

Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]



October 29, 2024

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

Stock exchange listing: Tokyo Stock Exchange

Code number: 6023

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Scheduled date of filing semi-annual securities report: November 13, 2024

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on financial results: Available

Schedule of 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 Six Months Ended September 30, 2024 (April 1, 2024 to September 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	%
Six months ended September 30, 2024	42,896	15.2	3,183	239.3	3,089	163.8	2,127	12.6
September 30, 2023	37,220	17.8	938	40.6	1,171	40.6	1,888	149.8

(Note) Comprehensive income: Six months ended September 30, 2024: 2,247 million yen [9.6%]

Six months ended September 30, 2023: 2,050 million yen [93.6%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2024	67.18		-	
September 30, 2023	59.79		-	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of September 30, 2024	98,237		51,591		52.5	
As of March 31, 2024	101,428		50,843		50.1	

(Reference) Equity: As of September 30, 2024: 51,537 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	-	0.00			
Fiscal year ending March 31, 2025 (Forecast)			-	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
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	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: None

* Notes:

- (1) Significant changes in the scope of consolidation during the period: No
- (2) Accounting policies adopted specially for the preparation of semi-annual 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):
 - September 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:
 - September 30, 2024: 169,425 shares
 - March 31, 2024: 200,830 shares
 - 3) Average number of shares during the period:
 - Six months ended September 30, 2024: 31,661,842 shares
 - Six months ended September 30, 2023: 31,588,976 shares

* These semi-annual financial results are outside the scope of semi-annual 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.

(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 Wednesday, November 20, 2024.

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 Period under Review

During the six months under review (from April 1, 2024 to September 30, 2024), the Japanese economy remained at a favorable level, with the progress in infrastructure development and an upward trend in capital investment for digitalization, decarbonization, and labor-saving operations, in addition to an increase in demand from overseas visitors. Meanwhile, prices increased markedly due in part to the weakening trend of the yen and resource price hikes.

Looking at the world economy, gradual growth continued as a whole against a backdrop of solid growth of trade although economic growth rates varied among regions. However, the economy has remained unstable due to, for example, a slowdown of China's economy caused by a stagnant real estate market, in addition to the prolonged inflation and geopolitical risks.

In the shipbuilding and maritime industry, the primary industry in which the Company makes its sales, there was an active movement against a backdrop of a recovery of the global economy and an increase in demand for transportation. In particular, demand increased on the back of disruptions in the supply network due in part to geopolitical risks. As a result, long-distance shipping routes and tight supply-demand balance for shipping contributed to an increase in orders for new vessels and higher shipping freight. Furthermore, while stricter environmental regulations have been a major challenge, reduction of environmental impact is underway through a transition to next-generation fuels, as well as fuel consumption optimization and more efficient operation utilizing digital technology and automation.

Under such a corporate environment, the Group's sales have remained strong for small- and medium-sized engines mainly for bulk carriers and tankers, while there has been a continued solid demand for maintenance. Also, the Group began to additionally invest in the Himeji Factory to establish a production system for engines that are compatible with next-generation fuels, aiming to start operation in 2026.

As a result, net sales for the six months under review increased by 15.2% year-on-year to 42,896 million yen. In terms of profit, operating profit increased by 239.3% year-on-year to 3,183 million yen, ordinary profit increased by 163.8% year-on-year to 3,089 million yen, and profit attributable to owners of parent increased by 12.6% year-on-year to 2,127 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 14.6% year-on-year to 37,654 million yen and segment income increased by 117.3% year-on-year to 4,583 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 dual fuel engines mainly for car carriers.

2. Land-use

Net sales increased by 28.6% year-on-year to 3,210 million yen while segment income decreased by 31.0% year-on-year to 101 million yen, due to deterioration of the profitability of engines despite an increase in sales of engines.

Consequently, net sales for the segment increased by 15.6% year-on-year to 40,864 million yen, and segment income increased by 107.6% year-on-year to 4,684 million yen.

<Other>

1. Industrial machinery-related

In the aluminum wheel division, net sales decreased while segment income increased slightly due to a decrease in sales volume.

2. Real estate leasing-related

In real estate leasing-related, net sales decreased slightly and segment income also decreased.

3. Electricity sales-related

In electricity sales-related, net sales increased while segment income decreased.

4. Precision parts-related

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

Consequently, net sales for the segment increased by 9.5% year-on-year to 2,031 million yen, and segment income increased by 28.0% year-on-year to 276 million yen.

(2) Summary of Financial Position for the Period under Review

In assets as of the end of the semi-annual period under review, cash and deposits increased by 2,378 million yen from the end of the previous fiscal year. Furthermore, inventories rose by 165 million yen from the end of the previous fiscal year, and property, plant and equipment increased by 318 million yen from the end of the previous fiscal year, along with the additional investment in the Himeji Factory and other factors. 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 4,531 million yen. Also, other under current assets decreased by 1,056 million yen mainly due to a decrease in consumption taxes refund receivable. As a result, total assets decreased by 3,190 million yen from the end of the previous fiscal year to 98,237 million yen.

In liabilities, notes and accounts payable - trade and electronically recorded obligations - operating in total decreased by 3,481 million yen from the end of the previous fiscal year. Meanwhile, owing in part to refinancing of long-term working capital, borrowings in total increased by 1,511 million yen. As a result, total liabilities decreased by 3,938 million yen from the end of previous fiscal year to 46,646 million yen.

In net assets, retained earnings increased by 576 million yen from the end of the previous fiscal year to 45,707 million yen. As a result, total net assets increased by 748 million yen from the end of the previous fiscal year to 51,591 million yen. The equity ratio at the end of the semi-annual period under review increased by 2.4 points from the end of the previous fiscal year to 52.5%.

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

As to the consolidated financial results forecast for the fiscal year ending March 31, 2025, no revisions have been made to the forecast announced on July 29, 2024.

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. Semi-annual Consolidated Financial Statements and Primary Notes

(1) Semi-annual Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	29,616	31,995
Notes and accounts receivable - trade, and contract assets	21,432	16,900
Inventories	17,636	17,802
Other	4,137	3,080
Allowance for doubtful accounts	(8)	(9)
Total current assets	72,814	69,770
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,866	8,804
Machinery, equipment and vehicles, net	6,222	6,253
Land	5,084	5,084
Construction in progress	768	1,122
Other, net	1,171	1,167
Total property, plant and equipment	22,113	22,432
Intangible assets	521	520
Investments and other assets		
Investment securities	1,351	1,281
Deferred tax assets	4,116	3,729
Other	512	506
Allowance for doubtful accounts	(3)	(2)
Total investments and other assets	5,977	5,514
Total non-current assets	28,613	28,467
Total assets	101,428	98,237

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,145	7,977
Electronically recorded obligations - operating	8,371	5,058
Short-term borrowings	6,234	2,834
Lease liabilities	89	77
Income taxes payable	1,069	884
Provision for bonuses	956	934
Provision for bonuses for directors (and other officers)	138	58
Accrued expenses	5,479	4,745
Other	4,543	3,631
Total current liabilities	35,028	26,201
Non-current liabilities		
Long-term borrowings	5,961	10,874
Lease liabilities	107	75
Provision for retirement benefits for directors (and other officers)	46	48
Retirement benefit liability	6,784	6,876
Asset retirement obligations	202	196
Other	2,453	2,373
Total non-current liabilities	15,556	20,444
Total liabilities	50,584	46,646
Net assets		
Shareholders' equity		
Share capital	2,434	2,434
Capital surplus	2,199	2,236
Retained earnings	45,131	45,707
Treasury shares	(93)	(78)
Total shareholders' equity	49,672	50,300
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	588	551
Deferred gains or losses on hedges	(88)	60
Foreign currency translation adjustment	220	214
Remeasurements of defined benefit plans	401	410
Total accumulated other comprehensive income	1,121	1,237
Non-controlling interests	49	54
Total net assets	50,843	51,591
Total liabilities and net assets	101,428	98,237

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statements of Income

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	37,220	42,896
Cost of sales	30,663	33,269
Gross profit	6,556	9,626
Selling, general and administrative expenses		
Selling expenses	4,084	4,665
General and administrative expenses	1,534	1,777
Total selling, general and administrative expenses	5,618	6,443
Operating profit	938	3,183
Non-operating income		
Interest income	3	4
Dividend income	29	43
Share of profit of entities accounted for using equity method	40	-
Foreign exchange gains	147	-
Outsourcing service income	23	7
Reversal of allowance for doubtful accounts	0	0
Miscellaneous income	44	135
Total non-operating income	290	191
Non-operating expenses		
Interest expenses	40	64
Foreign exchange losses	-	202
Miscellaneous losses	16	18
Total non-operating expenses	57	285
Ordinary profit	1,171	3,089
Extraordinary income		
Gain on sale of non-current assets	3	0
Gain on sale of investment securities	1,012	-
National subsidies	-	23
Total extraordinary income	1,015	24
Extraordinary losses		
Loss on abandonment of non-current assets	7	12
Total extraordinary losses	7	12
Profit before income taxes	2,179	3,101
Income taxes - current	549	635
Income taxes - deferred	(261)	333
Total income taxes	288	969
Profit	1,890	2,131
Profit attributable to non-controlling interests	1	4
Profit attributable to owners of parent	1,888	2,127

Semi-annual Consolidated Statements of Comprehensive Income

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	1,890	2,131
Other comprehensive income		
Valuation difference on available-for-sale securities	98	(36)
Deferred gains or losses on hedges	28	149
Foreign currency translation adjustment	58	(5)
Remeasurements of defined benefit plans, net of tax	119	8
Share of other comprehensive income of entities accounted for using equity method	(143)	-
Total other comprehensive income	160	116
Comprehensive income	2,050	2,247
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,049	2,243
Comprehensive income attributable to non-controlling interests	1	4

(3) Semi-annual Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	2,179	3,101
Depreciation	1,420	1,454
Increase (decrease) in allowance for doubtful accounts	(2)	0
Increase (decrease) in provision for bonuses	10	(21)
Increase (decrease) in provision for bonuses for directors (and other officers)	(22)	(79)
Increase (decrease) in retirement benefit liability	84	91
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(9)	2
Interest and dividend income	(32)	(48)
Interest expenses	40	64
Loss (gain) on sale of property, plant and equipment	(3)	(0)
Loss on abandonment of non-current assets	7	12
Loss (gain) on sale of investment securities	(1,012)	-
Decrease (increase) in trade receivables	3,375	4,521
Decrease (increase) in inventories	(3,122)	(165)
Increase (decrease) in trade payables	526	(3,456)
Other, net	134	357
Subtotal	3,574	5,833
Interest and dividends received	33	47
Interest paid	(40)	(64)
Income taxes paid	(708)	(792)
Net cash provided by (used in) operating activities	2,859	5,023
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,020)	(2,306)
Proceeds from sale of property, plant and equipment	4	0
Purchase of intangible assets	(81)	(97)
Proceeds from sale of investment securities	2,715	-
Proceeds from withdrawal of time deposits	143	8
Payments into time deposits	(66)	(2)
Other, net	-	18
Net cash provided by (used in) investing activities	1,694	(2,378)
Cash flows from financing activities		
Proceeds from long-term borrowings	-	5,300
Repayments of long-term borrowings	(575)	(2,593)
Purchase of treasury shares	-	(0)
Dividends paid	(882)	(1,549)
Net increase (decrease) in short-term borrowings	-	(1,200)
Repayments of finance lease liabilities	(90)	(47)
Net cash provided by (used in) financing activities	(1,548)	(90)
Effect of exchange rate change on cash and cash equivalents	192	(161)
Net increase (decrease) in cash and cash equivalents	3,198	2,392
Cash and cash equivalents at beginning of period	25,815	29,110
Cash and cash equivalents at end of period	29,013	31,503

(4) Notes to the Semi-annual 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 six months ended September 30, 2024 (from April 1, 2024 to September 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 semi-annual 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 semi-annual 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 semi-annual consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Segment information, etc.)

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

For the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(Million yen)

	Reportable segment			Other (Notes)*1	Total	Adjustment (Notes)*2	Amount recorded in Semi-annual Consolidated Statements of Income (Notes)*3
	Marine-use engines	Land-use engines	Total				
Net sales							
Net sales to outside customers	32,868	2,495	35,364	1,855	37,220	-	37,220
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	32,868	2,495	35,364	1,855	37,220	-	37,220
Segment income	2,109	147	2,256	215	2,472	(1,534)	938

(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 Semi-annual Consolidated Statements of Income.

For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(Million yen)

	Reportable segment			Other (Notes)*1	Total	Adjustment (Notes)*2	Amount recorded in Semi-annual Consolidated Statements of Income (Notes)*3
	Marine-use engines	Land-use engines	Total				
Net sales							
Net sales to outside customers	37,654	3,210	40,864	2,031	42,896	-	42,896
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	37,654	3,210	40,864	2,031	42,896	-	42,896
Segment income	4,583	101	4,684	276	4,961	(1,777)	3,183

(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 Semi-annual Consolidated Statements of Income.

3. Supplementary Information

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

For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

1) Production

Production by segment for the six months ended September 30, 2024 is as follows:

(Million yen)

Segment	Volume	Amount	Year-on-year change	
				%
	Horsepower			%
Internal combustion engines				
Marine-use engines	656,017	37,654		14.6
Land-use engines	33,802	3,210		28.6
Other	-	1,718		11.6
Total		42,582		15.4

(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 six months ended September 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	635,296	37,929 [28,214]	14.8	1,591,213	56,505 [30,854]	(3.3)
Land-use engines	5,786	4,867 [186]	(10.4)	73,679	8,746 [369]	6.3
Other	-	1,960 [-]	25.7	-	1,283 [-]	45.3
Total		44,758 [28,400]	11.8		66,535 [31,223]	(1.5)

(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 six months ended September 30, 2024 are as follows:

(Million yen)

Segment	Volume	Amount	Export ratio	Year-on-year change
	Horsepower		%	%
Internal combustion engine				
Marine-use engines	656,017	37,654 [25,388]	67.4	14.6
Land-use engines	33,802	3,210 [181]	5.6	28.6
Other	-	2,031 [-]	-	9.5
Total		42,896 [25,569]	59.6	15.2

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

*2 Major export destinations and compositions are as follows:

Asia (75.4%), Europe (16.0%), Latin America (4.7%), North America (2.8%), Others (1.1%)

*3 The "Other" segment includes precision parts-related (1,217 million yen), industrial machinery-related (501 million yen) and real estate leasing-related (313 million yen).

*4 The figures above do not include consumption taxes.