

# Consolidated Financial Results for the Three Months Ended June 30, 2022 [Japanese GAAP]



July 28, 2022

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

Stock exchange listing: Tokyo Stock Exchange

Code number: 6023

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

Representative: Yoshinobu Hotta, President

Contact: Takashi Mizushina, Director

Phone: +81-6-6454-2331

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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 Three Months Ended June 30, 2022 (April 1, 2022 to June 30, 2022)

(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	%
Three months ended June 30, 2022	14,078	20.8	436	352.5	570	320.2	475	136.2
June 30, 2021	11,656	(8.1)	96	-	135	-	201	-

(Note) Comprehensive income: Three months ended June 30, 2022: 657 million yen [242.5%]

Three months ended June 30, 2021: 191 million yen [-%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	15.04		-	
June 30, 2021	6.35		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2022	89,855	43,114	47.9
As of March 31, 2022	89,268	43,069	48.2

(Reference) Equity: As of June 30, 2022: 43,074 million yen

As of March 31, 2022: 43,030 million yen

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2022	Yen -	Yen 0.00	Yen -	Yen 15.00	Yen 15.00
Fiscal year ending March 31, 2023	-				
Fiscal year ending March 31, 2023 (Forecast)		0.00	-	15.00	15.00

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

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% 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	29,000	24.1	200	(38.3)	200	(67.6)	200	(66.6)	6.27	
Full year	65,000	12.8	2,700	29.0	2,700	7.7	2,200	11.8	69.07	

(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: Yes

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):

June 30, 2022: 31,850,000 shares

March 31, 2022: 31,850,000 shares

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

June 30, 2022: 385,335 shares

March 31, 2022: 93,335 shares

3) Average number of shares during the period:

Three months ended June 30, 2022: 31,631,523 shares

Three months ended June 30, 2021: 31,725,659 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.

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

### (1) Explanation of Operating Results

During the three months under review (from April 1, 2022 to June 30, 2022), the Japanese economy showed signs of recovery due to the resumption of economic activities, while the outlook remained uncertain due to the depreciation of the yen caused by a widening gap in interest rates between Japan and the United States and higher geopolitical risk and the surge in crude oil and raw material prices following Russia's invasion in Ukraine.

Looking at the world economy, while efforts are underway to keep the economy running while battling the pandemic, China saw stagnation in consumption and production due to city lockdowns under the zero-COVID policy. Furthermore, the global situation remains unstable owing to a combination of factors including the crisis in Ukraine, which has disrupted the supply chain, and accelerated inflation caused by the supply-demand imbalance.

In the shipbuilding and maritime industry, the primary industry in which the Company makes its sales, although the outlook with regard to demand remains uncertain as a result of the spread of COVID-19, there is a continuing rush of container shipbuilding. Maintenance demand is also showing improvement partly due the economic recovery in the Southeast Asian region after a recession caused by restrictions on social mobility.

Under such a corporate environment, consolidated net sales increased by 20.8% year-on-year to 14,078 million yen. In terms of profit, operating profit increased by 352.5% year-on-year to 436 million yen, ordinary profit increased by 320.2% year-on-year to 570 million yen, and profit attributable to owners of parent increased by 136.2% year-on-year to 475 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 25.4% year-on-year to 12,256 million yen and segment income increased by 43.9% year-on-year to 1,204 million yen, due to increases in sales of engines and maintenance-related sales and other factors.

##### 2. Land-use

Net sales decreased by 18.9% year-on-year to 804 million yen while a segment loss of 286 million yen was recorded (a segment loss of 285 million yen in the previous corresponding period) due to a decrease in sales of engines and other factors.

Consequently, net sales for the segment increased by 21.3% year-on-year to 13,060 million yen, and segment income increased by 66.5% year-on-year to 918 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 while segment income decreased.

##### 3. Electricity sales-related

In electricity sales-related, both net sales and segment income increased.

##### 4. Precision parts-related

In precision parts-related, both net sales and segment income increased.

Consequently, net sales for the segment increased by 14.1% year-on-year to 1,018 million yen, and segment income increased by 25.1% year-on-year to 123 million yen.

## (2) Explanation of Financial Position

In assets as of the end of the first quarter under review, cash and deposits increased by 742 million yen from the end of the previous fiscal year to 27,888 million yen. Further, inventories rose by 2,263 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 2,240 million yen from the end of the previous fiscal year. As a result, total assets increased by 587 million yen from the end of the previous fiscal year to 89,855 million yen.

In liabilities, notes and accounts payable - trade and electronically recorded obligations - operating in total increased by 692 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 274 million yen. As a result, total liabilities increased by 541 million yen from the end of the previous fiscal year to 46,741 million yen.

In net assets, retained earnings were 38,393 million yen, the same level as at the end of the previous fiscal year, due to the recording of 475 million yen in profit attributable to owners of parent, despite the payment of cash dividends of 476 million yen. Further, treasury shares decreased by 135 million yen due to a share buy-back. Meanwhile, foreign currency translation adjustment increased by 155 million yen from the end of the previous fiscal year. As a result, total net assets increased by 45 million yen from the end of the previous fiscal year to 43,114 million yen. Equity ratio at the end of the three months ended June 30, 2022 decreased by 0.3 points from the end of the previous fiscal year to 47.9%.

## (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, 2023, no revisions have been made to the forecast announced on April 28, 2022.

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, 2022	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	27,146	27,888
Notes and accounts receivable - trade, and contract assets	18,336	16,095
Inventories	12,685	14,949
Other	1,896	1,976
Allowance for doubtful accounts	(6)	(6)
Total current assets	60,058	60,903
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,133	9,005
Machinery, equipment and vehicles, net	5,792	5,584
Land	5,084	5,084
Construction in progress	525	709
Other, net	777	761
Total property, plant and equipment	21,314	21,144
Intangible assets	628	575
Investments and other assets		
Investment securities	2,707	2,825
Deferred tax assets	4,096	3,986
Other	474	430
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	7,267	7,232
Total non-current assets	29,209	28,952
<b>Total assets</b>	<b>89,268</b>	<b>89,855</b>

(Million yen)

	As of March 31, 2022	As of June 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	6,777	6,913
Electronically recorded obligations - operating	5,502	6,058
Short-term borrowings	4,440	4,451
Lease liabilities	309	266
Income taxes payable	869	121
Provision for bonuses	671	238
Provision for bonuses for directors (and other officers)	35	11
Accrued expenses	5,050	5,343
Other	2,474	3,558
Total current liabilities	26,132	26,963
Non-current liabilities		
Long-term borrowings	9,871	9,585
Lease liabilities	271	246
Provision for retirement benefits for directors (and other officers)	34	37
Retirement benefit liability	7,216	7,230
Asset retirement obligations	194	195
Other	2,478	2,482
Total non-current liabilities	20,066	19,777
<b>Total liabilities</b>	<b>46,199</b>	<b>46,741</b>
Net assets		
Shareholders' equity		
Share capital	2,434	2,434
Capital surplus	2,173	2,173
Retained earnings	38,393	38,393
Treasury shares	(43)	(178)
Total shareholders' equity	42,957	42,822
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	295	308
Deferred gains or losses on hedges	(7)	(21)
Foreign currency translation adjustment	97	252
Remeasurements of defined benefit plans	(313)	(287)
Total accumulated other comprehensive income	72	252
Non-controlling interests	39	40
Total net assets	43,069	43,114
<b>Total liabilities and net assets</b>	<b>89,268</b>	<b>89,855</b>

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

## Quarterly Consolidated Statements of Income

For the three months ended June 30

(Million yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Net sales	11,656	14,078
Cost of sales	9,282	10,862
Gross profit	2,374	3,216
Selling, general and administrative expenses		
Selling expenses	1,724	2,174
General and administrative expenses	553	605
Total selling, general and administrative expenses	2,277	2,779
Operating profit	96	436
Non-operating income		
Interest income	1	1
Dividend income	26	15
Share of profit of entities accounted for using equity method	25	17
Foreign exchange gains	—	88
Outsourcing service income	10	26
Reversal of allowance for doubtful accounts	1	0
Miscellaneous income	13	11
Total non-operating income	78	161
Non-operating expenses		
Interest expenses	21	22
Foreign exchange losses	14	—
Miscellaneous losses	3	5
Total non-operating expenses	39	28
Ordinary profit	135	570
Extraordinary income		
Gain on sale of non-current assets	0	0
Subsidy income	125	111
Total extraordinary income	125	111
Extraordinary losses		
Loss on abandonment of non-current assets	2	1
Total extraordinary losses	2	1
Profit before income taxes	259	679
Income taxes - current	104	104
Income taxes - deferred	(46)	97
Total income taxes	58	202
Profit	200	477
Profit (loss) attributable to non-controlling interests	(1)	1
Profit attributable to owners of parent	201	475

Quarterly Consolidated Statements of Comprehensive Income

For the three months ended June 30

(Million yen)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Profit	200	477
Other comprehensive income		
Valuation difference on available-for-sale securities	(13)	12
Deferred gains or losses on hedges	—	(13)
Foreign currency translation adjustment	8	74
Remeasurements of defined benefit plans, net of tax	(42)	26
Share of other comprehensive income of entities accounted for using equity method	39	81
Total other comprehensive income	(8)	179
Comprehensive income	191	657
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	193	655
Comprehensive income attributable to non-controlling interests	(1)	1

### (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 three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

There is no relevant information.

(Changes in accounting policy)

From the beginning of the first quarter under review, the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as the "Fair Value Measurement Implementation Guidance") has been applied, and in accordance with the transitional treatments stipulated in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance, a new accounting policy as stipulated by the Fair Value Measurement Implementation Guidance shall be applied prospectively. This shall have no impact on the quarterly consolidated financial statements.

(Segment information, etc.)

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

For the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(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	9,772	991	10,764	892	11,656	-	11,656
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	9,772	991	10,764	892	11,656	-	11,656
Segment income (loss)	837	(285)	551	98	650	(553)	96

(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 three months ended June 30, 2022 (from April 1, 2022 to June 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	12,256	804	13,060	1,018	14,078	-	14,078
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	12,256	804	13,060	1,018	14,078	-	14,078
Segment income (loss)	1,204	(286)	918	123	1,041	(605)	436

(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.

### 3. Supplementary Information

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

For the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

##### 1) Production

Production by segment for the three months ended June 30, 2022 is as follows:

(Million yen)

Segment	Volume	Amount	Year-on-year change	
				%
	Horsepower			%
Internal combustion engines				
Marine-use engines	254,607	12,256		25.4
Land-use engines	126	804		(18.9)
Other	-	858		16.9
Total		13,918		21.1

(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 three months ended June 30, 2022 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	322,981	16,871 [10,091]	(5.0)	1,891,219	47,609 [25,185]	45.3
Land-use engines	39,512	3,067 [732]	13.0	131,565	7,820 [745]	21.1
Other	-	1,022 [-]	49.1	-	762 [-]	18.0
Total		20,962 [10,823]	(1.0)		56,192 [25,931]	40.9

(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 three months ended June 30, 2022 are as follows:

(Million yen)

Segment	Volume	Amount	Export ratio	Year-on-year change
	Horsepower		%	%
Internal combustion engine				
Marine-use engines	254,607	12,256 [7,907]	64.5	25.4
Land-use engines	126	804 [-]	-	(18.9)
Other	-	1,018 [-]	-	14.1
Total		14,078 [7,907]	56.2	20.8

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

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

Asia (74.0%), Europe (15.8%), Latin America (5.3%), North America (4.1%), Others (0.8%)

\*3 The "Other" segment includes precision parts-related (435 million yen), industrial machinery-related (423 million yen) and real estate leasing-related (160 million yen).

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