revenue is mainly recognized at the time of shipping.

Revenue from the services such as installation works is mainly recognized at the time of inspection by customers because the Group determines that the performance obligations are satisfied at the time of completion of services.

To determine a transaction price, variable consideration such as discount, rebate and incentive payment is deducted from consideration promised in the contract with customers. The Group usually receives consideration within one year after the performance obligations are satisfied according to payment terms separately set forth, which does not include a significant financing component.

For subcontract processing transactions with supply of materials for value that are repurchase agreements, the outstanding supplies at recipient of supplies is recognized as inventories. At the same time, the amount equivalent to the outstanding supplies at recipient of supplies is recognized as "Liabilities for subcontract processing transactions with supply of materials for value."

- n. Research and Development Costs—Research and development costs are charged to income as incurred.
- o. Leases—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized"

information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases that existed at the transition date and that do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008.

All other leases are accounted for as operating leases.

- p. Bonuses to Directors and Audit & Supervisory Board Members—Bonuses to directors and Audit & Supervisory Board members are accrued at the end of the year to which such bonuses are attributable.
- q. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income and comprehensive income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.
- r. Foreign Currency Transactions—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the accompanying consolidated statement of income and comprehensive income.
- s. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate.
- t. Derivatives and Hedging Activities—The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange, interest rates and raw material costs. Foreign exchange forward contracts, currency swaps, interest rate swaps and commodity swaps are utilized by the Group to reduce the risk of fluctuation of foreign currency exchange, interest rate and raw material costs. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments are classified and accounted for as follows: (a) all derivatives, except for those that qualify for hedge accounting, are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the income statement and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense.

The commodity swaps which qualify for hedge accounting are measured at market value at the balance sheet date and the unrealized gains or losses are deferred until maturity as deferred gain (loss) on derivatives under hedge accounting as a separate component of equity.

u. Per Share Information—Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Cash dividends per share presented in the accompanying consolidated statement of income and comprehensive income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

v. New Accounting Pronouncements

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024)

(1) Overview

In January 2016, IFRS 16 "Leases" was published by the International Accounting Standards Board (IASB), and in February of the same year, Topic 842 "Leases" was published by the Financial Accounting Standards Board (FASB). In light of this situation, the Accounting Standards Board of Japan developed accounting standards that require the recording of assets and liabilities for all leases for lessees, and published them together with application guidelines.

(2) Scheduled date of adoption

The standards will be adopted from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of adopting the accounting standards

The Company is in the process of measuring the effect of applying the standards in future applicable periods.

3. STOCK GRANTING TRUST ("J-ESOP" and "BBT")

The Company has introduced a Stock Granting Trust ("J-ESOP") for the purpose of enhancing the benefits package to employees and providing incentives for raising corporate value.

The Company grants employees points according to their continued services and results, and when the employees retire, the Company delivers to them its own stock (or pays an equivalent amount in cash) corresponding to the number of their accumulated points through the Trust.

The Company has introduced a stock compensation plan for directors called the "Board Benefit Trust (BBT)." The Company grants its directors points according to the Company's business results, etc., and the Company delivers to the directors who have beneficiary rights its own stock corresponding to the number of their accumulated points determined on a given date every year through the Trust.

These Trusts held treasury stock as follows which was included in the balance sheet of the Company:

	Millions	Thousands of U.S. Dollars	
	2025	2024	2025
Treasury stock	¥454	¥486	\$3,035
(Number of shares (thousands of shares))	(730)	(740)	

4. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2025 and 2024, consisted of the following:

	Millions	Thousands of U.S. Dollars	
	2025	2024	2025
Non-current:			
Marketable equity securities	¥8,759	¥9,609	\$58,580
Nonmarketable equity securities	838	873	5,604
Total	¥9,597	¥10,482	\$64,184

The cost and aggregate fair values of marketable and investment securities at March 31, 2025 and 2024, were as follows:

	Millions of Yen					
March 31, 2025	Cost	Unrealized Gains	Unrealized Losses	Fair Value		
Securities classified as available-for-sale— Equity securities	¥1,683	¥7,076		¥8,759		
March 31, 2024						
Securities classified as available-for-sale—						
Equity securities	¥1,753	¥7,856		¥9,609		
		Thousands of	of U.S. Dollars			
March 31, 2025	Cost	Unrealized Gains	Unrealized Losses	Fair Value		
Securities classified as available-for-sale—						
Equity securities	\$11,254	\$47,326		\$58,580		

The proceeds, realized gains and realized losses of the available-for-sale securities which were sold during the years ended March 31, 2025 and 2024, were as follows:

		Millions of Yen		Thousands of U.S. Dollars		
March 31, 2025	Proceeds	Realized Gains	Realized Loss	Proceeds	Realized Gains	Realized Loss
Available-for-sale-Equity securities	¥461	¥352		\$3,084	\$2,356	
March 31, 2024						
Available-for-sale—Equity securities	¥51	¥1				

5. INVENTORIES

Inventories at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2025	2024	2025	
Finished products and merchandise	¥7,556	¥5,760	\$50,532	
Work in process	2,382	2,714	15,927	
Raw materials and supplies	7,711	9,314	51,570	
Total	¥17,649	¥17,788	\$118,029	

6. INVESTMENTS IN ASSOCIATED COMPANIES

Investments in associated companies at March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Investments-New Japan Machinery Corporation	¥1,161	¥1,118	\$7,764
Total	¥1,161	¥1,118	<u>\$7,764</u>

7. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2025 and 2024, consisted of bank overdrafts. The weighted-average interest rates applicable to the short-term bank loans were 0.9% and 1.4% at March 31, 2025 and 2024, respectively.

Long-term debt at March 31, 2025 and 2024, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Unsecured loans from banks, with interest			
rate at 2.2% and 5.0% (2025 and 2024)	¥3,571	¥1,496	\$23,885
Lease obligations	418	381	2,795
Total	3,989	1,877	26,680
Less current portion	(1,311)	(104)	(8,769)
Long-term debt, less current portion	¥2,678	¥1,773	\$17,911

Annual maturities of long-term debt at March 31, 2025, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2026	¥ 1,311	\$8,769
2027	264	1,762
2028	262	1,754
2029	0.50	1,694
2030	0.40	1,662
2031 and thereafter	4.054	11,038
Total	¥3,989	\$26,679

8. COMMITMENT LINE CONTRACTS

In order to raise funds efficiently, the Company has entered into a commitment line contract with four financial institutions, of which Mizuho Bank, Ltd. is the arranger. The contract provided the Company with a commitment line of ¥3,000 million (\$20,063 thousand) as of March 31, 2025. The Company had no borrowings outstanding under the agreement as of March 31, 2025.

9. RETIREMENT AND PENSION PLANS

The Company has a defined benefit pension plan and domestic subsidiaries also participate in the same plan. A certain foreign subsidiary has its own defined benefit pension plan and other foreign subsidiaries have defined contribution plans. In addition, the Company and domestic subsidiaries

have a stock granting retirement plan.

The projected benefit obligation of a certain domestic subsidiary is calculated using a simplified method, which is permitted for small companies in accordance with the accounting standard for retirement benefits.

(1) The changes in defined benefit obligation for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥2,892	¥2,758	\$19,341
Current service cost	205	202	1,371
Interest cost	30	28	198
Actuarial losses (gains)	(266)	99	(1,780)
Benefits paid	(124)	(209)	(829)
Others	15	14	101
Balance at end of year	¥2,752	¥2,892	\$18,402

(2) The changes in plan assets for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Balance at beginning of year	¥2,494	¥2,427	\$16,681
Expected return on plan assets	28	30	186
Actuarial losses	(51)	(13)	(340)
Contributions from the employer	249	234	1,667
Benefits paid	(116)	(185)	(780)
Others	1	1	4
Balance at end of year	¥2,605	¥2,494	\$17,418

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balancesof defined benefit obligation and plan assets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Funded defined benefit obligation	¥2,690	¥2,829	\$17,990
Plan assets	2,605	2,494	17,418
Total	85	335	572
Unfunded defined benefit obligation	62	63	412
Liability for stock granting retirement	215	195	1,439
Net liability arising from defined benefit obligation	¥362	¥593	\$2,423

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Liability for retirement benefits	¥362	¥593	\$2,423
Net liability arising from defined benefit obligation	¥362	¥593	\$2,423

(4) The components of net periodic benefit costs for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Service cost	¥205	¥203	\$1,371
Interest cost	30	28	198
Expected return on plan assets	(28)	(30)	(186)
Recognized actuarial losses	27	54	178
Stock granting cost	51	55	345
Net periodic benefit costs	¥285	¥310	\$1,906

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen			
	2025	2024	2025	
Actuarial losses (gains)	¥242	¥(58)	\$1,618	

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2025 and 2024, were as follows:

	Millions	Thousands of U.S. Dollars	
	2025	2024	2025
Unrecognized actuarial losses (gains)	¥110	¥(132)	\$733

(7) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2025 and 2024, consisted of the following:

	2025	2024
General account managed by a life insurance company	99.6%	98.4%
Other	0.4	1.6
Total	100.0%	100.0%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2025 and 2024, are set forth as follows:

	2025	2024
Discount rate	Mainly 1.70%	Mainly 0.60%
Expected rate of return on plan assets	Mainly 1.25%	Mainly 1.25%
Expected rate of future salary increase	Mainly 1.90%	Mainly 1.90%
•		

10. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having

an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. With respect to the third condition above, the Board of Directors of companies with (a) board committees (namely, appointment committee, compensation committee and audit committee) or (b) an audit and supervisory

committee (as implemented under the Companies Act effective May 1, 2015) may also declare dividends at any time because such companies, by nature, meet the criteria under the Companies Act. The Company is organized as a company with an audit and supervisory committee, effective June 29, 2021. The Company meets all the above criteria and, accordingly, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a

component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of the legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

11. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.6% for the years ended March 31, 2025 and 2024.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2025 and 2024, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2025	2024	2025
Deferred tax assets:			
Accrued bonuses	¥241	¥213	\$1,613
Provision for product warranties	231	63	1,541
Research and development costs	178	127	1,193
Accrued enterprises taxes	83	87	558
Unrealized gain on sale of inventory	135	131	905
Unrealized gain on sale of property	24	19	158
Liability for retirement benefits	98	166	654
Loss on revaluation of investment securities	76	74	509
Tax loss carryforwards	19	21	128
Other	250	213	1,670
Less valuation allowance	(82)	(83)	(550)
Total	1,253	1,031	8,379
Deferred tax liabilities:			
Reserve for deferred gains on sales of property	356	346	2,385
Unrealized gain on available-for-sale securities	2,096	2,334	14,019
Other	19	17	126
Total	2,471	2,697	16,530
Net deferred tax liabilities	¥(1,218)	¥(1,666)	\$(8,151)

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income and comprehensive income for the year ended March 31, 2025, is as follows:

	2025
Normal effective statutory tax rate	30.6%
Expenses not deductible for income tax purposes	0.6
Income not recognizable for income tax purposes	(0.2)
Per capita portion of inhabitants' taxes	0.4
Tax credits	(1.0)
Lower income tax rates applicable to income in certain foreign countries	
Valuation allowance	. (0.1)
Other-net	(0.0)
Actual effective tax rate	28.3%

As the difference between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income and comprehensive income for the year ended March 31, 2024, is less than 5% of the normal effective statutory tax rate, a reconciliation is omitted.

New tax reform laws enacted in 2025 in Japan changed the normal effective statutory tax rate for the fiscal year beginning on or after April 1, 2026, to approximately from 30.6% to 31.5%. The effect of this change was immaterial.

At March 31, 2025, some subsidiaries have tax loss carryforwards aggregating approximately ¥86 million (\$574 thousand) which are available to be offset against taxable income of such subsidiaries in future years.

12. REVENUE

(1) Disaggregation of Revenues

Revenues from contracts with customers on a disaggregated basis for the years ended March 31, 2025 and 2024, were as follows:

(a) Sales results by product

	Millions of Yen					Thousands of U.S. Do				lars		
2025	Generators	Welders	Compressors	Others	Total	Generators	Welders	Compressors	Others	Total		
Products and services	¥58,539	¥4,645	¥903	¥6,667	¥70,754	\$391,488	\$31,064	\$6,040	\$44,583	\$473,175		
Revenues from contracts with customers Other revenue	58,539	4,645	903	6,667	70,754	391,488	31,064	6,040	44,583	473,175		
Total	¥58,539	¥4,645	¥903	¥6,667	¥70,754	\$391,488	\$31,064	\$6,040	\$44,583	\$473,175		
2024	Generators	Welders	Compressors	Others	Total	_						
Products and services	¥61,488	¥4,438	¥694	¥6,521	¥73,141							
Revenues from contracts with customers	61,488	4,438	694	6,521	73,141							
Other revenue	¥61,488	¥4,438	¥694	¥6,521	¥73,141							

(b) Sales results by region

		Mil	lions of Ye	en		Thousands of U.S. Dollars					
2025	Japan	North and Central America	Asia	Other Areas	Total	Japan	North and Central America	Asia	Other Areas	Total	
Products and services	¥42,158	¥19,337	¥6,569	¥2,690	¥70,754	\$281,939	\$129,315	\$43,929	\$17,992	\$473,175	
Revenues from contracts with customers	42,158	19,337	6,569	2,690	70,754	281,939	129,315	43,929	17,992	473,175	
Other revenue											
Total	¥42,158	¥19,337	¥6,569	¥2,690	¥70,754	\$281,939	\$129,315	\$43,929	\$17,992	\$473,175	
2024	Japan	North and Central America	Asia	Other Areas	Total	_					
Products and services	¥38,390	¥25,231	¥6,643	¥2,877	¥73,141	_					
Revenues from contracts with customers Other revenue	38,390	25,231	6,643	2,877	73,141						
Total	¥38,390	¥25,231	¥6,643	¥2,877	¥73,141						

(2) Basic Information to Understand Revenues from Contracts with Customers

Basic information to understand revenues from contracts with customers is as stated in Note 2.m.

(3) Contract Balances

Contract liabilities consist mainly of advances received from customers before the performance obligations are satisfied and are reversed according to the recognition of revenue.

Contract liabilities at the beginning and end of the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
	2025	2024	2025
Contract liabilities:			
Balance at beginning of year	¥304	¥274	\$2,034
Balance at end of year	380	304	2,540

Of revenue recognized during the current fiscal year, the amounts included in the balance at beginning of year were ¥182 million (\$1,214 thousand) and ¥155 million for the years ended March 31,2025 and 2024.

(4) Transaction Prices Allocated to Remaining Performance Obligations

For contracts with an initially anticipated contract period within one year, description of transaction price allocated to remaining performance obligations of the Group has been omitted applying a practical expedient.

There were no significant contracts having an original expected duration of over one year for the year ended March 31, 2024. Moreover, there were not any material consideration from contracts with customers which was not included in the transaction price.

The amount of fully or partially unsatisfied performance obligations were ¥1,571 million (\$10,508 thousand) for the year ended March 31, 2025. Such performance obligations relate to the sales of products and parts or the provision of services and are expected to be recognized as revenue primarily within one to two years. Moreover, there were not any material consideration from contracts with customers which was not included in the transaction price.

13. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥735 million (\$4,917 thousand) and ¥582 million for the years ended March 31, 2025 and 2024, respectively.

14. LEASES

The Group leases certain vehicles and other assets under finance leases. Also, some foreign subsidiaries leases lands or other assets under operating leases which are included in non-current other assets in the consolidated balance

sheet as right of use assets applying International Financial Reporting Standards (IFRS) 16 or Accounting Standards Codification (ASC) 842.

Lease obligations were as follows:

	Millions	Thousands of U.S. Dollars	
	2025	2024	2025
Due within one year	¥39	¥32	\$261
Due after one year	379	349	2,534
Total	¥418	¥381	\$2,795

15. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group invests cash surpluses in low-risk financial assets such as commercial paper. Bank loans are used to fund its ongoing operations. Derivatives are not used for speculative purposes, but to manage exposure to financial risks as described in Note 16.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates.

Investment securities, mainly equity instruments of customers and suppliers of the Company, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are almost less than six months. Payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates.

Maturities of bank loans are less than 15 years after the balance sheet date. A part of such bank loans is exposed to market risks from changes in variable interest rates.

Derivatives mainly include interest rate swaps, commodity swaps, forward foreign currency contracts, which are used as necessary to manage exposure to market risks from changes in interest rates of bank loans, from changes in raw material (copper) prices, and from changes in foreign currency exchange rates of receivables and advances. Please see Note 16 for more detail about derivatives.

(3) Risk Management for Financial Instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Company manages its credit risk from receivables based on internal guidelines, which include monitoring of payment term and balances of major customers by the Sales Planning department to identify the default risk of customers at an early stage. Each consolidated subsidiary also manages its credit risk from receivables by an equivalent method.

Market risk management (foreign exchange risk and interest

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. The Group reduces such foreign exchange risk by balancing foreign currency trade receivables and payables. Forward foreign currency contracts are used for some foreign currency trade receivables and advances.

The Company keeps its borrowings within acceptable limits and uses derivatives of interest rate swaps as necessary to manage exposure to market risks from changes in interest rates of loan payables. And the Company uses commodity swaps to manage exposure to market risks from changes in raw material (copper) prices.

The Company continuously reviews portfolios of securities by periodically monitoring fair values of each security and the financial condition of the issuer as well as market conditions and the relationship with the issuer.

In conducting derivative transactions, the division in charge of each derivative transaction follows the internal policies which prescribe the authority and the limit for each transaction. The transaction data is reported to the management meeting on a monthly basis.

Liquidity risk management

Liquidity risk comprises the risk that the Company cannot meet its contractual obligations in full on maturity dates. The Company manages its liquidity risk by holding an adequate volume of liquid assets along with adequate financial planning by the corporate treasury department.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are as follows: Investments in equity instruments that do not have a quoted market price in an active market are not included in the following table. The fair values of cash and cash equivalents, receivables (trade notes, electronically recorded monetary claims-operating and trade accounts), payables (trade notes, electronically recorded obligationsoperating and trade accounts) and short-term bank loans are not disclosed because their maturities are short and the carrying values approximate fair value. Also, please see Note 16 for details of the fair values of derivatives.

(a) Fair value of financial instruments

	Millions of Yen							
March 31, 2025	Carrying Amount	Fair Value	Unrealized Gain/Loss					
Investment securities	¥8,759	¥8,759						
Total	₩0.750	¥8,759						
Long-term debt (including Current portion of long-term debt)	¥3,571	¥3,566	¥5					
Total	¥3,571	¥3,566	<u>¥5</u>					
March 31, 2024								
Investment securities	¥9,609	¥9,609						
Total	H0 000	¥9,609						
Long-term debt (including Current portion of long-term debt)	¥1,496	¥1,496						
Total	¥1,496	¥1,496						
	The	ousands of U.S. Dolla	ars					
March 31, 2025	Carrying Amount	Fair Value	Unrealized Gain/Loss					
Investment securities	\$58,580	\$58,580						
Total	\$58 580	\$58,580						
Long-term debt (including Current portion of long-term debt)	\$23,885	\$23,850	\$34					
Total	\$00.00 E	\$23,850	\$34					

(b) Carrying amount of investments in equity instruments that do not have a quoted market price in an active market

	Millions	of Yen	Thousands of U.S. Dollars
	2025	2024	2025
Unlisted equity instruments	¥838	¥873	\$5,604

(c) Maturity analysis for financial assets and securities with contractual maturities

	Million	s of Yen	Thousands of U.S. Dollars		
March 31, 2025	Due in One Year or Less	Due after One Year through Five Years	Due in One Year or Less	Due after One Year through Five Years	
Cash and cash equivalents	¥24,498		\$163,831		
Time deposits other than cash equivalents	1		8		
Receivables	23,702		158,513		
Total	¥48,201		\$322,352		
March 31, 2024					
Cash and cash equivalents	¥24,029				
Time deposits other than cash equivalents	13				
Receivables	26,048				
Total	¥50,090				

Please see Note 7 for annual maturities of long-term debt and Note 14 for lease obligations.

(5) Financial Instruments Categorized by Fair Value Hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

- Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair values measured by using inputs other than quoted prices included within Level 1

- that are observable for the assets or liabilities, either directly or indirectly.
- Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is classified at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(a) The financial assets and liabilities measured at the fair values in the consolidated balance sheet

		Millions	of Yen		Thousands of U.S. Dollars				
March 31, 2025	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Marketable and investment securities— Investment securities	¥8,759			¥8,759	\$58,580			\$58,580	
Total assets	¥8,759			¥8,759	\$58,580			\$58,580	
		Millions	s of Yen		_				
March 31, 2024	Level 1	Millions Level 2	s of Yen Level 3	Total	- 				
March 31, 2024 Marketable and investment securities— Investment securities	Level 1 ¥9,609			Total ¥9,609	_				

(b) The financial assets and liabilities not measured at the fair values in the consolidated balance sheet

¥1,496

¥1,496

portion of long-term debt) _

Total liabilities

		Millions	s of Yen		Thousands of U.S. Dollars			
March 31, 2025	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Marketable and investment securities-								
Commercial paper		¥999		¥999		\$6,679		\$6,679
Total assets		<u>¥999</u>		¥999		\$6,679		\$6,679
Long-term debt (including Current portion of long-term debt)		¥3,566		¥3,566		\$23,850		\$23,850
Total liabilities		¥3,566		¥3,566		\$23,850		\$23,850
		Millions	s of Yen		-			
March 31, 2024	Level 1	Level 2	Level 3	Total	-			
Marketable and investment securities-								
Commercial paper		¥1,000		¥1,000				
Total assets		¥1,000		¥1,000				
Long-term debt (including Current		¥1 400		¥1 400				

¥1,496

¥1,496

The following is a description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities:

Marketable and Investment Securities

The fair values of commercial paper approximate carrying amounts because of its short maturities. Therefore, the carrying amounts are regarded as the fair values. The fair values of investment securities are measured at the quoted market prices. Since listed investment securities are traded in active markets, the fair values are categorized as Level 1. The fair values of other securities

are classified as Level 2.

Long-Term Debt (including Current portion of long-term debt)

The fair values of long-term debt are measured by using discounted present value techniques considering assumptions including expected future cash flows and discount, and are classified as Level 2. However, the fair values of long-term debt on floating rate approximate carrying amounts because it reflects market interest rates in short times. Therefore, the carrying amounts are regarded as the fair values.

16. DERIVATIVES

The Group enters into derivatives, in the normal course of business, to reduce the exposure to fluctuations in foreign exchange rates, raw material prices and interest rates. The primary derivative instruments used by the Company are foreign currency forward contracts, commodity swaps and interest rate swaps.

It is the Group's policy to use derivatives only for the purpose of reducing market risks associated with assets and liabilities.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Derivative Transactions to Which Hedge Accounting Is Not Applied

There are no applicable transactions.

Derivative Transactions to Which Hedge Accounting Is Applied

There are no applicable transactions.

17. CONTINGENT LIABILITIES

At March 31, 2025, the Group had the following contingent liabilities:

	Millions of Yen	Thousands of U.S. Dollars
Export trade bill discounted	¥108	\$723

18. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income, including reclassification adjustments and tax effects for the years ended March 31, 2025 and 2024, were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2025	2023	2025	
Unrealized gain on available-for-sale securities:				
(Loss) gains arising during the year	¥(427)	¥2,932	\$(2,854)	
Reclassification adjustments to profit or loss	(352)	(1)	(2,356)	
Amount before income tax effect	(779)	2,931	(5,210)	
Income tax effect	238	(897)	1,592	
Total	¥(541)	¥2,034	\$(3,618)	
Foreign currency translation adjustments—				
Adjustments arising during the year	¥1,432	¥1,119	\$9,583	
Total	¥1,432	¥1,119	\$9,583	
Defined retirement benefit plans:				
Adjustments arising during the year	¥203	¥(81)	\$1,354	
Reclassification adjustments to profit or loss	39	23	264	
Amount before income tax effect	242	(58)	1,618	
Income tax effect	(75)	18	(502)	
Total	¥167	¥(40)	\$1,116	
Share of other comprehensive income in				
associates— Gains arising during the year	¥1	¥7	\$5	
Total	¥1	¥7	\$5	
Total other comprehensive income	¥1,059	¥3,120	\$7,086	

19. NET INCOME PER SHARE

Basis for the computation of net income per share ("EPS") for the years ended March 31, 2025 and 2024, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2025	Net Income Attributable to Owners of the Parent	Weighted- Average Shares	EPS	
Basic EPS-Net income available to common shareholders	¥5,648	20,611	¥274.02	\$1.83
Year Ended March 31, 2024				
Basic EPS-Net income available to common shareholders.	¥5,095	20,642	¥246.83	\$1.63

As noted in Note 2.I, the Company applied PITF No. 30, "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts." In calculating the number of weighted-average shares above, the number of shares that are held by the Trust (734 thousand shares in 2025 and 746 thousand shares in 2024) is reflected.

20. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments.

Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Overview of Reportable Segments

The Group's reportable segments are components of

the Group for which separate financial information is available and which are subject to periodic review by the Company's Board of Directors to determine the allocation of management resources and evaluate their performance. The Group mainly manufactures and sells industrial electrical machineries. In Japan, the Company and Nishihatsu Co., Ltd. are in charge of manufacturing and sales of the products, and Denyo Kosan Co., Ltd. is in charge of sales of spare parts, etc. In overseas, local subsidiaries are in charge of management in their respective country locations. Each local subsidiary is an independent management unit that formulates comprehensive regional strategies for the products it handles and conducts business activities. Therefore, the Group's consists of geographic segments based on sales structure that are "Japan", "America", "Asia" and "Europe".

The composition of each reportable segment is as follows:

Reportable Segment	Main Company Name (Country Name)		
Japan	The Company, Nishihatsu Co., Ltd., Denyo Kosan Co., Ltd.		
America	Denyo Manufacturing Corporation (United States of America)		
	Denyo United Machinery Pte. Ltd. (Singapore),		
Asia	Denyo Vietnam Co., Ltd. (Vietnam)		
Europe	Denvo Europe B.V. (Netherlands)		

(2) Information on Calculation Methods for Net Sales, Profit or Loss, Assets and Other Components by Reportable Segment

The accounting method applied for each reportable segment is the same as that described in Note 2, "Summary

of Significant Accounting Policies". Inventories are stated at cost after devaluation of the book value based on a decline in profitability. The figures for profit of reportable segments are based on operating profit. Intersegment net sales or transfers are based on prevailing market prices.

(3) Information on Net Sales, Profit or Loss, Assets, Liabilities and Other Items by Reportable Segments

	Millions of Yen						
	2025						
		Repor	table Segm	ent			
	Japan	America	Asia	Europe	Total	Adjustments	Consolidated
Sales:							
Sales to external customers	¥49,664	¥16,250	¥4,475	¥365	¥70,754		¥70,754
Intersegment sales or transfers	5,103	313	5,013	16	10,445	¥(10,445)	_
Total	¥54,767	¥16,563	¥9,488	¥381	¥81,199	¥(10,445)	¥70,754
Segment profit	¥4,566	¥1,669	¥644	¥(3)	¥6,876	¥517	¥7,393
Segment assets	81,538	12,426	13,335	635	107,934	(4,831)	103,103
Other:							
Depreciation and amortization	917	197	284	0	1,398		1,398
Increase in property, plant and	1,161				1,161		1,161
equipment and intangible assets	6,094	58	80		6,232	(13)	6,219

				Millions o	f Yen		
				2024			
		Repo	rtable Segm	nent			
	Japan	America	Asia	Europe	Total	Adjustments	Consolidated
Sales:							
Sales to external customers	¥48,630	¥19,718	¥3,919	¥874	¥73,141		¥73,141
Intersegment sales or transfers	5,575	678	6,167	6	12,426	¥(12,426)	
Total	¥54,205	¥20,396	¥10,086	¥880	¥85,567	¥(12,426)	¥73,141
Segment profit	¥4,237	¥1,227	¥784	¥76	¥6,324	¥765	¥7,089
Segment assets	81,524	11,258	13,440	746	106,968	(6,427)	100,541
Other:							
Depreciation and amortization	714	222	292	0	1,228		1,228
Investments in associated companies	1,118				1,118		1,118
Increase in property, plant and equipment and intangible assets	1,697	171	45		1,913		1,913
			Thou	usands of U	.S. Dollars		
				2025			
		Repo	rtable Segm	nent			
	Japan	America	Asia	Europe	Total	Adjustments	Consolidated
Sales:							
Sales to external customers	\$332,137	\$108,674	\$29,924	\$2,440	\$473,175		\$473,175
Intersegment sales or transfers	34,128	2,091	33,528	104	69,851	\$(69,851)	
Total	\$366,265	\$110,765	\$63,452	\$2,544	\$543,026	\$(69,851)	\$473,175
Segment profit	\$30,539	\$11,161	\$4,307	\$(22)	\$45,985	\$3,459	\$49,444
Segment assets	545,297	83,100	89,179	4,243	721,819	(32,305)	689,514
Other:							
Depreciation and amortization	6,128	1,319	1,900	1	9,348		9,348
Investments in associated companies	7,764				7,764		7,764
Increase in property, plant and equipment and intangible assets	40,755	389	531		41,675	(85)	41,590

Related Information

(1) Information by Product and Service

This information has been omitted as net sales to outside customers in a single product / service category is more than 90% of net sales in consolidated statements of income and comprehensive income.

(2) Information about Major Customers

Sales to major customers for the years ended March 31, 2025 and 2024, are summarized as follows:

	Millions of	Yen	Thousands of U.S. Dollars	
Name of Customers	2025	2024	2025	Related Segment
Multiquip Inc	¥16,250	¥19,718	\$108,674	America

21. RELATED-PARTY TRANSACTIONS

The Company sold its products to New Japan Machinery Corporation, an associated company. The transactions were made with usual terms and conditions.

The transactions with the associates for the years ended March 31, 2025 and 2024, and related balances at March 31, 2025 and 2024, were mainly as follows:

ns of Yen	U.S. Dollars
2024	2025
¥3,708	\$23,383
¥70.4	ΦΕ 740
	\$5,742 9,386
3	

22. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2025, was approved at the Company's Board of Directors' meeting held on May 15, 2025:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥45 (\$0.30) per share	¥956	\$6,391

Cancellation of Treasury Stock

At the Company's Board of Directors' meeting held on May 8, 2025, a resolution was adopted to cancel treasury stock in accordance with the stipulations of Article 178 of the Companies Act.

Class of shares to be cancelled: Total number of shares to be cancelled: Common stock of the Company 1,000,0000 shares (4.37% of the total number of shares issued) May 22, 2025

Scheduled date of the cancellation:

(Reference)

Total number of issued shares after the cancellation:

21,859,660 shares

Company Data

Company outline (As of March 31, 2025)

Company Name	Denyo Co., Ltd.
Established	July 2, 1948
Head Office	2-8-5, Nihonbashi-horidomecho, Chuo-ku, Tokyo 103-8566, Japan Tel:81-3-6861-1111 / Fax:81-3-6861-1181
Paid-in Capital	¥1,954,833,520 (U.S.\$ 13,073,186)
Authorized Shares	97,811,000
Issued Shares	22,859,660
Shareholders	5,792
Financial Year	April 1 to March 31
Employees	611 (1,377 consolidated)
Branch and Sales Offices	22

Directors, Audit Supervisory Board Members (As of June 27, 2025)

President	Takanori Yoshinaga	
Director, Managing Executive Officer	Masao Yamada	Chief Executive, Development Division, Responsible for Production Division, Overseas Manufacturing Subsidiary
Director, Managing Executive Officer	Makoto Tanabe	Chief Executive, Administration Division
Director, Senior Executive Officer	Kenichi Otomo	Chief Executive,International Sales & Marketing Division,General Manager, International Business Development Office,Responsible for Overseas Sales Subsidiary
Director, Senior Executive Officer	Masakazu Minato	Chief Executive, Sales Division, General Manager, Sales Support Department
Director, Senior Executive Officer	Shoichiro Fujimoto	General Manager, Planning & Coordination Office
Outside Director	Makoto Koto	
Outside Director	Yukiko Kikkawa	
Director, Audit & Supervisory Committee Member	Toru Hiroi	
Director, Audit & Supervisory Committee Member	Kazuyoshi Kubo	
Outside Director, Audit & Supervisory Committee Member	Keiko Yamagami	
Outside Director, Audit & Supervisory Committee Member	Masako Natori	
Outside Director, Audit & Supervisory Committee Member	Tadashi Utashiro	

Executive Officers (As of April 1, 2025)

Senior Executive Officer	Hirokazu Tsukasaki	Chief Executive, Production Division
Executive Officer	Kenjiro Shirai General Manager, Finance Department Administration Division	
Executive Officer	Koji Ikeda	General Manager, East Japan Sales Department Sales Division
Executive Officer	Yoshihisa Furuta	Director of Denyo Kosan Co., Ltd.
Executive Officer	Takatoshi Ikeda	President of Denyo Manufacturing Corporation
Executive Officer	Junichiro Higaki	Chief Executive, Quality Management Division, General Manager, Quality Management Department
Executive Officer	Takashi Ebihara	General Manager, West Japan Sales Department Sales Division
Executive Officer	Takeshi Yamaguchi	General Manager, Information System Department Administration Division
Executive Officer	Shigeki Otsugu	General Manager, Production Bases Control Office Production Division
Executive Officer	Tomoo Shimazu	General Manager, General Affairs Department Administration Division
Executive Officer	Tsuyoshi Shibata	General Manager, Manufacturing Department Production Division

Business Lines

Manufacture and sales of:

Generators	Engine-driven Generators Stand-by Generating Sets General-use Generating Sets AC Generators
Welders	Engine-driven Welders Welding Generators Welding Jigs Automatic Welding Equipment
Compressors	Engine-driven Air Compressors Motor-driven Air Compressors
Other Products	Self-propelled Lifters Construction-related Machinery Repair Parts

Plants and R&D Center and Service Center

Fukui Plant	Wakasa-cho, Fukui Prefecture	
Shiga Plant	Konan, Shiga Prefecture	
Laboratory & Training Center	Sakado, Saitama Prefecture	
Service Center Kanto	Sakura, Chiba Prefecture	
Service Center West Japan	Okayama,Okayama Prefecture	



Denyo Group Companies

Denyo Kosan Co., Ltd.

2-8-5, Nihonbashi-horidomecho, Chuo-ku, Tokyo 103-8566, Japan

Paid-in Capital: ¥50 million

Business: Services and sales of industrial electrical machinery and parts

Nishihatsu Co., Ltd.

639-1, Chichika, Karatsu, Saga, 847-0831, Japan

Paid-in Capital: ¥50 million

Business: Manufacture and sales of industrial electrical machinery

Denyo America Corporation

1450 Minor Road, Danville, Kentucky 40422 U.S.A

Paid-in Capital: US\$ 5 million

Business: Sales of parts for industrial electrical machinery

Denyo Manufacturing Corporation

1450 Minor Road, Danville, Kentucky 40422 U.S.A

Paid-in Capital: US\$ 6 million

Business: Manufacture and sales of industrial electrical machinery to the U.S. market

Denyo Asia Pte. Ltd.

No.9 Neythal Road, Singapore 628614

Paid-in Capital: ¥600 million

Business: Sales of industrial electrical machinery

Denyo United Machinery Pte. Ltd.

No.9 Neythal Road, Singapore 628614

Paid-in Capital: S\$ 3 million

Business: Sales, leasing and rental of industrial electrical machinery

Denyo Europe B.V.

Naamrijk 1, 3454 PX De Meern, The Netherlands

Paid-in Capital: €4 million

Business: Sales of industrial electrical machinery

Denyo Vietnam Co., Ltd.

Plot A-3, Thang Long Industrial Park II, Nguyen Van Linh Commune,

Hung Yen Province, Vietnam Paid-in Capital: US\$ 10 million

Business: Manufacture and sales of industrial electrical machinery

Denyo Trading Vietnam Co., Ltd.

6th Floor, Taisei Square Hanoi Building, No. 289 Khuat Duy Tien Street,

Dai Mo Ward, Hanoi City, Vietnam Paid-in Capital: US\$ 900 thousand

Business: Services and sales of industrial electrical machinery and repair parts

P.T. Dein Prima Generator

JL. Raya Bekasi Km.28, Medan Satria, Bekasi 17132 Jawa Barat, Indonesia

Paid-in Capital: Rp 13,563 million

Business: Manufacture and sales of industrial electrical machinery to the Indonesia market

New Japan Machinery Corporation

3-6-5, Shinyokohama, Kohoku-ku, Yokohama, Kanagawa 222-0033, Japan

Paid-in Capital: ¥495 million

Business: Sales and rental service of industrial electrical machinery

Investor Information

Investor Information

(As of March 31, 2025)

Head Office	2-8-5, Nihonbashi-horidomecho, Chuo-ku, Tokyo 103-8566, Japan Tel: 81-3-6861-1111 Fax: 81-3-6861-1181	
Financial Year	April 1 to March 31	
Common Stock	Authorized shares: 97,811,000 Issued shares: 22,859,660 (Included 1,623,169 shares of Company's own stock)	
Stock Listing	Tokyo Stock Exchange, Prime Section (Code: 6517)	
Shareholders	5,792	
Transfer Agency	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan	

Major Shareholders

(As of March 31, 2025)

Shareholders	Shares Held (Thousands)	Voting Right Ratio (%)
The SFP Value Realization Master Fund Ltd.	1,926	9.07
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,915	9.02
Kyuei Corporation	1,417	6.67
Mizuho Trust & Banking Co., Ltd.	1,055	4.96
Custody Bank of Japan, Ltd. (Trust E Account)	729	3.43
Denyo Shin-eikai Group	689	3.24
The Dai-ichi Life Insurance Co., Ltd	610	2.87
The Chase Manhattan Bank, N. A. London Special Omnibus Secs Lending Account	553	2.60
Tsurumi Manufacturing Co., Ltd	543	2.55
MUFG Bank, Ltd.	540	2.54



A Denyo Co.,Ltd.

https://www.denyo.co.jp

Head Office 2-8-5, Nihonbashi-horidomecho, Chuo-ku, Tokyo 103-8566, Japan

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81-3-6861-1111

Fax

81-3-6861-1181