

Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]



January 28, 2025

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 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6023
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 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on financial results: 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 Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 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	%
Nine months ended December 31, 2024	63,978	10.7	5,830	173.9	6,106	169.7	4,306	62.8
December 31, 2023	57,786	22.3	2,128	86.1	2,264	94.7	2,645	153.0

(Note) Comprehensive income: Nine months ended December 31, 2024: 4,442 million yen [56.0%]
 Nine months ended December 31, 2023: 2,846 million yen [109.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	135.99	-
December 31, 2023	83.70	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2024	102,985	53,786	52.2
As of March 31, 2024	101,428	50,843	50.1

(Reference) Equity: As of December 31, 2024: 53,734 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)				50.00	50.00

(Note) Revision to the forecast for dividends announced most recently: Yes

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
	88,000	7.6	7,300	40.5	7,600	37.0	5,300	2.9
								166.40

(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):
 - December 31, 2024: 31,850,000 shares
 - March 31, 2024: 31,850,000 shares
 - 2) Total number of treasury shares at the end of the period:
 - December 31, 2024: 169,425 shares
 - March 31, 2024: 200,830 shares
 - 3) Average number of shares during the period:
 - Nine months ended December 31, 2024: 31,668,109 shares
 - Nine months ended December 31, 2023: 31,609,280 shares

* Review of the Japanese-language originals of the attached quarterly consolidated 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 nine months under review (from April 1, 2024 to December 31, 2024), the Japanese economy saw improvements in employment conditions and income levels, with consumer spending remained solid, despite the impact of soaring commodity prices. Furthermore, recovery of demand from overseas visitors, expansion of capital investment for labor-saving and digitalization operations, and other factors strengthened the business foundation and boosted corporate earnings, maintaining the stable recovery trend.

Looking at the world economy, different monetary policies were implemented across regions, as major countries continued their monetary tightening to curb inflation, while China pursued monetary easing to stimulate the economy against a backdrop of the stagnant real estate market. In such a situation, a gradual recovery trend was seen, underpinned by solid consumer spending in Europe and the United States and economic growth in emerging countries. However, the outlook remains uncertain since geopolitical risks caused by the prolonged situation in Ukraine and growing tensions in the Middle East brought uncertainty to the energy market and the entire economy.

In the shipbuilding and maritime industry, the primary industry in which the Company makes its sales, long-distance shipping routes and tight supply-demand balance for shipping owing to geopolitical risks pushed up demand, leading to ongoing increases in orders for new vessels and surging shipping freight. Furthermore, following the strengthened environmental regulations, initiatives for reducing environmental impact have been further promoted through the progress in the adoption of digital technology and automation to improve fuel efficiency and operation efficiency, as well as the acceleration of the development of next-generation fuel vessels.

Under such a corporate environment, the Group's sales have remained strong for small- and medium-sized engines mainly for bulk carriers, while there has been a continued solid demand for maintenance. Also, investment in in-sourcing production is underway aimed at strengthening cost competitiveness amid surging material costs, along with initiatives for building a stable supply system to improve profitability and enhance production capabilities. Furthermore, the Group has planned aggressive capital investment aimed at addressing next-generation fuel vessels and optimizing the production system, accelerated the capture of demand for new vessels, and worked to improve profitability and strengthen sustainable growth foundation.

As a result, net sales for the nine months under review increased by 10.7% year-on-year to 63,978 million yen. In terms of profit, operating profit increased by 173.9% year-on-year to 5,830 million yen, ordinary profit increased by 169.7% year-on-year to 6,106 million yen, and profit attributable to owners of parent increased by 62.8% year-on-year to 4,306 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 9.4% year-on-year to 55,280 million yen and segment income increased by 96.9% year-on-year to 7,634 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 28.7% year-on-year to 5,589 million yen and segment income increased by 249.8% year-on-year to 503 million yen, due to increases in sales of engines and maintenance-related sales, and other factors.

Consequently, net sales for the segment increased by 10.9% year-on-year to 60,870 million yen, and segment income increased by 102.4% year-on-year to 8,138 million yen.

<Other>

1. Industrial machinery-related

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

income increased as a result of improved profit margins.

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, 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 7.3% year-on-year to 3,108 million yen, and segment income increased by 5.1% year-on-year to 372 million yen.

(2) Explanation of Financial Position

In assets as of the end of the third quarter under review, cash and deposits increased by 982 million yen from the end of the previous fiscal year. Inventories rose by 2,299 million yen from the end of the previous fiscal year, and property, plant and equipment increased by 2,010 million yen from the end of the previous fiscal year, along with the construction of additional facilities at the Himeji Factory to manufacture engines that are compatible with new fuels 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 2,670 million yen. Other items under current assets decreased by 541 million yen mainly due to a decrease in consumption taxes refund receivable. As a result, total assets increased by 1,557 million yen from the end of the previous fiscal year to 102,985 million yen.

In liabilities, notes and accounts payable - trade and electronically recorded obligations - operating in total decreased by 4,255 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 2,219 million yen. Other items under current liabilities increased by 1,624 million yen mainly due to an increase in advances received. As a result, total liabilities decreased by 1,385 million yen from the end of previous fiscal year to 49,199 million yen.

In net assets, retained earnings increased by 2,755 million yen from the end of the previous fiscal year to 47,887 million yen. As a result, total net assets increased by 2,943 million yen from the end of the previous fiscal year to 53,786 million yen. The equity ratio at the end of the third quarter under review increased by 2.1 points from the end of the previous fiscal year to 52.2%.

(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 and the Forecast for Dividends (Increase in Dividends)” 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 December 31, 2024
Assets		
Current assets		
Cash and deposits	29,616	30,599
Notes and accounts receivable - trade, and contract assets	21,432	18,762
Inventories	17,636	19,936
Other	4,137	3,595
Allowance for doubtful accounts	(8)	(9)
Total current assets	72,814	72,883
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,866	8,699
Machinery, equipment and vehicles, net	6,222	5,997
Land	5,084	5,960
Construction in progress	768	2,328
Other, net	1,171	1,138
Total property, plant and equipment	22,113	24,124
Intangible assets	521	519
Investments and other assets		
Investment securities	1,351	1,420
Deferred tax assets	4,116	3,477
Other	512	562
Allowance for doubtful accounts	(3)	(2)
Total investments and other assets	5,977	5,457
Total non-current assets	28,613	30,101
Total assets	101,428	102,985

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,145	6,973
Electronically recorded obligations - operating	8,371	5,288
Short-term borrowings	6,234	3,727
Lease liabilities	89	69
Income taxes payable	1,069	734
Provision for bonuses	956	336
Provision for bonuses for directors (and other officers)	138	87
Accrued expenses	5,479	5,459
Other	4,543	6,167
Total current liabilities	35,028	28,845
Non-current liabilities		
Long-term borrowings	5,961	10,688
Lease liabilities	107	72
Provision for retirement benefits for directors (and other officers)	46	53
Retirement benefit liability	6,784	6,968
Asset retirement obligations	202	194
Other	2,453	2,376
Total non-current liabilities	15,556	20,353
Total liabilities	50,584	49,199
Net assets		
Shareholders' equity		
Share capital	2,434	2,434
Capital surplus	2,199	2,236
Retained earnings	45,131	47,887
Treasury shares	(93)	(78)
Total shareholders' equity	49,672	52,479
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	588	648
Deferred gains or losses on hedges	(88)	(84)
Foreign currency translation adjustment	220	276
Remeasurements of defined benefit plans	401	414
Total accumulated other comprehensive income	1,121	1,254
Non-controlling interests	49	52
Total net assets	50,843	53,786
Total liabilities and net assets	101,428	102,985

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

For the nine months ended December 31

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	57,786	63,978
Cost of sales	47,130	48,508
Gross profit	10,656	15,470
Selling, general and administrative expenses		
Selling expenses	6,280	6,959
General and administrative expenses	2,247	2,680
Total selling, general and administrative expenses	8,527	9,639
Operating profit	2,128	5,830
Non-operating income		
Interest income	27	29
Dividend income	37	53
Share of profit of entities accounted for using equity method	40	-
Foreign exchange gains	-	138
Outsourcing service income	35	18
Reversal of allowance for doubtful accounts	0	0
Miscellaneous income	87	155
Total non-operating income	227	395
Non-operating expenses		
Interest expenses	59	98
Foreign exchange losses	7	-
Miscellaneous losses	25	21
Total non-operating expenses	92	119
Ordinary profit	2,264	6,106
Extraordinary income		
Gain on sale of non-current assets	3	0
Gain on sale of investment securities	1,012	-
National subsidies	58	23
Total extraordinary income	1,074	24
Extraordinary losses		
Loss on abandonment of non-current assets	10	35
Total extraordinary losses	10	35
Profit before income taxes	3,327	6,095
Income taxes - current	954	1,181
Income taxes - deferred	(276)	605
Total income taxes	678	1,786
Profit	2,649	4,308
Profit attributable to non-controlling interests	3	2
Profit attributable to owners of parent	2,645	4,306

Quarterly Consolidated Statements of Comprehensive Income

For the nine months ended December 31

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	2,649	4,308
Other comprehensive income		
Valuation difference on available-for-sale securities	102	60
Deferred gains or losses on hedges	70	4
Foreign currency translation adjustment	29	56
Remeasurements of defined benefit plans, net of tax	138	12
Share of other comprehensive income of entities accounted for using equity method	(143)	-
Total other comprehensive income	197	133
Comprehensive income	2,846	4,442
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,843	4,440
Comprehensive income attributable to non-controlling interests	3	2

(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 nine months ended December 31, 2024 (from April 1, 2024 to December 31, 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 consolidated statements of cash flows)

Quarterly consolidated statements of cash flows are not prepared for the nine months ended December 31, 2024. Depreciation (including amortization of intangible assets) for the nine months ended December 31 is as follows.

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Depreciation	2,125 million yen	2,185 million yen

(Segment information, etc.)

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

For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

	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	50,545	4,343	54,889	2,897	57,786	-	57,786
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	50,545	4,343	54,889	2,897	57,786	-	57,786
Segment income	3,877	144	4,021	354	4,376	(2,247)	2,128

(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 nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

	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	55,280	5,589	60,870	3,108	63,978	-	63,978
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	55,280	5,589	60,870	3,108	63,978	-	63,978
Segment income	7,634	503	8,138	372	8,510	(2,680)	5,830

(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 nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

1) Production

Production by segment for the nine months ended December 31, 2024 is as follows:

(Million yen)

Segment	Volume	Amount	Year-on-year change
			%
Internal combustion engines	Horsepower		
Marine-use engines	924,527	55,280	9.4
Land-use engines	39,699	5,589	28.7
Other	-	2,637	8.6
Total		63,507	10.8

(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 nine months ended December 31, 2024 are as follows:

(Million yen)

Segment	Orders received			Order backlogs		
	Volume	Amount	Year-on-year change	Volume	Amount	Year-on-year change
Internal combustion engine	Horsepower		%	Horsepower		%
Marine-use engines	1,055,027	61,583 [43,992]	26.0	1,742,434	62,532 [35,446]	10.5
Land-use engines	31,249	8,874 [196]	4.2	93,245	10,373 [369]	9.6
Other	-	3,012 [-]	27.9	-	1,415 [-]	79.5
Total		73,469 [44,188]	23.0		74,322 [35,815]	11.2

(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 nine months ended December 31, 2024 are as follows:

(Million yen)

Segment	Volume	Amount	Export ratio	Year-on-year change
	Horsepower		%	%
Internal combustion engine				
Marine-use engines	924,527	55,280 [36,575]	66.2	9.4
Land-use engines	39,699	5,589 [190]	3.4	28.7
Other	-	3,108 [-]	-	7.3
Total		63,978 [36,765]	57.5	10.7

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

*2 Major export destinations and compositions are as follows:

Asia (73.2%), Europe (18.2%), Latin America (5.1%), North America (2.5%), Others (1.0%)

*3 The “Other” segment includes precision parts-related (1,804 million yen), industrial machinery-related (832 million yen) and real estate leasing-related (471 million yen).

*4 The figures above do not include consumption taxes.