

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



April 28, 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 Annual General Meeting of Shareholders: June 29, 2023

Scheduled date of commencing dividend payments: June 30, 2023

Scheduled date of filing annual securities report: June 29, 2023

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, 2023 (April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2023	72,113	25.2	3,601	72.1	3,660	46.0	2,948	49.8
March 31, 2022	57,599	1.5	2,092	110.4	2,506	118.1	1,968	176.4

(Note) Comprehensive income: Fiscal year ended March 31, 2023: 3,215 million yen [38.0%]

Fiscal year ended March 31, 2022: 2,330 million yen [135.0%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	93.37	-	6.6	4.0	5.0
March 31, 2022	62.01	-	4.7	3.0	3.6

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2023: 45 million yen

Fiscal year ended March 31, 2022: 13 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, 2023	95,377	45,724	47.9	1,446.90
As of March 31, 2022	89,268	43,069	48.2	1,354.99

(Reference) Equity: As of March 31, 2023: 45,678 million yen

As of March 31, 2022: 43,030 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
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2023	4,488	(3,076)	(1,981)	25,815
March 31, 2022	7,870	(1,300)	84	26,354

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, 2022	-	0.00	-	15.00	15.00	476	24.2	1.1
March 31, 2023	-	0.00	-	28.00	28.00	883	30.0	2.0
Fiscal year ending March 31, 2024 (Forecast)	-	0.00	-	19.00	19.00		30.3	

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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	35,000	10.8	0	(100.0)	0	(100.0)	0	(100.0)	0.00
Full year	76,000	5.4	3,000	(16.7)	3,000	(18.0)	2,000	(32.2)	62.79

* 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: Yes
 - 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, 2023: 31,850,000 shares
 - March 31, 2022: 31,850,000 shares
 - 2) Total number of treasury shares at the end of the period:
 - March 31, 2023: 280,235 shares
 - March 31, 2022: 93,335 shares
 - 3) Average number of shares during the period:
 - Fiscal Year ended March 31, 2023: 31,573,069 shares
 - Fiscal Year ended March 31, 2022: 31,738,730 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	64,063	27.4	1,152	-	2,662	37.5	2,766	26.4
March 31, 2022	50,292	1.8	(149)	-	1,936	403.8	2,188	201.5

	Basic earnings per share		Diluted earnings per share	
Fiscal year ended	Yen		Yen	
March 31, 2023	87.61		-	
March 31, 2022	68.94		-	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	85,745	37,642	43.9	1,192.36
As of March 31, 2022	81,167	35,417	43.6	1,115.26

(Reference) Equity: As of March 31, 2023: 37,642 million yen
As of March 31, 2022: 35,417 million yen

2. Non-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		Ordinary profit		Profit		Basic earnings per share	
	Million yen	%	Million yen	%	Million yen	%	Yen	
First half	31,000	11.9	800	(32.2)	1,100	(24.7)	34.53	
Full year	68,000	6.1	2,400	(9.9)	2,000	(27.7)	62.79	

* 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 5 (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 23, 2023. 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 path toward recovery mainly on account of rebound demand from the COVID-19 crisis, as economic activities further returned to normal due to a weakened trend in the self-restraint of consumption activities caused by the COVID-19 pandemic. On the other hand, the outlook remains uncertain due in part to the depreciation of the yen and soaring commodity prices affected by resource price hikes.

Looking at the world economy, economic growth remained at a low level as seen in situations such as food and energy crises associated with the prolonged situation in Ukraine, suppression of economic activities in China associated with its zero-COVID policy, and active financial tightening policies due to accelerated inflation. IMF's World Economic Outlook announced in April 2023 says that the world's inflation is expected to slow down from 8.7% in 2022 to 7.0% in 2023, and that the world economic growth is expected to decrease from 3.4% in 2022 to 2.8% in 2023.

In the shipbuilding and maritime industry, the primary industry in which the Company makes its sales, the number of new shipbuilding orders received in 2022 was robust mainly for container ships and bulk carriers, despite that the special demand seen in 2021 settled down mainly because order placement was restrained due to higher ship prices against a backdrop of soaring steel prices. In addition, disruptions in the marine transport network are being eliminated, and maintenance demand is also showing recovery mainly in Southeast Asia after a recession caused by restrictions on social mobility.

Under such a corporate environment, the Group robustly received orders for large-sized engines and dual fuel engines, and maintenance-related sales were also strong. As a result, consolidated net sales for the fiscal year under review increased by 25.2% year-on-year to 72,113 million yen. In terms of profit, operating profit increased by 72.1% year-on-year to 3,601 million yen, ordinary profit increased by 46.0% year-on-year to 3,660 million yen, and profit attributable to owners of parent increased by 49.8% year-on-year to 2,948 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 30.1% year-on-year to 56,854 million yen and segment income increased by 98.7% year-on-year to 4,603 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 7.9% year-on-year to 10,997 million yen while segment income decreased by 48.6% year-on-year to 817 million yen 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 25.9% year-on-year to 67,852 million yen, and segment income increased by 38.8% year-on-year to 5,420 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 and soaring raw materials prices.

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, 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 14.5% year-on-year to 4,261 million yen, and segment income increased by 60.1% year-on-year to 670 million yen.

For more than 100 years since its founding, the Company's social mission has consistently been "to be a part of the social infrastructure." Under 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 fields of sea and land by creating better society through the power of technology. Our efforts to this end include securing marine logistics with our marine-use engines as well as electric power for permanent and emergency use with our land-use engines.

With the unprecedented pandemic brought on by COVID-19, we are already entering an era of uncertainty in which the future is difficult to predict. In addition, in the shipbuilding and maritime industry, as the decarbonization momentum grows, it is predicted that a full-scale transition from petroleum-based fuels to next-generation fuels will take place. While this will pose a new opportunity for the Group, currently, the speed of this transition and which fuels will be the mainstay of marine-use engines are uncertain. In order to realize sustainable growth and maximization of long-term corporate value and shareholder value amid such a volatile and uncertain business environment, we announced the mid- to long-term vision "POWER! FOR ALL beyond 2030" in November last year.

The mid- to long-term vision positions two targets, namely "Balancing GHG (greenhouse gas) reduction and economic value enhancement" and "Providing new customer value," as the most important themes that should be worked on toward 2030.

In addition to developing engines that are compatible with next-generation fuels, we will build a servitization-based business model by accelerating technologies to support customers through active utilization of AI and IoT and thereby offering new customer value.

Moreover, we will work to improve the profitability of after-sales maintenance as one of our highest priority challenges. We also strive to strengthen the management structure of the existing businesses and our organizational capacity in preparation for future changes in the business environment by accelerating investment in human capital by the time of the full-scale transition to the engines compatible with next-generation fuels that would occur in 2030 onward.

In order to continue to be a sustainable company, we will promote the business structural reform based on the selection of and focus on the growth areas and improve the growth potential and profitability in global markets.

(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 decreased by 518 million yen from the end of the previous fiscal year. Notes and accounts receivable - trade, and contract assets increased by 2,546 million yen, while the turnover period of accounts receivable was 99.2 days (compared with 115.0 days at the end of the previous fiscal year). In addition, inventories increased by 1,862 million yen while the turnover period was 68.9 days (compared with 74.2 days at the end of the previous fiscal year). Property, plant and equipment increased by 682 million yen compared with the end of the previous fiscal year. As a result, total assets as of March 31, 2023 amounted to 95,377 million yen, an increase of 6,108 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 3,158 million yen from the end of the previous fiscal year while their turnover period was 70.2 days (compared with 69.2 days at the end of the previous fiscal year). Meanwhile, short-term borrowings and long-term borrowings in total decreased by 1,050 million yen due to scheduled payment, etc. The ratio of interest-bearing liabilities (excluding lease liabilities) to net sales at the end of the current fiscal year was 18.4%, a decrease of 6.5 points from the end of the previous fiscal year. As a result, total liabilities increased by 3,453 million yen from the end of the previous fiscal year to 49,652 million yen.

In net assets, retained earnings increased by 2,471 million yen compared to the end of the previous fiscal year to 40,865 million yen. Total net assets increased by 2,654 million yen compared to the end of the previous fiscal year to 45,724 million yen. As a result, the equity ratio at the end of the fiscal year under review was 47.9%.

(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 4,488 million yen, cash flows from investing activities resulted in a cash outflow of 3,076 million yen, and cash flows from financing activities resulted in a cash outflow of 1,981 million yen. As a result, capital decreased by 539 million yen (an increase of 6,844 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 4,488 million yen (a cash inflow of 7,870 million yen as of the end of the previous fiscal year) due in part to securing profit before income taxes of 4,007 million yen by recording sales primarily of marine-use internal combustion engines, recording of depreciation of 2,753 million yen, and an increase in trade payables of 3,144 million yen while recording a decrease in inventories of 1,862 million yen, a decrease in trade receivables of 2,509 million yen, and a decrease in income taxes paid of 1,488 million yen.

- Cash flows from investing activities

Cash flows from investing activities resulted in a cash outflow of 3,076 million yen (a cash outflow of 1,300 million yen as of the end of the previous fiscal year) due to purchase of property, plant and equipment of 3,033 million yen as a result of capital investment, etc. 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 1,981 million yen (a cash inflow of 84 million yen as of the end of the previous fiscal year) due to repayments of long-term borrowings of 1,150 million yen, repayments of finance lease liabilities of 319 million yen, and dividends paid of 476 million yen.

(4) Outlook for the Future

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

Regarding sales of marine-use engines, we expect that the Himeji Factory, a dedicated large-scale engine factory, continues to maintain its high operation rate in FY2023, following FY2022, by meeting demand for large-sized engines associated with a rush of container shipbuilding on the back of the demand driven by the stay-at-home economy under the COVID-19 pandemic. Sales of dual fuel engines, which are environmentally friendly engines, are also robust, continuing to replace sales from conventional diesel engines. Not only the number of units sold but also the average sales price per engine has risen, and we expect a year-on-year increase in net sales for commercial-use engines. On the other hand, sales of engines to the Ministry of Defense are expected to decrease, because the number of units to be shipped of engines we receive orders according to the shipbuilding process of the Ministry decreases year on year.

We assume that, although marine logistics remain robust on the back of recovery from the plunge caused by COVID-19, maintenance-related sales do not reach the level of the previous year because the rebound demand has peaked out.

Businesses related to selective catalytic reduction (SCR) equipment, naval vessels, and precision parts, which have been established as the growth foundation by 2020, have contributed to the growth potential and profitability. While leveraging the growth foundation, we will carry out investment in tangible and intangible assets toward FY2030, and thereby build new revenue pillars.

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, the Company has developed dual fuel engines with many fuel options and low environmental impact while preparing them to be compatible with new fuels, and successfully created a lineup for four models.

On the other hand, although sales of dual fuel engines are growing thanks to an increase in orders received mainly for container ships, the price competition has been increasingly intense. These engines require longer lead time for shipment than conventional diesel engines due to its product features, because we conduct commissioning in both gas and heavy oil modes before shipping them. As future management issues, we will strive to enhance profitability by focusing on thorough cost reduction efforts and the strengthening of management structure, while improving the functionalities.

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).

For the six months ending September 30, 2023, the Group forecasts net sales of 35,000 million yen, operating profit of 0 million yen, ordinary profit of 0 million yen, and profit attributable to owners of parent of 0 million yen. For the fiscal year ending March 31, 2024, the Group forecasts net sales of 76,000 million yen, operating profit of 3,000 million yen, ordinary profit of 3,000 million yen, and profit attributable to owners of parent of 2,000 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	27,146	26,627
Notes and accounts receivable - trade, and contract assets	18,336	20,883
Inventories	12,685	14,548
Other	1,896	3,339
Allowance for doubtful accounts	(6)	(8)
Total current assets	60,058	65,389
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,133	8,935
Machinery, equipment and vehicles, net	5,792	6,843
Land	5,084	5,084
Construction in progress	525	188
Other, net	777	944
Total property, plant and equipment	21,314	21,996
Intangible assets	628	541
Investments and other assets		
Investment securities	2,707	2,798
Deferred tax assets	4,096	4,223
Other	474	432
Allowance for doubtful accounts	(10)	(4)
Total investments and other assets	7,267	7,449
Total non-current assets	29,209	29,987
Total assets	89,268	95,377

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,777	8,179
Electronically recorded obligations - operating	5,502	7,259
Short-term borrowings	4,440	4,461
Lease liabilities	309	157
Income taxes payable	869	526
Provision for bonuses	671	790
Provision for bonuses for directors (and other officers)	35	56
Accrued expenses	5,050	5,490
Other	2,474	3,665
Total current liabilities	26,132	30,586
Non-current liabilities		
Long-term borrowings	9,871	8,800
Lease liabilities	271	183
Provision for retirement benefits for directors (and other officers)	34	46
Retirement benefit liability	7,216	7,394
Asset retirement obligations	194	195
Other	2,478	2,446
Total non-current liabilities	20,066	19,066
Total liabilities	46,199	49,652
Net assets		
Shareholders' equity		
Share capital	2,434	2,434
Capital surplus	2,173	2,175
Retained earnings	38,393	40,865
Treasury shares	(43)	(130)
Total shareholders' equity	42,957	45,344
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	295	344
Deferred gains or losses on hedges	(7)	(27)
Foreign currency translation adjustment	97	284
Remeasurements of defined benefit plans	(313)	(267)
Total accumulated other comprehensive income	72	333
Non-controlling interests	39	45
Total net assets	43,069	45,724
Total liabilities and net assets	89,268	95,377

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	57,599	72,113
Cost of sales	44,318	57,500
Gross profit	13,281	14,613
Selling, general and administrative expenses		
Selling expenses	8,956	8,522
General and administrative expenses	2,232	2,489
Total selling, general and administrative expenses	11,188	11,012
Operating profit	2,092	3,601
Non-operating income		
Interest income	5	10
Dividend income	37	28
Share of profit of entities accounted for using equity method	13	45
Foreign exchange gains	101	18
Outsourcing service income	209	42
Reversal of allowance for doubtful accounts	5	0
Miscellaneous income	163	70
Total non-operating income	536	217
Non-operating expenses		
Interest expenses	86	86
Miscellaneous losses	35	71
Total non-operating expenses	122	158
Ordinary profit	2,506	3,660
Extraordinary income		
Gain on sale of non-current assets	4	3
National subsidies	81	71
Subsidy income	178	264
Gain on sale of investment securities	–	61
Total extraordinary income	264	400
Extraordinary losses		
Loss on abandonment of non-current assets	9	53
Total extraordinary losses	9	53
Profit before income taxes	2,761	4,007
Income taxes - current	1,327	1,208
Income taxes - deferred	(525)	(154)
Total income taxes	802	1,053
Profit	1,959	2,954
Profit (loss) attributable to non-controlling interests	(8)	6
Profit attributable to owners of parent	1,968	2,948

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	1,959	2,954
Other comprehensive income		
Valuation difference on available-for-sale securities	47	49
Deferred gains or losses on hedges	(8)	(25)
Foreign currency translation adjustment	86	40
Remeasurements of defined benefit plans, net of tax	195	45
Share of other comprehensive income of entities accounted for using equity method	49	151
Total other comprehensive income	370	261
Comprehensive income	2,330	3,215
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,338	3,209
Comprehensive income attributable to non-controlling interests	(8)	6

(3) Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2022

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,434	2,171	36,901	(42)	41,465
Changes during period					
Dividends of surplus			(476)		(476)
Profit attributable to owners of parent			1,968		1,968
Purchase of treasury shares				(37)	(37)
Disposal of treasury shares		1		36	38
Net changes in items other than shareholders' equity					
Total changes during period	–	1	1,491	(1)	1,492
Balance at end of period	2,434	2,173	38,393	(43)	42,957

	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	247	–	(36)	(509)	(298)	47	41,214
Changes during period							
Dividends of surplus							(476)
Profit attributable to owners of parent							1,968
Purchase of treasury shares							(37)
Disposal of treasury shares							38
Net changes in items other than shareholders' equity	47	(7)	134	195	370	(8)	362
Total changes during period	47	(7)	134	195	370	(8)	1,854
Balance at end of period	295	(7)	97	(313)	72	39	43,069

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

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,761	4,007
Depreciation	2,808	2,753
Increase (decrease) in allowance for doubtful accounts	(50)	(3)
Increase (decrease) in provision for bonuses	45	118
Increase (decrease) in provision for bonuses for directors (and other officers)	29	21
Increase (decrease) in retirement benefit liability	116	119
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(32)	11
Interest and dividend income	(43)	(39)
Interest expenses	86	86
Loss (gain) on sale of property, plant and equipment	(4)	(3)
Loss on abandonment of non-current assets	9	53
Decrease (increase) in trade receivables	(167)	(2,509)
Decrease (increase) in inventories	(1,959)	(1,862)
Increase (decrease) in trade payables	2,527	3,144
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(467)	(946)
Increase (decrease) in guarantee deposits received	85	(34)
Other, net	2,963	1,108
Subtotal	8,709	6,023
Interest and dividends received	43	39
Interest paid	(84)	(86)
Income taxes paid	(797)	(1,488)
Net cash provided by (used in) operating activities	7,870	4,488
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,378)	(3,033)
Proceeds from sale of property, plant and equipment	15	18
Purchase of intangible assets	(61)	(175)
Proceeds from sale of investment securities	–	128
Proceeds from collection of loans receivable	0	–
Proceeds from withdrawal of time deposits	921	933
Payments into time deposits	(797)	(947)
Net cash provided by (used in) investing activities	(1,300)	(3,076)

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from financing activities		
Proceeds from long-term borrowings	4,300	100
Repayments of long-term borrowings	(3,325)	(1,150)
Purchase of treasury shares	(37)	(135)
Dividends paid	(476)	(476)
Net increase (decrease) in short-term borrowings	80	–
Repayments of finance lease liabilities	(455)	(319)
Net cash provided by (used in) financing activities	84	(1,981)
Effect of exchange rate change on cash and cash equivalents	190	30
Net increase (decrease) in cash and cash equivalents	6,844	(539)
Cash and cash equivalents at beginning of period	19,509	26,354
Cash and cash equivalents at end of period	26,354	25,815

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Changes in accounting policy)

From the beginning of the fiscal year 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 consolidated financial statements.

(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, 2022

(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	43,685	10,192	53,877	3,722	57,599	-	57,599
(2) Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	43,685	10,192	53,877	3,722	57,599	-	57,599
Segment income	2,316	1,589	3,906	418	4,324	(2,232)	2,092
Other Depreciation	1,933	427	2,360	341	2,702	106	2,808

(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, 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.

(Related information)

For the fiscal year ended March 31, 2022

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
31,633	17,936	1,709	6,319	57,599

(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, 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.

(Per share information)

Category	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net assets per share	1,354.99 yen	1,446.90 yen
Basic earnings per share	62.01 yen	93.37 yen

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

Category	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	1,968	2,948
Amount not attributable to shareholders of common shares (Million yen)	-	-
Profit attributable to owners of parent relating to common shares (Million yen)	1,968	2,948
Average number of shares of common shares outstanding during each fiscal year	31,738,730 shares	31,573,069 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, 2022 to March 31, 2023)

1) Production

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

(Million yen)

Segment	Volume	Amount	Year-on-year change	
				%
	Horsepower			%
Internal combustion engines				
Marine-use engines	1,242,276	56,854		30.1
Land-use engines	80,183	10,997		7.9
Other	-	3,630		17.3
Total		71,482		25.5

(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	1,356,955	72,119 [44,506]	16.5	1,937,524	58,258 [31,080]	35.5
Land-use engines	75,035	10,735 [1,352]	(2.5)	87,031	5,295 [782]	(4.7)
Other	-	3,895 [-]	29.2	-	862 [-]	44.3
Total		86,750 [45,859]	14.2		64,416 [31,863]	31.1

(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	1,242,276	56,854 [36,427]	64.1	30.1
Land-use engines	80,183	10,997 [583]	5.3	7.9
Other	-	4,261 [-]	-	14.5
Total		72,113 [37,011]	51.3	25.2

(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 (17.8%), Latin America (4.7%), North America (2.5%), Others (0.7%)

*3 The "Other" segment includes precision parts-related (1,690 million yen), industrial machinery-related (1,939 million yen) and real estate leasing-related (630 million yen).

*4 The figures above do not include consumption taxes.

(2) Changes in Directors and Corporate Auditors (Scheduled on June 29, 2023)

1. Candidates for new Directors:

Kunihiro Morimoto (currently Statutory Auditor;
currently General Manager, Sales CS Division, Daihatsu Motor Co., Ltd.)

Chiho Takeda (currently Attorney-at-law, Miyake & Partners)

Hiroaki Sato

2. Candidate for new Statutory Auditor:

Hitoshi Nakagawa (currently General Manager, Corporate Management
Division, Daihatsu Motor Co., Ltd.)

3. Candidates for re-appointed Directors:

Yoichi Hayata (currently Managing Executive Officer, General Manager,
Technology Management Division)

Hideki Asada (currently Managing Executive Officer, Head of Moriyama
Office, in charge of Quality Assurance Office)

4. Retiring Directors:

Kazuo Komatsu (currently Director)

Hiroko Ameno (currently Director)

5. Retiring Statutory Auditor:

Kunihiro Morimoto (currently Statutory Auditor)

(Reference)

New Management Team (Scheduled on June 29, 2023)

(Directors)

Chairman	Shigeki Kinoshita
President and Representative Director	Yoshinobu Hotta
Director and Executive Vice President	Kunihiro Morimoto
Director	Takashi Mizushina
Director	Toshiki Sanaga
Director	Yoichi Hayata
Director	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

(Statutory Auditors)

Standing Statutory Auditor	Atsumi Masada
Outside Statutory Auditor	Norihide Bessyo (currently Standing Statutory Auditor, Daihatsu Motor Co., Ltd.)
Outside Statutory Auditor	Hitoshi Nakagawa (currently General Manager, Corporate Management Division, Daihatsu Motor Co., Ltd.)

(Executive Officers)

Managing Executive Officer	Shinichi Nanba
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	Takahiko Masuda
Executive Officer	Hideharu Nagasawa
Executive Officer	Takashi Hanamure
Executive Officer	Shuichi Shimomura