

Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]



July 27, 2023

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

Stock exchange listing: Tokyo Stock Exchange

Code number: 6023

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Scheduled date of filing quarterly securities report: August 9, 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 Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2023	17,626	25.2	450	3.2	659	15.8	467	(1.8)
June 30, 2022	14,078	20.8	436	352.5	570	320.2	475	136.2

(Note) Comprehensive income: Three months ended June 30, 2023: 495 million yen [(24.5)%]

Three months ended June 30, 2022: 657 million yen [242.5%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	14.80		-	
June 30, 2022	15.04		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	95,119	45,336	47.6
As of March 31, 2023	95,377	45,724	47.9

(Reference) Equity: As of June 30, 2023: 45,290 million yen

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

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen -	Yen 0.00	Yen -	Yen 28.00	Yen 28.00
Fiscal year ending March 31, 2024	-				
Fiscal year ending March 31, 2024 (Forecast)		0.00	-	19.00	19.00

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

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)	1,100	45.5	34.53
Full year	76,000	5.4	3,000	(16.7)	3,000	(18.0)	3,100	5.2	97.33

(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: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
 - June 30, 2023: 31,850,000 shares
 - March 31, 2023: 31,850,000 shares
 - 2) Total number of treasury shares at the end of the period:
 - June 30, 2023: 280,235 shares
 - March 31, 2023: 280,235 shares
 - 3) Average number of shares during the period:
 - Three months ended June 30, 2023: 31,569,765 shares
 - Three months ended June 30, 2022: 31,631,523 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, 2023 to June 30, 2023), the Japanese economy showed a gradual recovery mainly in consumer spending, fueled by increased customer traffic and other favorable factors due to the relaxation of restrictions on social activities caused by COVID-19. Meanwhile, the future outlook remained uncertain as the depreciation of the yen and the increase in prices continued.

The world economy has been still unstable. This is because, for example, an economic recovery in China after the lifting of its zero-COVID policy has been slow due to a stagnant real estate market. In Europe, inflation pressure was still strong and financial policies remained uncertain.

In the shipbuilding and maritime industry, the primary industry in which the Company makes its sales, since the Energy Efficiency Existing Ship Index (EEXI) and the Carbon Intensity Indicator (CII; a system for rating ships based on the fuel efficiency) took effect in January 2023, there is a need for the early establishment of various environmental technologies, including the development of energy-saving technology, more efficient operation, and the shift to next-generation fuels.

Under such a corporate environment, the Group's sales have remained strong for large-sized engines and dual fuel engines mainly for container ships, while there has been a stable demand for maintenance. In research and development, in order to realize carbon neutrality in international maritime traffic, we have been working to develop innovative engines capable of responding to a variety of fuels toward early conversion to zero-emission fuels.

In the three months under review, consolidated net sales increased by 25.2% year-on-year to 17,626 million yen. In terms of profit, operating profit increased by 3.2% year-on-year to 450 million yen, ordinary profit increased by 15.8% year-on-year to 659 million yen, while profit attributable to owners of parent decreased by 1.8% year-on-year to 467 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 27.7% year-on-year to 15,650 million yen while segment income decreased by 10.0% year-on-year to 1,084 million yen, due to surging material prices and other factors despite increases in sales of engines and maintenance-related sales.

2. Land-use

Net sales increased by 39.9% year-on-year to 1,124 million yen and segment income of 29 million yen was recorded (a segment loss of 286 million yen in the previous corresponding period) due to increases in sales of engines and maintenance-related sales.

Consequently, net sales for the segment increased by 28.4% year-on-year to 16,775 million yen, and segment income increased by 21.2% year-on-year to 1,113 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, net sales decreased while segment income increased.

4. Precision parts-related

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

Consequently, net sales for the segment decreased by 16.4% year-on-year to 851 million yen, and segment income decreased by 51.3% year-on-year to 59 million yen.

(2) Explanation of Financial Position

In assets as of the end of the first quarter under review, cash and deposits increased by 2,117 million yen from the end of the previous fiscal year to 28,744 million yen. Further, inventories rose by 2,548 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 2,937 million yen. Other current assets decreased by 1,318 million yen due mainly to a decrease in consumption taxes refund receivable. As a result, total assets decreased by 257 million yen to 95,119 million yen from the end of the previous fiscal year.

In liabilities, notes and accounts payable - trade and electronically recorded obligations - operating in total increased by 959 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 290 million yen. Also, income taxes payable decreased by 367 million yen due to payment of income tax. As a result, total liabilities increased by 130 million yen from the end of previous fiscal year to 49,783 million yen.

In net assets, retained earnings decreased by 416 million yen due to the payment of cash dividends and other factors. As a result, total net assets decreased by 388 million yen from the end of the previous fiscal year to 45,336 million yen. Equity ratio at the end of the first quarter under review decreased by 0.3 points from the end of the previous fiscal year to 47.6%.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

As to the consolidated financial results forecast for the fiscal year ending March 31, 2024, no revisions have been made to the forecast announced on June 29, 2023.

The forecasts stated herein are based on information available to the Company as of the date of publication of this document. Actual results may differ from these forecasts due to a wide range of factors that may arise in the future.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	26,627	28,744
Notes and accounts receivable - trade, and contract assets	20,883	17,945
Inventories	14,548	17,096
Other	3,339	2,020
Allowance for doubtful accounts	(8)	(8)
Total current assets	65,389	65,799
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,935	8,798
Machinery, equipment and vehicles, net	6,843	6,571
Land	5,084	5,084
Construction in progress	188	297
Other, net	944	969
Total property, plant and equipment	21,996	21,721
Intangible assets	541	527
Investments and other assets		
Investment securities	2,798	2,469
Deferred tax assets	4,223	4,160
Other	432	446
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	7,449	7,071
Total non-current assets	29,987	29,320
Total assets	95,377	95,119

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,179	8,810
Electronically recorded obligations - operating	7,259	7,588
Short-term borrowings	4,461	6,017
Lease liabilities	157	134
Income taxes payable	526	159
Provision for bonuses	790	269
Provision for bonuses for directors (and other officers)	56	16
Accrued expenses	5,490	4,890
Other	3,665	4,769
Total current liabilities	30,586	32,656
Non-current liabilities		
Long-term borrowings	8,800	6,953
Lease liabilities	183	164
Provision for retirement benefits for directors (and other officers)	46	34
Retirement benefit liability	7,394	7,330
Asset retirement obligations	195	196
Other	2,446	2,447
Total non-current liabilities	19,066	17,127
Total liabilities	49,652	49,783
Net assets		
Shareholders' equity		
Share capital	2,434	2,434
Capital surplus	2,175	2,175
Retained earnings	40,865	40,448
Treasury shares	(130)	(130)
Total shareholders' equity	45,344	44,928
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	344	347
Deferred gains or losses on hedges	(27)	(194)
Foreign currency translation adjustment	284	377
Remeasurements of defined benefit plans	(267)	(167)
Total accumulated other comprehensive income	333	362
Non-controlling interests	45	45
Total net assets	45,724	45,336
Total liabilities and net assets	95,377	95,119

(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, 2022	For the three months ended June 30, 2023
Net sales	14,078	17,626
Cost of sales	10,862	14,387
Gross profit	3,216	3,239
Selling, general and administrative expenses		
Selling expenses	2,174	2,065
General and administrative expenses	605	723
Total selling, general and administrative expenses	2,779	2,789
Operating profit	436	450
Non-operating income		
Interest income	1	2
Dividend income	15	23
Share of profit of entities accounted for using equity method	17	40
Foreign exchange gains	88	132
Outsourcing service income	26	11
Reversal of allowance for doubtful accounts	0	0
Miscellaneous income	11	26
Total non-operating income	161	237
Non-operating expenses		
Interest expenses	22	20
Miscellaneous losses	5	7
Total non-operating expenses	28	28
Ordinary profit	570	659
Extraordinary income		
Gain on sale of non-current assets	0	2
Subsidy income	111	-
Gain on sale of investment securities	-	86
Total extraordinary income	111	88
Extraordinary losses		
Loss on abandonment of non-current assets	1	3
Total extraordinary losses	1	3
Profit before income taxes	679	745
Income taxes - current	104	194
Income taxes - deferred	97	83
Total income taxes	202	278
Profit	477	467
Profit (loss) attributable to non-controlling interests	1	(0)
Profit attributable to owners of parent	475	467

Quarterly Consolidated Statements of Comprehensive Income

For the three months ended June 30

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	477	467
Other comprehensive income		
Valuation difference on available-for-sale securities	12	2
Deferred gains or losses on hedges	(13)	(166)
Foreign currency translation adjustment	74	39
Remeasurements of defined benefit plans, net of tax	26	99
Share of other comprehensive income of entities accounted for using equity method	81	54
Total other comprehensive income	179	28
Comprehensive income	657	495
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	655	496
Comprehensive income attributable to non-controlling interests	1	(0)

(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, 2023 (from April 1, 2023 to June 30, 2023)

There is no relevant information.

(Segment information, etc.)

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

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.

For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(Million yen)

	Reportable segment			Other (Notes)*1	Total	Adjustment (Notes)*2	Amount recorded in Quarterly Consolidated Statements of Income (Notes)*3
	Marine-use engines	Land-use engines	Total				
Net sales							
Net sales to outside customers	15,650	1,124	16,775	851	17,626	-	17,626
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	15,650	1,124	16,775	851	17,626	-	17,626
Segment income	1,084	29	1,113	59	1,173	(723)	450

(Notes) *1 The “Other” category is a business segment that is not included in reportable segments, and includes the industrial machinery-related business, the real estate leasing-related business, the electricity sales-related business and the precision parts-related business.

*2 The adjustment for segment income represents corporate expenses, largely consisting of selling, general and administrative expenses not attributable to the reportable segments.

*3 Segment income is adjusted with operating profit on the Quarterly Consolidated Statements of Income.

3. Supplementary Information

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

For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

1) Production

Production by segment for the three months ended June 30, 2023 is as follows:

(Million yen)

Segment	Volume	Amount	Year-on-year change
			%
	Horsepower		
Internal combustion engines			
Marine-use engines	304,946	15,650	27.7
Land-use engines	2,135	1,124	39.9
Other	-	691	(19.4)
Total		17,467	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 three months ended June 30, 2023 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	240,134	13,538 [7,479]	(19.8)	1,872,712	56,146 [28,983]	17.9
Land-use engines	16,774	2,364 [33]	(22.9)	101,670	6,534 [779]	(16.4)
Other	-	688 [-]	(32.7)	-	859 [-]	12.7
Total		16,590 [7,512]	(20.9)		63,540 [29,763]	13.1

(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 three months ended June 30, 2023 are as follows:

(Million yen)

Segment	Volume	Amount	Export ratio	Year-on-year change
	Horsepower		%	%
Internal combustion engine				
Marine-use engines	304,946	15,650 [9,576]	61.2	27.7
Land-use engines	2,135	1,124 [36]	3.2	39.9
Other	-	851 [-]	-	(16.4)
Total		17,626 [9,613]	54.5	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 (71.7%), Europe (20.4%), Latin America (4.8%), North America (2.3%), Others (0.8%)

*3 The "Other" segment includes precision parts-related (420 million yen), industrial machinery-related (270 million yen) and real estate leasing-related (159 million yen).

*4 The figures above do not include consumption taxes.