

# Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]



January 30, 2024

Company name: Daihatsu Diesel Mfg. Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 6023

URL: <https://www.dhtd.co.jp>

Representative: Yoshinobu Hotta, President

Contact: Takashi Mizushina, Director

Phone: +81-6-6454-2331

Scheduled date of filing quarterly securities report: February 13, 2024

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Not available

Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

## **1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)**

### (1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2023	57,786	22.3	2,128	86.1	2,264	94.7	2,645	153.0
December 31, 2022	47,246	26.5	1,143	(17.7)	1,162	(31.9)	1,045	(22.2)

(Note) Comprehensive income: Nine months ended December 31, 2023: 2,846 million yen [109.0%]

Nine months ended December 31, 2022: 1,362 million yen [(5.8)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended December 31, 2023	Yen 83.70	Yen -
December 31, 2022	33.12	-

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of December 31, 2023	Million yen 97,186	Million yen 47,748	% 49.1
As of March 31, 2023	95,377	45,724	47.9

(Reference) Equity: As of December 31, 2023: 47,699 million yen

As of March 31, 2023: 45,678 million yen

## **2. Dividends**

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen -	Yen 0.00	Yen -	Yen 28.00	Yen 28.00
Fiscal year ending March 31, 2024	-	0.00	-		
Fiscal year ending March 31, 2024 (Forecast)				33.00	33.00

(Note) Revision to the forecast for dividends announced most recently: None

**3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)**

(% indicates changes from the previous corresponding period.)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share				
Full year	Million yen 78,000	% 8.2	Million yen 3,600	% (0.0)	Million yen 3,800	% 3.8	Million yen 3,500	% 18.7	Yen 109.89

(Note) Revision to the financial results forecast announced most recently: None

**\* Notes:**

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2023: 31,850,000 shares

March 31, 2023: 31,850,000 shares

2) Total number of treasury shares at the end of the period:

December 31, 2023: 200,335 shares

March 31, 2023: 280,235 shares

3) Average number of shares during the period:

Nine months ended December 31, 2023: 31,609,280 shares

Nine months ended December 31, 2022: 31,574,150 shares

\* These quarterly financial results are outside the scope of quarterly review procedures conducted by a certified public accountant or audit corporation.

**\* Explanation of the proper use of financial results forecast and other notes**

The financial results forecasts and other forward-looking statements herein are based on information and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to “Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attached material for the assumptions the financial results forecasts are based on, and notes on their use.

## Table of Contents

1. Qualitative Information on Quarterly Financial Results for the Period under Review.....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position.....	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information .....	3
2. Quarterly Consolidated Financial Statements and Primary Notes .....	4
(1) Quarterly Consolidated Balance Sheets .....	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	6
(3) Notes to the Quarterly Consolidated Financial Statements .....	8
(Notes on going concern assumption) .....	8
(Notes in the case of significant changes in shareholders' equity).....	8
(Segment information, etc.) .....	8
3. Supplementary Information .....	10
(1) Status of Production, Orders Received, and Sales.....	10

## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Operating Results

During the nine months under review (from April 1, 2023 to December 31, 2023), the Japanese economy showed a gradual recovery trend, with domestic demand on a path toward recovery as COVID-19 was reclassified into “Class 5” and economic activities returned to normal, as well as due in part to improvements in employment and income conditions, although prices increased markedly due to the weakening trend of the yen and resource price hikes.

Looking at the world economy, the future outlook remained uncertain due to, for example, a slowdown of China’s economy caused by a stagnant real estate market, the prolonged situation in Ukraine, and growing tensions in the Middle East, in addition to worldwide surging prices and ongoing monetary tightening policies.

In the shipbuilding and maritime industry, the primary industry in which the Company makes its sales, since the Energy Efficiency Existing Ship Index (EEXI) and the Carbon Intensity Indicator (CII; a system for rating ships based on the fuel efficiency) have started, the movement toward promoting capital investment, more efficient operation, and other factors has become active. Furthermore, visualization of the operation status and engine systems utilizing digital technology has also been growing rapidly due in part to improvements in the marine communication environment.

Under such a corporate environment, the Group has aimed to contribute to net-zero emissions by providing broader new solutions, primarily in response to next-generation fuels, in order to create social value through the implementation of our corporate philosophy and realize sustainable growth as a company under the mid- to long-term vision “POWER! FOR ALL beyond 2030.” At the same time, we have been actively working to create an environment that encourages each employee to take on independent-minded challenges and maximize their abilities.

In the nine months under review, the Group’s sales have remained strong for large-sized engines and dual fuel engines mainly for container ships as well as small- and medium-sized engines mainly for bulk carriers and tankers, while there has been a continued solid demand for maintenance.

As a result, consolidated net sales increased by 22.3% year-on-year to 57,786 million yen, operating profit increased by 86.1% year-on-year to 2,128 million yen, ordinary profit increased by 94.7% year-on-year to 2,264 million yen, and profit attributable to owners of parent increased by 153.0% year-on-year to 2,645 million yen.

Performance by business segment of the Company and the consolidated Group are as follows.

#### <Internal combustion engines>

##### 1. Marine-use

Net sales increased by 26.7% year-on-year to 50,545 million yen and segment income increased by 25.8% year-on-year to 3,877 million yen, due to increases in sales of engines and maintenance-related sales, an effect of fluctuation of foreign exchange rates, and other factors.

##### 2. Land-use

Net sales increased by 3.0% year-on-year to 4,343 million yen and segment income of 144 million yen was recorded (a segment loss of 596 million yen in the previous corresponding period) due to increases in sales of engines and maintenance-related sales, and other factors.

Consequently, net sales for the segment increased by 24.4% year-on-year to 54,889 million yen, and segment income increased by 61.8% year-on-year to 4,021 million yen.

#### <Other>

##### 1. Industrial machinery-related

In the aluminum wheel division, both net sales and segment income declined due to a decrease in sales volume.

##### 2. Real estate leasing-related

In real estate leasing-related, net sales decreased slightly while segment income increased slightly.

3. Electricity sales-related

In electricity sales-related, net sales decreased while segment income increased.

4. Precision parts-related

In precision parts-related, net sales increased while segment income decreased.

Consequently, net sales for the segment decreased by 7.4% year-on-year to 2,897 million yen, and segment income decreased by 21.3% year-on-year to 354 million yen.

(2) Explanation of Financial Position

In assets as of the end of the third quarter under review, cash and deposits increased by 3,415 million yen from the end of the previous fiscal year to 30,042 million yen. Further, inventories rose by 3,904 million yen from the end of the previous fiscal year. Meanwhile, due to progress made in collection of trade receivables at the end of the previous fiscal year, notes and accounts receivable - trade, and contract assets decreased by 3,932 million yen. Also, investment securities decreased by 1,648 million yen. As a result, total assets increased by 1,809 million yen from the end of the previous fiscal year to 97,186 million yen.

In liabilities, notes and accounts payable - trade and electronically recorded obligations - operating in total increased by 2,046 million yen from the end of the previous fiscal year. Meanwhile, owing to scheduled payment, short-term borrowings and long-term borrowings in total decreased by 770 million yen. Also, provision for bonuses decreased by 506 million yen, accrued expenses decreased by 279 million yen, and other under current liabilities decreased by 495 million yen mainly due to a decrease in advances received. As a result, total liabilities decreased by 215 million yen from the end of previous fiscal year to 49,437 million yen.

In net assets, retained earnings increased by 1,761 million yen from the end of the previous fiscal year to 42,627 million yen. As a result, total net assets increased by 2,024 million yen from the end of the previous fiscal year to 47,748 million yen. Equity ratio at the end of the third quarter under review increased by 1.2 points from the end of the previous fiscal year to 49.1%.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

As to the consolidated financial results forecast for the fiscal year ending March 31, 2024, no revisions have been made to the forecast announced on October 26, 2023.

The forecasts stated herein are based on information available to the Company as of the date of publication of this document. Actual results may differ from these forecasts due to a wide range of factors that may arise in the future.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	26,627	30,042
Notes and accounts receivable - trade, and contract assets	20,883	16,950
Inventories	14,548	18,452
Other	3,339	3,759
Allowance for doubtful accounts	(8)	(8)
<b>Total current assets</b>	<u>65,389</u>	<u>69,197</u>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures, net	8,935	8,732
Machinery, equipment and vehicles, net	6,843	6,168
Land	5,084	5,084
Construction in progress	188	537
Other, net	944	996
<b>Total property, plant and equipment</b>	<u>21,996</u>	<u>21,518</u>
Intangible assets	541	468
Investments and other assets		
Investment securities	2,798	1,149
Deferred tax assets	4,223	4,353
Other	432	501
Allowance for doubtful accounts	(4)	(2)
<b>Total investments and other assets</b>	<u>7,449</u>	<u>6,002</u>
<b>Total non-current assets</b>	<u>29,987</u>	<u>27,989</u>
<b>Total assets</b>	<b><u>95,377</u></b>	<b><u>97,186</u></b>

(Million yen)

	As of March 31, 2023	As of December 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	8,179	9,386
Electronically recorded obligations - operating	7,259	8,098
Short-term borrowings	4,461	6,366
Lease liabilities	157	100
Income taxes payable	526	368
Provision for bonuses	790	284
Provision for bonuses for directors (and other officers)	56	51
Accrued expenses	5,490	5,211
Other	3,665	3,170
<b>Total current liabilities</b>	<hr/> 30,586	<hr/> 33,037
<b>Non-current liabilities</b>		
Long-term borrowings	8,800	6,123
Lease liabilities	183	128
Provision for retirement benefits for directors (and other officers)	46	40
Retirement benefit liability	7,394	7,458
Asset retirement obligations	195	196
Other	2,446	2,451
<b>Total non-current liabilities</b>	<hr/> 19,066	<hr/> 16,399
<b>Total liabilities</b>	<hr/> 49,652	<hr/> 49,437
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	2,434	2,434
Capital surplus	2,175	2,199
Retained earnings	40,865	42,627
Treasury shares	(130)	(93)
<b>Total shareholders' equity</b>	<hr/> 45,344	<hr/> 47,168
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	344	447
Deferred gains or losses on hedges	(27)	35
Foreign currency translation adjustment	284	177
Remeasurements of defined benefit plans	(267)	(129)
<b>Total accumulated other comprehensive income</b>	<hr/> 333	<hr/> 531
<b>Non-controlling interests</b>	<hr/> 45	<hr/> 49
<b>Total net assets</b>	<hr/> 45,724	<hr/> 47,748
<b>Total liabilities and net assets</b>	<hr/> 95,377	<hr/> 97,186

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

For the nine months ended December 31

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	47,246	57,786
Cost of sales	37,869	47,130
Gross profit	9,376	10,656
Selling, general and administrative expenses		
Selling expenses	6,441	6,280
General and administrative expenses	1,791	2,247
Total selling, general and administrative expenses	8,232	8,527
Operating profit	1,143	2,128
Non-operating income		
Interest income	9	27
Dividend income	28	37
Share of profit of entities accounted for using equity method	46	40
Outsourcing service income	39	35
Reversal of allowance for doubtful accounts	0	0
Miscellaneous income	46	87
Total non-operating income	171	227
Non-operating expenses		
Interest expenses	65	59
Foreign exchange losses	49	7
Miscellaneous losses	36	25
Total non-operating expenses	152	92
Ordinary profit	1,162	2,264
Extraordinary income		
Gain on sale of non-current assets	2	3
Gain on sale of investment securities	-	1,012
National subsidies	-	58
Subsidy income	264	-
Total extraordinary income	266	1,074
Extraordinary losses		
Loss on abandonment of non-current assets	47	10
Total extraordinary losses	47	10
Profit before income taxes	1,382	3,327
Income taxes - current	593	954
Income taxes - deferred	(261)	(276)
Total income taxes	331	678
Profit	1,050	2,649
Profit attributable to non-controlling interests	4	3
Profit attributable to owners of parent	1,045	2,645

Quarterly Consolidated Statements of Comprehensive Income

For the nine months ended December 31

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	1,050	2,649
Other comprehensive income		
Valuation difference on available-for-sale securities	30	102
Deferred gains or losses on hedges	30	70
Foreign currency translation adjustment	24	29
Remeasurements of defined benefit plans, net of tax	69	138
Share of other comprehensive income of entities accounted for using equity method	157	(143)
Total other comprehensive income	311	197
Comprehensive income	<u>1,362</u>	<u>2,846</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,357	2,843
Comprehensive income attributable to non-controlling interests	4	3

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the case of significant changes in shareholders' equity)

For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

There is no relevant information.

(Segment information, etc.)

1. Information on net sales and profit (loss) by reportable segment

For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

	Reportable segment			Other (Notes)*1	Total	Adjustment (Notes)*2	Amount recorded in Quarterly Consolidated Statements of Income (Notes)*3
	Marine-use engines	Land-use engines	Total				
Net sales							
Net sales to outside customers	39,900	4,218	44,118	3,127	47,246	-	47,246
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	39,900	4,218	44,118	3,127	47,246	-	47,246
Segment income (loss)	3,081	(596)	2,484	450	2,935	(1,791)	1,143

(Notes) \*1 The "Other" category is a business segment that is not included in reportable segments, and includes the industrial machinery-related business, the real estate leasing-related business, the electricity sales-related business and the precision parts-related business.

\*2 The adjustment for segment income (loss) represents corporate expenses, largely consisting of selling, general and administrative expenses not attributable to the reportable segments.

\*3 Segment income (loss) is adjusted with operating profit on the Quarterly Consolidated Statements of Income.

For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(Million yen)

	Reportable segment			Other (Notes)*1	Total	Adjustment (Notes)*2	Amount recorded in Quarterly Consolidated Statements of Income (Notes)*3
	Marine-use engines	Land-use engines	Total				
Net sales							
Net sales to outside customers	50,545	4,343	54,889	2,897	57,786	-	57,786
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	50,545	4,343	54,889	2,897	57,786	-	57,786
Segment income	3,877	144	4,021	354	4,376	(2,247)	2,128

(Notes) \*1 The “Other” category is a business segment that is not included in reportable segments, and includes the industrial machinery-related business, the real estate leasing-related business, the electricity sales-related business and the precision parts-related business.

\*2 The adjustment for segment income represents corporate expenses, largely consisting of selling, general and administrative expenses not attributable to the reportable segments.

\*3 Segment income is adjusted with operating profit on the Quarterly Consolidated Statements of Income.

### 3. Supplementary Information

#### (1) Status of Production, Orders Received, and Sales

For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

##### 1) Production

Production by segment for the nine months ended December 31, 2023 is as follows:

Segment	Volume	Amount	(Million yen)	
			Year-on-year change	
Internal combustion engines	Horsepower			%
Marine-use engines	1,009,203	50,545		26.7
Land-use engines	35,617	4,343		3.0
Other	-	2,428		(8.5)
Total		57,317		22.5

(Notes) \*1 Amounts are based on sales prices.

\*2 The figures above do not include consumption taxes.

##### 2) Orders received

Orders by segment for the nine months ended December 31, 2023 are as follows:

Segment	Orders received			Order backlogs		
	Volume	Amount	Year-on-year change	Volume	Amount	Year-on-year change
Internal combustion engine	Horsepower		%	Horsepower		%
Marine-use engines	784,763	48,885 [29,668]	(13.6)	1,713,084	56,598 [29,845]	(5.2)
Land-use engines	57,868	8,513 [118]	5.1	109,282	9,465 [745]	0.3
Other	-	2,354 [-]	(21.4)	-	788 [-]	(16.1)
Total		59,753 [29,786]	(11.7)		66,852 [30,591]	(4.6)

(Notes) \*1 Amounts are based on sales prices.

\*2 Figures in brackets [ ] indicate export orders received and the balance of export orders outstanding, and are included in totals.

\*3 The figures above do not include consumption taxes.

### 3) Sales results

Sales by segment for the nine months ended December 31, 2023 are as follows:

Segment	Volume	Amount	Export ratio	Year-on-year change	(Million yen)
Internal combustion engine	Horsepower		%	%	
Marine-use engines	1,009,203	50,545 [30,902]	61.1	26.7	
Land-use engines	35,617	4,343 [156]	3.6	3.0	
Other	-	2,897 [-]	-	(7.4)	
Total		57,786 [31,059]	53.7	22.3	

(Notes) \*1 Figures in brackets [ ] indicate export volume, and are included in totals.

\*2 Major export destinations and compositions are as follows:

    Asia (74.7%), Europe (16.9%), Latin America (4.8%), North America (2.6%), Others (1.0%)

\*3 The “Other” segment includes precision parts-related (1,426 million yen), industrial machinery-related (1,001 million yen) and real estate leasing-related (468 million yen).

\*4 The figures above do not include consumption taxes.