

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]



April 25, 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, Managing Director

Phone: +81-6-6454-2331

Scheduled date of Annual General Meeting of Shareholders: June 27, 2024

Scheduled date of commencing dividend payments: June 28, 2024

Scheduled date of filing annual securities report: June 27, 2024

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual 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 Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(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	%
Fiscal year ended								
March 31, 2024	81,775	13.4	5,194	44.2	5,546	51.5	5,149	74.7
March 31, 2023	72,113	25.2	3,601	72.1	3,660	46.0	2,948	49.8

(Note) Comprehensive income: Fiscal year ended March 31, 2024: 5,941 million yen [84.7%]

Fiscal year ended March 31, 2023: 3,215 million yen [38.0%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2024	162.87	-	10.7	5.6	6.4
March 31, 2023	93.37	-	6.6	4.0	5.0

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: 40 million yen

Fiscal year ended March 31, 2023: 45 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	101,428	50,843	50.1	1,604.88
As of March 31, 2023	95,377	45,724	47.9	1,446.90

(Reference) Equity: As of March 31, 2024: 50,793 million yen

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

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended				
March 31, 2024	4,666	450	(2,101)	29,110
March 31, 2023	4,488	(3,076)	(1,981)	25,815

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2023	-	0.00	-	28.00	28.00	883	30.0	2.0
March 31, 2024	-	0.00	-	49.00	49.00	1,550	30.1	3.2
Fiscal year ending March 31, 2025 (Forecast)	-	0.00	-	39.00	39.00		40.1	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	38,000	2.1	1,400	49.2	1,500	28.1	1,100	(41.8)	34.53
Full year	78,000	(4.6)	4,500	(13.4)	4,600	(17.1)	3,100	(39.8)	97.33

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) 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
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
 - March 31, 2024: 31,850,000 shares
 - March 31, 2023: 31,850,000 shares
 - 2) Total number of treasury shares at the end of the period:
 - March 31, 2024: 200,830 shares
 - March 31, 2023: 280,235 shares
 - 3) Average number of shares during the period:
 - Fiscal Year ended March 31, 2024: 31,619,295 shares
 - Fiscal Year ended March 31, 2023: 31,573,069 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	72,221	12.7	2,457	113.2	4,561	71.3	4,275	54.6
March 31, 2023	64,063	27.4	1,152	-	2,662	37.5	2,766	26.4

	Basic earnings per share		Diluted earnings per share	
Fiscal year ended	Yen		Yen	
March 31, 2024	135.21		-	
March 31, 2023	87.61		-	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	91,186	41,274	45.3	1,304.12
As of March 31, 2023	85,745	37,642	43.9	1,192.36

(Reference) Equity: As of March 31, 2024: 41,274 million yen
As of March 31, 2023: 37,642 million yen

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	34,000	4.5	2,400	18.3	2,100	(6.5)	65.93
Full year	69,000	(4.5)	4,300	(5.7)	3,300	(22.8)	103.61

* These consolidated financial results are outside the scope of audit conducted by a certified public accountant or audit corporation.

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

(Note on forward-looking statements)

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 “1. Summary of Operating Results and Others (4) Future Prospects” on page 4 (Japanese original) 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 Tuesday, May 21, 2024. The briefing materials will be posted on the Company’s website after the session.

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1. Summary of Operating Results, etc.

(1) Summary of Operating Results for the Fiscal Year under Review

During the consolidated fiscal year under review, the Japanese economy was on a recovery trend mainly on account of an increase in demand from overseas visitors, as restrictions on activities caused by the COVID-19 pandemic eased. However, the pace of recovery slowed, due to weak personal consumption against a backdrop of the depreciation of the yen, soaring commodity prices affected by energy price and resource price hikes, and other factors.

Looking at the world economy, solid growth continued due in part to rising wages against a backdrop of labor shortages and easing of supply restrictions on semiconductors. On the other hand, the outlook remains uncertain due to factors, such as a slowdown of China's economy caused by a stagnant real estate market, the prolonged situation in Ukraine, the worsening situation in the Middle East, and the effects of monetary tightening in Europe and the United States.

In the shipbuilding and maritime industry, the primary industry in which the Company makes its sales, the number of new vessels completed worldwide in 2023 showed signs of gradual recovery, although it did not reach the pre-COVID-19 level. Furthermore, in terms of market share by country, China increased its share in all types of vessels, accounting for approximately 50% of the global market, driven by the depreciation of the yuan, the decline in steel prices, and other factors.

Under such a corporate environment, the Group has analyzed market trends and diversifying customer needs, and has strengthened maintenance-related operating activities based on the results thereof. Furthermore, together with two Chinese licensees, we have been aggressively expanding sales activities, aiming for increasing market share and enhancing brand value in the booming Chinese market.

In the consolidated fiscal year 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 for the fiscal year under review increased by 13.4% year-on-year to 81,775 million yen. In terms of profit, operating profit increased by 44.2% year-on-year to 5,194 million yen, ordinary profit increased by 51.5% year-on-year to 5,546 million yen, and profit attributable to owners of parent increased by 74.7% year-on-year to 5,149 million yen.

Performance by business segment of the Company and the consolidated Group for the fiscal year under review are as follows.

<Internal combustion engines>

1. Marine-use

Net sales increased by 20.1% year-on-year to 68,269 million yen and segment income increased by 35.1% year-on-year to 6,218 million yen, due to an increase in maintenance-related sales, an effect of fluctuation of foreign exchange rates, and other factors, in addition to an increase in the sales composition ratios of large-sized engines and dual fuel engines mainly for container ships.

2. Land-use

Net sales decreased by 9.4% year-on-year to 9,959 million yen while segment income increased by 117.5% year-on-year to 1,777 million yen due to an increase in maintenance-related sales despite a decrease in sales of engines.

Consequently, net sales for the segment increased by 15.3% year-on-year to 78,229 million yen, and segment income increased by 47.5% year-on-year to 7,996 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, both net sales and 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 16.8% year-on-year to 3,546 million yen, and segment income decreased by 34.8% year-on-year to 437 million yen.

For more than 100 years since its founding, the Group has consistently pursued our social mission “to be a part of the social infrastructure.” Based on the Corporate Philosophy “We shall strive unstintingly for the betterment of society and symbiosis with our neighbours, drawing on the bold spirit of creativity and yearning for technological achievement we nurture within ourselves,” we have been supporting the safety and security of people’s lives from both sea and land with our efforts including securing marine logistics with our marine-use engines as well as electric power for permanent and emergency use with our land-use engines.

Currently, the Group’s most important theme is to simultaneously pursue GHG (greenhouse gas) reduction and enhancement of profitability. To achieve this target, the Group plans to invest a total of 45 billion yen in growth by the fiscal year ending March 31, 2028.

In terms of investment in tangible assets, we will strive to enhance production efficiency and secure product quality through the investment in commissioning facilities of engines that are compatible with next-generation fuels at the Himeji Factory and upgrading of the existing facilities at the Moriyama Factory. We will also work to invest in in-sourcing production to reduce costs.

In terms of intangible assets, we will promote R&D investment to achieve early development of engines that are compatible with next-generation fuels. Through investment in information, we will work to improve productivity by utilizing AI and IoT and to build a new revenue base. In addition, we actively invest in human capital, focusing on improving skills and developing capabilities of our employees. Through these efforts, we will strengthen our organizational capacity to respond flexibly to changes in the market environment and build a solid management foundation to support sustainable growth.

The Group will continue to strengthen its global competitiveness, with an emphasis on environmental and social considerations in all of its business activities, to fulfill its responsibilities as a sustainable company.

(2) Summary of Financial Position for the Fiscal Year under Review

In assets as of the end of the fiscal year under review, cash and deposits increased by 2,989 million yen from the end of the previous fiscal year. Notes and accounts receivable - trade, and contract assets increased by 549 million yen, while the turnover period of accounts receivable was 94.7 days (compared with 99.2 days at the end of the previous fiscal year). In addition, inventories increased by 3,088 million yen while the turnover period was 72.0 days (compared with 68.9 days at the end of the previous fiscal year). Meanwhile, investment securities decreased by 1,446 million yen compared with the end of the previous fiscal year. As a result, total assets as of March 31, 2024 amounted to 101,428 million yen, an increase of 6,050 million yen compared with the end of the previous fiscal year.

In liabilities, notes and accounts payable - trade and electronically recorded obligations - operating in total increased by 1,077 million yen from the end of the previous fiscal year while their turnover period was 71.5 days (compared with 70.2 days at the end of the previous fiscal year). Meanwhile, short-term borrowings and long-term borrowings in total decreased by 1,064 million yen due to scheduled payment. As a result, total liabilities increased by 931 million yen from the end of the previous fiscal year to 50,584 million yen.

In net assets, retained earnings increased by 4,265 million yen compared to the end of the previous fiscal year to 45,131 million yen. As a result, total net assets increased by 5,119 million yen compared to the end of the previous fiscal year to 50,843 million yen. The equity ratio at the end of the fiscal year under review was 50.1% (compared with 47.9% at the end of the previous fiscal year).

(3) Summary of Cash Flows for the Fiscal Year under Review

Changes in cash and cash equivalents (hereinafter referred to as “capital”) at the end of the fiscal year under review are as follows.

Cash flows from operating activities resulted in a cash inflow of 4,666 million yen, cash flows from investing activities resulted in a cash inflow of 450 million yen, and cash flows from financing activities resulted in a cash outflow of 2,101 million yen. As a result, capital increased by 3,295 million yen (a decrease of 539 million yen as of the end of the previous fiscal year).

- Cash flows from operating activities

Cash flows from operating activities resulted in a cash inflow of 4,666 million yen (a cash inflow of 4,488 million yen as of the end of the previous fiscal year) due in part to securing profit before income taxes of 6,564 million yen by recording sales primarily of marine-use internal combustion engines and extraordinary income due to gain on sale of investment securities, recording of depreciation of 2,838 million yen, and an increase in trade payables of 825 million yen while recording a decrease in inventories of 3,088 million yen, a decrease in trade receivables of 405 million yen, and a decrease in income taxes paid of 1,182 million yen.

- Cash flows from investing activities

Cash flows from investing activities resulted in a cash inflow of 450 million yen (a cash outflow of 3,076 million yen as of the end of the previous fiscal year) due in part to proceeds from sale of investment securities of 2,715 million yen while due to purchase of property, plant and equipment of 2,425 million yen as a result of ongoing capital investment carried out with the aim of developing engines compatible with next-generation fuels.

- Cash flows from financing activities

Cash flows from financing activities resulted in a cash outflow of 2,101 million yen (a cash outflow of 1,981 million yen as of the end of the previous fiscal year) due to repayments of long-term borrowings of 1,159 million yen, repayments of finance lease liabilities of 158 million yen, and dividends paid of 883 million yen.

(4) Outlook for the Future

Concerning the outlook of the Group for the next fiscal year, an overall year-on-year decrease is expected in net sales.

Regarding sales of marine-use engines, although we expect a year-on-year increase in the number of units to be shipped of commercial-use engines, the average sales price per engine is expected to decline due to a shift in the models to be shipped to small- and medium-sized engines, resulting in a decrease in sales. By type of engines, we expect a year-on-year decrease in the number of units to be shipped of large-sized engines and dual fuel engines. On the other hand, the number of units to be shipped of small- and medium-sized engines for tankers are expected to increase year on year due to an increase in demand against a backdrop of a rebound from the stagnant orders received in the COVID-19 crisis and geopolitical circumstances such as sanctions against Russia.

Sales of engines to the Ministry of Defense are expected to increase year on year, because the number of units to be shipped of engines according to the shipbuilding process of the Ministry increases.

We assume that maintenance-related sales remain robust but do not reach the level of the previous fiscal year, which was a record high.

Regarding sales of land-use engines, we expect sales to be on the same level as the previous fiscal year, primarily for pumping stations in urban areas (for disaster relief).

Regarding sales in the other segment, we expect a year-on-year increase, driven by continued increase in sales for precision parts-related business.

We will strive to enhance profitability by improving performance and reducing cost of existing engines, as well as execute growth investment under the mid- to long-term vision “POWER! FOR ALL beyond 2030” formulated in November 2023.

For vessels, we anticipate that full-scale replacement to engines that are compatible with next-generation fuels takes place in 2030 onwards. In light of such circumstances, in terms of R&D, we will significantly increase R&D investment year on year in response to new fuels. In terms of production, we will invest in additional commissioning facilities in response to next-generation fuel engines at the Himeji Factory, aiming to start operation in 2026. By consolidating and analyzing various data related to engines to be delivered, we will also promote initiatives to improve productivity in each process and reduce costs to build servitization business.

For the six months ending September 30, 2024, the Group forecasts net sales of 38,000 million yen, operating profit of 1,400 million yen, ordinary profit of 1,500 million yen, and profit attributable to owners of parent of 1,100 million yen. For the fiscal year ending March 31, 2025, the Group forecasts net sales of 78,000 million yen, operating profit of 4,500 million yen, ordinary profit of 4,600 million yen, and profit attributable to owners of parent of 3,100 million yen.

2. Basic Stance Concerning Choice of Accounting Standards

Taking into consideration the comparability of consolidated financial statements among companies, the Group prepares its consolidated financial statements using Japanese GAAP.

With regard to International Financial Reporting Standards, the Group’s policy is to respond appropriately based on consideration of the situation in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes
(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	26,627	29,616
Notes and accounts receivable - trade, and contract assets	20,883	21,432
Inventories	14,548	17,636
Other	3,339	4,137
Allowance for doubtful accounts	(8)	(8)
Total current assets	65,389	72,814
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,935	8,866
Machinery, equipment and vehicles, net	6,843	6,222
Land	5,084	5,084
Construction in progress	188	768
Other, net	944	1,171
Total property, plant and equipment	21,996	22,113
Intangible assets	541	521
Investments and other assets		
Investment securities	2,798	1,351
Deferred tax assets	4,223	4,116
Other	432	512
Allowance for doubtful accounts	(4)	(3)
Total investments and other assets	7,449	5,977
Total non-current assets	29,987	28,613
Total assets	95,377	101,428

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,179	8,145
Electronically recorded obligations - operating	7,259	8,371
Short-term borrowings	4,461	6,234
Lease liabilities	157	89
Income taxes payable	526	1,069
Provision for bonuses	790	956
Provision for bonuses for directors (and other officers)	56	138
Accrued expenses	5,490	5,479
Other	3,665	4,543
Total current liabilities	30,586	35,028
Non-current liabilities		
Long-term borrowings	8,800	5,961
Lease liabilities	183	107
Provision for retirement benefits for directors (and other officers)	46	46
Retirement benefit liability	7,394	6,784
Asset retirement obligations	195	202
Other	2,446	2,453
Total non-current liabilities	19,066	15,556
Total liabilities	49,652	50,584
Net assets		
Shareholders' equity		
Share capital	2,434	2,434
Capital surplus	2,175	2,199
Retained earnings	40,865	45,131
Treasury shares	(130)	(93)
Total shareholders' equity	45,344	49,672
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	344	588
Deferred gains or losses on hedges	(27)	(88)
Foreign currency translation adjustment	284	220
Remeasurements of defined benefit plans	(267)	401
Total accumulated other comprehensive income	333	1,121
Non-controlling interests	45	49
Total net assets	45,724	50,843
Total liabilities and net assets	95,377	101,428

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	72,113	81,775
Cost of sales	57,500	64,766
Gross profit	14,613	17,009
Selling, general and administrative expenses		
Selling expenses	8,522	8,575
General and administrative expenses	2,489	3,238
Total selling, general and administrative expenses	11,012	11,814
Operating profit	3,601	5,194
Non-operating income		
Interest income	10	28
Dividend income	28	37
Share of profit of entities accounted for using equity method	45	40
Foreign exchange gains	18	90
Outsourcing service income	42	53
Reversal of allowance for doubtful accounts	0	0
Miscellaneous income	70	211
Total non-operating income	217	463
Non-operating expenses		
Interest expenses	86	78
Miscellaneous losses	71	32
Total non-operating expenses	158	111
Ordinary profit	3,660	5,546
Extraordinary income		
Gain on sale of non-current assets	3	3
Gain on sale of investment securities	61	1,012
National subsidies	71	65
Subsidy income	264	-
Total extraordinary income	400	1,081
Extraordinary losses		
Loss on abandonment of non-current assets	53	63
Total extraordinary losses	53	63
Profit before income taxes	4,007	6,564
Income taxes - current	1,208	1,689
Income taxes - deferred	(154)	(279)
Total income taxes	1,053	1,410
Profit	2,954	5,154
Profit attributable to non-controlling interests	6	4
Profit attributable to owners of parent	2,948	5,149

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	2,954	5,154
Other comprehensive income		
Valuation difference on available-for-sale securities	49	243
Deferred gains or losses on hedges	(25)	(54)
Foreign currency translation adjustment	40	72
Remeasurements of defined benefit plans, net of tax	45	669
Share of other comprehensive income of entities accounted for using equity method	151	(143)
Total other comprehensive income	261	787
Comprehensive income	3,215	5,941
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,209	5,937
Comprehensive income attributable to non-controlling interests	6	4

(3) Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2023

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,434	2,173	38,393	(43)	42,957
Changes during period					
Dividends of surplus			(476)		(476)
Profit attributable to owners of parent			2,948		2,948
Purchase of treasury shares				(135)	(135)
Disposal of treasury shares		1		48	50
Net changes in items other than shareholders' equity					
Total changes during period	-	1	2,471	(86)	2,387
Balance at end of period	2,434	2,175	40,865	(130)	45,344

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	295	(7)	97	(313)	72	39	43,069
Changes during period							
Dividends of surplus							(476)
Profit attributable to owners of parent							2,948
Purchase of treasury shares							(135)
Disposal of treasury shares							50
Net changes in items other than shareholders' equity	49	(20)	186	45	261	6	267
Total changes during period	49	(20)	186	45	261	6	2,654
Balance at end of period	344	(27)	284	(267)	333	45	45,724

For the fiscal year ended March 31, 2024

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,434	2,175	40,865	(130)	45,344
Changes during period					
Dividends of surplus			(883)		(883)
Profit attributable to owners of parent			5,149		5,149
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		24		37	61
Net changes in items other than shareholders' equity					
Total changes during period	-	24	4,265	37	4,327
Balance at end of period	2,434	2,199	45,131	(93)	49,672

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	344	(27)	284	(267)	333	45	45,724
Changes during period							
Dividends of surplus							(883)
Profit attributable to owners of parent							5,149
Purchase of treasury shares							(0)
Disposal of treasury shares							61
Net changes in items other than shareholders' equity	243	(61)	(63)	669	787	4	791
Total changes during period	243	(61)	(63)	669	787	4	5,119
Balance at end of period	588	(88)	220	401	1,121	49	50,843

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	4,007	6,564
Depreciation	2,753	2,838
Increase (decrease) in allowance for doubtful accounts	(3)	(1)
Increase (decrease) in provision for bonuses	118	165
Increase (decrease) in provision for bonuses for directors (and other officers)	21	82
Increase (decrease) in retirement benefit liability	119	243
Increase (decrease) in provision for retirement benefits for directors (and other officers)	11	0
Interest and dividend income	(39)	(65)
Interest expenses	86	78
Loss (gain) on sale of property, plant and equipment	(3)	(3)
Loss on abandonment of non-current assets	53	63
Loss (gain) on sale of investment securities	(61)	(1,012)
Decrease (increase) in trade receivables	(2,509)	(405)
Decrease (increase) in inventories	(1,862)	(3,088)
Increase (decrease) in trade payables	3,144	825
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(946)	(425)
Increase (decrease) in guarantee deposits received	(34)	1
Other, net	1,169	0
Subtotal	6,023	5,861
Interest and dividends received	39	66
Interest paid	(86)	(78)
Income taxes paid	(1,488)	(1,182)
Net cash provided by (used in) operating activities	4,488	4,666
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,033)	(2,425)
Proceeds from sale of property, plant and equipment	18	3
Purchase of intangible assets	(175)	(194)
Proceeds from sale of investment securities	128	2,715
Proceeds from withdrawal of time deposits	933	1,396
Payments into time deposits	(947)	(1,044)
Net cash provided by (used in) investing activities	(3,076)	450

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from financing activities		
Proceeds from long-term borrowings	100	100
Repayments of long-term borrowings	(1,150)	(1,159)
Purchase of treasury shares	(135)	(0)
Dividends paid	(476)	(883)
Repayments of finance lease liabilities	(319)	(158)
Net cash provided by (used in) financing activities	(1,981)	(2,101)
Effect of exchange rate change on cash and cash equivalents	30	280
Net increase (decrease) in cash and cash equivalents	(539)	3,295
Cash and cash equivalents at beginning of period	26,354	25,815
Cash and cash equivalents at end of period	25,815	29,110

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Segment information, etc.)

(Segment information)

1. Description of reportable segments

The reportable segments of the Company categorize the business composition of the Company with respect to financial information and are based on the financial reporting for performance evaluation with regard to annual business plan for each business at periodical meetings of the Board of Directors.

The Company's main business is the manufacture and sale of internal combustion engines; it also provides products that are not related to internal combustion engines to certain affiliates, and conducts business to utilize the real estate held by the Company.

The operative conditions of internal combustion engines, which comprise the majority of the Company's business, are significantly different between marine-use and land-use, and the Company conducts management and evaluation by categorizing production, sales, and after-sales service business activities for engines into marine-use and land-use.

As a result, the Company's reportable segments are Marine-use engines and Land-use engines.

2. Method for calculating net sales, profit (loss), assets, liabilities, and other by reportable segment

The accounting method used for reportable business segments is a method that is in compliance with the accounting principles and procedures adopted for the preparation of consolidated financial statements.

Reportable segment income figures are based on operating profit.

Assets and liabilities are not stated because they are not subject to review by the Board of Directors to determine the allocation of management resources and evaluate achievement.

3. Information on net sales, profit (loss), assets, liabilities, and other by reportable segment

For the fiscal year ended March 31, 2023

(Million yen)

	Reportable segment			Other (Notes)*1	Total	Adjustment (Notes)*2	Amount recorded in Consolidated Financial Statements (Notes)*3
	Marine-use engines	Land-use engines	Total				
Net sales							
(1) Net sales to outside customers	56,854	10,997	67,852	4,261	72,113	-	72,113
(2) Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	56,854	10,997	67,852	4,261	72,113	-	72,113
Segment income	4,603	817	5,420	670	6,090	(2,489)	3,601
Other Depreciation	1,998	346	2,344	339	2,683	69	2,753

(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 Consolidated Statements of Income.

*4 Assets are not allocated to the business segments.

For the fiscal year ended March 31, 2024

(Million yen)

	Reportable segment			Other (Notes)*1	Total	Adjustment (Notes) *2	Amount recorded in Consolidated Financial Statements (Notes)*3
	Marine-use engines	Land-use engines	Total				
Net sales							
(1) Net sales to outside customers	68,269	9,959	78,229	3,546	81,775	-	81,775
(2) Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	68,269	9,959	78,229	3,546	81,775	-	81,775
Segment income	6,218	1,777	7,996	437	8,433	(3,238)	5,194
Other Depreciation	2,105	296	2,402	344	2,746	91	2,838

(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 Consolidated Statements of Income.

*4 Assets are not allocated to the business segments.

(Related information)

For the fiscal year ended March 31, 2023

1. Information by product and service

This is omitted as similar information is disclosed in Segment information.

2. Information by geographical area

1) Net sales

(Million yen)

Japan	Asia	Latin America	Other	Total
35,102	27,464	1,742	7,804	72,113

(Note) Country and region categories are based on geographic proximity.

2) Property, plant and equipment

This is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of that stated in the consolidated balance sheet.

3. Information by major customer

This is omitted as there were no external customers whose net sales account for more than 10% of net sales in the consolidated statements of income.

For the fiscal year ended March 31, 2024

1. Information by product and service

This is omitted, as similar information is disclosed in Segment information.

2. Information by geographical area

1) Net sales

(Million yen)

Japan	Asia	Latin America	Other	Total
38,169	32,910	1,941	8,755	81,775

(Note) Country and region categories are based on geographic proximity.

2) Property, plant and equipment

This is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of that stated in the consolidated balance sheet.

3. Information by major customer

This is omitted as there were no external customers whose net sales account for more than 10% of net sales in the consolidated statements of income.

(Per share information)

Category	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net assets per share	1,446.90 yen	1,604.88 yen
Basic earnings per share	93.37 yen	162.87 yen

(Note) The basis for the calculation of basic earnings per share is as follows.

Category	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	2,948	5,149
Amount not attributable to shareholders of common shares (Million yen)	-	-
Profit attributable to owners of parent relating to common shares (Million yen)	2,948	5,149
Average number of shares of common shares outstanding during each fiscal year	31,573,069 shares	31,619,295 shares

(Note) Diluted earnings per share are not presented as there is no share outstanding with dilutive effect.

(Significant subsequent events)

Not applicable.

4. Other

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

For the fiscal year under review (from April 1, 2023 to March 31, 2024)

1) Production

Production by segment for the current fiscal year is as follows:

(Million yen)

Segment	Volume	Amount	Year-on-year change
			%
Internal combustion engines	Horsepower		
Marine-use engines	1,377,089	68,269	20.1
Land-use engines	65,609	9,959	(9.4)
Other	-	2,909	(19.9)
Total		81,138	13.5

(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 current fiscal year are as follows:

(Million yen)

Segment	Orders received			Order backlogs		
	Volume	Amount	Year-on-year change	Volume	Amount	Year-on-year change
	Horsepower		%	Horsepower		%
Internal combustion engine						
Marine-use engines	1,051,499	66,241 [39,974]	(8.2)	1,611,934	56,230 [28,028]	(3.5)
Land-use engines	80,273	11,753 [160]	9.5	101,695	7,088 [363]	33.9
Other	-	3,087 [-]	(20.7)	-	1,040 [-]	20.6
Total		81,081 [40,135]	(6.5)		64,359 [28,392]	(0.1)

(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 current fiscal year are as follows:

(Million yen)

Segment	Volume	Amount	Export ratio	Year-on-year change
	Horsepower		%	%
Internal combustion engine				
Marine-use engines	1,377,089	68,269 [43,026]	63.0	20.1
Land-use engines	65,609	9,959 [580]	5.8	(9.4)
Other	-	3,546 [-]	-	(16.8)
Total		81,775 [43,606]	53.3	13.4

(Notes)

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

*2 Major export destinations and compositions are as follows:

Asia (75.4%), Europe (16.8%), Latin America (4.5%), North America (2.3%), Others (1.0%)

*3 The "Other" segment includes precision parts-related (1,898 million yen), industrial machinery-related (1,011 million yen) and real estate leasing-related (636 million yen).

*4 The figures above do not include consumption taxes.

(2) Changes in Directors and Corporate Auditors (Scheduled on June 27, 2024)

1. Change in Representative:

Vice President and Representative Kunihiro Morimoto (currently Director and Executive Vice President)
Director

2. Newly promoted Director:

Director and Senior Managing Toshiki Sanaga (currently Director and Managing Executive Officer)
Executive Officer

3. Candidate for new Director:

Hiroyuki Sakaida (currently Advisor, Eku Energy Japan K.K.)

4. Candidates for new Statutory Auditors:

Yoshihiro Matsubara (currently Adviser, Niterra Co., Ltd.;
currently Director, Audit Committee Member (outside), KeePer Technical
Laboratory Co., Ltd.)

Nobuki Nakatani (currently General Manager, Accounting Division,
Daihatsu Motor Co., Ltd.)

5. Retiring Director:

Shigeki Kinoshita (currently Chairman)

6. Retiring Statutory Auditors:

Norihide Bessyo (currently Statutory Auditor)

Hitoshi Nakagawa (currently Statutory Auditor)

(Reference)

New Management Team (Scheduled on June 27, 2024)

(Directors)

President and Representative	Yoshinobu Hotta
Director	
Vice President and Representative	Kunihiro Morimoto
Director	
Director and Senior Managing Executive Officer	Toshiki Sanaga
Director and Managing Executive Officer	Takashi Mizushina
Director and Managing Executive Officer	Yoichi Hayata
Director and Managing Executive Officer	Hideki Asada
Outside Director	Tamon Tsuda (currently Representative, Tsuda CPA Office)
Outside Director	Chiho Takeda (currently Attorney-at-law, Miyake & Partners)
Outside Director	Hiroaki Sato
Outside Director	Hiroyuki Sakaida (currently Advisor, Eku Energy Japan K.K.)

(Statutory Auditors)

Standing Statutory Auditor	Atsumi Masada
Outside Statutory Auditor	Yoshihiro Matsubara (currently Adviser, Niterra Co., Ltd.; currently Director, Audit Committee Member (outside), KeePer Technical Laboratory Co., Ltd.)
Outside Statutory Auditor	Nobuki Nakatani (currently General Manager, Accounting Division, Daihatsu Motor Co., Ltd.)

(Executive Officers)

Managing Executive Officer	Masaki Hama
Executive Officer	Tomohiro Miyoshi
Executive Officer	Tetsuya Bando
Executive Officer	Shuji Kawano
Executive Officer	Shunji Minami
Executive Officer	Norihiko Kashimura
Executive Officer	Hideharu Nagasawa
Executive Officer	Takashi Hanamure
Executive Officer	Shuichi Shimomura