

Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]



July 29, 2024

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

Stock exchange listing: Tokyo Stock Exchange

Code number: 6023

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

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Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on financial results: Not available

Schedule of 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, 2024 (April 1, 2024 to June 30, 2024)

(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, 2024 | 20,369 | 15.6 | 1,555 | 245.1 | 1,809 | 174.2 | 1,321 | 182.8 |
| June 30, 2023 | 17,626 | 25.2 | 450 | 3.2 | 659 | 15.8 | 467 | (1.8) |

(Note) Comprehensive income: Three months ended June 30, 2024: 1,320 million yen [166.2%]

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

| | Basic earnings per share | | Diluted earnings per share | |
|----------------------------------|--------------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Three months ended June 30, 2024 | 41.75 | | - | |
| June 30, 2023 | 14.80 | | - | |

(2) Consolidated Financial Position

| | Total assets | | Net assets | | Equity ratio | |
|----------------------|--------------|--|-------------|--|--------------|--|
| | Million yen | | Million yen | | % | |
| As of June 30, 2024 | 100,911 | | 50,612 | | 50.1 | |
| As of March 31, 2024 | 101,428 | | 50,843 | | 50.1 | |

(Reference) Equity: As of June 30, 2024: 50,553 million yen

As of March 31, 2024: 50,793 million yen

2. Dividends

| | Annual dividends | | | | |
|--|------------------|-----------------|-----------------|--------------|--------------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| Fiscal year ended March 31, 2024 | Yen - | Yen 0.00 | Yen - | Yen 49.00 | Yen 49.00 |
| Fiscal year ending March 31, 2025 | - | | | | |
| Fiscal year ending March 31, 2025 (Forecast) | | 0.00 | - | 39.00 | 39.00 |

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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 | 42,000 | 12.8 | 2,900 | 209.1 | 3,100 | 164.7 | 2,200 | 16.5 | 69.07 |
| Full year | 82,000 | 0.3 | 6,000 | 15.5 | 6,200 | 11.8 | 4,200 | (18.4) | 131.86 |

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

- (1) Significant changes in the scope of consolidation during the period: No
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
 - June 30, 2024: 31,850,000 shares
 - March 31, 2024: 31,850,000 shares
 - 2) Total number of treasury shares at the end of the period:
 - June 30, 2024: 200,897 shares
 - March 31, 2024: 200,830 shares
 - 3) Average number of shares during the period:
 - Three months ended June 30, 2024: 31,649,132 shares
 - Three months ended June 30, 2023: 31,569,765 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by a certified public accountant or audit corporation: None

* 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, 2024 to June 30, 2024), the Japanese economy has improved in employment and income conditions due to better corporate earnings. As a result, the economy showed a gradual recovery trend, with increasing consumer spending and an upward trend in capital investment. Meanwhile, the economic outlook remains uncertain due to some factors such as rapid fluctuations of foreign exchange rates and soaring commodity prices affected by rise in labor and logistics costs.

Looking at the world economy, gradual growth continued as a whole although economic growth rates varied among regions. However, the economy has remained unstable due to, for example, a slowdown of China's economy, political uncertainty caused by elections in some countries, and geopolitical risks.

In the shipbuilding and maritime industry, the primary industry in which the Company makes its sales, the current ocean cargo volumes have expanded as the global economy grows. Accordingly, orders for new vessels were on a recovery trend, and shipbuilding companies have ensured the amount of work on hand.

Under such a corporate environment, the Group's sales have remained strong for dual fuel engines mainly for car carriers as well as small- and medium-sized engines mainly for bulk carriers, while there has been a continued solid demand for maintenance.

As a result, net sales for the three months under review increased by 15.6% year-on-year to 20,369 million yen. In terms of profit, operating profit increased by 245.1% year-on-year to 1,555 million yen, ordinary profit increased by 174.2% year-on-year to 1,809 million yen, and profit attributable to owners of parent increased by 182.8% year-on-year to 1,321 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 17.5% year-on-year to 18,384 million yen and segment income increased by 127.0% year-on-year to 2,463 million yen, due to increases in sales of engines and maintenance-related sales, an effect of fluctuation of foreign exchange rates, and other factors.

2. Land-use

Net sales increased by 2.6% year-on-year to 1,153 million yen and segment loss of 94 million yen was recorded (a segment income of 29 million yen in the previous corresponding period) due to deterioration of the profitability of engines despite an increase in sales of engines.

Consequently, net sales for the segment increased by 16.5% year-on-year to 19,538 million yen, and segment income increased by 112.6% year-on-year to 2,368 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 decreased slightly while segment income increased.

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 decreased by 2.5% year-on-year to 830 million yen, and segment income increased by 30.0% year-on-year to 77 million yen.

(2) Explanation of Financial Position

In assets as of the end of the first quarter under review, cash and deposits increased by 3,082 million yen from the end of the previous fiscal year to 32,699 million yen. Furthermore, inventories rose by 695 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 3,193 million yen. Other under current assets decreased by 901 million yen mainly due to a decrease in consumption taxes refund receivable. As a result, total assets decreased by 516 million yen from the end of the previous fiscal year to 100,911 million yen.

In liabilities, notes and accounts payable - trade and electronically recorded obligations - operating in total decreased by 2,115 million yen from the end of the previous fiscal year. Meanwhile, owing to refinancing of long-term working capital, short-term borrowings and long-term borrowings in total increased by 2,050 million yen. As a result, total liabilities decreased by 286 million yen from the end of previous fiscal year to 50,298 million yen.

In net assets, retained earnings decreased by 229 million yen mainly due to dividends paid. As a result, total net assets decreased by 230 million yen from the end of the previous fiscal year to 50,612 million yen. The equity ratio at the end of the first quarter under review was 50.1% (compared with 50.1% at the end of the previous fiscal year).

(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, 2025, please refer to the “Notice Regarding the Revisions to the Consolidated Financial Results Forecast” announced today.

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, 2024 | As of June 30, 2024 |
|--|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 29,616 | 32,699 |
| Notes and accounts receivable - trade, and contract assets | 21,432 | 18,239 |
| Inventories | 17,636 | 18,332 |
| Other | 4,137 | 3,235 |
| Allowance for doubtful accounts | (8) | (8) |
| Total current assets | 72,814 | 72,498 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 8,866 | 8,888 |
| Machinery, equipment and vehicles, net | 6,222 | 6,187 |
| Land | 5,084 | 5,084 |
| Construction in progress | 768 | 704 |
| Other, net | 1,171 | 1,199 |
| Total property, plant and equipment | 22,113 | 22,064 |
| Intangible assets | 521 | 525 |
| Investments and other assets | | |
| Investment securities | 1,351 | 1,424 |
| Deferred tax assets | 4,116 | 3,884 |
| Other | 512 | 516 |
| Allowance for doubtful accounts | (3) | (3) |
| Total investments and other assets | 5,977 | 5,823 |
| Total non-current assets | 28,613 | 28,412 |
| Total assets | 101,428 | 100,911 |

(Million yen)

| | As of March 31, 2024 | As of June 30, 2024 |
|--|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 8,145 | 7,907 |
| Electronically recorded obligations - operating | 8,371 | 6,494 |
| Short-term borrowings | 6,234 | 3,364 |
| Lease liabilities | 89 | 83 |
| Income taxes payable | 1,069 | 198 |
| Provision for bonuses | 956 | 323 |
| Provision for bonuses for directors (and other officers) | 138 | 21 |
| Accrued expenses | 5,479 | 5,210 |
| Other | 4,543 | 6,260 |
| Total current liabilities | 35,028 | 29,864 |
| Non-current liabilities | | |
| Long-term borrowings | 5,961 | 10,882 |
| Lease liabilities | 107 | 88 |
| Provision for retirement benefits for directors (and other officers) | 46 | 47 |
| Retirement benefit liability | 6,784 | 6,843 |
| Asset retirement obligations | 202 | 196 |
| Other | 2,453 | 2,376 |
| Total non-current liabilities | 15,556 | 20,434 |
| Total liabilities | 50,584 | 50,298 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 2,434 | 2,434 |
| Capital surplus | 2,199 | 2,199 |
| Retained earnings | 45,131 | 44,902 |
| Treasury shares | (93) | (93) |
| Total shareholders' equity | 49,672 | 49,442 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 588 | 651 |
| Deferred gains or losses on hedges | (88) | (229) |
| Foreign currency translation adjustment | 220 | 282 |
| Remeasurements of defined benefit plans | 401 | 405 |
| Total accumulated other comprehensive income | 1,121 | 1,110 |
| Non-controlling interests | 49 | 58 |
| Total net assets | 50,843 | 50,612 |
| Total liabilities and net assets | 101,428 | 100,911 |

(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, 2023 | For the three months ended June 30, 2024 |
|---|---|---|
| Net sales | 17,626 | 20,369 |
| Cost of sales | 14,387 | 15,467 |
| Gross profit | 3,239 | 4,901 |
| Selling, general and administrative expenses | | |
| Selling expenses | 2,065 | 2,455 |
| General and administrative expenses | 723 | 890 |
| Total selling, general and administrative expenses | 2,789 | 3,346 |
| Operating profit | 450 | 1,555 |
| Non-operating income | | |
| Interest income | 2 | 1 |
| Dividend income | 23 | 37 |
| Share of profit of entities accounted for using equity method | 40 | - |
| Foreign exchange gains | 132 | 161 |
| Outsourcing service income | 11 | 4 |
| Reversal of allowance for doubtful accounts | 0 | 0 |
| Miscellaneous income | 26 | 87 |
| Total non-operating income | 237 | 290 |
| Non-operating expenses | | |
| Interest expenses | 20 | 33 |
| Miscellaneous losses | 7 | 3 |
| Total non-operating expenses | 28 | 37 |
| Ordinary profit | 659 | 1,809 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 2 | - |
| Gain on sale of investment securities | 86 | - |
| National subsidies | - | 23 |
| Total extraordinary income | 88 | 23 |
| Extraordinary losses | | |
| Loss on abandonment of non-current assets | 3 | 7 |
| Total extraordinary losses | 3 | 7 |
| Profit before income taxes | 745 | 1,825 |
| Income taxes - current | 194 | 230 |
| Income taxes - deferred | 83 | 264 |
| Total income taxes | 278 | 494 |
| Profit | 467 | 1,330 |
| Profit (loss) attributable to non-controlling interests | (0) | 8 |
| Profit attributable to owners of parent | 467 | 1,321 |

Quarterly Consolidated Statements of Comprehensive Income

For the three months ended June 30

(Million yen)

| | For the three months ended June 30, 2023 | For the three months ended June 30, 2024 |
|--|---|---|
| Profit | 467 | 1,330 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2 | 63 |
| Deferred gains or losses on hedges | (166) | (140) |
| Foreign currency translation adjustment | 39 | 62 |
| Remeasurements of defined benefit plans, net of tax | 99 | 4 |
| Share of other comprehensive income of entities accounted for using equity method | 54 | - |
| Total other comprehensive income | 28 | (10) |
| Comprehensive income | 495 | 1,320 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 496 | 1,311 |
| Comprehensive income attributable to non-controlling interests | (0) | 8 |

(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, 2024 (from April 1, 2024 to June 30, 2024)

There is no relevant information.

(Changes in accounting policies)

(Application of "Accounting Standard for Current Income Taxes" and other standards)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standard") and other standards have been applied from the beginning of the period under review.

As for the revision related to accounting category of income taxes (taxation on other comprehensive income), the Company follows the transitional treatment provided for in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment provided for in the proviso to Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "2022 Revised Guidance"). These changes in accounting policies do not affect the quarterly consolidated financial statements.

In addition, the 2022 Revised Guidance has been applied from the beginning of the period under review concerning the revision related to the changes in treatment in consolidated financial statements of losses or gains arising from sale of subsidiaries' shares between consolidated companies in case they are deferred for tax purposes. These changes in accounting policies are applied retrospectively, and the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been adjusted retrospectively. These changes in accounting policies do not affect the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Notes on quarterly consolidated statements of cash flows)

Quarterly consolidated statements of cash flows are not prepared for the three months ended June 30, 2024.

Depreciation (including amortization of intangible assets) for the three months ended June 30 is as follows.

| | For the three months ended June 30, 2023 | For the three months ended June 30, 2024 |
|--------------|---|---|
| Depreciation | 709 million yen | 725 million yen |

(Segment information, etc.)

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

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.

For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(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 | 18,384 | 1,153 | 19,538 | 830 | 20,369 | - | 20,369 |
| Inter-segment net sales or transfers | - | - | - | - | - | - | - |
| Total | 18,384 | 1,153 | 19,538 | 830 | 20,369 | - | 20,369 |
| Segment income (loss) | 2,463 | (94) | 2,368 | 77 | 2,446 | (890) | 1,555 |

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

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

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

3. Supplementary Information

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

For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

1) Production

Production by segment for the three months ended June 30, 2024 is as follows:

(Million yen)

| Segment | Volume | Amount | Year-on-year change |
|-----------------------------|------------|--------|---------------------|
| | | | % |
| | Horsepower | | |
| Internal combustion engines | | | |
| Marine-use engines | 315,218 | 18,384 | 17.5 |
| Land-use engines | 5,324 | 1,153 | 2.6 |
| Other | - | 674 | (2.5) |
| Total | | 20,212 | 15.7 |

(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, 2024 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 | 347,776 | 19,831 [14,744] | 46.5 | 1,644,492 | 57,677 [31,156] | 2.7 |
| Land-use engines | 6,734 | 3,085 [83] | 30.5 | 103,105 | 9,020 [369] | 38.0 |
| Other | - | 1,112 [-] | 61.7 | - | 1,479 [-] | 72.1 |
| Total | | 24,030 [14,828] | 44.8 | | 68,177 [31,525] | 7.3 |

(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, 2024 are as follows:

(Million yen)

| Segment | Volume | Amount | Export ratio | Year-on-year change |
|----------------------------|------------|--------------------|--------------|---------------------|
| | Horsepower | | % | % |
| Internal combustion engine | | | | |
| Marine-use engines | 315,218 | 18,384 [11,616] | 63.2 | 17.5 |
| Land-use engines | 5,324 | 1,153 [78] | 6.8 | 2.6 |
| Other | - | 830 [-] | - | (2.5) |
| Total | | 20,369 [11,695] | 57.4 | 15.6 |

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

*2 Major export destinations and compositions are as follows:

Asia (72.9%), Europe (17.6%), Latin America (5.8%), North America (3.0%), Others (0.7%)

*3 The "Other" segment includes precision parts-related (537 million yen), industrial machinery-related (136 million yen) and real estate leasing-related (156 million yen).

*4 The figures above do not include consumption taxes.