

**Financial Results Briefing
Fiscal Year Ended March 31, 2024**



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- 2** Market Environment and Our Business Model P.10~
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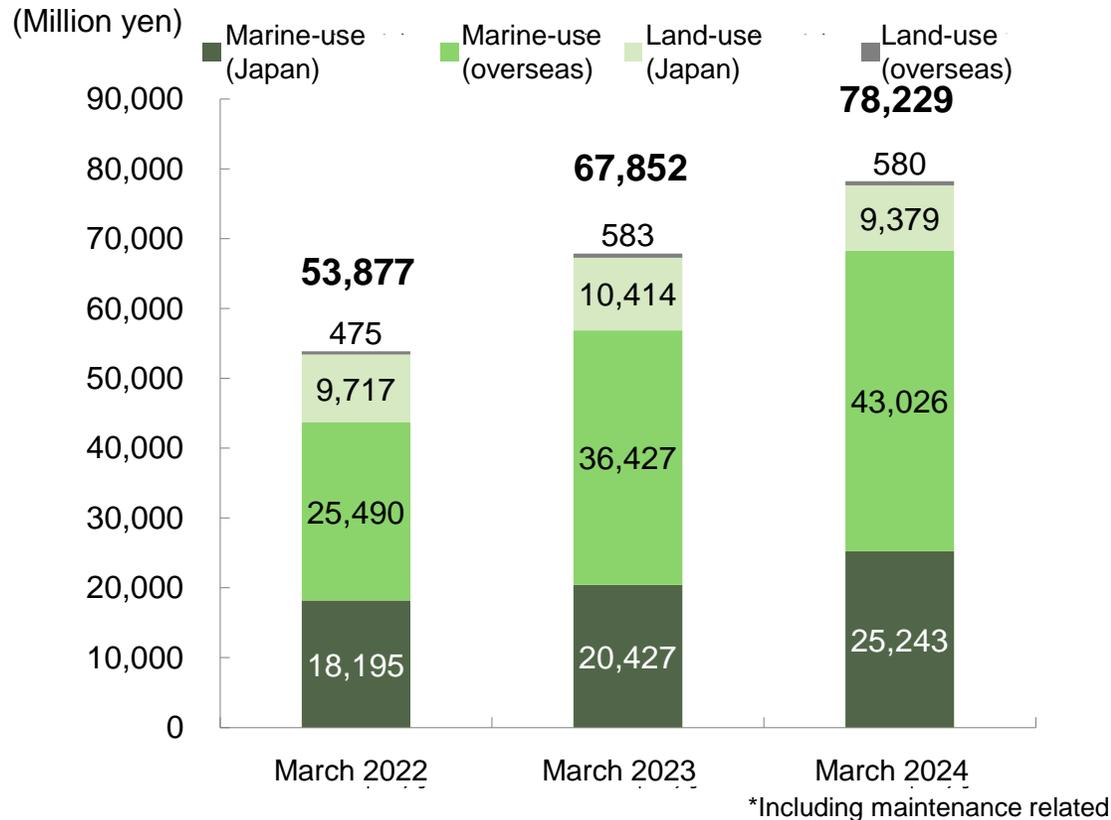
- Sales remained strong for large engines and dual-fuel engines mainly for container ships as well as maintenance. Both net sales and profit increased.
- Sales for overseas locations contributed to earnings as the yen depreciated more than expected.
- Extraordinary income was recorded as a result of a sale of shares of OMT S.P.A. (Italy).

| (Million yen) | FY2023 Full-year results | FY2024 Full-year results | YoY difference | |
|--------------------------------|-----------------------------|-----------------------------|-------------------|------|
| | | | Increase/Decrease | (%) |
| Net sales | 72,113 | 81,775 | 9,661 | 13.4 |
| Operating income | 3,601 | 5,194 | 1,593 | 44.2 |
| Ordinary income | 3,660 | 5,546 | 1,886 | 51.5 |
| Net income | 2,948 | 5,149 | 2,201 | 74.7 |
| Basic earnings per share (yen) | 93.37 | 162.87 | 69.50 | 74.4 |
| Total assets | 95,377 | 101,428 | 6,050 | 6.3 |
| Equity ratio (%) | 47.9 | 50.1 | - | - |

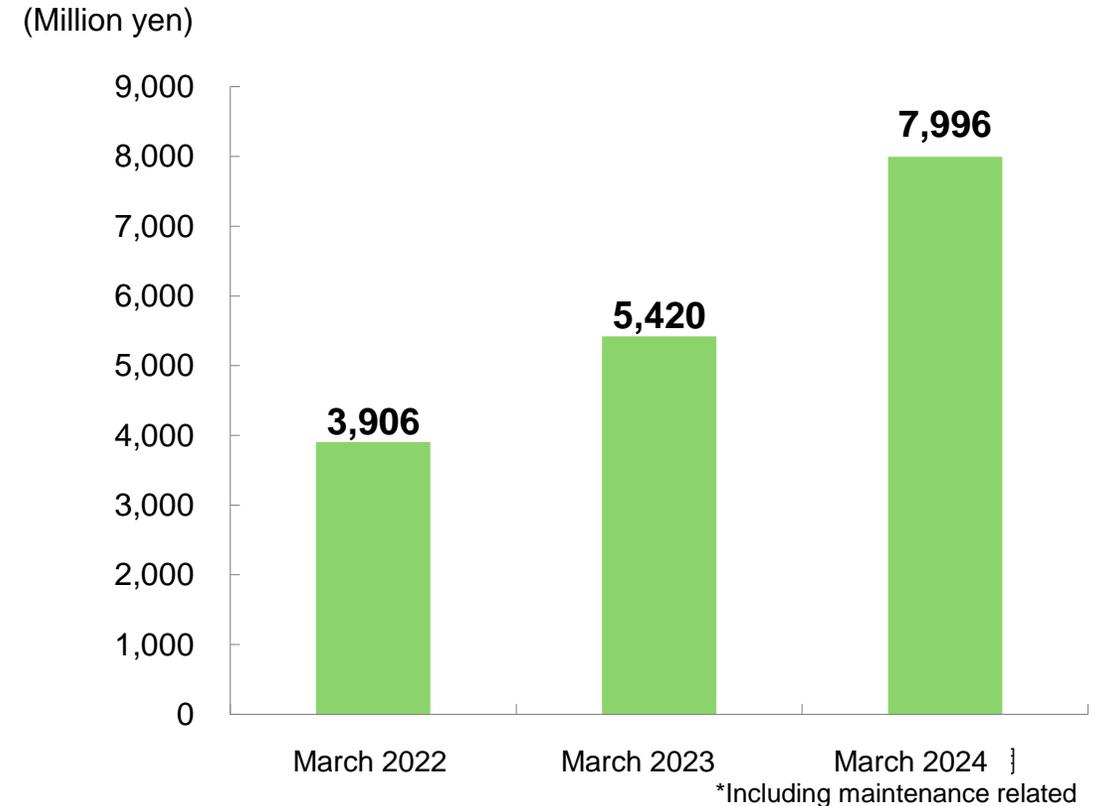
Net Sales and Earnings for the Internal Combustion Engine Section

- Sales of small and medium-sized engines for bulk carriers and tankers rose in addition to sales of large engines (for container ships and car carriers).
- With continued solid demand for maintenance, sales increased.

Net sales



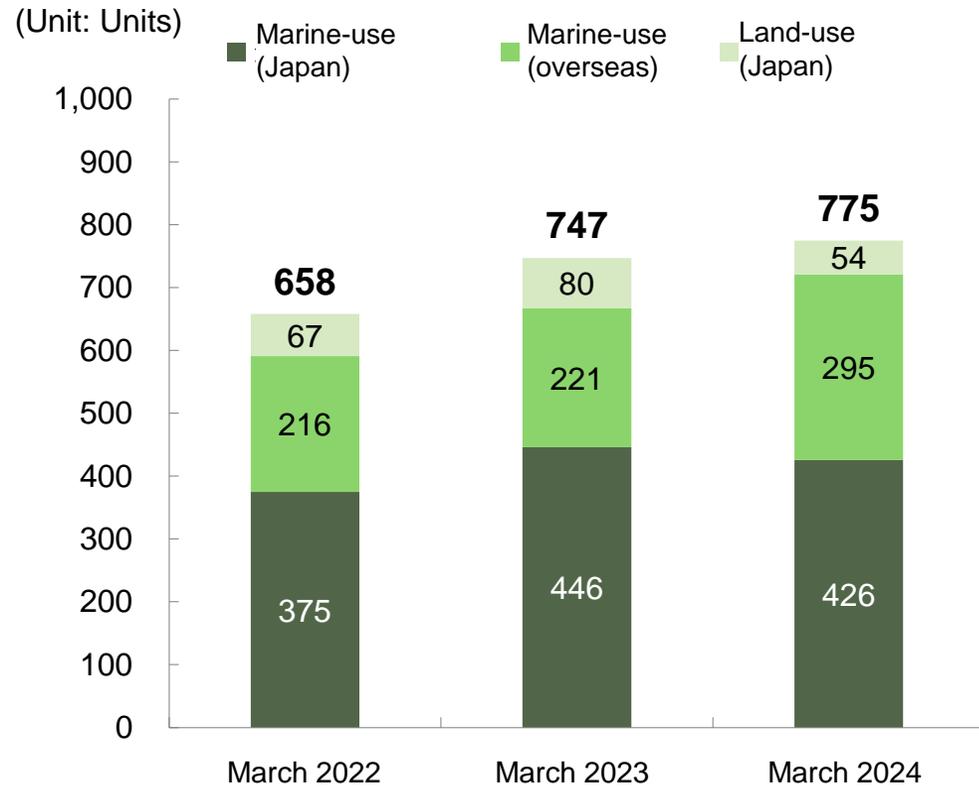
Earnings for the internal combustion engine section



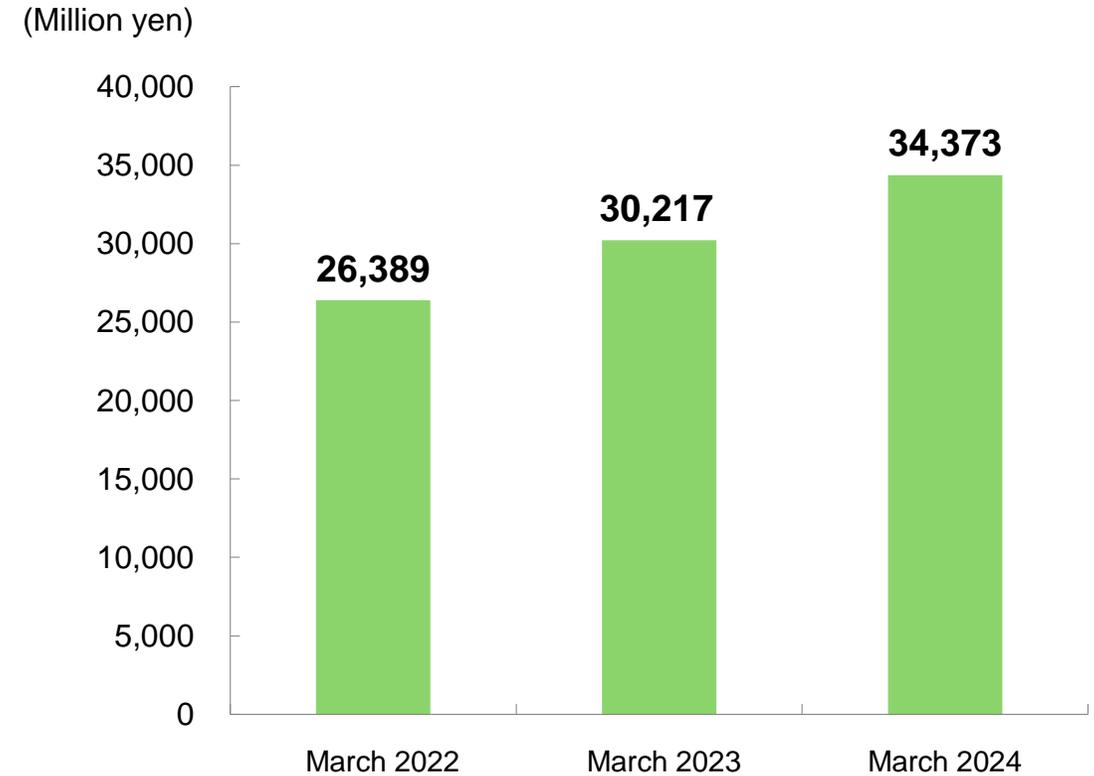
Unit Sales and Maintenance-related Net Sales

- Sales composition of large engines and dual-fuel engines increased mainly for overseas.
- Maintenance-related net sales increased to a record high as demand continued to be brisk from the previous fiscal year.

Units sold



Maintenance-related net sales



Earnings Forecasts

- As sales of small and medium-sized engines largely for bulk carriers and tankers become dominant, a decrease in unit sales price is expected as well as a drop in net sales.
- The maintenance-related business is expected to remain solid but fall below the previous year's level.

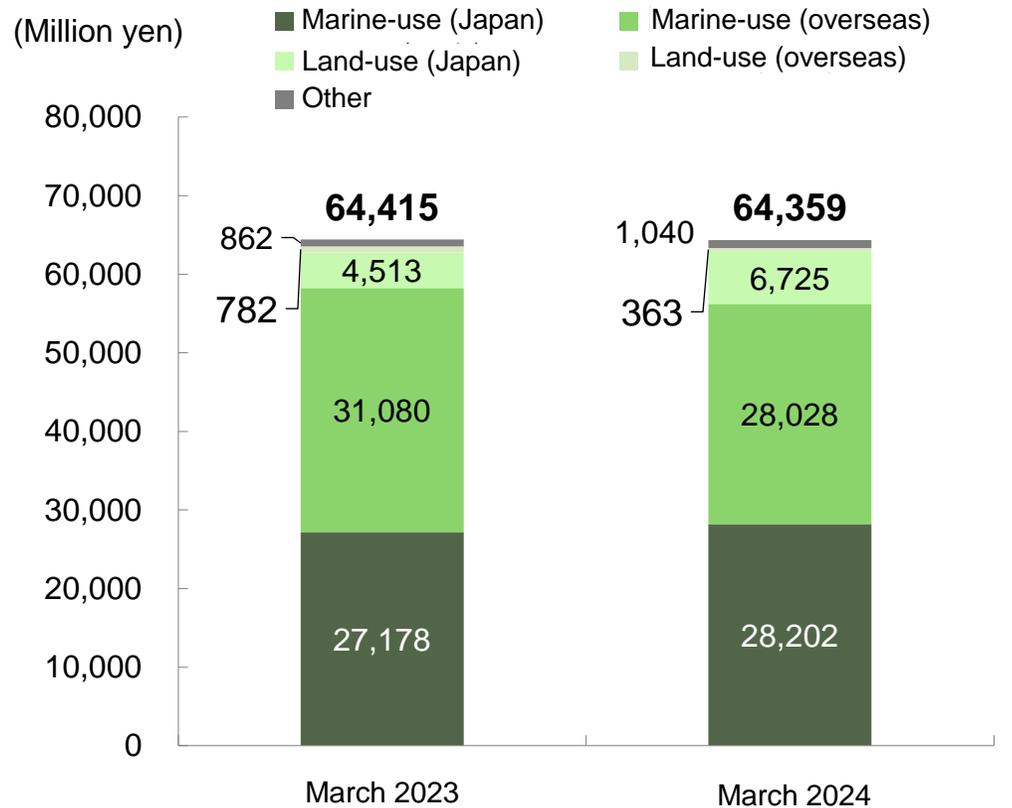
| (Million yen) | FY2024 Full-year results | FY2025 Full-year forecast | YoY difference | |
|--------------------------------|-----------------------------|------------------------------|-------------------|-------|
| | | | Increase/Decrease | (%) |
| Net sales | 81,775 | 78,000 | -3,775 | -4.6 |
| Operating income | 5,194 | 4,500 | -694 | -13.4 |
| Ordinary income | 5,546 | 4,600 | -946 | -17.1 |
| Net income | 5,149 | 3,100 | -2,049 | -39.8 |
| Basic earnings per share (yen) | 162.87 | 97.33 | -65.54 | -40.2 |
| Annual dividend (yen) | 49.00 | 39.00 | -10 | -20.4 |
| Payout ratio (%) | 30.1 | 40.1 | - | - |

Exchange rates: ¥141.25 for FY2024 (result) and ¥140.00 for FY2025 (estimate)

Order backlog

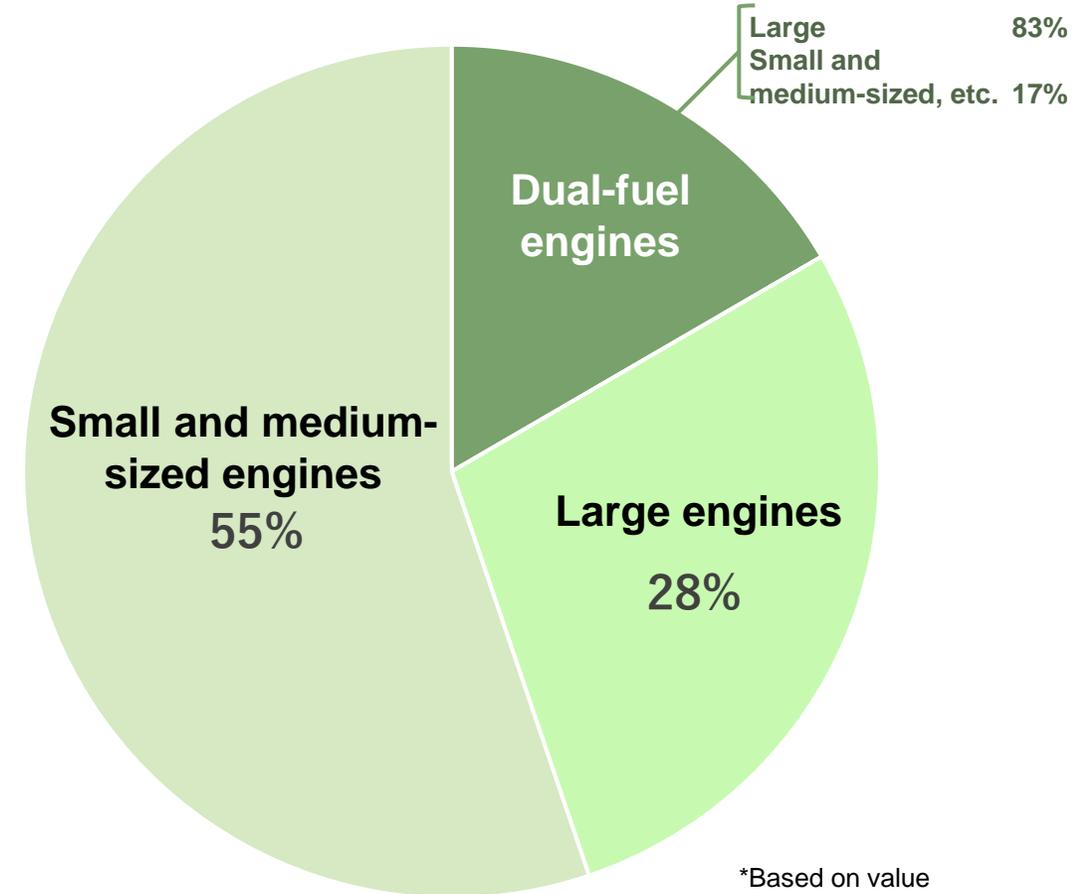
- We have secured an amount of work on hand, enough for two years' worth of producing engines.
- In the order backlog for engines, the main portion of orders received shifted from large engines to small and medium-sized ones, centered on bulk carriers and tankers, as a surge in the construction of container ships calmed down.

Change in order backlog



*Including maintenance related

Proportion of order backlog by model as of March 2024



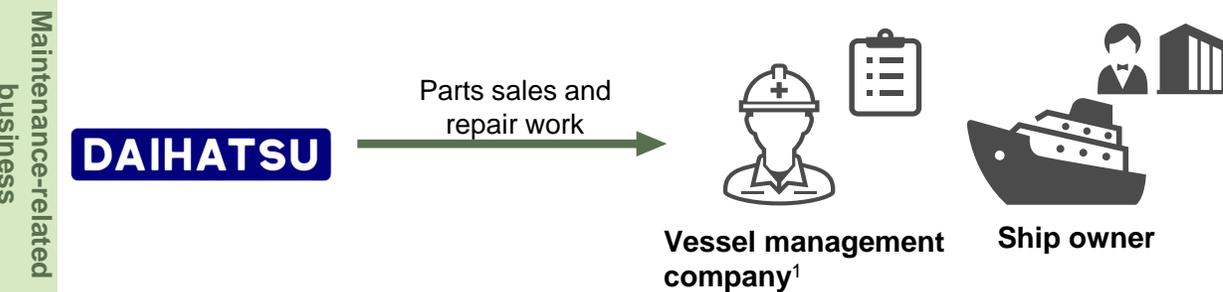
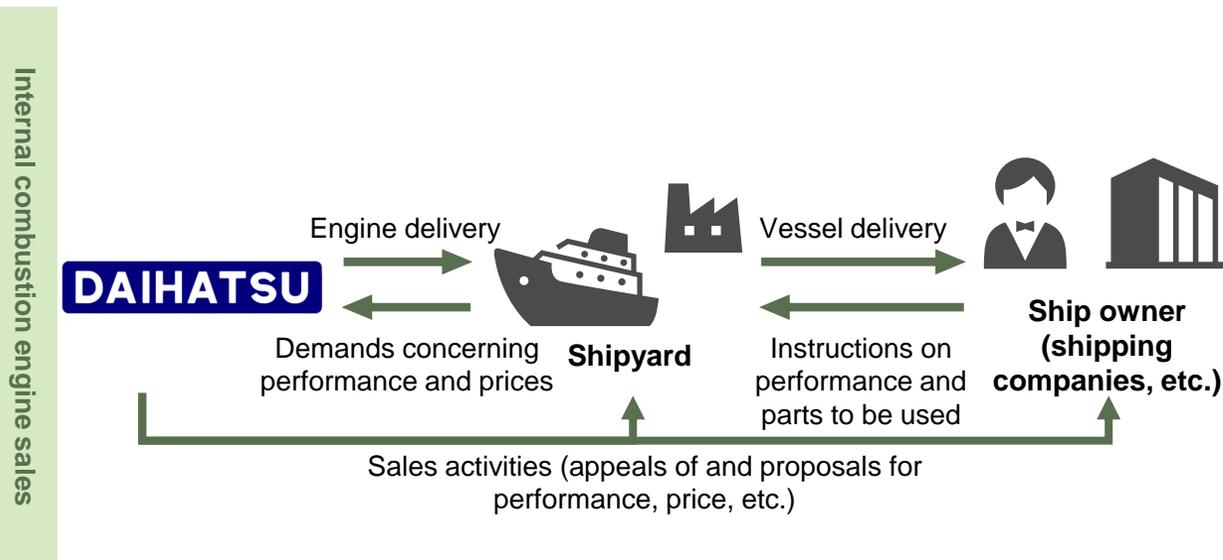
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Marine-use / Land-use Business Models

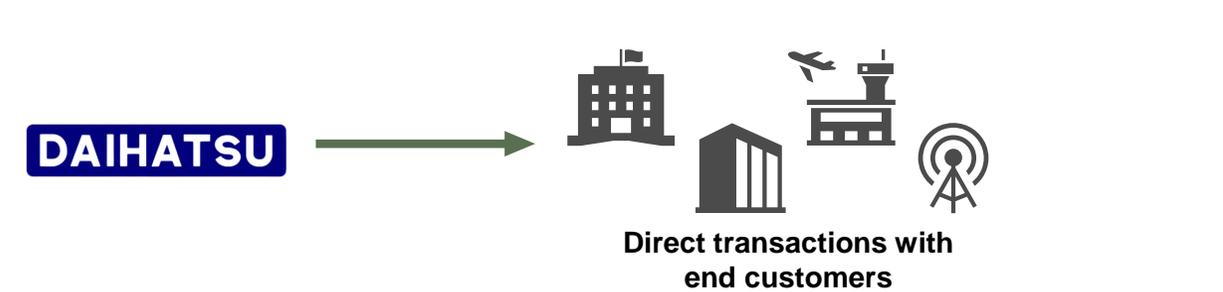
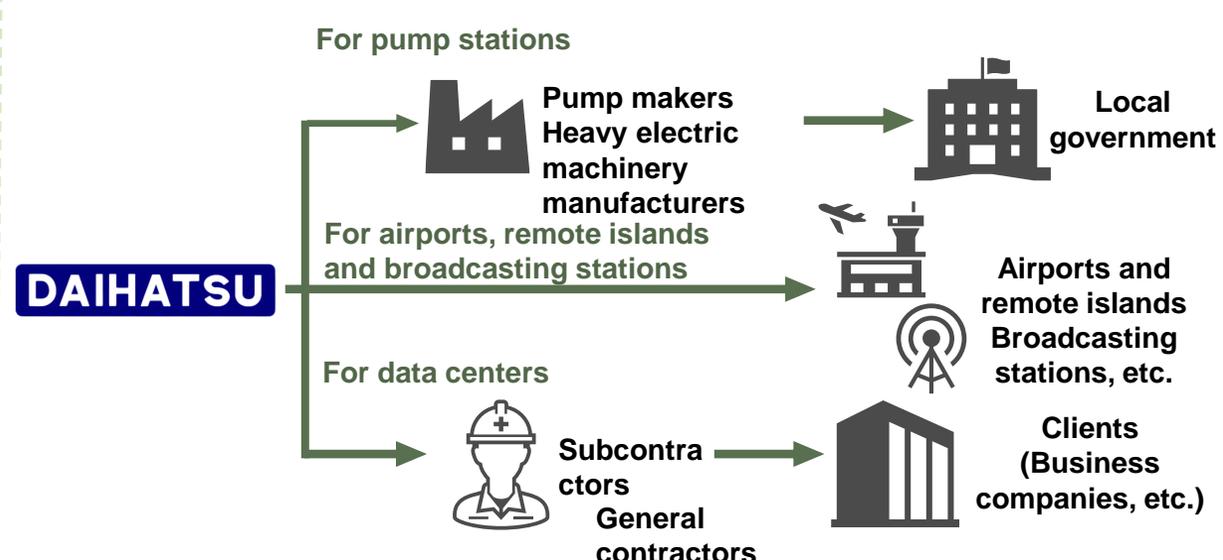
We provide auxiliary power generators and main propulsion engines for marine use, as well as engines for power generation and pumping for land use.

After delivery, we accumulate long-term earnings through parts sales, repair work, and other maintenance-related businesses.

Marine-use Business Model



Land-use Business Model

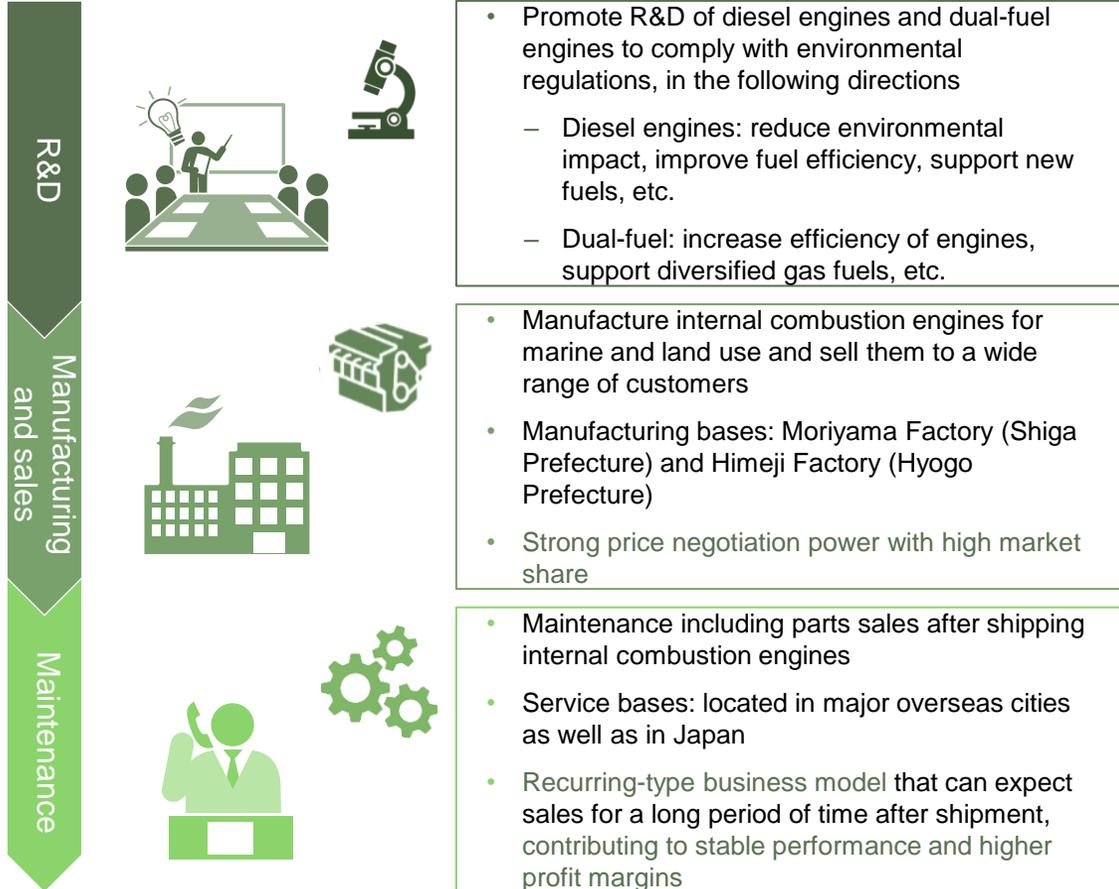


Note) 1. A business operator who is contracted by a ship owner to conduct maintenance and management of vessels, operation management and crew management including employment and assignments to vessels

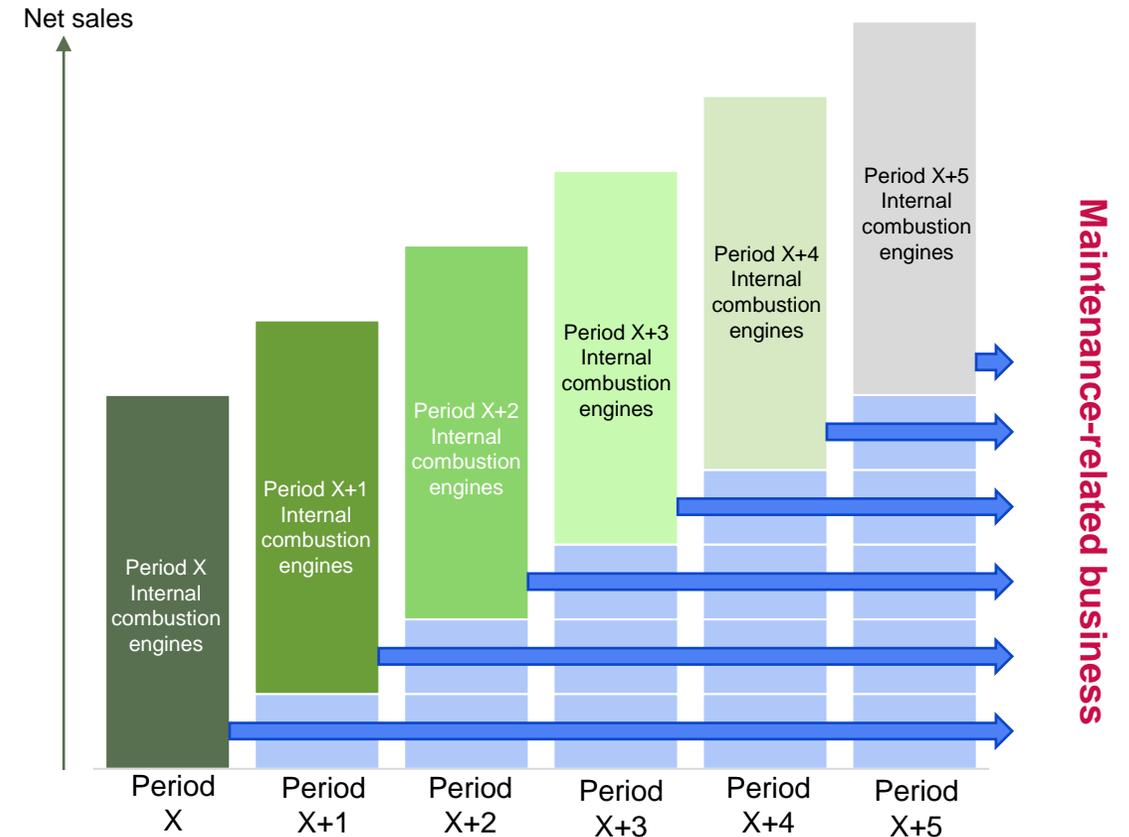
Features of the Business Models

We have established an integrated system from R&D to manufacturing, sales, and maintenance of internal combustion engines. While sales of mainstay marine internal combustion engines are affected by market conditions, the maintenance-related business is a recurring business and contributes to improved stability and profitability.

Business model



Recurring-type business model (rough idea)



Marine Equipment Market - Market Trends

Maritime logistics is significantly advantageous in terms of transportation volume and costs, and ocean cargo volumes have expanded as the global economy grows.

Accordingly, the global shipping capacity is in a stable upward trend.

Market structure of shipping, shipbuilding and marine equipment

Maritime transport



The need for maritime transportation is expected to **increase steadily** due to low transportation costs, transportation volumes, and low environmental impact although the need contracted temporarily due to the COVID-19 pandemic.

Demand for shipbuilding



Vessels have increased steadily as demand for ocean transportation rose. (Average increase of 3.2% per year since 2015)
Stable demand for shipbuilding was generated.

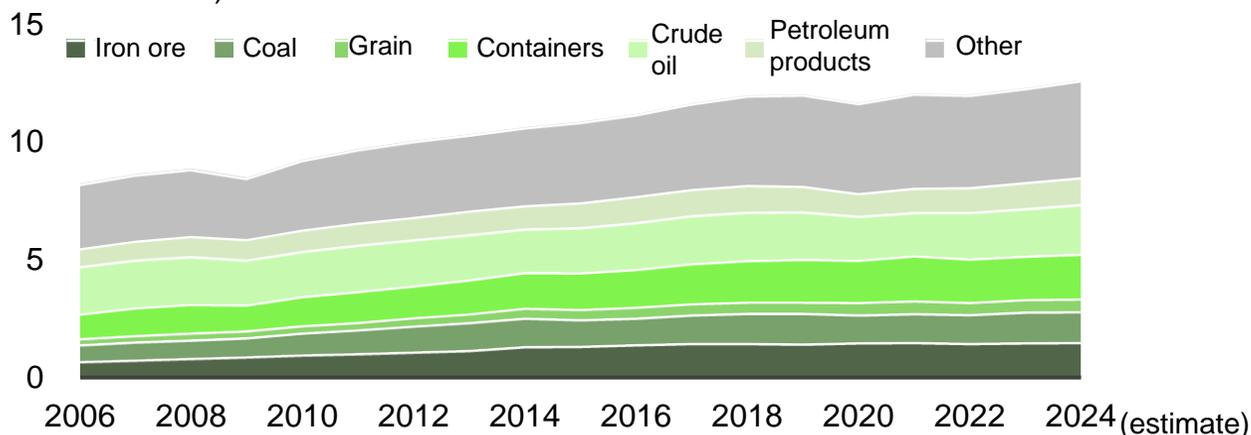
Demand for marine equipment



Demand for marine equipment is also generated in line with demand for shipbuilding. An increase in the number of vessels already in service in addition to new ones is a reason for the expansion of the market.

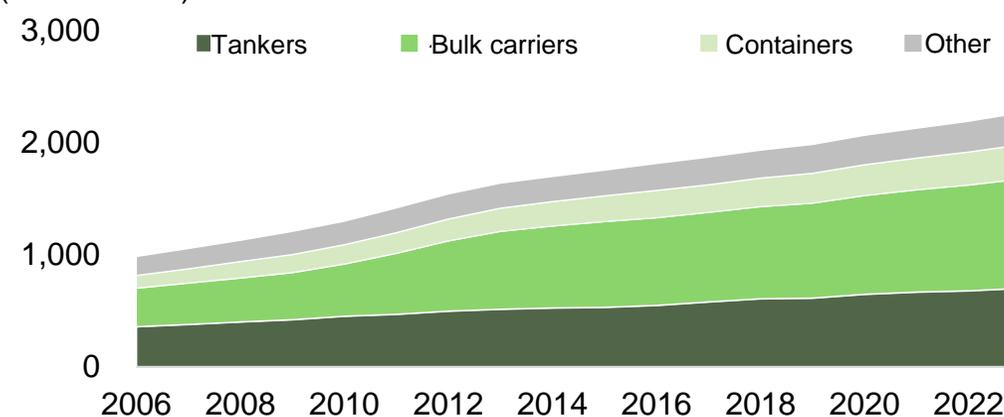
Global ocean cargo volumes

(Unit: billion tons)



Global shipping capacity

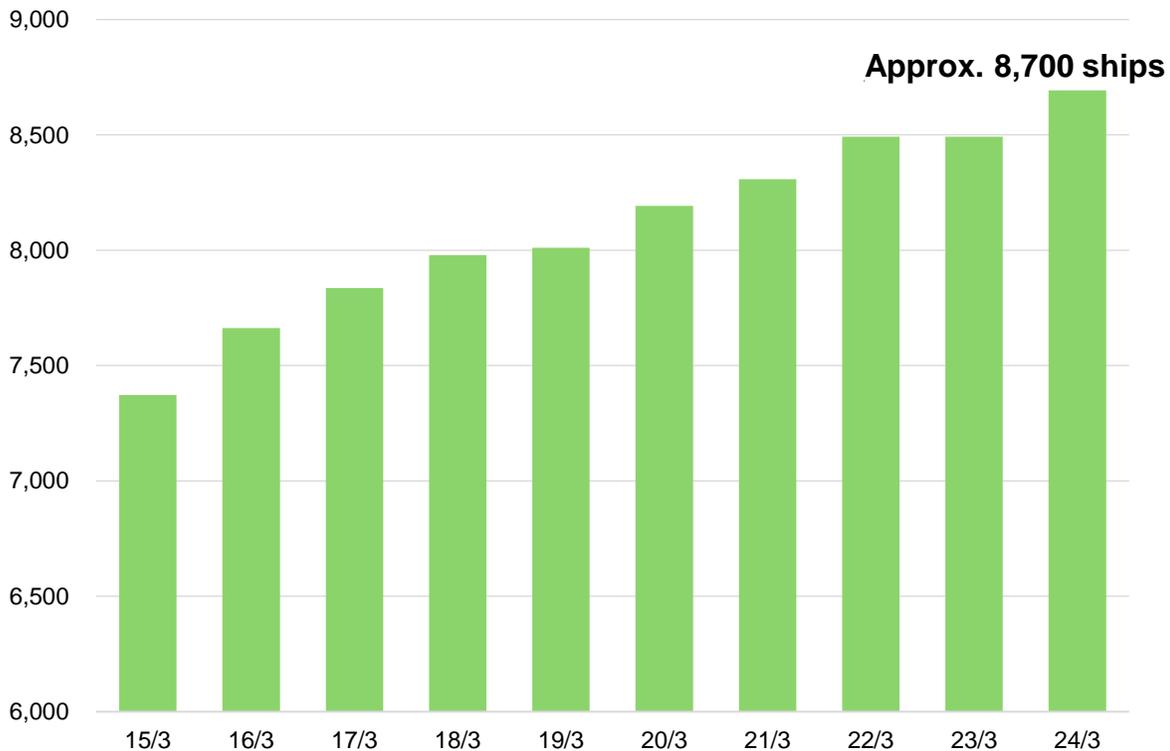
(Million DWT)



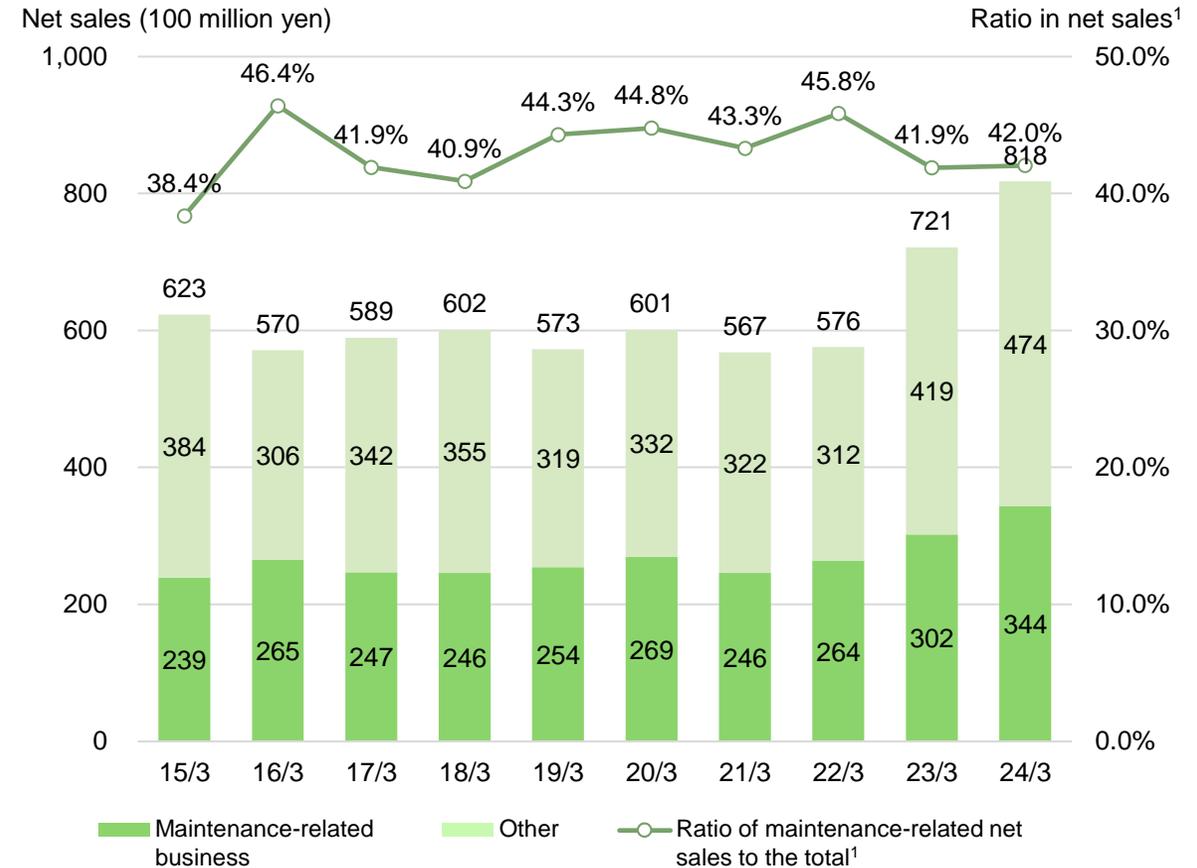
Stable Business Base Supported by Maintenance-related Business

The number of vessels carrying our engines is steadily increasing, and we expect long-term, stable earnings from maintenance-related business.

Number of vessels with engines from DAIHATSU DIESEL



Performance trends of maintenance-related business



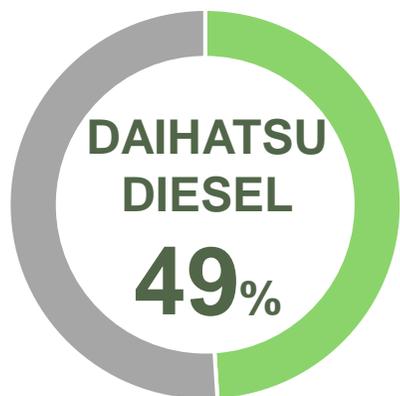
Note) 1. Percentage to consolidated net sales

Dominant Market Position and Strong Customer Base

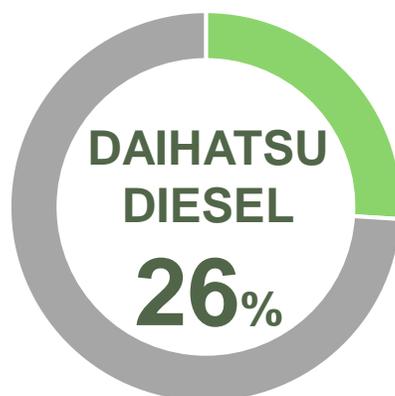
We have established a dominant position in the market of auxiliary engines for large ocean-going vessels, with a high share of approx. 49% in Japan and 26% overseas. In addition, we have a strong customer base with a track record of doing business with numerous customers.

Share in market of auxiliary engines for large ocean-going vessels ¹

Domestic



Overseas



- Strong price negotiation power with high market share
- Appropriate price revisions in line with rising raw material costs

Customer base ²

Customer attributes

Number of customers

Shipping companies
(ship owners)



Over 100

DAIHATSU

Shipbuilding
companies



Approx. 70

Notes) 1. Share of the number of vessels entered into service in January–December 2023; 2. Customers with manufacturing delivery dates from April 2023 to March 2024

Opening Up the Chinese Market

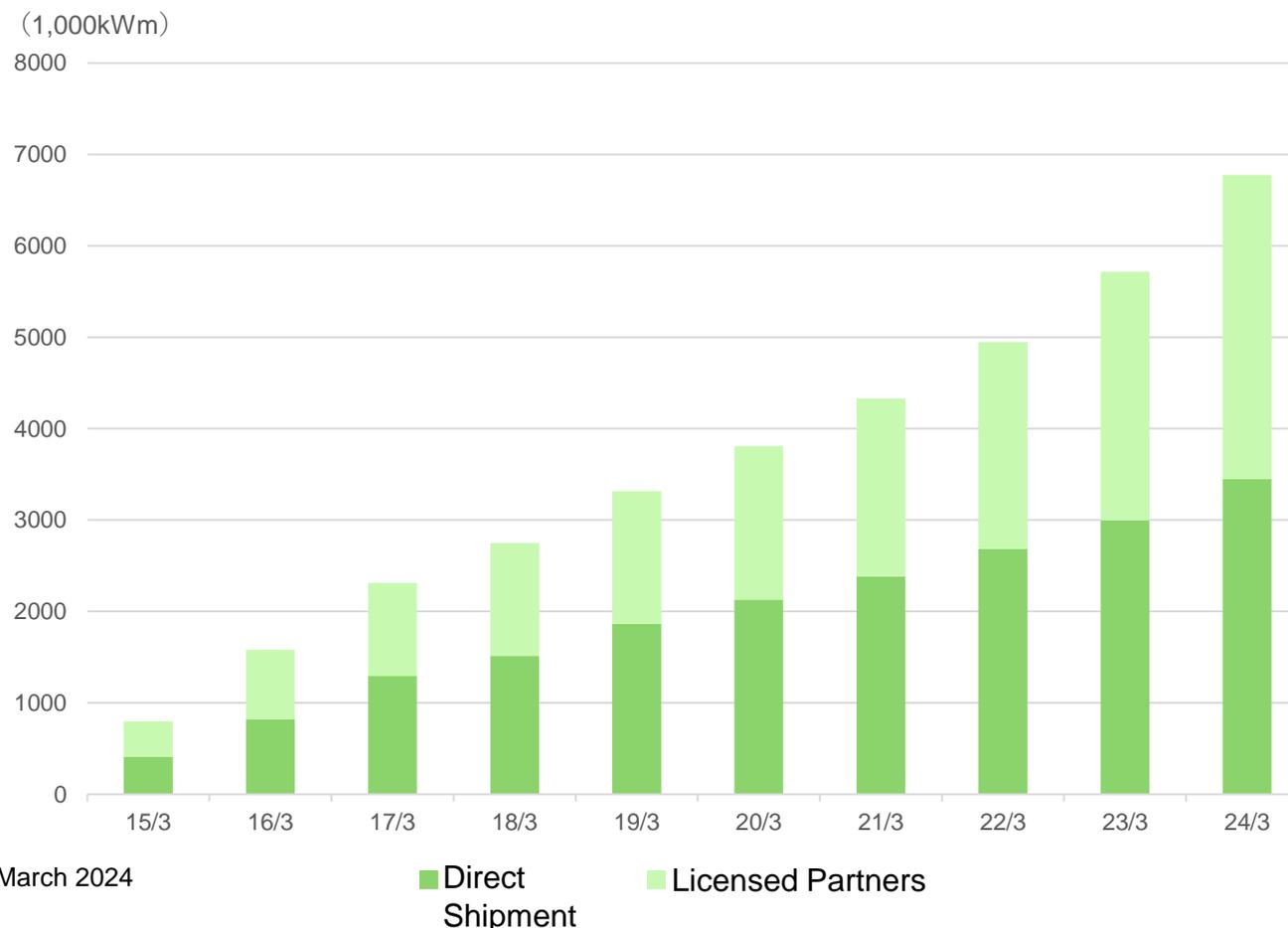
We promote expansion into China, a growing market and the largest market in the world, through direct shipment as well as giving license to two Chinese companies. We focus on expanding supported models by concluding contracts for new large engines.

Direct Shipment + Licensed Partners Shipment Output (cumulative) ¹

Licensed Partners

Anqing CSSC Diesel Engine Co., Ltd.
(ANQUING DIESEL)

SHAANXI DIESEL ENGINE HEAVY INDUSTRY CO., LTD.
(SHAANXI DIESEL)



Note) 1. Cumulative output of engines shipped from 2015 through March 2024

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Daihatsu Diesel: The Mid- to Long-Term Vision

POWER ! FOR ALL beyond 2030

We create customer value through engines and service as a power supply company.

Facing various social issues head-on, such as climate change and the depletion of energy resources,
we support the safety and security of people's lives and protect the rich natural environment
We will strive to fulfill these two missions.

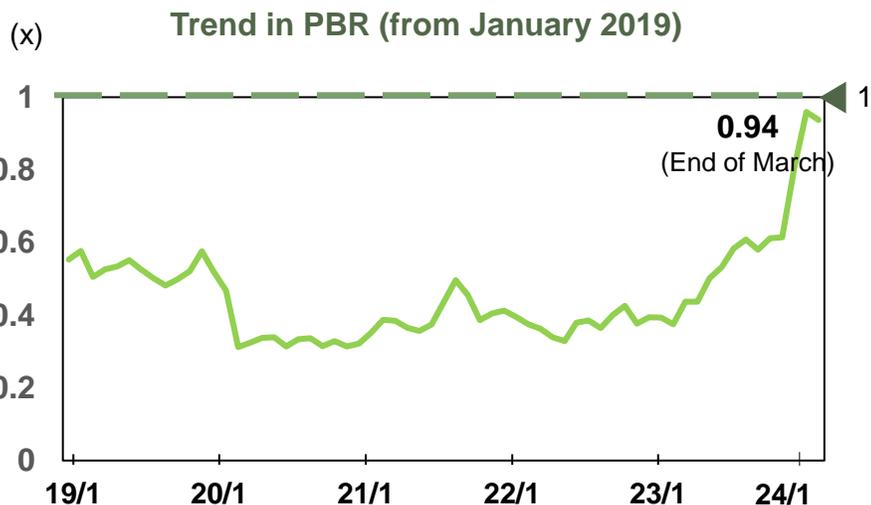


Summary of Mid- to Long-Term Vision

We have formulated a new Mid- to Long-Term Vision that meets the business cycle in order to address the situation where the Company has been undervalued by the market for a long time.

We will conduct regular reporting and reviewing through the new system and engage in ROE improvement and investment for growth aimed at realizing the Mid- to Long-Term Vision.

Recognition of Market Valuation



- PBR has remained below 1 for a long time. The situation in which there has been insufficient costs of capital to meet market expectations
- With the new organization CVIC* at the core, we take the following measures of
 - (1) enhancing our corporate value based on mid- to long-term strategies
 - (2) regularly reporting and reviewing our progress
 - (3) promoting constructive dialogue with investors

to strive to improve our market valuation.

* Corporate Value Improvement Committee

Mid- to Long-Term Vision

We aim to expand business domains through efforts such as M&A for sustainable growth while driving the two initiatives of R&D to respond to next-generation fuels and establishing a system for the servitization business.

We aim to contribute to net zero emissions and become a core company in the marine equipment industry. We will do this by offering new solutions including servitization and expanding business domains while striving to increase sales of engines compatible with next-generation fuels.

We have started considering a company name change in light of the Mid- to Long-Term Vision.

Financial Objectives and Capital Allocation

| Million yen | FY2024 (results) | By FY2028 | FY2031 targets |
|------------------|------------------|---------------------|---------------------|
| Net sales | 81,775 | 80,000 | 100,000 |
| Operating income | 5,194 | 5,000 | 7,000 |
| ROE | 10.1% (8.9%*) | 6.5% or more | 9.5% or more |

*Figures excluding gain on sale of stocks

- We plan to make investments in R&D to respond to next-generation fuels and reinforcement of systems such as for servitization in the years to 2030.
- Although we have set a **payout ratio of 30%** as the standard currently, we will consider aiming to “**avoid a dividend decrease and ensure an upward trend of dividends.**”

The Mid- to Long-Term Vision

We aim to contribute to net-zero emissions in the shipping and marine equipment industries and to expand our business scale. We will do this by servitization and providing broader new solutions primarily in response to next-generation fuels.

| | <u>From the present to 2030</u> | <u>From 2030 to 2050</u> | <u>2050</u> |
|-------------------------------|--|---|---|
| Strategic policies | <u>Build systems for long-term growth and enhance profitability.</u> | <u>Accelerate growth to realize the vision based on the new system.</u> | <u>Contribute to net zero emissions.</u> |
| Individual strategies | <ol style="list-style-type: none"> 1. Commercialize engines compatible with next-generation fuels. 2. Reinforce the servitization business. 3. Extend business domains through M&A and alliances. | <ol style="list-style-type: none"> 1. Increase sales of engines compatible with next-generation fuels. 2. Expand the servitization business. 3. Provide broader solutions. | |
| Rough idea of earnings | <p>Depreciation squeezes profits due to the implementation of investment for growth. We strive to enhance ROE through initiatives including the establishment of the servitization businesses and disciplined M&As.</p> | <p>Initiatives from the present to 2030 will start making a full-scale contribution.</p> | <p>Develop into one of the core companies in the marine equipment industry.</p> |

Medium-term financial targets

We commit to achieving an operating income of 5 billion yen and an ROE of 6.5% or more by the fiscal year ending March 2028 and aim to achieve an operating income of 7 billion yen and an ROE of 9.5% or more in the fiscal year ending March 2031.

| (Million yen) | FY2023 (results) | FY2024 (results) | FY2025 (forecasts) | By FY2028 | FY2031 Targets |
|-------------------------|---------------------|---------------------|-----------------------|-------------------------|-------------------------|
| Net sales | 72,113 | 81,775 | 78,000 | 80,000 | 100,000 |
| <u>Operating income</u> | 3,601 | 5,194 | 4,500 | <u>5,000</u> | <u>7,000</u> |
| Operating margin | 5.0% | 6.4% | 5.8% | 6.3% | 7.0% |
| EBITDA | 6,355 | 8,032 | 7,474 | 8,700 | — |
| EBITDA margin | 8.8% | 9.8% | 9.6% | 11% | — |
| Net income | 2,948 | 5,149 (4,141*) | 3,100 | 3,500 | 5,000 |
| ROIC | 4.3% | 6.0% | 4.9% | 5.1% or more | 6.5% or more |
| <u>ROE</u> | 6.6% | 10.1% (8.9%*) | 6.1% | <u>6.5% or more</u> | <u>9.5% or more</u> |

*Figures excluding gain on sale of stocks

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Plan for Investment for Growth

We plan to invest 45 billion yen for growth to achieve the Mid- to Long-Term Vision.

We will decide on making investment in each case while paying attention to the cost of capital.



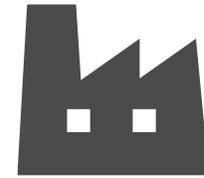
Response to next-generation fuels 10 billion yen

Development and production facilities of engines compatible with next-generation fuels, such as methanol and ammonia, aimed at expanding our presence in the market
We assume that the fruits will be borne from 2030 onwards.



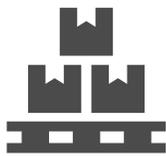
Technological development and productivity improvement 15 billion yen

We plan to reduce costs of existing products and reorganize production facilities.
Enhance competitiveness through cost and production efficiency improvements and strive to increase sales and improve profitability accordingly
We assume that fruits will be borne from FY2025.



Strengthening production infrastructure 8 billion yen

We will make capital investment and enhance added value for the group and affiliated companies for the purpose of controlling production costs.
We assume that the fruits will be borne from 2026 onwards.



Logistics reform 5 billion yen

We will optimize logistics that accompanies the shift to multiple production centers and carry out DX.
We will reduce logistics loss and achieve zero loss of sales opportunities.
We assume that the fruits will be borne from 2028 onwards.



Digital technology 3 billion yen

We endeavor to improve productivity and LTV through the digital transformation (DX) of business models.
We assume that the fruits will be borne from 2026 onwards.



Other 4 billion yen

We strive to realize net zero emissions at an early stage and step up the initiative of corporate management of human capital.
We assume that the fruits will be borne from 2030 onwards.

Investment in Factories that Produce Engines Compatible with Next-Generation Fuels

We will make additional investments in the Himeji Factory to develop it into a key base for assembling and commissioning engines compatible with next-generation fuels as well as producing more existing engines.

We plan to make investments in a new factory at a level of 10 billion yen in total and aim to put it in operation in 2026.



Site planned for additional facility

Total investments: A level of 10 billion yen

- (1) Next-generation fuels (methanol, ammonia, and hydrogen)
Engine assembly and commissioning factory
- (2) Engines compatible with next-generation fuels (methanol)
Addition of facility
- (3) Plan for factories that ramp up production of existing engines
→ Production capacity forecast at 1.8 times (when converted to existing models)

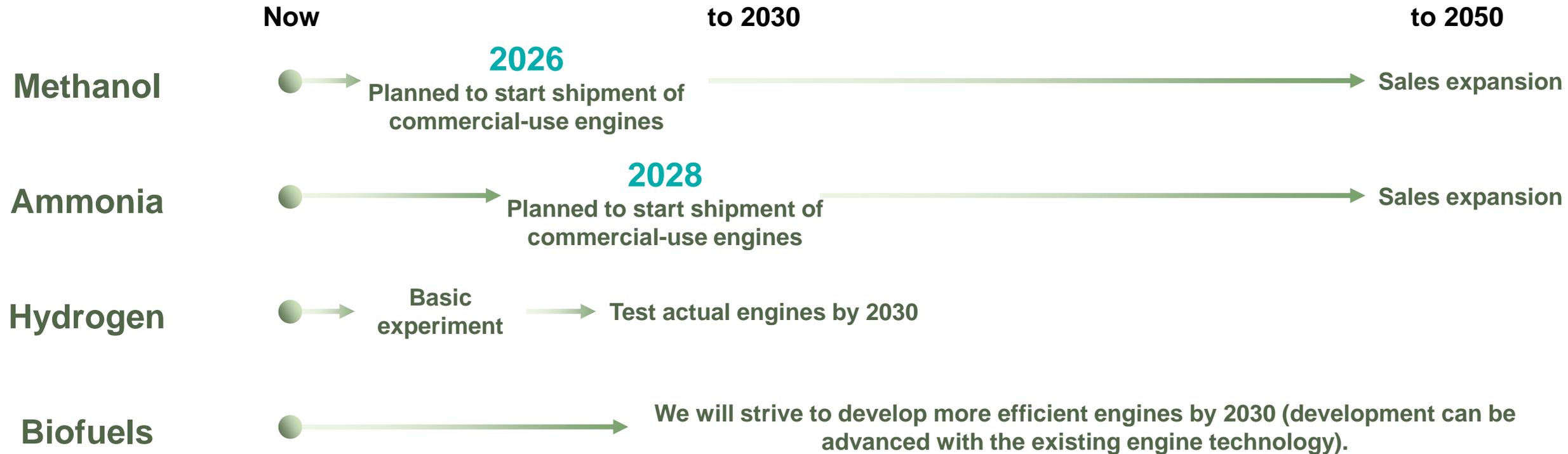
Next generation fuel (methanol) engine to be shipped by the end of 2026

Investment in Development of Engines Compatible with Next-Generation Fuels

We will proceed with the development of engines compatible with next-generation fuels, which are an essential factor in achieving GHG zero in 2050, with all candidates for such engines put under development simultaneously.

Commercial-use engines for methanol and ammonia are scheduled to be shipped out in 2026 and 2028, respectively.

Roadmap for next-generation fuel development



Simultaneously, we will continue building solutions such as fuel cells, carbon capture, and renewable energy in preparation for a future fuel source change.

Started Discussing Company Name Change

We decided to change the company name in order to respond to the rapid changes in environmental awareness and digital transformation, as well as to realize the new image the Group is aiming for and build a new history.

DAIHATSU INFINEARTH MFG. CO., LTD.

INFINITY
(Eternity,
Limitlessness)

EARTH
(Earth)



Scheduled date of change: May 2, 2025
(anniversary of the Company's foundation)

Disclaimer

These materials contain statements relating to future earnings and business strategy, etc.

Inherent in these statements are risk and uncertainty; the statements give no guarantee of future performance.

Please be aware that actual results may differ significantly from forecasts, due to changes in the business environment, etc.

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The information contained in these materials is intended only for the provision of information, and not for solicitation to purchase securities.

The logo for DAIHATSU, consisting of the word "DAIHATSU" in white, uppercase, sans-serif font, centered within a dark blue rounded rectangular background. The background of the slide features abstract, flowing lines in shades of green and blue, creating a dynamic, wave-like pattern.