



Briefing on Results for the Third quarter of the Fiscal Year ending March 31, 2026

Denyo Co., Ltd.

Stock code: 6517

Stock exchange listing: Tokyo



I. Overview of Results for the Third quarter of FY2026/3

II. Outlook for FY2026/3



I . Overview of Results for the Third quarter of FY2026/3



Key Point

- Net Sales decreased year on year, mainly due to a reactionary decline in demand from the domestic rental companies.
- Incomes decreased year-on-year, due to lower net sales and increased depreciation expenses,etc.

(million yen)

	Third quarter of FY2025/3		Third quarter of FY2026/3		Change (YoY)	Rate of change (YoY)
Net sales	52,524	100%	51,286	100%	△ 1,237	△ 2.4%
Operating income	5,301	10.1%	4,799	9.4%	△ 501	△ 9.5%
Ordinary income	5,825	11.1%	5,390	10.5%	△ 435	△ 7.5%
Profit attributable to owners of parent	4,047	7.7%	3,547	6.9%	△ 499	△ 12.3%
Capital investment	5,762		1,080		△ 4,682	
Depreciation	917		1,407		490	
Net income per share	196.05 ^{yen}		173.44 ^{yen}		△22.61 ^{yen}	
ROE	7.3%	Annualized	6.0%	Annualized		

Overview

1. Sales of generators decreased by 1,459 million yen (3.4%).
2. Sales of welders increased by 257 million yen (7.6%).
3. Sales of compressors decreased by 154 million yen (21.8%).

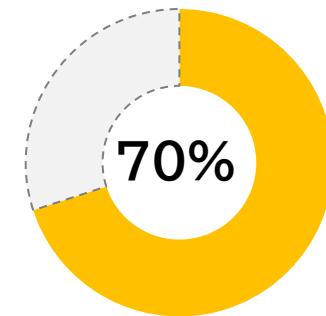
(million yen)

		Third quarter of FY2025/3		Third quarter of FY2026/3		Change (YoY)	Rate of change (YoY)
By product	Net sales	52,524	100%	51,286	100%	△1,237	△ 2.4%
	Generators	43,491	82.8%	42,032	82.0%	△1,459	△ 3.4%
	Welders	3,381	6.4%	3,638	7.1%	257	7.6%
	Compressors	708	1.3%	553	1.1%	△154	△ 21.8%
	Others	4,943	9.4%	5,062	9.9%	119	2.4%



	Third quarter of FY2025/3	Third quarter of FY2026/3	Rate of change (YoY)
Generators	43,491 million yen	42,032 million yen	△ 3.4%

- In Japan, shipments of mobile-type generators for the rental market decreased. Shipments of emergency generators remained steady.
- Overseas, shipments to the U.S. market have turned toward recovery.



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

Domestic market share of
engine generators
(mobile-type)



Soundless generator
“Mālie”



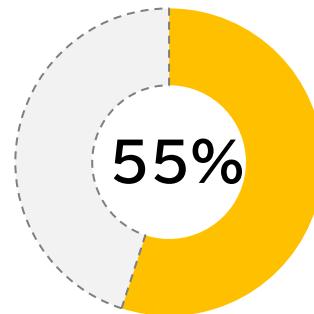
Generator with operational
data recording function

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

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

	Third quarter of FY2025/3	Third quarter of FY2026/3	Rate of change (YoY)
Welders	3,381 million yen	3,638 million yen	7.6%

- Sales increased for our mainstay small-sized models and our large-sized models for overseas markets.



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

Domestic market share of
engine welders



The Company developed the first engine-driven welder for outdoor work in Japan.

Ranging from 135A for welding light-gauge steel to a 500A engine-driven welder for heavy-gauge steel, a TIG welder and a CO₂ welder, etc.

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

	Third quarter of FY2025/3	Third quarter of FY2026/3	Rate of change (YoY)
Compressors	708 million yen	553 million yen	△ 21.8%

- Shipments for domestic markets decreased.



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

Domestic market share of
engine compressors



Engine compressor



Motor compressor

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

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

	Third quarter of FY2025/3	Third quarter of FY2026/3	Rate of change (YoY)
Others	4,943 million yen	5,062 million yen	2.4%

- Sales of maintenance services for emergency generators and parts for overseas markets increased.

Sales of other products

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



Self-propelled
lifters



Load testing
equipment

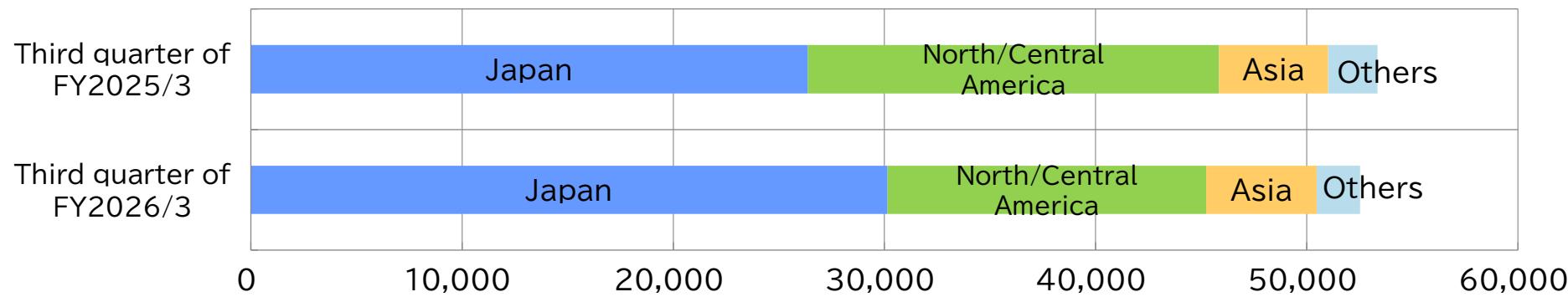


Sales Trends by Region (Consolidated)

Denyo

(million yen)

		Third quarter of FY2025/3	Third quarter of FY2026/3	Change (YoY)		Rate of change (YoY)
Net sales	52,524	100%	51,286	100%	△ 1,237	△2.4%
Domestic sales	30,143	57.4%	29,166	56.9%	△ 977	△3.2%
Overseas sales	22,380	42.6%	22,120	43.1%	△ 260	△ 1.2%
By region	North/Central America	15,098	28.7%	15,490	30.2%	392
	Asia	5,229	10.0%	4,804	9.4%	△ 424
	Others	2,053	3.9%	1,826	3.6%	△ 227



Decrease in Operating Income

Decreased, impacted by lower sales and higher depreciation and other expenses.

(million yen)

	Third quarter of FY2025/3	Third quarter of FY2026/3	Change (YoY)
Operating income	5,301	4,799	△ 501
Operating income margin (%)	10.1%	9.4%	△ 0.7 percentage points

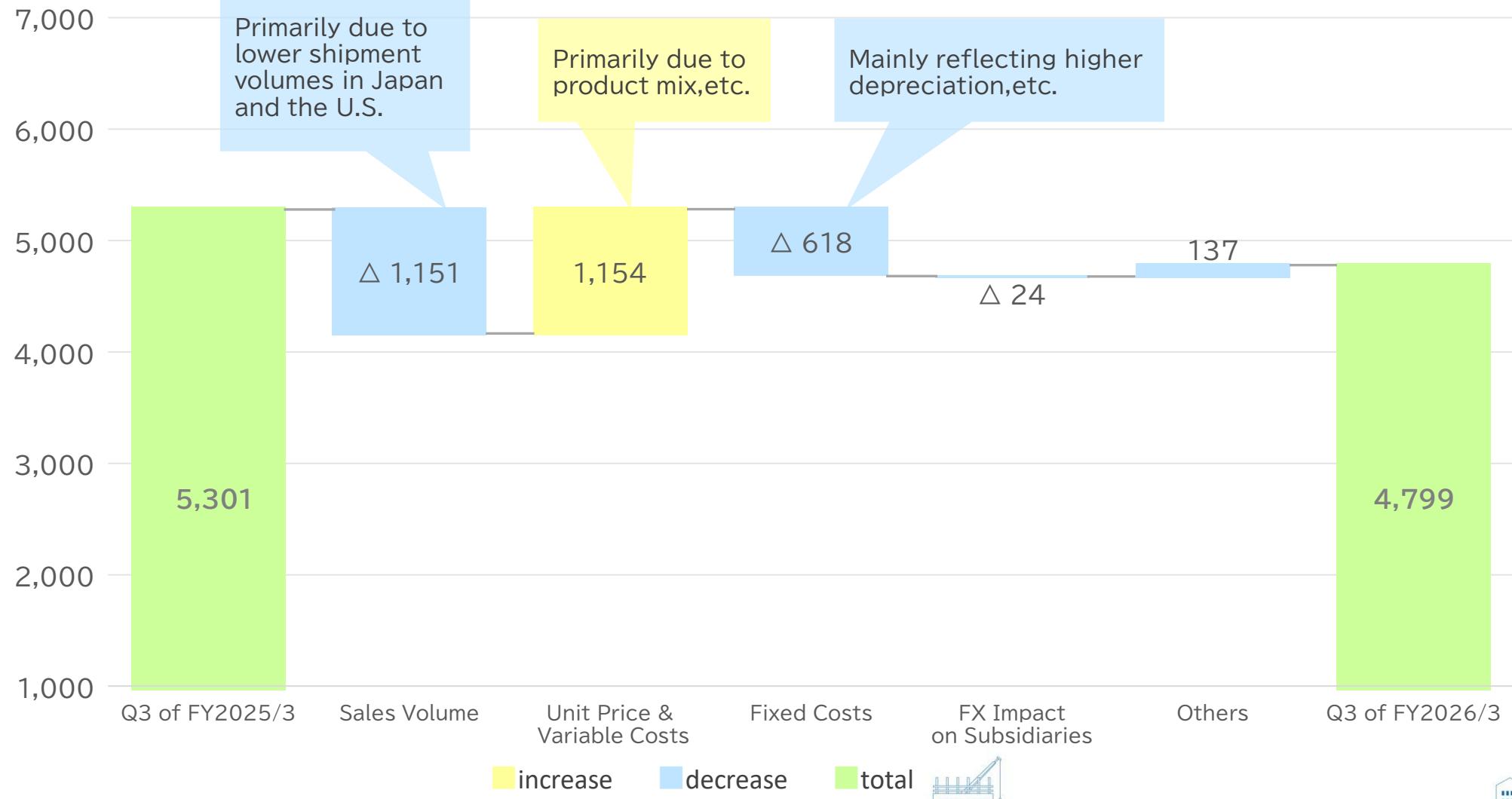
	Third quarter of FY2025/3	Third quarter of FY2026/3	Rate of Change (YoY)
Gross profit margin	24.1%	24.3%	0.2 percentage points
Ratio of SG&A to sales	14.0%	14.9%	0.9 percentage points
Ratio of operating income to sales	10.1%	9.4%	△ 0.7 percentage points



Factor Analysis of Changes in Operating Income (By Factor)

Denyo

(million yen)



II. Outlook for FY2026/3



Key points

1. The forecast at the beginning of the period remains unchanged.
2. Assumed exchange rate is 145 yen/dollar.

(million yen)

	FY2025/3		FY2026/3 (forecast)		Change (YoY)	Rate of change (YoY)
Net sales	70,753	100%	72,000	100%	1,247	1.8%
Operating income	7,393	10.4%	7,300	10.1%	△ 93	△ 1.3%
Ordinary income	8,002	11.3%	7,700	10.7%	△ 302	△ 3.8%
Profit attributable to owners of parent	5,647	8.0%	5,100	7.1%	△ 547	△ 9.7%
Capital investment	6,218		2,400		△ 3,818	
Depreciation	1,397		1,850		453	
Net income per share	274.02 ^{yen}		249.29 ^{yen}		△24.73 ^{yen}	
ROE	7.5%		* 6.8%			
Cash dividends per share	75.0 ^{yen}		100.0 ^{yen}			

* Equity is calculated by using the amount of money at the end of FY2025/3.

Overview

- In Japan, demand is expected to remain solid, particularly in the construction and disaster prevention/reduction sectors.
- The U.S. market is expected to recover.

(million yen)

		FY2025/3		FY2026/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		70,753	100%	72,000	100%	1,247	1.8%
By product	Generators	58,539	82.7%	59,500	82.6%	961	1.6%
	Welders	4,645	6.6%	4,850	6.7%	205	4.4%
	Compressors	903	1.3%	950	1.3%	47	5.2%
	Others	6,666	9.4%	6,700	9.3%	34	0.5%

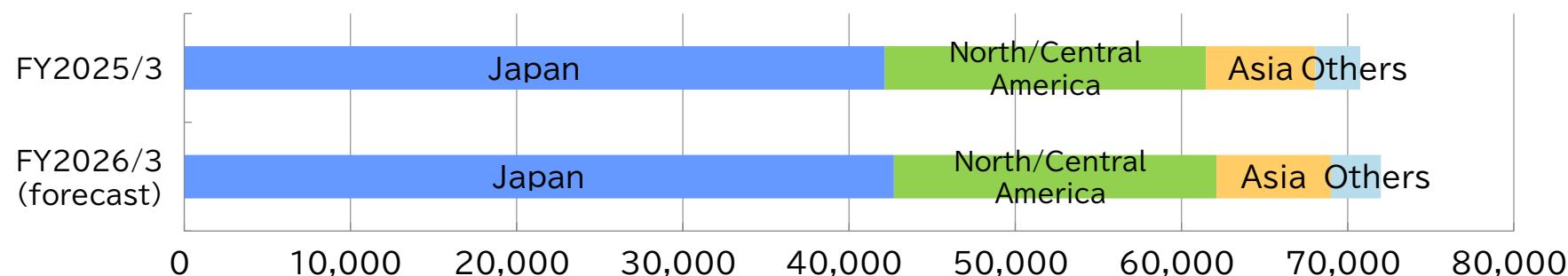


Outlook for Sales by Region (Consolidated)

Denyo

(million yen)

		FY2025/3		FY2026/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales	70,753	100%	72,000	100%	1,247	1.8%	
Domestic sales	42,158	59.6%	42,700	59.3%	542	1.3%	
Overseas sales	28,595	40.4%	29,300	40.7%	705	2.5%	
By region	North/Central America	19,336	27.3%	19,400	26.9%	64	0.3%
	Asia	6,568	9.3%	6,900	9.6%	332	5.1%
	Others	2,690	3.8%	3,000	4.2%	310	11.5%



Details of the Operating Income Forecast

Denyo

Decrease in operating income

A decline in gross profit margin is expected.

(million yen)

	FY2025/3	FY2026/3 (forecast)	Change (YoY)
Operating income	7,393	7,300	△ 93
Operating income margin	10.4%	10.1%	△ 0.3 percentage point

	FY2025/3	FY2026/3 (forecast)	Change (YoY)
Gross profit margin	25.1%	24.6%	△ 0.5 percentage point
Ratio of SG&A to sales	14.7%	14.4%	△ 0.3 percentage point
Ratio of operating income to sales	10.4%	10.1%	△ 0.3 percentage point

- The gross profit margin is expected to decline due to increases in depreciation and labor costs.



Changes in the Amount of Capital Investment

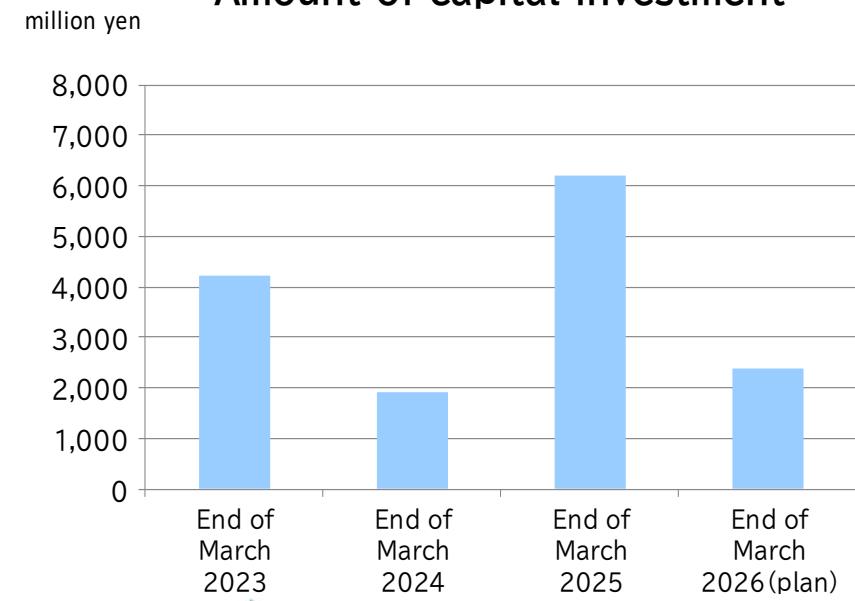
Denyo

	End of March 2023	End of March 2024	End of March 2025	End of March 2026 (plan)
Cost of equipment	4,213	1,913	6,218	2,400
Main uses	<ul style="list-style-type: none"> •Machinery of Fukui plant, etc. 360 •Nishihatsu 2,500 •U.S. Plant 20 •Vietnam Plant 70 •Others 1,260 	<ul style="list-style-type: none"> •Machinery of Fukui plant, etc. 440 •Nishihatsu 190 •U.S. Plant 170 •Vietnam Plant 20 •Others 1,090 	<ul style="list-style-type: none"> •Machinery of Fukui plant, etc. 330 •Nishihatsu 4,290 •U.S. Plant 60 •Vietnam Plant 20 •Others 1,510 	<ul style="list-style-type: none"> •Machinery of Fukui plant, etc. 800 •Nishihatsu 30 •U.S. Plant 90 •Vietnam Plant 130 •Others 1,350



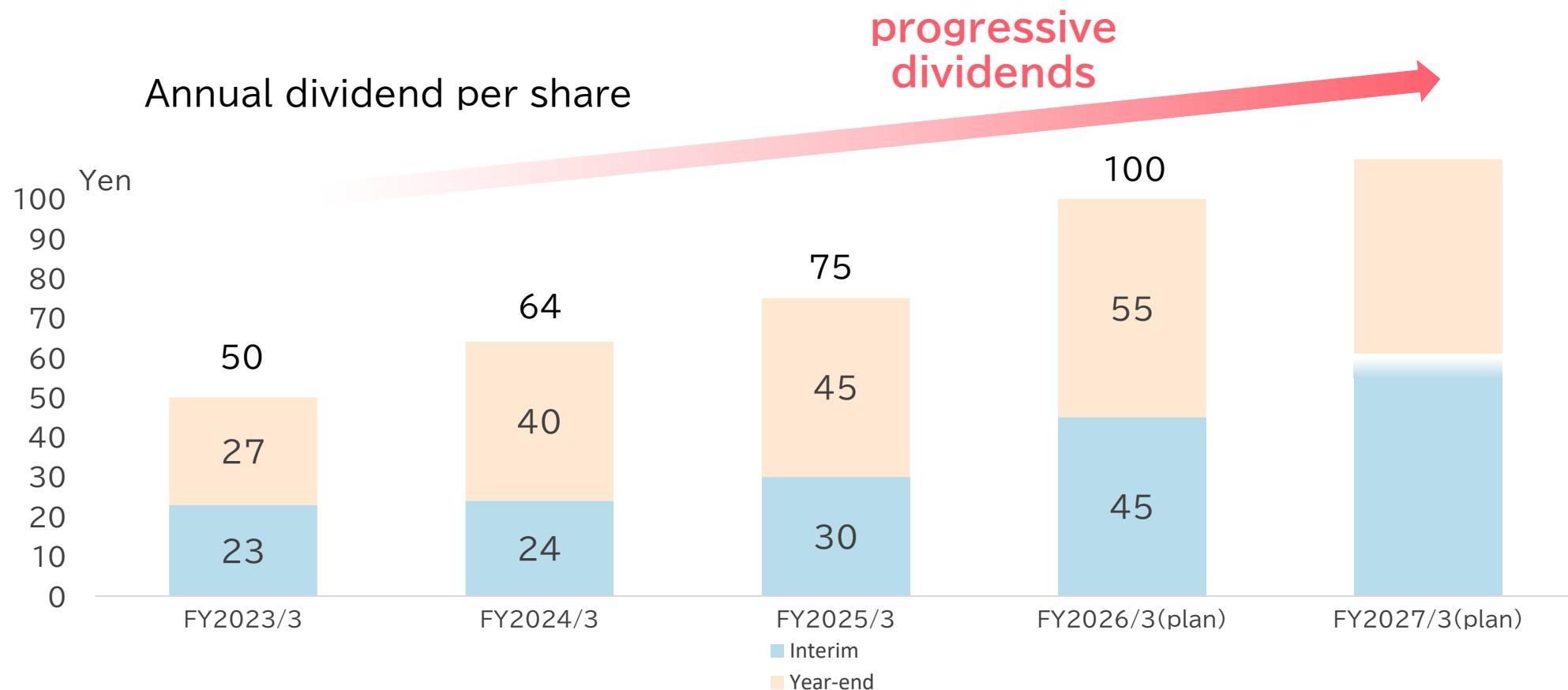
New headquarters plant of Nishihatsu Co., Ltd.
started operation in January 2025.

Amount of capital investment



We recognize the importance of enhancing returns to shareholders while working to strengthen both our earning power and financial foundation.

We will continue our progressive dividend policy and flexibly acquire treasury shares to allocate results at an approximate total payout ratio of 40%.



To enhance shareholder returns and improve capital efficiency, we announced **a dividend increase and share repurchase** on November 13, 2025, as part of our efforts to manage with a focus on capital cost and share price.

◎Dividend forecast revision◎

	Interim	Year-end
Record date	September 30, 2025	March 31, 2026
Dividend per share	¥45 (Dividend increased by ¥10 from ¥35 to ¥45.)	¥55 (Dividend increased by ¥10 from ¥45 to ¥55.)

◎ Share repurchase ◎

Class of shares to be acquired	Common stock of the Company
Total number of shares to be acquired	300,000 shares (Maximum)
Total amount of acquisition cost	1,000 million yen (Maximum)
Acquisition period	November 17, 2025 to May 13, 2026

This material contains assumptions and outlooks for the future and forecasts based on plans as February 12, 2026. Actual results may differ materially from projected values due to future economic changes and competition.

This material is prepared for the purpose of providing information and is not meant to solicit investment in securities issued by the Company.

Investors are responsible for making their own final investment decision.

Notice:

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



Reference Materials



Overview of the Company

Denyo

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

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

Company size, etc. (FY2025/3 on a consolidated basis) (million yen)

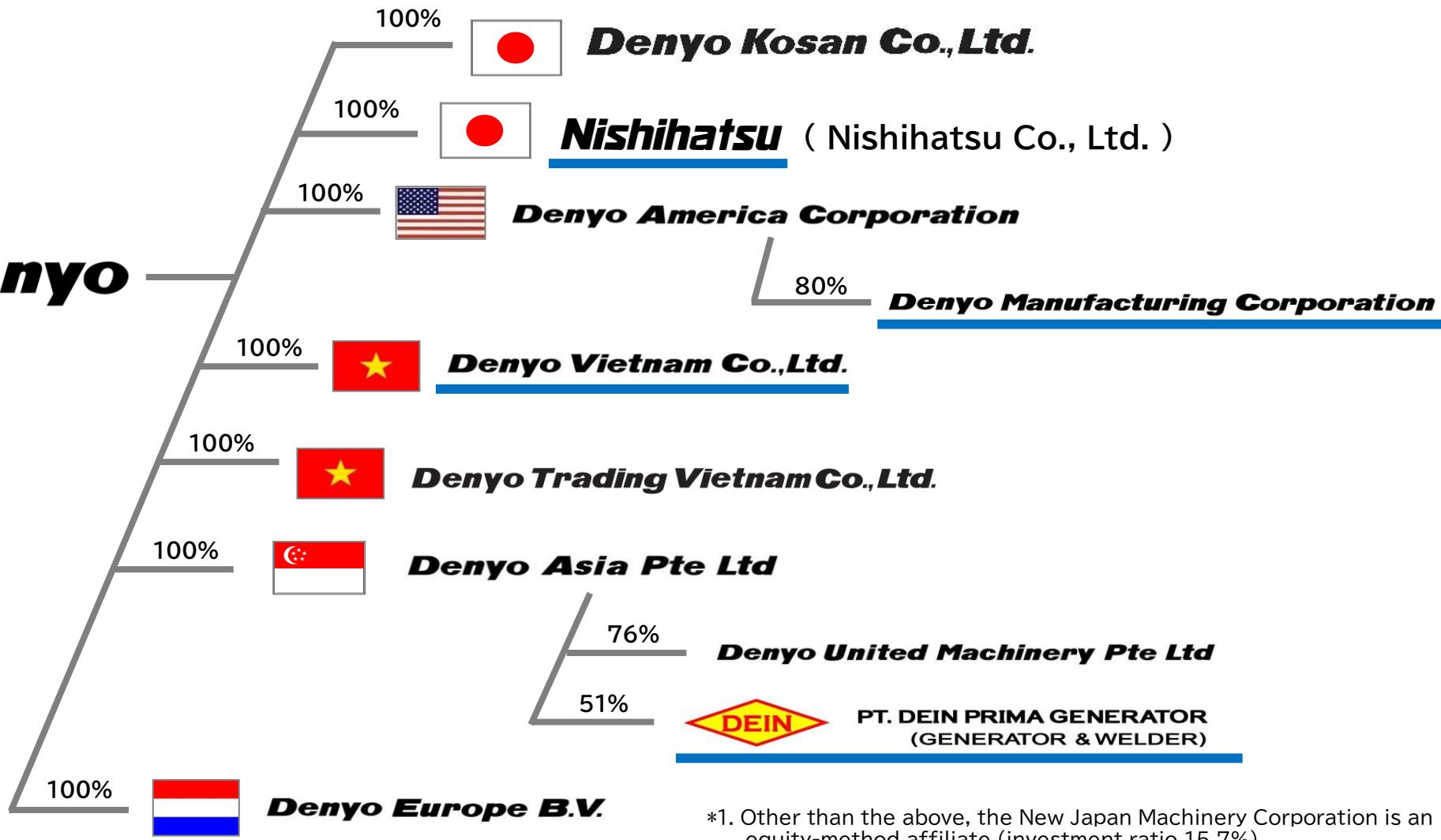
Net sales	70,753
Overseas sales	28,595
Ordinary income	8,002
Profit attributable to owners of parent	5,647
Total assets	103,103
Net assets	80,658
Market capitalization (as of March 31)	55,778
Number of employees	1,377persons



Head Office (Nihonbashi-Horidomecho,Tokyo)



Denyo



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



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

Engine welders



Features

- Engine-driven welders used outdoors
- Used for welding steel materials in piping, bridge, pipeline and other construction work

Engine compressors



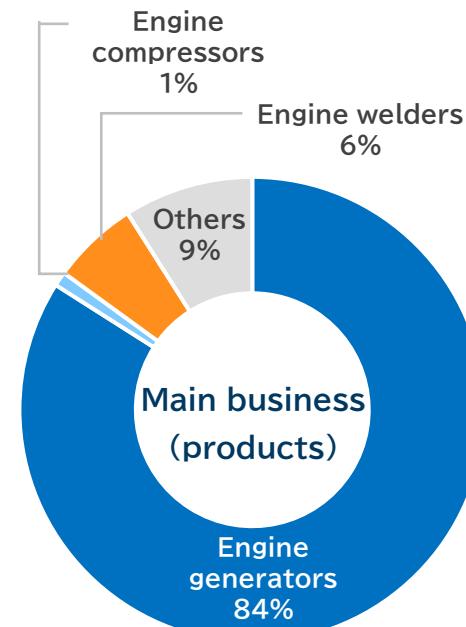
Features

- Compressing air to supply compressed air
- Allowing air tools to be used in any place since they require no power source
- Rock drills and machinery for soil improvement
- Used in spray concrete work

Company name Denyo Co.,Ltd.

Establishment July 1948

Number of employees (consolidated) 596 (1,408) as of March 31, 2024



Engine generators



Mobile generators

Features

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

Applications

- Civil engineering, construction, port, harbor and other worksites
- Outdoor events
- Broadcasting trucks and many other situations

Stationary power generators

Features

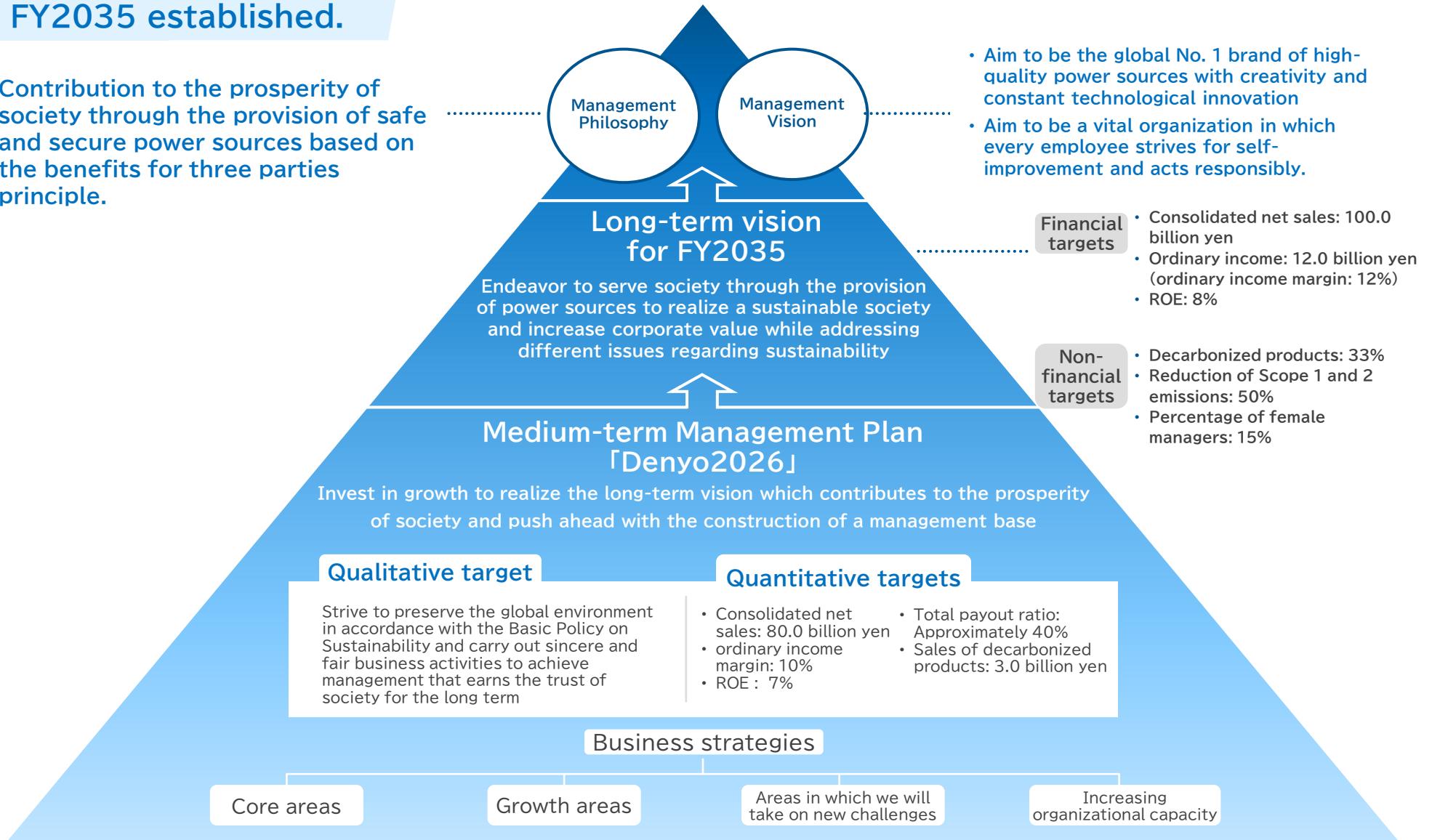
- General-use and standby generators installed on the rooftops of buildings and in basements
- Manufacturing and sales of standby generators used as backup power sources mainly in the event of a power failure

Applications

- Generators for disaster resilience
Installed in department stores, hotels and other buildings where the general public gathers and used as backup power sources for sprinklers and other fire-fighting equipment
- Generators for non-disaster power failures
Installed in office buildings, factories, hospitals and other facilities and used as backup power sources for electric equipment

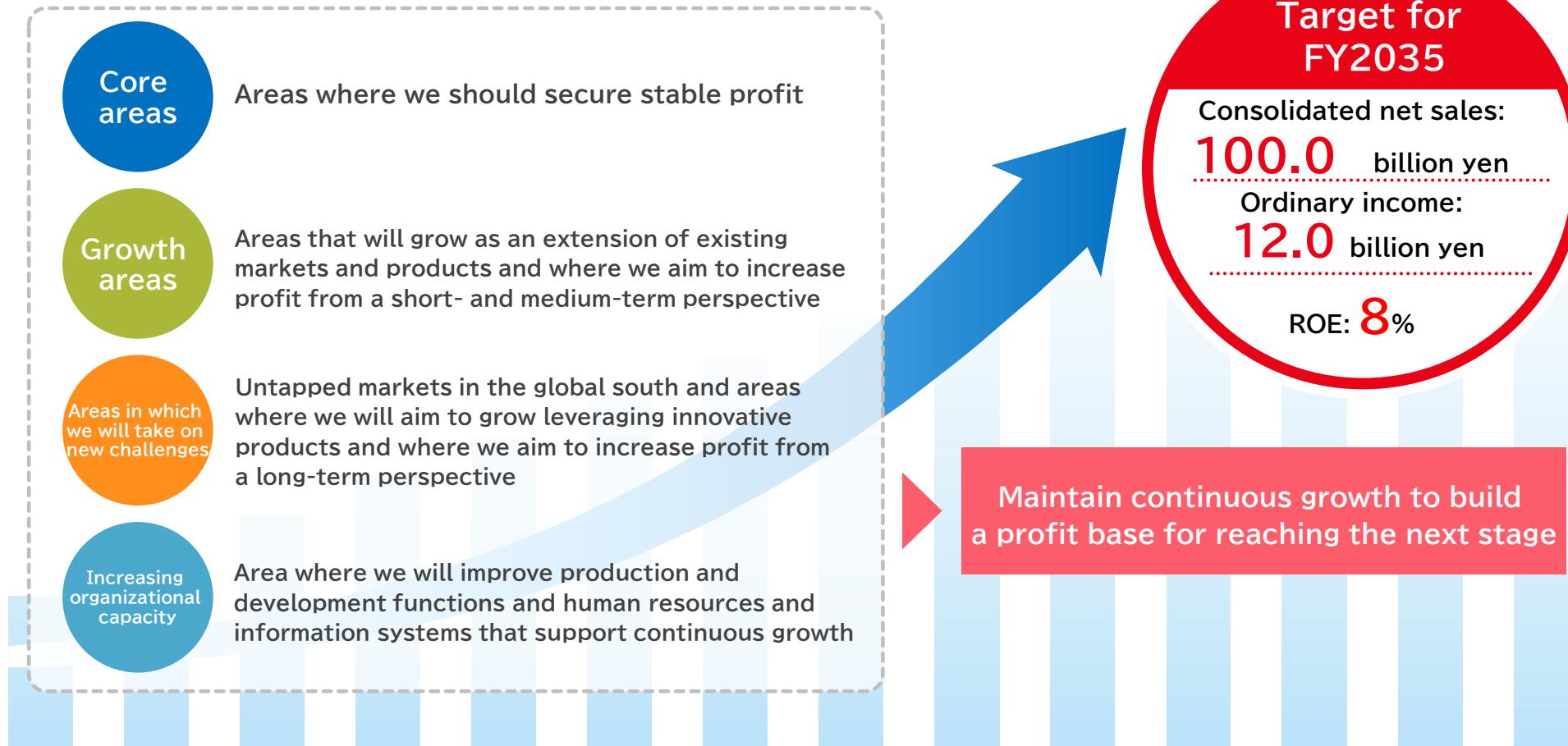
Long-term vision for FY2035 established.

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



Strengthen investments for growth and our management base and carry out measures in different areas steadily with a view towards the long-term vision for FY2035

Denyo 2026 Four categories of initiatives



	Market	Strategic Direction
Core Areas	Construction-related markets in Japan (mobile generators, welders and compressors)	<p>Maintain and increase the market shares held by top-brand products in the Japanese market to secure stable profit.</p> <ul style="list-style-type: none"> ✓ Develop and introduce new products to increase market share as well as the number of customers. ✓ Enhance the education system to increase sales strength. ✓ Enrich the service structure continually using the large repair base in East Japan and another base in West Japan.
Growth Areas	Stationary generator market in Japan (emergency generators)	<p>Seek to increase our market share mainly in emergency generators.</p> <ul style="list-style-type: none"> ✓ Step up collaboration between the three group companies in Japan ✓ Maximize the investment effect of the Nishihatsu's new head office plant, to manufacture and sell generators for disaster resilience ✓ Increase profit in maintenance
	Overseas markets	<p>Enhance and expand the overseas sales and service networks to disseminate the Denyo brand.</p> <ul style="list-style-type: none"> ✓ Cultivate markets deeply with existing products. ✓ Promote sales of newly developed products in existing markets to cultivate these markets. ✓ Strengthen the sales and service network in Asia, in the Middle East and elsewhere to respond to new needs.

	Market	Strategic Direction
Areas in which we will take on new challenges	Untapped markets in the global south	<p>Enter untapped regions that are expected to grow.</p> <ul style="list-style-type: none"> ✓ Conduct research and studies with a view toward expanding into untapped regions. ✓ Discuss the region to expand into and the form of the expansion including M&A.
	Innovative products (Hydrogen co-firing and dedicated hydrogen generators, Fuel cell mobile generators, and Others)	<p>Aim to implement innovative products in society</p> <ul style="list-style-type: none"> ✓ Continue and accelerate development of innovative products. ✓ Prepare sales, service and production structures
Increasing organizational capacity	<ul style="list-style-type: none"> ·Development and production ·IT system ·Human resources 	<p>Build a structure for stable production</p> <p>Construct systems that achieve both enhanced productivity and efficiency and security.</p> <p>Create a structure which enables the career advancement of diverse human resources</p>

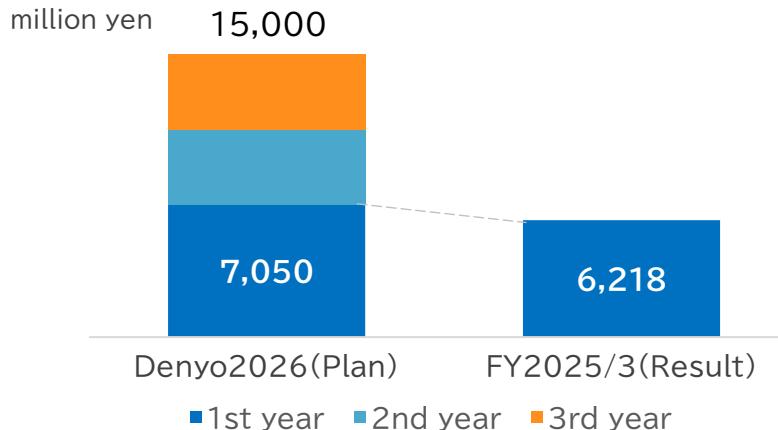
Capital investment

We will invest capital mainly in bases in Japan with a view toward building a foundation for continuous growth.

Active capital investment

- Construction of a new head office plant of Nishihatsu Co.,Ltd. a subsidiary of Denyo (Start operating in January 2025)
- Construction of a service base in West Japan (Start operating in April 2025)
- Investments in increasing production capacity and the rationalization of the Fukui Plant and other investments(ongoing)
- Investment in information systems(ongoing)

Capital investment results and plans

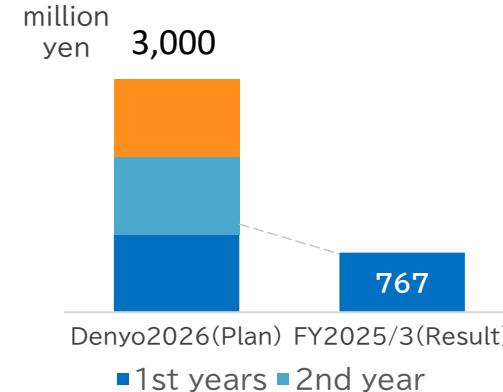


R&D investment*

Research and develop products that employ new technologies, products that answer market needs and innovative products

key initiatives

R&D investment results and plans



Fuel cell mobile generators



Backpack Battery Welder WELZACK

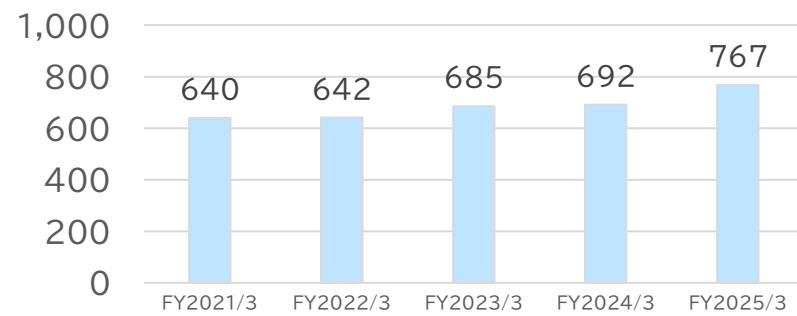


Dedicated Hydrogen Generator



Hydrogen mixed combustion generators

Trend in R&D



*Excluding offsets such as subsidies from R&D expenses

Financial targets

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

Non-financial targets

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

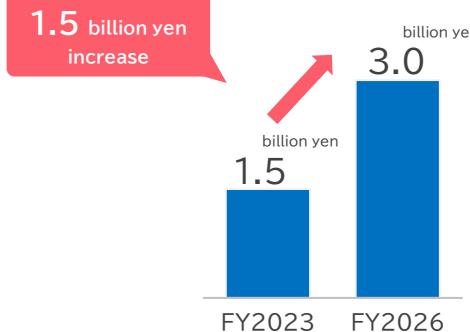
*1 A target of the long-term vision for FY2035 applicable to the group companies in Japan, calculated using the emission intensity per unit of consolidated net sales.

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

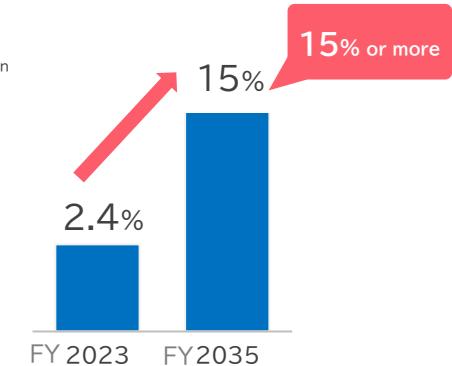
unit:million yen

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

Sales of decarbonized products



Percentage of female managers



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



Hydrogen-light oil mixed combustion Generator delivered Komatsu Oyama Plant

Hydrogen-light oil mixed combustion Generator

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

Intended use

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



Dedicated Hydrogen Generator

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

Intended use

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



Mass-production type Fuel-cell Portable Generator (7kVA)

- Start of development of mass-production type
- Packaging of FC stack, air compressor, hydrogen circulation pump, etc.
- Aiming to reduce size and weight based on the Knowledge obtained from the demonstration tester

Intended use

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



Fuel-cell Portable Generator (3kVA)

- Developed a 3kVA-class hydrogen fuel-cell Portable Generator using a fuel cell module(*) manufactured by Intelligent Energy Limited (IE), which is distributed by Teijin.

(*)A core component of hydrogen fuel cell systems. It generates electricity through a chemical reaction between externally supplied hydrogen and oxygen.

Intended use

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

Mobile Battery LED floodlights



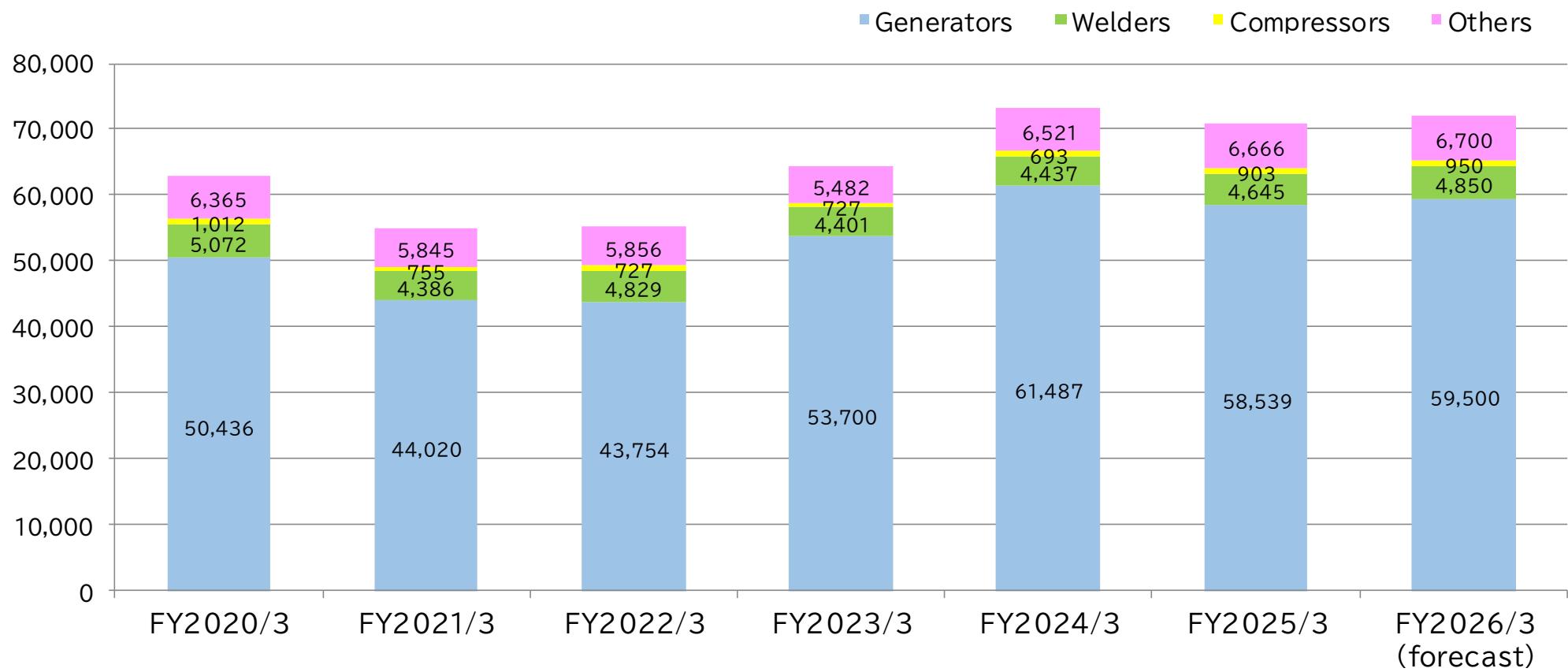
Intended use : Night construction, events, etc.

WELZACK

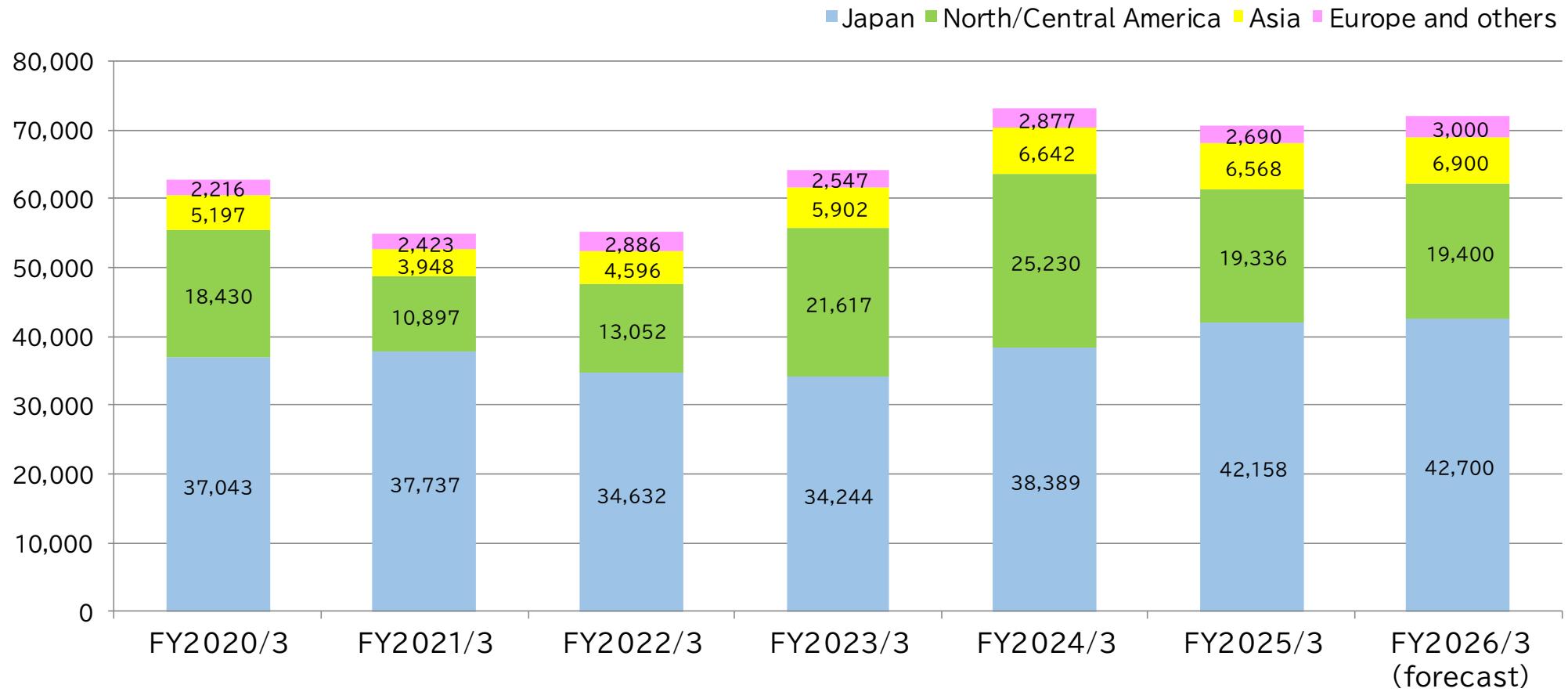


Intended use : Repair work on stairs and narrow areas, etc.

Sales by product

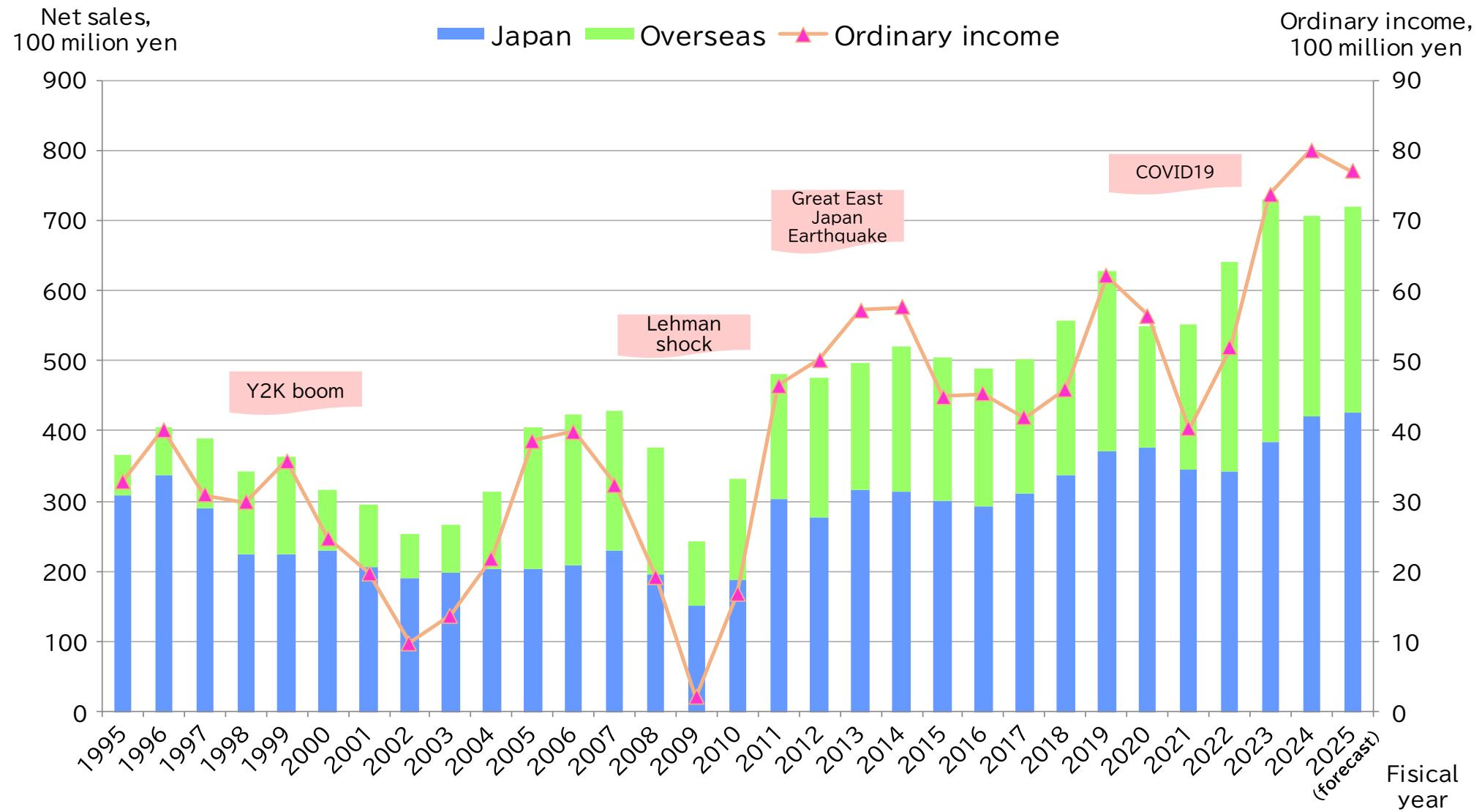


Sales by region



Changes in Results for the Last 30 Years

Denyo



The power to go beyond.

Denyo

 **Denyo Co.,Ltd.**

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8566, Japan
Phone: +81-3-6861-1111, Facsimile: +81-3-6861-1181
<https://www.denyco.jp/english/>