2024
ANNUAL REPORT

Year ended March 31, 2024

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.

Contents

Generator Driven by a Hydrogen Mixed-Fuel Combustion Engine Installed in Fukui Plant

Denyo has released the DCA-610SPK-H2 generator driven by a hydrogen mixed-fuel combustion engine.* Following the delivery of the first unit to Komatsu's Oyama Plant, we installed the generator at the Fukui Plant, our mother plant, in March 2024.

The generator at our plant serves two purposes. We use it as a back-up power supply for the plant in the event of a power outage, which is one of our measures to ensure business continuity. We also use the facility to showcase and promote the sale of our generators driven by hydrogen mixed-fuel combustion engines.

Denyo will accumulate expertise for the establishment of a hydrogen supply chain, thus contributing to the realization of a carbon-neutral, hydrogen-based society.

* This product generates power using a mixed fuel that contains up to 50% hydrogen. This makes it possible to reduce CO_2 emissions during power generation by up to 50% compared to use of diesel alone.

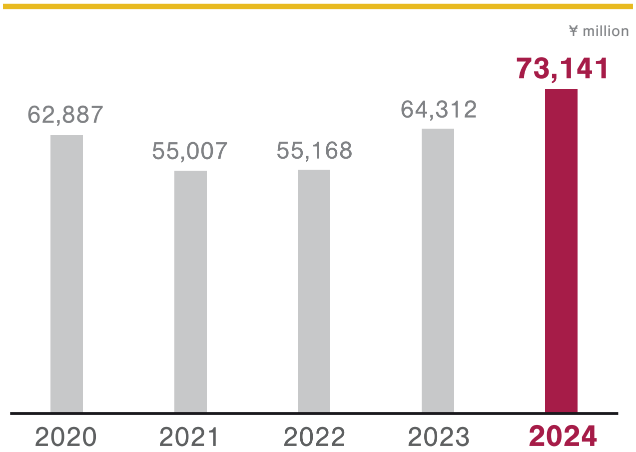
Consolidated Financial Highlights

	Millions of Yen			Thousands of U.S. Dollars
	2024	2023	2022	2024
Net Sales	¥73,141	¥64,312	¥55,168	$483,095
Total Assets	100,541	89,744	80,775	664,073
Total Net Assets	75,843	68,659	63,761	500,946
Operating Income	7,089	4,874	3,654	46,826
Net Income*	5,095	3,634	2,753	33,653

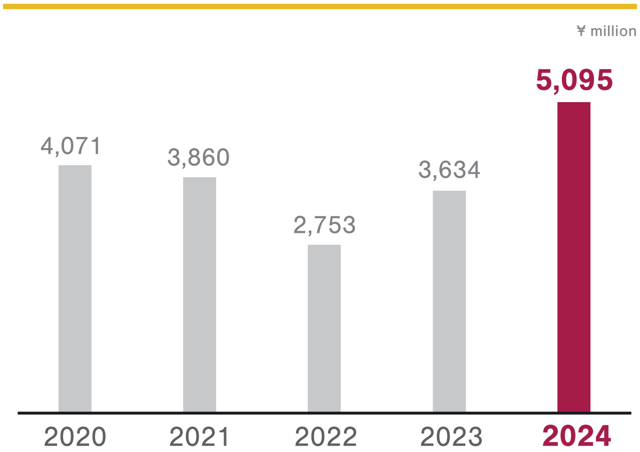
Per Share Data		Yen		U.S. Dollars
Total Net Assets	¥3,526.50	¥3,193.67	¥2,963.99	$23.29
Net Income*	246.83	175.64	132.02	1.63
Cash Dividends	64.00	50.00	47.00	0.42

Note:Transaction into U.S. dollars has been made, solely for the reader's convenience, at the rate of ¥151.40 to U.S.$1, prevailing on the Tokyo Foreign Exchange Market on March 31, 2024.

Net Sales

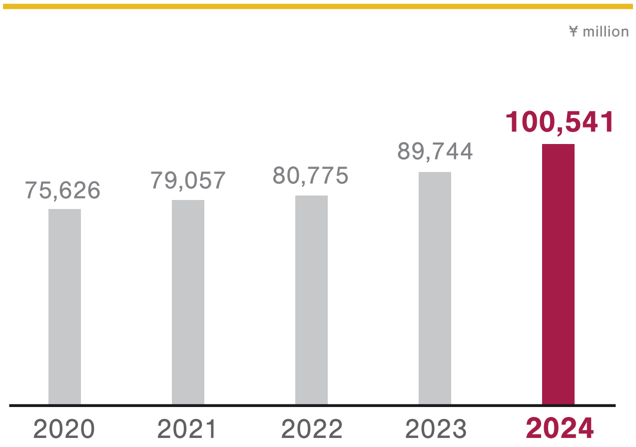


Net Income*

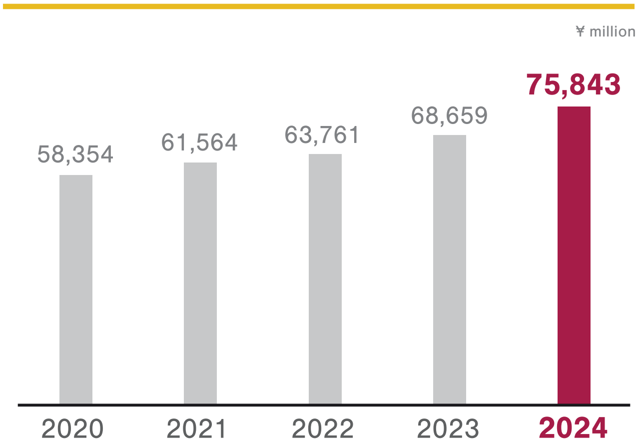


* Net Income attributable to owners of the parent.

Total Assets



Total Net Assets



TO OUR SHAREHOLDERS

Denyo Co.,Ltd.

Takanori Yoshinaga
President

In the year ended March 31, 2024, the 76th term, the consolidated net sales of the Denyo Group increased 13.7% year on year to ¥73,141 million (US$483,095 thousand). Ordinary profit increased 42.4% year on year to ¥7,378 million (US$48,733 thousand), and profit attributable to owners of parent was ¥5,095 million (US$33,653 thousand), up 40.2% year on year. Thus, both sales and profits far exceeded the targets in Denyo 2023, the second medium-term management plan.

In the domestic and overseas business environment, infrastructure investment was brisk and event-related demand also remained strong.

In the overseas business environment in particular, shipments to North America, Asia, the Middle East and other regions increased as in the previous fiscal year, partly reflecting the depreciation of the yen.

Despite the impact of rising raw materials prices and shortages of production materials, among other events, we were able to improve the cost to sales ratio due to the increase of production at production plants and the price revisions that have been accepted by customers.

Denyo 2026, the third three-year medium-term management plan, begins this fiscal year.

In the year ending March 31, 2025, the first year of the plan, we forecast that demand in North America will slow slightly while infrastructure investment and public investment are expected to continue and investments in initiatives such as disaster prevention and mitigation will remain steady.

In addition, while we expect profit to decline slightly, partly reflecting rising personnel and logistics costs, we will work on product development by applying new technologies to achieve Denyo 2026. We will also push forward with the streamlining of production at all of the Group companies around the world, aiming to achieve sustainable growth.

Regarding dividends for the year ended March 31, 2024, we paid an interim dividend of ¥24 (US$0.16) per share, an year-on-year increase of ¥1, and decided to pay an ordinary year-end dividend of ¥40 (US$0.26) per share, up ¥13 year on year . As a result, dividends for the full year came to ¥64 (US$0.42).

Moving forward, we will continue our progressive dividend policy which is the basis of our return of profits and distribute profits to shareholders with a target total payout ratio of 40%.

We wish to thank all shareholders for their continued support for the Denyo Group going forward.

June 2024

T. Yoshinaga

Takanori Yoshinaga,
President

1 New office and warehouse buildings completed at the Hiroshima Sales Office

The new Hiroshima Sales Office building was completed in September 2023.

We built the new office building mainly because of the aging of the pervious building. In the new building, we have installed barrier-free elevators and an emergency power generator as measures to ensure business continuity, ensuring that employees can work there with a sense of security and safety.

In April 2024, the warehouse building was also completed. We installed solar power generating equipment as a carbon neutrality initiative. The equipment provides electricity used by the office and warehouse buildings.

Denyo will continue to proactively improve the workplace environment as part of its human capital management.

2 *PL-104LB-G2, a hybrid LED floodlight*

In June 2023, Denyo released the PL-104LB-G2 hybrid LED floodlight, a redesign of a hybrid floodlight developed in 2015.

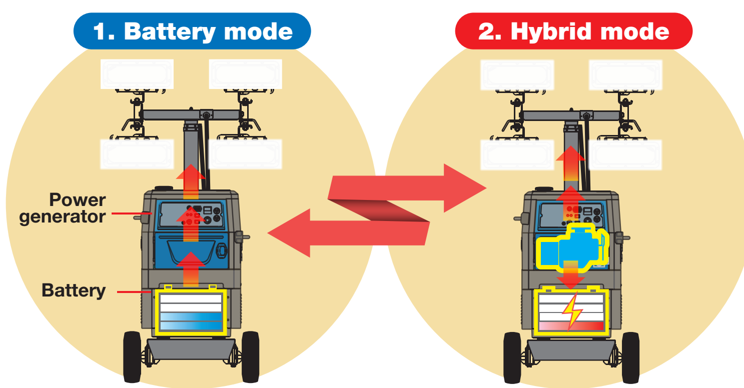
The PL-104LB-G2 is a hybrid unit driven by a battery and a gasoline engine that features reduced CO_2 emissions and noise while overcoming one of the shortcomings of battery floodlights, their short continuous lighting time.

Normally, the floodlight is powered by the battery. When the remaining battery life gets low, the built-in generator starts automatically and begins charging the battery while keeping the floodlight on.

When charging is completed, the generator stops automatically and the battery is used as the power supply again.

This makes it possible to keep the floodlight on for a long time per fueling, making the PL-104LB-G2 useful at sites where access to fueling stations is inconvenient, in the event of a disaster, and in other situations.

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



Power generator: OFF
Battery: ON

Power generator: ON
Battery: Charging

PL-104LB-G2

3 *Denyo advertisement at Tokyo Dome**

On March 1, 2024, we began to display an advertisement beside the centerfield screen of the Tokyo Dome.

Many different events including concerts and exhibitions, not to mention professional baseball games, are held at the Tokyo Dome throughout the year, and diverse content is delivered globally from this facility.

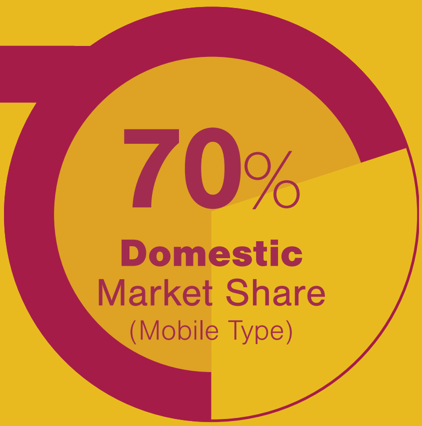
Denyo will proactively contribute to sports and culture and promote global corporate activities.

* Japan's premier multi-purpose dome stadium located in Koraku in Tokyo's Bunkyo Ward

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 and other mobile generators which are used mainly for construction work and events remained steady. Shipments of emergency generators to be used during power outages continued to recover.

Regarding products for overseas markets, sales of products for the United States increased significantly and sales of products for Asia also remained strong. As a result, segment sales increased to ¥61,488 million (US$406,128 thousand), up 14.5% year on year.

Engine Welders

In the engine welders segment, sales increased to ¥4,438 million (US$29,311 thousand), up 0.8% year on year. This mainly reflected steady shipments of TIG welders and large equipment for overseas markets, more than offsetting production problems affecting some products that were a result of a parts shortage.

Engine Compressors

In the engine compressors segment, while shipments of engine-driven compressors for overseas markets increased, shipments of those for the domestic market remained weak. As a result, segment sales declined to ¥694 million (US$4,583 thousand), down 4.6% year on year.

Other Products

In the other products segment, sales increased to ¥6,521 million (US$43,074 thousand), up 18.9% year on year. This was due to an increase in sales of parts incidental to products, in addition to strong shipments of self-propelled lifters reflecting the strong construction demand.

Note: Above domestic share is five year mean by our investigation

Denyo Co., Ltd.
and Subsidiaries

Consolidated Financial Statements
for the Year Ended March 31, 2024,
and Independent Auditor's Report

Financial Review

Business Environment and Results

During the fiscal year under review, the Japanese economy recovered modestly against the backdrop of the improvement of corporate earnings and the employment and income situation amid the ongoing normalization of economic activity. Meanwhile, the future outlook for the global economy remained uncertain due in part to the impact of events such as global monetary restraint and the economic slowdown in China.

Regarding the business environment surrounding the Denyo Group, demand in the construction market was strong in Japan, with large-scale construction projects including the construction of semiconductor plants, amid the ongoing construction in redevelopment projects in the Tokyo Metropolitan area and infrastructure repair work.

Demand also remained strong in overseas markets, mainly in the United States.

On the supply front, a parts shortage affected the production of some products.

In these conditions, the Denyo Group actively ran booths at product exhibitions in each region, focused its efforts on promoting the sale of products for overseas markets and sought to ensure stable supply. As a result, net sales increased to ¥73,141 million (US$483,095 thousand), up 13.7% year on year.

On the profit front, rising raw material prices impacted profit but this was more than offset by the significant increase in sales and other factors. As a result, operating profit rose 45.4% year on year to ¥7,089 million (US$46,826 thousand), ordinary profit increased 42.4% year on year to ¥7,378 million (US$48,733 thousand) and profit attributable to owners of parent rose 40.2% year on year to ¥5,095 million (US$33,653 thousand).

Segment Information

In the generator segment, looking at the products for the domestic market, shipments of large and other mobile generators which are used mainly for construction work and events remained steady. Shipments of emergency generators to be used during power outages continued to recover. Regarding products for overseas markets, sales of products for the United States increased significantly and sales of products for Asia also remained strong. As a result, segment sales increased to ¥61,488 million (US$406,128 thousand), up 14.5% 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 2023 to March 2024. Those in segments other than Japan are for January to December 2023 because the fiscal year end of overseas consolidated subsidiaries is December 31.

(Japan)

In Japan, shipments of mobile generators, mainly generators for the domestic rental market, remained strong while shipments of emergency generators for corporate customers also increased. Exports also remained steady, partly due to the yen's depreciation, which has been a tailwind. As a result, sales increased to ¥48,630 million (US$321,201 thousand), up 10.8% year on year, and segment profit increased to ¥4,237 million (US$27,985 thousand), up 49.5% year on year.

(United States)

In the US, sales increased to ¥19,718 million (US$130,237 thousand), up 24.2% year on year, and segment profit was ¥1,227 million (US$8,105 thousand), up 47.7% year on year. This reflected the effect of the weaker yen, in addition to the shipments of generators for the rental market remaining high due to the construction demand, including the demand for infrastructure repair work.

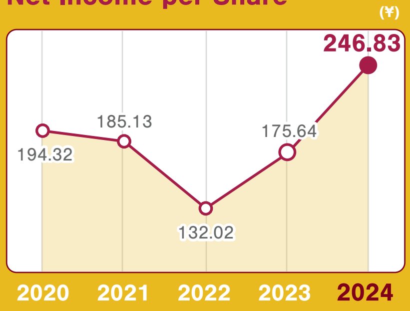
(Asia)

In Asia, demand for generators for infrastructure development and mine development remained strong, but this was more than offset by production problems at local plants affecting some products that were the result of a parts shortage. As a result, sales were ¥3,919 million (US$25,885 thousand), down 2.1% year on year, and segment profit was ¥785 million (US$5,182 thousand), down 16.4% year on year.

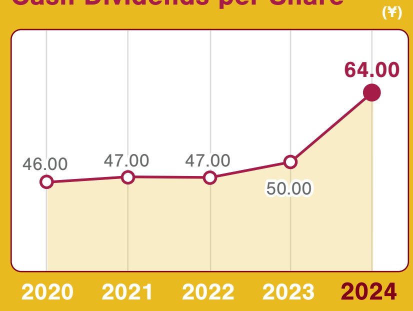
(Europe)

In Europe, sales increased to ¥874 million (US$5,772 thousand), up 63.5% year on year, and segment profit rose to ¥76 million (US$500 thousand), up 225.1% year on year. This resulted from an increase in shipments of products compatible with the stage V regulations on exhaust emissions in Europe, which mainly include products for the UK market, the main sales destination.

Net Income per Share



Cash Dividends per Share



Equity Ratio

Financial Position

(Assets)
Total assets at the end of the fiscal year under review were ¥100,541 million (US$664,073 thousand), an increase of ¥10,796 million (US$71,310 thousand) from the end of the previous fiscal year.

Current assets at the end of the fiscal year under review were ¥68,239 million (US$450,722 thousand), an increase of ¥6,722 million (US$44,400 thousand) from the end of the previous fiscal year. This was mainly due to an increase in electronically recorded monetary claims - operating of ¥4,272 million (US$28,217 thousand) and a rise in work in process of ¥611 million (US$4,036 thousand). Non-current assets at the end of the fiscal year under review were ¥32,301 million (US$213,351 thousand), an increase of ¥4,074 million (US$26,909 thousand) from the end of the previous fiscal year. This mainly reflected an increase in construction in progress of ¥887 million (US$5,856 thousand) and an increase in investment securities of ¥2,931 million (US$19,356 thousand) due to the revaluation of stockholdings.

(Liabilities)
Total liabilities at the end of the fiscal year under review were ¥24,697 million (US$163,127 thousand), increasing ¥3,612 million (US$23,857 thousand) from the end of the previous fiscal year. Current liabilities at the end of the fiscal year under review were ¥20,275 million (US$133,920 thousand), an increase of ¥2,575 million (US$17,009 thousand) from the end of the previous fiscal year. This was mainly due to an increase in electronically recorded obligations - operating of ¥962 million (US$6,353 thousand) and a rise in income taxes payable of ¥672 million (US$4,441 thousand). Non-current liabilities at the end of the fiscal year under review were ¥4,422 million (US$29,207 thousand), up ¥1,037 million (US$6,848 thousand) from the end of the previous fiscal year. This was due to an increase in deferred tax liabilities of ¥878 million (US$5,802 thousand).

(Net assets)
Net assets at the end of the fiscal year under review were ¥75,843 million (US$500,946 thousand), an increase of ¥7,184 million (US$47,452 thousand) from the end of the previous fiscal year. This was mainly due to profit attributable to owners of parent of ¥5,095 million (US$33,653 thousand), a ¥2,903 million (US$19,177 thousand) rise in other comprehensive income, and cash dividends paid of ¥1,093 million (US$7,221 thousand).

Cash Flows

Consolidated cash and cash equivalents (hereinafter, cash) were ¥24,029 million (US$158,713 thousand) at the end of the fiscal year under review, increasing ¥1,698 million (US$11,216 thousand) from the end of the previous fiscal year, despite the posting of profit before income taxes of ¥7,338 million (US$48,468 thousand) which was more than offset by an increase in trade accounts receivable and the purchase of property, plant and equipment.

(Cash flows from operating activities)
Net cash provided by operating activities was ¥4,177 million (US$27,586 thousand) (cash provided of ¥2,031 million (US$13,418 thousand) in the previous fiscal year). This was largely due to profit before income taxes of ¥7,338 million (US$48,468 thousand), an increase in trade receivables of ¥3,611 million (US$23,852 thousand) and income taxes paid of ¥1,599 million (US$10,561 thousand).

(Cash flows from investing activities)
Net cash used in investing activities was ¥1,835 million (US$12,123 thousand) (cash used of ¥4,117 million (US$27,190 thousand) in the previous fiscal year). This largely reflected the purchase of property, plant and equipment of ¥1,656 million (US$10,941 thousand) and proceeds from sales of investment securities of ¥51 million (US$338 thousand).

(Cash flows from financing activities)
Net cash used in financing activities was ¥820 million (US$5,416 thousand) (cash provided of ¥938 million (US$6,193 thousand) in the previous fiscal year). This was mainly due to an increase in short-term borrowings of ¥381 million (US$2,518 thousand) and dividends paid of ¥1,093 million (US$7,221 thousand).

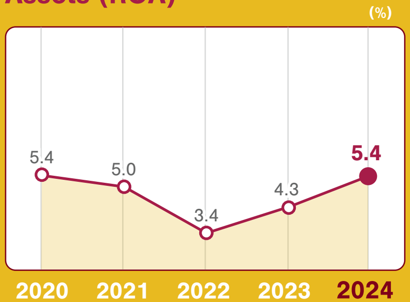
Dividends

Denyo recognizes the importance of continuing to work to return profits to shareholders while also investing in equipment and research & development to enhance and maintain product competitiveness and striving to improve profitability and strengthen its financial structure. Our policy is to distribute profits based on the comprehensive consideration of a wide range of factors including business performance and the payout ratio while assuming that we will continue our progressive dividend policy. Our basic policy is to pay dividends of surplus two times a year: an interim dividend and a year-end dividend.

Regarding dividends for the fiscal year under review, we issued an interim dividend of ¥24 (US$0.16) per share and decided to pay an ordinary year-end dividend of ¥40 (US$0.26) per share based on the policy above. As a result, dividends for the full year came to ¥64 (US$0.42). As a consequence, the dividend payout ratio (consolidated) for the fiscal year under review came to 25.9%.

Return on Average Shareholders' Equity

Return on Average Assets (ROA)



Price Earnings Ratio

Consolidated Balance Sheet

Denyo Co., Ltd. and Subsidiaries · Year Ended March 31, 2024

ASSETS	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars (Note 1) 2024
CURRENT ASSETS:			
Cash and cash equivalents (Note 15)	¥24,029	¥22,331	$158,713
Receivables (Note 15):	13		85
Trade notes	2,208	3,021	14,582
Electronically recorded monetary claims—operating	7,024	3,643	46,391
Trade accounts	13,976	13,308	92,309
Associated companies (Note 20)	2,840	2,086	18,759
Other	12	449	78
Allowance for doubtful receivables	(5)	(5)	(31)
Inventories (Note 5)	17,788	16,414	117,491
Prepaid expenses and other current assets	355	270	2,345
Total current assets	68,240	61,517	450,722
PROPERTY, PLANT AND EQUIPMENT:			
Land	6,499	6,495	42,929
Buildings and structures	16,862	16,001	111,372
Machinery and equipment (Note 14)	9,913	9,432	65,478
Furniture and fixtures	2,109	2,100	13,932
Construction in progress	2,531	1,644	16,714
Total	37,914	35,672	250,425
Accumulated depreciation	(18,742)	(17,394)	(123,789)
Net property, plant and equipment	19,172	18,278	126,636
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 15)	10,482	7,597	69,232
Investments in associated companies (Note 6)	1,118	1,072	7,383
Deferred tax assets (Note 11)	380	287	2,510
Other assets (Note 14)	1,149	993	7,590
Total investments and other assets	13,129	9,949	86,715
TOTAL	¥100,541	¥89,744	$664,073

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2024	Millions of Yen 2023	Thousands of U.S. Dollars (Note 1) 2024
CURRENT LIABILITIES:			
Short-term bank loans (Notes 7 and 15)	¥2,193	¥1,810	$14,484
Current portion of long-term debt (Notes 7, 14 and 15)	104	100	689
Payables (Note 15):			
Trade notes	786	800	5,191
Electronically recorded obligations—operating	3,652	2,690	24,122
Trade accounts	9,153	9,245	60,459
Associated companies	11	4	72
Other	309	281	2,044
Accrued income taxes (Note 11)	1,344	672	8,879
Accrued expenses	1,496	1,308	9,882
Provision for product warranties	191	99	1,262
Other current liabilities	1,036	691	6,836
Total current liabilities	20,275	17,700	133,920
LONG-TERM LIABILITIES:			
Long-term debt (Notes 7, 14 and 15)	1,773	1,694	11,708
Liability for retirement benefits (Note 9)	593	513	3,915
Deferred tax liabilities (Note 11)	2,046	1,168	13,514
Other long-term liabilities	11	10	70
Total long-term liabilities	4,423	3,385	29,207
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 14, 16)			
EQUITY (Note 10):			
Common stock—authorized, 97,811,000 shares; issued, 22,859,660 shares in 2024 and 22,859,660 shares in 2023	1,955	1,955	12,912
Capital surplus	1,789	1,789	11,814
Retained earnings	63,103	59,101	416,793
Treasury stock—at cost, 2,211,496 shares in 2024 and 2,226,890 shares in 2023 (Note 3)	(2,704)	(2,720)	(17,861)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	5,541	3,500	36,600
Foreign currency translation adjustments	3,224	2,321	21,299
Defined retirement benefit plans	(92)	(52)	(607)
Total	72,816	65,894	480,950
Noncontrolling interests	3,027	2,765	19,996
Total equity	75,843	68,659	500,946
TOTAL	¥100,541	¥89,744	$664,073

Consolidated Statement of Income and Comprehensive Income

Denyo Co., Ltd. and Subsidiaries · Year Ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
NET SALES (Notes 12, 19 and 20)	¥73,141	¥64,312	$483,095
COST OF SALES	56,911	50,677	375,897
Gross profit	16,230	13,635	107,198
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 13)	9,141	8,761	60,372
Operating income	7,089	4,874	46,826
OTHER INCOME (EXPENSES):			
Interest and dividend income	348	288	2,300
Interest expense	(99)	(51)	(651)
Gain on sale of property, plant and equipment	7	2	45
Loss on sale or disposal of property, plant and equipment	(48)	(4)	(314)
Foreign exchange (loss) gain	(142)	(196)	(935)
Equity in earnings of associated companies	55	189	363
Rent income	92	80	605
Commitment fee	(7)	(31)	(46)
Gain on sale of investment securities	1	39	5
Other—net	42	28	270
Other income—net	249	344	1,642
INCOME BEFORE INCOME TAXES	7,338	5,218	48,468
INCOME TAXES (Note 11):			
Current	2,246	1,658	14,836
Deferred	(87)	(150)	(576)
Total income taxes	2,159	1,508	14,260
NET INCOME	5,179	3,710	34,208
NET INCOME ATTRIBUTABLE TO:			
Owners of the parent	5,095	3,634	33,653
Noncontrolling interests	84	76	555
NET INCOME—(Forward)	¥5,179	¥3,710	$34,208
OTHER COMPREHENSIVE INCOME (Note 17):			
Unrealized (loss) gain on available-for-sale securities	2,034	289	13,438
Foreign currency translation adjustments	1,119	2,073	7,392
Defined retirement benefit plans	(40)	(18)	(266)
Share of other comprehensive income in associates	7	2	44
Total other comprehensive income	3,120	2,346	20,608
COMPREHENSIVE INCOME	8,299	¥6,056	$54,816
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥7,998	¥5,638	$52,831
Noncontrolling interests	301	418	1,985

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.u and 18):			
Basic net income	¥246,83	¥175.64	$1.63
Cash dividends applicable to the year	64.00	50.00	0.42

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Denyo Co., Ltd. and Subsidiaries · Year Ended March 31, 2024

	Thousands	Millions of Yen									
						Accumulated Other Comprehensive 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, 2022	20,720	1,955	1,789	56,501	(2,598	3,209	591	(34)	61,413	2,348	63,761
Net income attributable to owners of the parent				3,634					3,634		3,634
Cash dividends, ¥48 per share				(1,034)					(1,034)		(1,034)
Purchase of treasury stock	(100)				(136)				(136)		(136)
Selling of treasury stock	13				14				14		14
Net change in the year						291	1,730	(18)	2,003	417	2420
BALANCE, MARCH 31, 2023	20,633	¥1,955	¥1,789	¥59,101	¥(2,720)	¥3,500	¥591	¥(52)	¥65,894	¥2,765	¥68,659
Net income attributable to owners of the parent				5,095					5,095		5,095
Cash dividends, ¥48 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

	Thousands of U.S. Dollars (Note 1)									
					Accumulated Other Comprehensive 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, 2023	$12,912	$11,814	$390,361	$(17,969)	$23,118	$15,338	$(341)	$435,233	$18,261	$453,494
Net income attributable to owners of the parent			33,653					33,653		33,653
Cash dividends, $0.34 per share			(7,221)					(7,221)		(7,221)
Purchase of treasury stock				(8)				(8)		(8)
Selling of treasury stock				116				116		116
Net change in the year					13,482	5,961	(266)	19,177	1,735	20,912
BALANCE, MARCH 31, 2024	$12,912	$11,814	$416,793	$(17,861)	$36,600	$21,299	$(607)	$480,950	$19,996	$500,946

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Denyo Co., Ltd. and Subsidiaries · Year Ended March 31, 2024

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2024	2023	2024
OPERATING ACTIVITIES:			
Income before income taxes	¥7,338	¥5,218	$48,468
Adjustments for:			
Income taxes paid	(1,599)	(1,407)	(10,561)
Depreciation and amortization	1,228	1,266	8,109
Loss on sale or disposal of property, plant and equipment—net	41	2	269
Gain on sale of investment securities	(1)	(39)	(5)
Equity in earnings of associated companies	(55)	(189)	(363)
Changes in assets and liabilities, net of effects:			
(Increase) decrease in trade notes and accounts receivable	(3,611)	(1,215)	(23,852)
Increase in inventories	(793)	(2,703)	(5,235)
Decrease in interest and dividends receivable	7	10	46
Increase in trade notes and accounts payable	501	591	3,310
Increase (decrease) in provision for allowance for doubtful accounts	(0)	0	(1)
Increase in liability for retirement benefits	9	19	58
Other—net	1,112	478	7,343
Total adjustments	(3,161)	(3,187)	(20,882)
Net cash provided by operating activities	4,177	2,031	27,586
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(1,656)	(4,065)	(10,941)
Purchases of investment securities	(3)	(3)	(22)
Proceeds from sales of investment securities	51	70	338
Investment in loans receivable	(1)	(1)	(3)
Collections of loans receivable	1	1	5
Increase in time deposit—net	(13)		(86)
Other—net	(215)	(119)	(1,414)
Net cash used in investing activities	(1,836)	(4,117)	(12,123)
FINANCING ACTIVITIES:			
Increase (decrease) in short-term loans—net	381	1,600	2,518
Proceeds from long-term debt		509	
Repayments of long-term debt	(67)	(6)	(440)
Purchases of treasury stock	(1)	(136)	(9)
Dividends paid	(1,093)	(1,034)	(7,741)
Other—net	(40)	5	(264)
Net cash used in financing activities	(820)	938	(5,416)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	177	120	1,169
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS—(Forward)	¥1,698	¥(1,028)	$11,216
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	22,331	23,359	147,497
CASH AND CASH EQUIVALENTS, END OF YEAR	¥24,029	¥22,331	$158,713

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Denyo Co., Ltd. and Subsidiaries · Year Ended March 31, 2024

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 ¥151.40 to $1, the approximate rate of exchange at March 31, 2024. 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, 2024, 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.

Effective April 1, 2021, the Company applied ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement" and ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," and revised related ASBJ Statements and ASBJ Guidance (the "New Accounting Standards"). Under the New Accounting Standards, nonmarketable available-for-sale equity securities are stated at cost, while under the previous accounting standards, nonmarketable available-for-sale securities are stated at cost. The Company applied the New Accounting Standards prospectively. As a result, there is no impact on the financial statements.

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.

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.

l. ***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 Corporate, Inhabitant and Enterprise Taxes (ASBJ Statement No. 27, October 28, 2022)

—Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)

—Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

(1) Overview

In February 2018, ASBJ issued ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Accounting for Tax Effect Accounting" and others ("ASBJ Statement No. 28, etc."), and completed the transfer of practical guidelines on tax effect accounting from Japanese Institute of Certified Public Accountants to ASBJ, and in the course of its deliberations, the following two issues, which had been to be discussed again after the release of ASBJ Statement No. 28, etc., were discussed and released.

- Classification of tax expenses (Taxation on Other Comprehensive Income)
- Tax effect on sales of shares of subsidiaries or affiliates when the Group Taxation Regime is applied

(2) Scheduled date of adoption

The standards will be adopted from the beginning of the fiscal year ending March 31, 2025.

(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 of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Treasury stock	¥486	¥486	$3,092
(Number of shares (thousands of shares))	(740)	(756)	

4. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Non-current:			
Marketable equity securities	¥9,609	¥6,724	$63,467
Nonmarketable equity securities	873	873	5,765
Total	¥10,482	¥7,597	$69,232

The cost and aggregate fair values of marketable and investment securities at March 31, 2024 and 2023, were as follows:

	Millions of Yen			
March 31, 2024	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale—				
Equity securities	¥1,753	¥7,856		¥9,609
March 31, 2023				
Securities classified as available-for-sale—				
Equity securities	¥1,800	¥4,924		¥6,724

	Thousands of U.S. Dollars			
March 31, 2024	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as available-for-sale—				
Equity securities	$11,579	$51,888		$63,467

The proceeds, realized gains and realized losses of the available-for-sale securities which were sold during the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen			Thousands of U.S. Dollars		
March 31, 2024	Proceeds	Realized Gains	Realized Loss	Proceeds	Realized Gains	Realized Loss
Available-for-sale—Equity securities	¥51	¥1		$338	$5	
March 31, 2023						
Available-for-sale—Equity securities	¥70	¥39				

5. INVENTORIES

Inventories at March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Finished products and merchandise	¥5,760	¥5,244	$38,048
Work in process	2,714	2,103	17,927
Raw materials and supplies	9,314	9,067	61,516
Total	¥17,788	¥16,414	$117,491

6. INVESTMENTS IN ASSOCIATED COMPANIES

Investments in associated companies at March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Investments—New Japan Machinery Corporation	¥1,118	¥1,072	$7,383
Total	¥1,118	¥1,072	$7,383

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

Short-term bank loans at March 31, 2024 and 2023, consisted of bank overdrafts. The weighted-average interest rates applicable to the short-term bank loans were 1.4% and 0.4% at March 31, 2024 and 2023, respectively.

Long-term debt at March 31, 2024 and 2023, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Unsecured loans from banks, with interest rate at 5.0% and 4.2% (2024 and 2023)	¥1,496	¥1,438	$9,882
Lease obligations	381	356	2,515
Total	1,877	1,794	12,397
Less current portion	(104)	(100)	(689)
Long-term debt, less current portion	¥1,773	¥1,694	$11,708

Annual maturities of long-term debt at March 31, 2024, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2025	¥104	$689
2026	1,160	7,661
2027	99	655
2028	98	646
2029	96	633
2030 and thereafter	320	2,113
Total	¥1,877	$12,397

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 ($19,815 thousand) as of March 31, 2024. The Company had no borrowings outstanding under the agreement as of March 31, 2024.

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, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Balance at beginning of year	¥2,758	¥2,712	$18,218
Current service cost	202	188	1,338
Interest cost	28	26	187
Actuarial losses (gains)	99	(15)	653
Benefits paid	(209)	(163)	(1,384)
Others	14	10	91
Balance at end of year	¥2,892	¥2,758	$19,103

(2) The changes in plan assets for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Balance at beginning of year	¥2,427	¥2,424	$16,032
Expected return on plan assets	30	27	201
Actuarial losses	(13)	(52)	(87)
Contributions from the employer	234	186	1,546
Benefits paid	(185)	(158)	(1,222)
Others	1	0	5
Balance at end of year	¥2,494	¥2,427	$16,475

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

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Funded defined benefit obligation	¥2,829	¥2,681	$18,684
Plan assets	2,494	2,427	16,475
Total	335	254	2,209
Unfunded defined benefit obligation	63	77	419
Liability for stock granting retirement	195	182	1,287
Net liability arising from defined benefit obligation	¥593	¥513	$3,915

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Liability for retirement benefits	¥593	¥513	$3,915
Net liability arising from defined benefit obligation	¥593	¥513	$3,915

(4) The components of net periodic benefit costs for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Service cost	¥203	¥188	$1,338
Interest cost	28	26	187
Expected return on plan assets	(30)	(27)	(201)
Recognized actuarial losses	54	12	357
Stock granting cost	55	39	366
Net periodic benefit costs	¥310	¥238	$2,047

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Actuarial gains	¥(58)	¥(26)	$(383)

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Unrecognized actuarial gains	¥(132)	¥(74)	$(875)

(7) Plan assets

a. Components of plan assets

Plan assets as of March 31, 2024 and 2023, consisted of the following:

	2024	2023
General account managed by a life insurance company	98.4%	97.0%
Other	1.6	3.0
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, 2024 and 2023, are set forth as follows:

	2024	2023
Discount rate	Mainly 0.60%	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.

b. *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, 2024 and 2023.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2024 and 2023, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Deferred tax assets:			
Accrued bonuses	¥213	¥204	$1,409
Provision for product warranties	63	33	420
Research and development costs	127	124	837
Accrued enterprises taxes	87	49	573
Unrealized gain on sale of inventory	131	157	868
Unrealized gain on sale of property	19	17	125
Liability for retirement benefits	166	122	1,096
Loss on revaluation of investment securities	74	74	490
Tax loss carryforwards	21	21	136
Other	213	203	1,408
Less valuation allowance	(83)	(89)	(549)
Total	1,031	915	6,813
Deferred tax liabilities:			
Reserve for deferred gains on sales of property	346	347	2,288
Unrealized gain on available-for-sale securities	2,334	1,437	15,418
Other	17	12	111
Total	2,697	1,796	17,817
Net deferred tax liabilities	¥(1,666)	¥(881)	$(11,004)

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.

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, 2023, is as follows:

	2023
Normal effective statutory tax rate	30.6%
Expenses not deductible for income tax purposes	2.1
Income not recognizable for income tax purposes	(0.3)
Per capita portion of inhabitants' taxes	0.6
Tax credits	(1.1)
Lower income tax rates applicable to income in certain foreign countries	(1.1)
Valuation allowance	(0.1)
Other—net	(1.8)
Actual effective tax rate	28.9%

At March 31, 2024, some subsidiaries have tax loss carryforwards aggregating approximately ¥95 million ($629 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, 2024 and 2023, were as follows:

(a) Sales results by product

	Millions of Yen					Thousands of U.S. Dollars				
2024	Generators	Welders	Compressors	Others	Total	Generators	Welders	Compressors	Others	Total
Products and services	¥61,488	¥4,438	¥694	¥6,521	¥73,141	$406,128	$29,311	$4,583	$43,073	$483,095
Revenues from contracts with customers	61,488	4,438	694	6,521	73,141	406,128	29,311	4,583	43,073	483,095
Other revenue										
Total	¥61,488	¥4,438	¥694	¥6,521	¥73,141	$406,128	$29,311	$4,583	$43,073	$483,095

2023	Generators	Welders	Compressors	Others	Total
Products and services	¥53,700	¥4,402	¥727	¥5,483	¥64,312
Revenues from contracts with customers	53,700	4,402	727	5,483	64,312
Other revenue					
Total	¥53,700	¥4,402	¥727	¥5,483	¥64,312

(b) Sales results by region

	Millions of Yen					Thousands of U.S. Dollars				
2024	Japan	North and Central America	Asia	Other Areas	Total	Japan	North and Central America	Asia	Other Areas	Total
Products and services	¥38,390	¥25,231	¥6,643	¥2,877	¥73,141	$253,566	$166,649	$43,877	$19,003	$483,095
Revenues from contracts with customers	38,390	25,231	6,643	2,877	73,141	253,566	166,649	43,877	19,003	483,095
Other revenue										
Total	¥38,390	¥25,231	¥6,643	¥2,877	¥73,141	$253,566	$166,649	$43,877	$19,003	$483,095

2023	Japan	North and Central America	Asia	Other Areas	Total
Products and services	¥34,245	¥21,617	¥5,903	¥2,547	¥64,312
Revenues from contracts with customers	34,245	21,617	5,903	2,547	64,312
Other revenue					
Total	¥34,245	¥21,617	¥5,903	¥2,547	¥64,312

(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, 2024 and 2023, were as follows:

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
	2024	2023	2024
Contract liabilities:			
Balance at beginning of year	¥274	¥91	$1,809
Balance at end of year	304	274	2,009

Of revenue recognized during the current fiscal year, the amounts included in the balance at beginning of year were ¥155 million ($1,023 thousand) and ¥83 million for the years ended March 31,2024 and 2023.

(4) Transaction Prices Allocated to Remaining Performance Obligations

There were no significant contracts having an original expected duration of over one year at end of current fiscal year. 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. 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 ¥582 million ($3,844 thousand) and ¥656 million for the years ended March 31, 2024 and 2023, 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 of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Due within one year	¥32	¥27	$208
Due after one year	349	329	2,307
Total	¥381	¥356	$2,515

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 six and eleven 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 rate risk)

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 obligations-operating 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, 2024	Carrying Amount	Fair Value	Unrealized Gain/Loss
Investment securities	¥9,609	¥9,609	
Total	¥9,609	¥9,609	
Long-term debt	¥1,496	¥1,496	¥0
Total	¥1,496	¥1,496	¥0
March 31, 2023			
Investment securities	¥6,724	¥6,724	
Total	¥6,724	¥6,724	
Long-term debt (including Current portion of long-term debt)	¥1,438	¥1,438	
Total	¥1,438	¥1,438	

	Thousands of U.S. Dollars		
March 31, 2024	Carrying Amount	Fair Value	Unrealized Gain/Loss
Investment securities	$63,467	$63,467	
Total	$63,467	$63,467	
Long-term debt (including Current portion of long-term debt)	$9,882	$9,882	¥0
Total	$9,882	$9,882	¥0

(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
	2024	2023	2024
Unlisted equity instruments	¥873	¥873	$5,765

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

	Millions of Yen		Thousands of U.S. Dollars	
March 31, 2024	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	¥24,029		$158,713	
Time deposits other than cash equivalents	13		85	
Receivables	26,048		172,041	
Total	¥50,090		$330,839	

March 31, 2023	Due in One Year or Less	Due after One Year through Five Years
Cash and cash equivalents	¥21,331	
Receivables	22,058	
Total	¥43,389	

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, 2024	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Marketable and investment securities—								
Investment securities	¥9,609			¥9,609	¥63,467			¥63,467
Total assets	¥9,609			¥9,609	¥63,467			¥63,467

	Millions of Yen			
March 31, 2023	Level 1	Level 2	Level 3	Total
Marketable and investment securities—				
Investment securities	¥6,724			¥6,724
Total assets	¥6,724			¥6,724

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

	Millions of Yen				Thousands of U.S. Dollars			
March 31, 2024	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Marketable and investment securities— Commercial paper		¥1,000		¥1,000		$6,605		$6,605
Total assets		¥1,000		¥1,000		$6,605		$6,605
Long-term debt (including Current portion of long-term debt)		¥1,496		¥1,496		$9,882		$9,882
Total liabilities		¥1,496		¥1,496		$9,882		$9,882

	Millions of Yen			
March 31, 2023	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		¥1,438		¥1,438
Total liabilities		¥1,438		¥1,438

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. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income, including reclassification adjustments and tax effects for the years ended March 31, 2024 and 2023, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥2,932	¥436	$19,370
Reclassification adjustments to profit or loss	(1)	(15)	(5)
Amount before income tax effect	2,931	421	19,365
Income tax effect	(897)	(132)	(5,927)
Total	¥2,034	¥289	$13,438
Foreign currency translation adjustments—			
Adjustments arising during the year	¥1,119	¥2,073	$7,392
Total	¥1,119	¥2,073	$7,392
Defined retirement benefit plans:			
Adjustments arising during the year	¥(81)	¥(40)	$(533)
Reclassification adjustments to profit or loss	23	14	150
Amount before income tax effect	(58)	(26)	(383)
Income tax effect	18	8	117
Total	¥(40)	¥(18)	$(266)
Share of other comprehensive income in associates— Gains arising during the year	¥7	¥2	$44
Total	¥7	¥2	$44
Total other comprehensive income	¥3,120	¥2,346	$20,608

18. NET INCOME PER SHARE

Basis for the computation of net income per share ("EPS") for the years ended March 31, 2024 and 2023, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2024	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
Basic EPS—Net income available to common shareholders	¥5,095	20,642	¥246.83	$1.63
Year Ended March 31, 2023				
Basic EPS—Net income available to common shareholders	¥3,634	20,687	¥175.64	$1.32

As noted in Note 2.l, 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 (746 thousand shares in 2024 and 763 thousand shares in 2023) is reflected.

19. 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) Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, geographic segments of the Group consist of Japan, United States of America, Asia and Europe. Japan includes the Company, "Denyo Kosan Co., Ltd." and "Nishihatsu Co., Ltd." United States of America mainly includes "Denyo Manufacturing Corporation." Asia mainly includes "Denyo United Machinery Pte. Ltd." Europe consists of "Denyo Europe B.V."

(2) Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

(3) Information about Sales, Profit (Loss), Assets and Other Items

	Millions of Yen						
	2024						
	Reportable Segment						
	Japan	United States of America	Asia	Europe	Total	Reconciliations	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

	Millions of Yen						
	2023						
	Reportable Segment						
	Japan	United States of America	Asia	Europe	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	¥43,893	¥15,882	¥4,003	¥534	¥64,312		¥64,312
Intersegment sales or transfers	6,075	479	6,146	4	12,704	¥(12,704)	
Total	¥49,968	¥16,361	¥10,149	¥538	¥77,016	¥(12,704)	¥64,312
Segment profit	¥2,833	¥831	¥939	¥23	¥4,626	¥248	¥4,874
Segment assets	72,575	10,687	12,449	659	96,370	(6,626)	89,744
Other:							
Depreciation and amortization	732	262	272	0	1,266		1,266
Investments in associated companies	1,072				1,072		1,072
Increase in property, plant and equipment and intangible assets	4,109	15	89		4,213		4,213

	Thousands of U.S. Dollars						
	2024						
	Reportable Segment						
	Japan	United States of America	Asia	Europe	Total	Reconciliations	Consolidated
Sales:							
Sales to external customers	$321,201	$130,237	$25,885	$5,772	$483,095		$483,095
Intersegment sales or transfers	36,822	4,477	40,737	41	82,077	$(82,077)	
Total	$358,023	$134,714	$66,622	$5,813	$565,172	$(82,077)	$483,095
Segment profit	$27,985	$8,105	$5,182	$500	$41,772	$5,054	$46,826
Segment assets	538,465	74,358	88,769	4,931	706,523	(42,450)	664,073
Other:					8,109		
Depreciation and amortization	4,715	1,464	1,930	0	7,383		8,109
Investments in associated companies	7,383						7,383
Increase in property, plant and equipment and intangible assets	11,207	1,132	297		12,636		12,636

Related Information

(1) Information about Products and Services

Information about products and services for the years ended March 31, 2024 and 2023, is omitted since sales to external customers in a single product line (generators, welders, compressors, and other related products) accounted for more than 90% of the total consolidated sales.

(2) Information about Major Customers

Sales to major customers for the years ended March 31, 2024 and 2023, are summarized as follows:

Name of Customers	Millions of Yen		Thousands of U.S. Dollars	Related Segment
	2024	2023	2024	
Multiquip Inc.	¥19,718	¥15,882	$130,237	United States of America

20. 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, 2024 and 2023, and related balances at March 31, 2024 and 2023, were mainly as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Transactions—Sales	¥3,708	¥2,710	$24,493
Balances:			
Trade accounts receivable	¥724	¥862	$4,780
Electronically recorded monetary claims—operating	2,098	1,210	13,857

21. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2024, was approved at the Company's Board of Directors' meeting held on May 16, 2024:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥40 ($0.26) per share	¥857	$5,664

* * * * * *

Company Data

Company outline (As of March 31, 2024)

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.$ 12,911,714)
Authorized Shares	97,811,000
Issued Shares	22,859,660
Shareholders	5,432
Financial Year	April 1 to March 31
Employees	596 (1,408 consolidated)
Branch and Sales Offices	22

Directors, Audit Supervisory Board Members (As of June 27, 2024)

Representative Director, Chairman	**Shoichi Shiratori**	
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, General Manager, Personnel Department
Director, Senior Executive Officer	**Kenichi Otomo**	Chief Executive International Sales & Marketing Division, Responsible for Overseas Sales Subsidiary
Director, Senior Executive Officer	**Masakazu Minato**	Chief Executive, Sales Division, General Manager, Sales Support Department
Outside Director	**Yoshio Takeyama**	
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	**Makoto Koto**	

Executive Officers (As of September 1, 2024)

Senior Executive Officer	**Noboru Chosei**	Chief Executive Quality Management Division
Senior Executive Officer	**Hirokazu Tsukasaki**	Chief Executive, Production Division
Executive Officer	**Shoichi Fujimoto**	General Manager, Engineering Department Development Division
Executive Officer	**Shoichiro Fujimoto**	General Manager, Planning & Coordination Office
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**	General Manager, Quality Management Department Quality Management Division
Executive Officer	**Takashi Ebihara**	Deputy General Manager, West Japan Sales Department Sales Division
Executive Officer	**Takeshi Yamaguchi**	General Manager, Information System Department Administration 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

Laboratory & Training Center


Fukui Plant

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.
140, 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 A3,Thang Long Industrial Park II, Lieu Xa Commune,Yen My, Hung Yen, Vietnam
Paid-in Capital: US$ 10 million
Business: Manufacture and sales of industrial electrical machinery

Denyo Trading Vietnam Co., Ltd.
Room 606.03, 6th Floor, Indochina Plaza Hanoi Tower, No. 241 Xuan Thuy Street,
Dich Vong Hau Ward, Cau Giay District, 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, 2024)

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 1,422,964 shares of Company's own stock)
Stock Listing	Tokyo Stock Exchange, Prime Section (Code: 6517)
Shareholders	5,432
Transfer Agency	Tokyo Securities Transfer Agent Co., Ltd. 3-11, Kanda Nishiki-cho, Chiyoda-ku, Tokyo 101-0054, Japan

Major Shareholders

(As of March 31, 2024)

Shareholders	Shares Held (Thousands)	Voting Right Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,956	9.12
The SFP Value Realization Master Fund Ltd.	1,795	8.37
Kyuei Corporation	1,417	6.61
Mizuho Trust & Banking Co., Ltd.	1,055	4.92
The Dai-ichi Life Insurance Co., Ltd.	872	4.06
Custody Bank of Japan, Ltd. (Trust E Account)	739	3.45
Denyo Shin-eikai Group	672	3.13
Custody Bank of Japan, Ltd. (Trust Account)	570	2.66
The Chase Manhattan Bank, N. A. London Special Omnibus Secs Lending Account	553	2.58
Tsurumi Manufacturing Co., Ltd	543	2.53

Denyo Co.,Ltd.

https://www.denyo.co.jp

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