

**Consolidated Financial Results**  
**for the Nine Months Ended December 31, 2020**  
**[Japanese GAAP]**



January 27, 2021

Company name: Daihatsu Diesel Mfg. Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 6023  
 URL: <http://www.dhtd.co.jp>  
 Representative: Yoshinobu Hotta, President  
 Contact: Takashi Mizushina, Director and Managing Executive Officer  
 Phone: +81-6-6454-2331  
 Scheduled date of filing quarterly securities report: February 12, 2021  
 Scheduled date of commencing dividend payments: -  
 Availability of supplementary briefing material on quarterly financial results: Not available  
 Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

**1. Consolidated Financial Results for the Nine Months Ended December 31, 2020 (April 1, 2020 to December 31, 2020)**

(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, 2020	38,470	(6.8)	129	(77.1)	173	(78.3)	(157)	-
December 31, 2019	41,268	5.6	567	(44.8)	800	(30.8)	373	(49.5)

(Note) Comprehensive income: Nine months ended December 31, 2020: (24) million yen [-%]  
 Nine months ended December 31, 2019: 275 million yen [(56.1)%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2020	(4.96)		-	
December 31, 2019	11.74		-	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of December 31, 2020	79,034		40,198		50.8	
As of March 31, 2020	85,558		40,645		47.5	

(Reference) Equity: As of December 31, 2020: 40,155 million yen  
 As of March 31, 2020: 40,598 million yen

**2. Dividends**

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2020	Yen -	Yen 0.00	Yen -	Yen 15.00	Yen 15.00
Fiscal year ending March 31, 2021	-	0.00	-		
Fiscal year ending March 31, 2021 (Forecast)				15.00	15.00

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

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% 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	
Full year	56,000	(6.8)	0	(100.0)	0	(100.0)	0	(100.0)	0.00	

(Note) Revision to the financial results forecast announced most recently: None

#### \* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: No
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):
    - December 31, 2020: 31,850,000 shares
    - March 31, 2020: 31,850,000 shares
  - 2) Total number of treasury shares at the end of the period:
    - December 31, 2020: 90,935 shares
    - March 31, 2020: 43,535 shares
  - 3) Average number of shares during the period:
    - Nine months ended December 31, 2020: 31,734,651 shares
    - Nine months ended December 31, 2019: 31,784,618 shares

\* These quarterly financial results are outside the scope of quarterly review procedures conducted by a certified public accountant or audit corporation.

#### \* Explanation of the proper use of financial results forecast and other notes

The financial results forecasts and other forward-looking statements herein are based on information and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to "Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 3 of the attached material for the assumptions the financial results forecasts are based on, and notes on their use.

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## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Operating Results

During the nine months under review (from April 1, 2020 to December 31, 2020), the Japanese economy faced an extremely severe condition, as declining corporate earnings and the deterioration of the employment environment continued due to the impact of the spread of the novel coronavirus (COVID-19). The outlook for the global economy also remained uncertain with no foreseeable future, as many countries were still affected by the spread of the infection.

In the shipbuilding and maritime industry, the primary industry in which the Company makes its sales, business meetings for new shipbuilding did not progress under increasing uncertainty, and maintenance demand also remained sluggish due to the impact of stagnant ocean cargo volumes and movement restrictions.

Under such a corporate environment, consolidated net sales decreased by 6.8% year-on-year to 38,470 million yen. In terms of profit, despite our efforts to reduce costs and improve production efficiency, operating profit decreased by 77.1% year-on-year to 129 million yen, ordinary profit decreased by 78.3% year-on-year to 173 million yen, and loss attributable to owners of parent was 157 million yen (profit attributable to owners of parent of 373 million yen in the previous corresponding period).

Performance by business segment of the Company and the consolidated Group are as follows.

#### <Internal combustion engines>

##### 1. Marine-use

Net sales decreased by 8.1% year-on-year to 32,133 million yen and segment income decreased by 11.1% year-on-year to 2,286 million yen, mainly due to a decrease in maintenance-related sales, despite the contribution of engine sales to the Ministry of Defense.

##### 2. Land-use

Net sales decreased by 6.0% year-on-year to 3,802 million yen and segment loss amounted to 804 million yen (segment loss of 487 million yen in the previous corresponding period), mainly due to a decline in maintenance-related sales, despite an increase in sales of engines.

Consequently, net sales for the segment decreased by 7.9% year-on-year to 35,936 million yen, while segment income decreased by 29.0% year-on-year to 1,481 million yen.

#### <Other>

##### 1. Industrial machinery-related

In the aluminum wheel division, both net sales and segment income increased due to an increase in sales volume.

##### 2. Real estate leasing-related

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

##### 3. Electricity sales-related

In electricity sales-related, net sales edged downward and segment income decreased.

##### 4. Precision parts-related

In precision parts-related, net sales decreased slightly and segment loss expanded.

Consequently, net sales for the segment increased by 12.5% year-on-year to 2,534 million yen, and segment income increased by 38.8% year-on-year to 292 million yen.

## (2) Explanation of Financial Position

In assets as of the end of the third quarter under review, cash and deposits decreased by 1,055 million yen from the end of the previous fiscal year to 20,115 million yen. Due to progress made in collection of trade receivables at the end of the previous fiscal year, notes and accounts receivable - trade decreased by 6,689 million yen. Meanwhile, inventories rose by 1,915 million yen. As a result, total assets as of December 31, 2020 decreased by 6,524 million yen to 79,034 million yen.

In liabilities, notes and accounts payable - trade and electronically recorded obligations - operating in total decreased by 3,582 million yen from the end of the previous fiscal year. In addition, owing to scheduled payment, short-term borrowings and long-term borrowings in total decreased by 931 million yen. Meanwhile, income taxes payable decreased by 442 million yen due to payment of income taxes. As a result, total liabilities decreased by 6,077 million yen to 38,835 million yen.

In net assets, retained earnings decreased by 545 million yen compared with the end of the previous fiscal year due mainly to payment of cash dividends. As a result, total net assets decreased by 446 million yen to 40,198 million yen.

## (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, 2021, no revisions have been made to the forecast announced on October 22, 2020.

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, 2020	As of December 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	21,170	20,115
Notes and accounts receivable - trade	18,820	12,131
Inventories	12,974	14,889
Other	2,125	2,008
Allowance for doubtful accounts	(13)	(9)
Total current assets	55,078	49,135
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,254	9,766
Machinery, equipment and vehicles, net	6,366	6,131
Land	5,088	5,084
Construction in progress	132	228
Other, net	714	867
Total property, plant and equipment	22,554	22,079
Intangible assets	1,139	1,005
Investments and other assets		
Investment securities	2,583	2,517
Long-term loans receivable	0	0
Deferred tax assets	3,586	3,682
Other	671	668
Allowance for doubtful accounts	(55)	(55)
Total investments and other assets	6,786	6,813
Total non-current assets	30,480	29,898
Total assets	85,558	79,034

(Million yen)

	As of March 31, 2020	As of December 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,661	5,373
Electronically recorded obligations - operating	5,789	4,495
Short-term borrowings	4,455	6,275
Lease obligations	511	467
Income taxes payable	645	202
Provision for bonuses	670	246
Provision for bonuses for directors (and other officers)	51	38
Accrued expenses	2,724	2,715
Other	1,838	1,436
Total current liabilities	24,347	21,250
Non-current liabilities		
Long-term borrowings	10,036	7,285
Lease obligations	737	554
Provision for retirement benefits for directors (and other officers)	76	63
Retirement benefit liability	6,913	7,106
Asset retirement obligations	193	193
Other	2,608	2,380
Total non-current liabilities	20,565	17,584
<b>Total liabilities</b>	<b>44,912</b>	<b>38,835</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,434	2,434
Capital surplus	2,191	2,171
Retained earnings	36,578	36,032
Treasury shares	(28)	(42)
Total shareholders' equity	41,175	40,595
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	155	183
Foreign currency translation adjustment	(141)	(115)
Remeasurements of defined benefit plans	(591)	(508)
Total accumulated other comprehensive income	(576)	(440)
Non-controlling interests	46	43
<b>Total net assets</b>	<b>40,645</b>	<b>40,198</b>
<b>Total liabilities and net assets</b>	<b>85,558</b>	<b>79,034</b>

(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, 2019	For the nine months ended December 31, 2020
Net sales	41,268	38,470
Cost of sales	33,274	31,428
Gross profit	7,994	7,042
Selling, general and administrative expenses		
Selling expenses	5,697	5,267
General and administrative expenses	1,728	1,644
Total selling, general and administrative expenses	7,426	6,912
Operating profit	567	129
Non-operating income		
Interest income	10	8
Dividend income	44	27
Share of profit of entities accounted for using equity method	0	1
Foreign exchange gains	7	—
Outsourcing service income	32	22
Reversal of allowance for doubtful accounts	1	4
Miscellaneous income	263	112
Total non-operating income	361	176
Non-operating expenses		
Interest expenses	76	69
Foreign exchange losses	—	46
Miscellaneous loss	52	16
Total non-operating expenses	128	132
Ordinary profit	800	173
Extraordinary income		
Gain on sales of non-current assets	0	1
Other	15	—
Total extraordinary income	15	1
Extraordinary losses		
Loss on sales of non-current assets	2	0
Loss on abandonment of non-current assets	9	12
Loss on valuation of investment securities	—	7
Total extraordinary losses	11	20
Profit before income taxes	804	154
Income taxes - current	460	469
Income taxes - deferred	(27)	(154)
Total income taxes	433	314
Profit (loss)	371	(160)
Loss attributable to non-controlling interests	(2)	(3)
Profit (loss) attributable to owners of parent	373	(157)

Quarterly Consolidated Statements of Comprehensive Income

For the nine months ended December 31

(Million yen)

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020
Profit (loss)	371	(160)
Other comprehensive income		
Valuation difference on available-for-sale securities	51	27
Foreign currency translation adjustment	(19)	3
Remeasurements of defined benefit plans, net of tax	55	83
Share of other comprehensive income of entities accounted for using equity method	(183)	22
Total other comprehensive income	(95)	136
Comprehensive income	275	(24)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	277	(20)
Comprehensive income attributable to non-controlling interests	(2)	(3)

### (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, 2020 (from April 1, 2020 to December 31, 2020)

There is no relevant information.

(Segment information, etc.)

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

For the nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

	Reportable segment			Other (Notes)*1	Total	Adjustment (Notes)*2	(Million yen)
	Marine-use engines	Land-use engines	Total				Amount recorded in Quarterly Consolidated Statements of Income (Notes)*3
Net sales							
Net sales to outside customers	34,967	4,047	39,015	2,253	41,268	-	41,268
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	34,967	4,047	39,015	2,253	41,268	-	41,268
Segment income (loss)	2,572	(487)	2,085	211	2,296	(1,728)	567

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

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

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

For the nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

(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	32,133	3,802	35,936	2,534	38,470	-	38,470
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	32,133	3,802	35,936	2,534	38,470	-	38,470
Segment income (loss)	2,286	(804)	1,481	292	1,774	(1,644)	129

(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 nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

##### 1) Production

Production by segment for the nine months ended December 31, 2020 is as follows:

(Million yen)

Segment	Volume	Amount	Year-on-year change
			%
	Horsepower		
Internal combustion engines			
Marine-use engines	780,496	32,133	(8.1)
Land-use engines	44,493	3,802	(6.0)
Other	-	2,062	16.3
Total		37,998	(6.8)

(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, 2020 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	720,586	30,371 [16,484]	(13.1)	1,123,168	25,434 [7,634]	(10.4)
Land-use engines	48,549	6,166 [297]	(2.0)	122,302	7,526 [588]	0.4
Other	-	2,064 [-]	1.0	-	691 [-]	(7.9)
Total		38,601 [16,782]	(10.8)		33,652 [8,222]	(8.2)

(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, 2020 are as follows:

(Million yen)

Segment	Volume	Amount	Export ratio	Year-on-year change
	Horsepower		%	%
Internal combustion engine				
Marine-use engines	780,496	32,133 [17,265]	53.7	(8.1)
Land-use engines	44,493	3,802 [297]	7.8	(6.0)
Other	-	2,534 [-]	-	12.5
Total		38,470 [17,563]	45.7	(6.8)

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

\*2 Major export destinations and compositions are as follows:

Asia (68.3%), Europe (18.9%), Latin America (6.1%), North America (3.2%), Others (3.5%)

\*3 The "Other" segment includes precision parts-related (1,030 million yen), industrial machinery-related (1,031 million yen) and real estate leasing-related (472 million yen).

\*4 The figures above do not include consumption taxes.