

# Consolidated Financial Results for the Nine Months Ended December 31, 2022 [Japanese GAAP]



January 31, 2023

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

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

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, 2022 (April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	47,246	26.5	1,143	(17.7)	1,162	(31.9)	1,045	(22.2)
December 31, 2021	37,357	(2.9)	1,389	971.0	1,707	883.7	1,344	-

(Note) Comprehensive income: Nine months ended December 31, 2022: 1,362 million yen [(5.8)%]  
 Nine months ended December 31, 2021: 1,446 million yen [-%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2022	33.12		-	
December 31, 2021	42.35		-	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of December 31, 2022	92,212		43,870		47.5	
As of March 31, 2022	89,268		43,069		48.2	

(Reference) Equity: As of December 31, 2022: 43,826 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	-	0.00	-		
Fiscal year ending March 31, 2023 (Forecast)				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
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	71,000	23.3	3,000	43.4	3,200	27.6	2,500	27.0	78.49

(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):

December 31, 2022: 31,850,000 shares

March 31, 2022: 31,850,000 shares

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

December 31, 2022: 280,235 shares

March 31, 2022: 93,335 shares

3) Average number of shares during the period:

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

Nine months ended December 31, 2021: 31,732,860 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
(Changes in accounting policy) .....	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, 2022 to December 31, 2022), the Japanese economy showed signs of recovery mainly in consumer spending due to the gradual relaxation of restrictions on economic activities caused by COVID-19. However, the economic environment remained unpredictable due in part to the sharp depreciation of the yen and the increasing upward pressure on prices since the beginning of the period.

Looking at the world economy, the outlook remained unclear due to, for example, accelerated inflation in various countries on the backdrop of higher resource prices associated with the prolonged situation in Ukraine, in addition to the slowdown in economic growth caused by China's zero-COVID policy, etc.

In the shipbuilding and maritime industry, the primary industry in which the Company makes its sales, 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 in January 2023, and compliance with increasingly tightened environmental regulations aimed at realization of a carbon-neutral society has become a major challenge. In addition, it has become essential to use digital technologies that support safe navigation amid the situation where there is always a shortage of crew members.

Under such a corporate environment, the Group formulated the mid- to long-term vision "POWER! FOR ALL beyond 2030" based on its reason for existence. Aiming to realize both accelerated creation of social value through the implementation of our corporate philosophy and sustainable growth as a company, we are making all-out efforts toward the achievement of net zero emissions in 2050 while accelerating servitization as a power supply company that leads to the future.

In the nine months under review, consolidated net sales increased by 26.5% year-on-year to 47,246 million yen due to changes in the model composition and the weakening trend of the yen. In terms of profit, operating profit decreased by 17.7% year-on-year to 1,143 million yen, ordinary profit decreased by 31.9% year-on-year to 1,162 million yen, and profit attributable to owners of parent decreased by 22.2% year-on-year to 1,045 million yen, due in part to the intensified price competition and surging raw material costs.

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

#### <Internal combustion engines>

##### 1. Marine-use

Net sales increased by 30.5% year-on-year to 39,900 million yen and segment income increased by 16.7% year-on-year to 3,081 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 increased by 4.9% year-on-year to 4,218 million yen while a segment loss of 596 million yen was recorded (a segment income of 32 million yen in the previous corresponding period) due to deterioration of the profitability of some products and other factors despite an increase in sales of engines.

Consequently, net sales for the segment increased by 27.6% year-on-year to 44,118 million yen, and segment income decreased by 7.0% year-on-year to 2,484 million yen.

#### <Other>

##### 1. Industrial machinery-related

In the aluminum wheel division, net sales increased while segment income declined due to a change in the sales composition.

##### 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 12.8% year-on-year to 3,127 million yen, and segment income increased by 22.0% year-on-year to 450 million yen.

#### (2) Explanation of Financial Position

In assets as of the end of the third quarter under review, cash and deposits increased by 1,753 million yen from the end of the previous fiscal year to 28,899 million yen. Further, inventories rose by 5,323 million yen from the end of the previous fiscal year while other current assets rose by 1,347 million yen due mainly to an increase in consumption taxes refund receivable. 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 5,810 million yen from the end of the previous fiscal year. As a result, total assets increased by 2,944 million yen to 92,212 million yen.

In liabilities, notes and accounts payable - trade and electronically recorded obligations - operating in total increased by 2,876 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 759 million yen. As a result, total liabilities increased by 2,143 million yen to 48,342 million yen.

In net assets, retained earnings increased by 569 million yen from the end of the previous fiscal year due to the recording of 1,045 million yen in profit attributable to owners of parent, despite the payment of cash dividends of 476 million yen. As a result, total net assets increased by 801 million yen to 43,870 million yen. Equity ratio at the end of the third quarter under review decreased by 0.7 points from the end of the previous fiscal year to 47.5%.

#### (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 October 21, 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 December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	27,146	28,899
Notes and accounts receivable - trade, and contract assets	18,336	12,525
Inventories	12,685	18,008
Other	1,896	3,244
Allowance for doubtful accounts	(6)	(7)
Total current assets	60,058	62,670
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,133	8,868
Machinery, equipment and vehicles, net	5,792	5,884
Land	5,084	5,084
Construction in progress	525	862
Other, net	777	749
Total property, plant and equipment	21,314	21,449
Intangible assets	628	524
Investments and other assets		
Investment securities	2,707	2,844
Deferred tax assets	4,096	4,302
Other	474	432
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	7,267	7,568
Total non-current assets	29,209	29,542
Total assets	89,268	92,212

(Million yen)

	As of March 31, 2022	As of December 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	6,777	8,087
Electronically recorded obligations - operating	5,502	7,068
Short-term borrowings	4,440	4,461
Lease liabilities	309	186
Income taxes payable	869	171
Provision for bonuses	671	242
Provision for bonuses for directors (and other officers)	35	34
Accrued expenses	5,050	5,806
Other	2,474	2,969
Total current liabilities	26,132	29,028
Non-current liabilities		
Long-term borrowings	9,871	9,090
Lease liabilities	271	213
Provision for retirement benefits for directors (and other officers)	34	43
Retirement benefit liability	7,216	7,307
Asset retirement obligations	194	195
Other	2,478	2,463
Total non-current liabilities	20,066	19,314
<b>Total liabilities</b>	<b>46,199</b>	<b>48,342</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,434	2,434
Capital surplus	2,173	2,175
Retained earnings	38,393	38,963
Treasury shares	(43)	(130)
Total shareholders' equity	42,957	43,442
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	295	326
Deferred gains or losses on hedges	(7)	23
Foreign currency translation adjustment	97	278
Remeasurements of defined benefit plans	(313)	(244)
Total accumulated other comprehensive income	72	383
Non-controlling interests	39	43
<b>Total net assets</b>	<b>43,069</b>	<b>43,870</b>
<b>Total liabilities and net assets</b>	<b>89,268</b>	<b>92,212</b>

## (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, 2021	For the nine months ended December 31, 2022
Net sales	37,357	47,246
Cost of sales	29,072	37,869
Gross profit	8,285	9,376
Selling, general and administrative expenses		
Selling expenses	5,242	6,441
General and administrative expenses	1,652	1,791
Total selling, general and administrative expenses	6,895	8,232
Operating profit	1,389	1,143
Non-operating income		
Interest income	4	9
Dividend income	37	28
Share of profit of entities accounted for using equity method	20	46
Foreign exchange gains	11	—
Outsourcing service income	198	39
Reversal of allowance for doubtful accounts	2	0
Miscellaneous income	115	46
Total non-operating income	391	171
Non-operating expenses		
Interest expenses	64	65
Foreign exchange losses	—	49
Miscellaneous losses	8	36
Total non-operating expenses	73	152
Ordinary profit	1,707	1,162
Extraordinary income		
Gain on sale of non-current assets	1	2
Subsidy income	152	264
Total extraordinary income	153	266
Extraordinary losses		
Loss on abandonment of non-current assets	4	47
Total extraordinary losses	4	47
Profit before income taxes	1,857	1,382
Income taxes - current	498	593
Income taxes - deferred	14	(261)
Total income taxes	512	331
Profit	1,344	1,050
Profit attributable to non-controlling interests	0	4
Profit attributable to owners of parent	1,344	1,045

Quarterly Consolidated Statements of Comprehensive Income

For the nine months ended December 31

(Million yen)

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2022
Profit	1,344	1,050
Other comprehensive income		
Valuation difference on available-for-sale securities	13	30
Deferred gains or losses on hedges	—	30
Foreign currency translation adjustment	36	24
Remeasurements of defined benefit plans, net of tax	12	69
Share of other comprehensive income of entities accounted for using equity method	39	157
Total other comprehensive income	101	311
Comprehensive income	1,446	1,362
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,445	1,357
Comprehensive income attributable to non-controlling interests	0	4

### (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, 2022 (from April 1, 2022 to December 31, 2022)

There is no relevant information.

(Changes in accounting policy)

From the beginning of the first quarter of this fiscal year, 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 nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

	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	30,565	4,019	34,585	2,772	37,357	-	37,357
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	30,565	4,019	34,585	2,772	37,357	-	37,357
Segment income	2,640	32	2,672	369	3,042	(1,652)	1,389

(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.

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

### 3. Supplementary Information

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

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

##### 1) Production

Production by segment for the nine months ended December 31, 2022 is as follows:

(Million yen)

Segment	Volume	Amount	Year-on-year change	
				%
	Horsepower			%
Internal combustion engines				
Marine-use engines	868,560	39,900		30.5
Land-use engines	20,648	4,218		4.9
Other	-	2,653		15.3
Total		46,771		26.8

(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, 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	1,114,576	56,589 [34,648]	26.3	2,068,861	59,682 [31,099]	52.9
Land-use engines	59,390	8,101 [912]	0.1	130,921	9,440 [745]	7.2
Other	-	2,996 [-]	37.8	-	940 [-]	70.4
Total		67,686 [35,561]	22.9		70,063 [31,845]	44.8

(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, 2022 are as follows:

(Million yen)

Segment	Volume	Amount	Export ratio	Year-on-year change
	Horsepower		%	%
Internal combustion engine				
Marine-use engines	868,560	39,900 [26,550]	66.5	30.5
Land-use engines	20,648	4,218 [180]	4.3	4.9
Other	-	3,127 [-]	-	12.8
Total		47,246 [26,731]	56.6	26.5

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

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

Asia (74.3%), Europe (17.4%), Latin America (4.9%), North America (2.7%), Others (0.7%)

\*3 The "Other" segment includes precision parts-related (1,219 million yen), industrial machinery-related (1,433 million yen) and real estate leasing-related (474 million yen).

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