

**Consolidated Financial Results**  
**for the Six Months Ended September 30, 2023**  
**[Japanese GAAP]**



October 26, 2023

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

Stock exchange listing: Tokyo Stock Exchange

Code number: 6023

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Scheduled date of filing quarterly securities report: November 13, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and analysts)

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

**1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 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	%
Six months ended September 30, 2023	37,220	17.8	938	40.6	1,171	40.6	1,888	149.8
September 30, 2022	31,584	35.2	667	106.0	832	35.0	756	26.2

(Note) Comprehensive income: Six months ended September 30, 2023: 2,050 million yen [93.6%]

Six months ended September 30, 2022: 1,059 million yen [56.2%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	59.79		-	
September 30, 2022	23.94		-	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of September 30, 2023	96,049		46,952		48.8	
As of March 31, 2023	95,377		45,724		47.9	

(Reference) Equity: As of September 30, 2023: 46,905 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: Yes

**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	%	Million yen	%	Million yen	%	Million yen	%	Yen
	78,000	8.2	3,600	(0.0)	3,800	3.8	3,500	18.7	109.89

(Note) Revision to the financial results forecast announced most recently: Yes

**\* 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):

September 30, 2023: 31,850,000 shares

March 31, 2023: 31,850,000 shares

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

September 30, 2023: 200,335 shares

March 31, 2023: 280,235 shares

3) Average number of shares during the period:

Six months ended September 30, 2023: 31,588,976 shares

Six months ended September 30, 2022: 31,576,354 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.

(How to obtain supplementary briefing material on annual financial results and information on the briefing session)

A briefing session for institutional investors and analysts is scheduled to be held on Thursday, November 9, 2023.

The briefing materials will be posted on the Company’s website after the session.

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

### (1) Explanation of Operating Results

During the six months under review (from April 1, 2023 to September 30, 2023), the Japanese economy showed a continued gradual recovery mainly in consumer spending and an increase in demand from overseas visitors as well as capital investment for digitalization, decarbonization, and labor-saving operations, and other factors. Meanwhile, the future outlook remained uncertain as the increase in prices attributable to the yen's depreciation and the surge in energy and raw material prices were accelerated due to widening interest rate differences with other advanced countries.

The world economy has remained unstable. This is because, for example, China's economy has been sluggish due to factors such as worsening employment situation and a stagnant real estate market. In Europe, the economy remained in a state of instability caused by the prolonged inflation and the situation in Ukraine, while consumer spending remained solid. The IMF expects 3% growth for the global economy in 2023 and 2.9% growth in 2024 according to its projections in its World Economic Outlook, a slowdown from 3.5% growth in 2022. The IMF says that the momentum for growth has been weakened with geoeconomic fragmentation and a slowdown of China's economy as well as the impact of surging prices.

In the shipbuilding and maritime industry, the primary industry in which the Company makes its sales, following the reinforced regulations by the International Maritime Organization, the Company has been making a transition from petroleum-based fuels to next-generation fuels with an increase in demand for environmentally-friendly vessels. Furthermore, there is a need for strengthening the management system for safe operation and optimizing operation through utilization of AI and IoT in order to respond to rapid digitalization.

Under such a corporate environment, 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. In research and development, the Company has worked on collaboration with research institutions, universities and other institutions in order to accelerate the development of engines compatible with next-generation fuels. At the same time, the Company plans to strengthen its production facilities capable of responding to next-generation fuels as a part of its investment in future growth.

As a result, in the six months under review, consolidated net sales increased by 17.8% year-on-year to 37,220 million yen. In terms of profit, operating profit increased by 40.6% year-on-year to 938 million yen, ordinary profit increased by 40.6% year-on-year to 1,171 million yen, while profit attributable to owners of parent increased by 149.8% year-on-year to 1,888 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 22.8% year-on-year to 32,868 million yen while segment income decreased by 1.8% year-on-year to 2,109 million yen, due to deterioration of the profitability of engines despite increases in sales of engines and maintenance-related sales.

##### 2. Land-use

Net sales decreased by 8.9% year-on-year to 2,495 million yen and segment income of 147 million yen was recorded (a segment loss of 527 million yen in the previous corresponding period) due to an increase in maintenance-related sales despite a decrease in sales of engines.

Consequently, net sales for the segment increased by 19.9% year-on-year to 35,364 million yen, and segment income increased by 39.4% year-on-year to 2,256 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 increased slightly and segment income increased.

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 11.0% year-on-year to 1,855 million yen, and segment income decreased by 13.6% year-on-year to 215 million yen.

(2) Explanation of Financial Position

In assets as of the end of the second quarter under review, cash and deposits increased by 3,160 million yen from the end of the previous fiscal year to 29,788 million yen. Further, inventories rose by 3,122 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 3,251 million yen. Also, investment securities decreased by 1,655 million yen. As a result, total assets increased by 672 million yen from the end of the previous fiscal year to 96,049 million yen.

In liabilities, notes and accounts payable - trade and electronically recorded obligations - operating in total increased by 727 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 580 million yen. Also, accrued expenses decreased by 394 million yen. As a result, total liabilities decreased by 556 million yen from the end of previous fiscal year to 49,096 million yen.

In net assets, retained earnings increased by 1,004 million yen from the end of the previous fiscal year to 41,870 million yen. As a result, total net assets increased by 1,228 million yen from the end of the previous fiscal year to 46,952 million yen. Equity ratio at the end of the second quarter under review increased by 0.9 points from the end of the previous fiscal year to 48.8%.

(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, please refer to the “Notice Regarding the Difference between the Consolidated Financial Results Forecast for the Six Months Ended September 30, 2023 and the Actual Financial Results, and the Revisions to the Full-Year Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 and the Forecast for Dividends (Increase in Dividends)” published today.

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 September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	26,627	29,788
Notes and accounts receivable - trade, and contract assets	20,883	17,631
Inventories	14,548	17,670
Other	3,339	2,743
Allowance for doubtful accounts	(8)	(8)
Total current assets	65,389	67,825
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,935	8,800
Machinery, equipment and vehicles, net	6,843	6,398
Land	5,084	5,084
Construction in progress	188	371
Other, net	944	1,047
Total property, plant and equipment	21,996	21,702
Intangible assets	541	507
Investments and other assets		
Investment securities	2,798	1,142
Deferred tax assets	4,223	4,368
Other	432	505
Allowance for doubtful accounts	(4)	(2)
Total investments and other assets	7,449	6,013
Total non-current assets	29,987	28,223
Total assets	95,377	96,049

(Million yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,179	8,810
Electronically recorded obligations - operating	7,259	7,356
Short-term borrowings	4,461	6,461
Lease liabilities	157	114
Income taxes payable	526	466
Provision for bonuses	790	801
Provision for bonuses for directors (and other officers)	56	34
Accrued expenses	5,490	5,095
Other	3,665	3,548
Total current liabilities	30,586	32,688
Non-current liabilities		
Long-term borrowings	8,800	6,219
Lease liabilities	183	142
Provision for retirement benefits for directors (and other officers)	46	37
Retirement benefit liability	7,394	7,362
Asset retirement obligations	195	196
Other	2,446	2,449
Total non-current liabilities	19,066	16,407
<b>Total liabilities</b>	<b>49,652</b>	<b>49,096</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,434	2,434
Capital surplus	2,175	2,199
Retained earnings	40,865	41,870
Treasury shares	(130)	(93)
Total shareholders' equity	45,344	46,411
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	344	443
Deferred gains or losses on hedges	(27)	(6)
Foreign currency translation adjustment	284	205
Remeasurements of defined benefit plans	(267)	(148)
Total accumulated other comprehensive income	333	494
Non-controlling interests	45	47
<b>Total net assets</b>	<b>45,724</b>	<b>46,952</b>
<b>Total liabilities and net assets</b>	<b>95,377</b>	<b>96,049</b>

## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

### Quarterly Consolidated Statements of Income

For the six months ended September 30

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	31,584	37,220
Cost of sales	25,194	30,663
Gross profit	6,390	6,556
Selling, general and administrative expenses		
Selling expenses	4,520	4,084
General and administrative expenses	1,201	1,534
Total selling, general and administrative expenses	5,722	5,618
Operating profit	667	938
Non-operating income		
Interest income	2	3
Dividend income	20	29
Share of profit of entities accounted for using equity method	33	40
Foreign exchange gains	115	147
Outsourcing service income	28	23
Reversal of allowance for doubtful accounts	0	0
Miscellaneous income	29	44
Total non-operating income	229	290
Non-operating expenses		
Interest expenses	44	40
Miscellaneous losses	20	16
Total non-operating expenses	64	57
Ordinary profit	832	1,171
Extraordinary income		
Gain on sale of non-current assets	0	3
Gain on sale of investment securities	-	86
Gain on sale of shares of subsidiaries and associates	-	926
Subsidy income	264	-
Total extraordinary income	264	1,015
Extraordinary losses		
Loss on abandonment of non-current assets	38	7
Total extraordinary losses	38	7
Profit before income taxes	1,058	2,179
Income taxes - current	501	549
Income taxes - deferred	(202)	(261)
Total income taxes	299	288
Profit	759	1,890
Profit attributable to non-controlling interests	3	1
Profit attributable to owners of parent	756	1,888

Quarterly Consolidated Statements of Comprehensive Income

For the six months ended September 30

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	759	1,890
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	98
Deferred gains or losses on hedges	4	28
Foreign currency translation adjustment	90	58
Remeasurements of defined benefit plans, net of tax	47	119
Share of other comprehensive income of entities accounted for using equity method	159	(143)
Total other comprehensive income	300	160
Comprehensive income	1,059	2,050
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,056	2,049
Comprehensive income attributable to non-controlling interests	3	1

## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,058	2,179
Depreciation	1,373	1,420
Increase (decrease) in allowance for doubtful accounts	0	(2)
Increase (decrease) in provision for bonuses	11	10
Increase (decrease) in provision for bonuses for directors (and other officers)	(12)	(22)
Increase (decrease) in retirement benefit liability	50	84
Increase (decrease) in provision for retirement benefits for directors (and other officers)	5	(9)
Interest and dividend income	(23)	(32)
Interest expenses	44	40
Loss (gain) on sale of property, plant and equipment	(0)	(3)
Loss on abandonment of non-current assets	38	7
Loss (gain) on sale of investment securities	-	(86)
Loss (gain) on sale of shares of subsidiaries and associates	-	(926)
Decrease (increase) in trade receivables	3,472	3,375
Decrease (increase) in inventories	(2,900)	(3,122)
Increase (decrease) in trade payables	1,180	526
Other, net	984	134
<b>Subtotal</b>	<b>5,283</b>	<b>3,574</b>
Interest and dividends received	23	33
Interest paid	(44)	(40)
Income taxes paid	(1,020)	(708)
<b>Net cash provided by (used in) operating activities</b>	<b>4,242</b>	<b>2,859</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,040)	(1,020)
Proceeds from sale of property, plant and equipment	0	4
Purchase of intangible assets	(24)	(81)
Proceeds from sale of investment securities	-	127
Proceeds from sale of shares of subsidiaries and associates	-	2,588
Proceeds from withdrawal of time deposits	152	143
Payments into time deposits	(191)	(66)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,104)</b>	<b>1,694</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	100	-
Repayments of long-term borrowings	(569)	(575)
Purchase of treasury shares	(135)	-
Dividends paid	(476)	(882)
Repayments of finance lease liabilities	(179)	(90)
<b>Net cash provided by (used in) financing activities</b>	<b>(1,259)</b>	<b>(1,548)</b>
Effect of exchange rate change on cash and cash equivalents	217	192
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,095</b>	<b>3,198</b>
Cash and cash equivalents at beginning of period	26,354	25,815
Cash and cash equivalents at end of period	28,449	29,013

(4) 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 six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

There is no relevant information.

(Segment information, etc.)

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

For the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(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	26,761	2,738	29,500	2,084	31,584	-	31,584
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	26,761	2,738	29,500	2,084	31,584	-	31,584
Segment income (loss)	2,147	(527)	1,619	249	1,869	(1,201)	667

(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 six months ended September 30, 2023 (from April 1, 2023 to September 30, 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	32,868	2,495	35,364	1,855	37,220	-	37,220
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	32,868	2,495	35,364	1,855	37,220	-	37,220
Segment income	2,109	147	2,256	215	2,472	(1,534)	938

(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 six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

##### 1) Production

Production by segment for the six months ended September 30, 2023 is as follows:

(Million yen)

Segment	Volume	Amount	Year-on-year change
			%
Internal combustion engines	Horsepower		
Marine-use engines	691,465	32,868	22.8
Land-use engines	19,303	2,495	(8.9)
Other	-	1,539	(12.8)
Total		36,903	18.0

(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 six months ended September 30, 2023 are as follows:

(Million yen)

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	608,959	33,040 [19,580]	(21.0)	1,855,018	58,430 [30,165]	0.6
Land-use engines	31,614	5,430 [60]	(12.2)	99,342	8,230 [779]	(8.6)
Other	-	1,559 [-]	(24.0)	-	883 [-]	(0.2)
Total		40,030 [19,640]	(20.1)		67,543 [30,945]	(0.6)

(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 six months ended September 30, 2023 are as follows:

(Million yen)

Segment	Volume	Amount	Export ratio	Year-on-year change
	Horsepower		%	%
Internal combustion engine				
Marine-use engines	691,465	32,868 [20,495]	62.4	22.8
Land-use engines	19,303	2,495 [63]	2.6	(8.9)
Other	-	1,855 [-]	-	(11.0)
Total		37,220 [20,559]	55.2	17.8

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

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

Asia (74.4%), Europe (17.1%), Latin America (4.9%), North America (2.7%), Others (0.9%)

\*3 The "Other" segment includes precision parts-related (930 million yen), industrial machinery-related (608 million yen) and real estate leasing-related (316 million yen).

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