

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 [Japanese GAAP]



April 28, 2021

Company name: Daihatsu Diesel Mfg. Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6023
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 Scheduled date of Annual General Meeting of Shareholders: June 29, 2021
 Scheduled date of commencing dividend payments: June 30, 2021
 Scheduled date of filing annual securities report: June 29, 2021
 Availability of supplementary briefing material on annual financial results: Available
 Schedule of annual financial results briefing session: Scheduled

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(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	%
Fiscal year ended March 31, 2021	56,745	(5.6)	994	(62.8)	1,149	(60.6)	712	(64.3)
March 31, 2020	60,087	4.9	2,674	1.9	2,915	13.2	1,996	9.8

(Note) Comprehensive income: Fiscal year ended March 31, 2021: 991 million yen [(47.2)%]
 Fiscal year ended March 31, 2020: 1,878 million yen [14.0%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2021	22.43	-	1.7	1.4	1.8
March 31, 2020	62.80	-	5.0	3.5	4.5

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2021: 43 million yen
 Fiscal year ended March 31, 2020: (23) million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	80,381	41,214	51.2	1,296.22
As of March 31, 2020	85,558	40,645	47.5	1,276.43

(Reference) Equity: As of March 31, 2021: 41,166 million yen
 As of March 31, 2020: 40,598 million yen

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2021	3,035	(1,847)	(2,310)	19,509
March 31, 2020	1,614	(1,137)	(77)	20,495

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2020	-	0.00	-	15.00	15.00	477	23.9	1.2
March 31, 2021	-	0.00	-	15.00	15.00	476	66.9	1.2
Fiscal year ending March 31, 2022 (Forecast)	-	0.00	-	15.00	15.00		47.8	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% 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	24,000	(4.5)	0	(100.0)	0	(100.0)	0	(100.0)	0.00
Full year	55,000	(3.1)	1,300	30.7	1,200	4.4	1,000	40.4	31.39

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) 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
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
 - March 31, 2021: 31,850,000 shares
 - March 31, 2020: 31,850,000 shares
 - 2) Total number of treasury shares at the end of the period:
 - March 31, 2021: 90,935 shares
 - March 31, 2020: 43,535 shares
 - 3) Average number of shares during the period:
 - Fiscal Year ended March 31, 2021: 31,740,671 shares
 - Fiscal Year ended March 31, 2020: 31,790,050 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2021	49,409	(5.4)	(1,421)	-	384	(76.1)	725	(51.1)
March 31, 2020	52,239	5.0	32	(95.5)	1,609	(5.3)	1,484	16.9

	Basic earnings per share		Diluted earnings per share	
Fiscal year ended	Yen		Yen	
March 31, 2021	22.86		-	
March 31, 2020	46.70		-	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	73,120	33,666	46.0	1,060.05
As of March 31, 2020	77,876	33,348	42.8	1,048.46

(Reference) Equity: As of March 31, 2021: 33,666 million yen
As of March 31, 2020: 33,348 million yen

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	21,000	(3.7)	800	22.3	1,100	48.2	34.53
Full year	48,000	(2.9)	1,200	212.2	1,500	106.7	47.09

* These consolidated financial results are outside the scope of audit conducted by a certified public accountant or audit corporation.

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

(Note on forward-looking statements)

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 “Analysis of Operating Results” on page 2 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 Monday, May 31, 2021. The briefing materials will be posted on the Company’s website after the session.

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1. Operating Results and Financial Position

(1) Analysis of Operating Results

1) Summary of operating results for the fiscal year under review

During the consolidated fiscal year under review, the Japanese economy continued to face an extremely severe conditions, with deterioration in corporate earnings and the employment environment due to the impact of the spread of the novel coronavirus disease (COVID-19). Some signs of recovery were visible, as Japan strived to both contain the spread of infection and stimulate economic activity, but with fears of a renewed spread of infection, there are no indications of the pandemic being brought under control. The outlook for business conditions in the global economy also remained uncertain, with regional differences in the relaxation of restrictions on economic activity, the status of vaccinations, and other similar matters.

In the shipbuilding and maritime industry, the primary industry in which the Company makes its sales, global completed construction volume for newly-built vessels during 2020 was 58,220 thousand gross tons, a 12.2% decrease year-on-year, while order volume for new vessels fell to 33,360 thousand gross tons, a 24.2% decrease year-on-year, against the backdrop of restrictions on movement due to the spread of COVID-19, and suppressed investment in new vessels by vessel owners and others. The slump in demand for new vessels has continued, except in China, where state-owned shipping companies and government-run financial institutions underpinned demand.

Under such a corporate environment, with sales activities restricted in countries across the world, the Group adjusted its sales structure, including through online business meetings and attendance, and endeavored to capture new orders. Despite the Group's efforts to strengthen its inventory control and enhance production efficiency, amid adjustments to delivery times from shipyards in Japan, consolidated net sales for the fiscal year under review decreased by 5.6% year-on-year to 56,745 million yen. In terms of profit, operating profit decreased by 62.8% year-on-year to 994 million yen, ordinary profit decreased by 60.6% year-on-year to 1,149 million yen, and profit attributable to owners of parent decreased by 64.3% year-on-year to 712 million yen.

Performance by business segment of the Company and the consolidated Group for the fiscal year under review is as follows.

<Internal combustion engines>

1. Marine-use

Despite the contribution from sales of engines to the Ministry of Defense, net sales decreased by 6.6% year-on-year to 44,573 million yen, and segment income decreased by 16.3% year-on-year to 3,259 million yen, due to a decline in sales for commercial use, a decrease in maintenance-related sales, and other factors.

2. Land-use

Net sales decreased by 9.5% year-on-year to 8,567 million yen and a segment loss of 697 million yen was recorded (compared to segment income of 684 million yen in the previous fiscal year) due to an increase in outsourcing expenses and other costs associated with maintaining the performance of some items, in addition to a drop in engines sold, and other factors.

Consequently, net sales for the segment decreased by 7.1% year-on-year to 53,140 million yen, and segment income decreased by 44.1% year-on-year to 2,561 million yen.

<Other>

1. Industrial machinery-related

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

2. Real estate leasing-related

In real estate leasing-related, net sales edged down while segment income decreased.

3. Electricity sales-related

In electricity sales-related, net sales edged down while segment income increased slightly.

4. Precision parts-related

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

Consequently, net sales for the segment increased by 25.3% year-on-year to 3,605 million yen, and segment income increased by 35.5% year-on-year to 557 million yen.

Under the Mid-term Management Plan covering the period from April 1, 2020 to March 31, 2023, the Group is promoting the following four key initiatives to respond to the needs of its customers and achieve sustainable growth.

1. Expand sales domains and increase our share strategically by introducing new products to the market
2. Develop technology with a view to the next-generation energy
3. Improve production efficiency through synergic effects among production bases
4. Establish a solid earnings base and pursue ESG management

As part of our engagement with the important goal of reducing greenhouse gas emissions, we have developed a lineup of four forms of dual fuel engine, able to switch between LNG and heavy oil. In the marine-use field, this technology reduces environmental impact and enables operators to respond to fluctuations in fuel prices and the like, while in the land-use field, it plays an important part in private power generation equipment, supporting disaster response and business continuity planning (BCP).

Development is also underway of new energy sources combining next-generation fuels and fossil fuels, and we are evaluating the durability of a carbon-neutral biofuel that can be used in existing diesel engines without the need for extensive modification.

We commenced production at our Himeji Factory in 2018. This is a newly-build factory constructed in anticipation of the shift to large vessels aimed at more efficient marine transport. Through our dual-base production system, comprising the Moriyama Factory, which specializes in the manufacture of small and medium scale engines, and the Himeji Factory, we will strive to achieve more efficient production.

We will endeavor to develop business operations with ESG as the core of our management, to continue to be a sustainable company.

2) Outlook for the next fiscal year

Concerning the outlook of the Group for the next fiscal year, an overall year-on-year decline is expected in net sales.

Regarding sales of marine-use engines, it is anticipated that overall order volume for new vessels will not recover to the levels seen prior to the COVID-19 pandemic. However, an increase in orders for container ships is expected at shipyards. In view of this, we plan to increase production of large-scale auxiliary engines for container ships at the Himeji Factory. We expect the average sales price per engine to rise, and forecast a year-on-year increase in net sales for commercial-use engines. At the same time however, net sales of engines to the Ministry of Defense will decrease, after substantial growth in sales last year.

Regarding sales of land-use engines, net sales are expected to increase in the context of a rise in social awareness of disaster risk management.

Maintenance-related sales are expected to increase year-on-year, due to a continuing recovery in ocean cargo volumes.

The situation remains unpredictable however, due to the impact of COVID-19, which include production adjustments at shipyards in Japan, and restrictions on movement and entry to ports in countries around the world. Looking ahead to the post-COVID-19 world, business operations must be controlled in anticipation of the continued competition for orders, the construction of service systems against the backdrop of an increased acceptance of remote operations, and the acceleration of research and development competition for next-generation fuels, amid an increase in environmental investment.

In view of this situation, the Group will speed up the strengthening of management structure and strive to enhance profitability for sustainable growth, through measures such as the selection and focus of management resources, review of the product lineup, and further radical cost reductions.

For the six months ending September 30, 2021, the Group forecasts net sales of 24,000 million yen, operating profit of 0 million yen, ordinary profit of 0 million yen, and profit attributable to owners of parent of 0 million yen. For the fiscal year ending March 31, 2022, the Group forecasts net sales of 55,000 million yen, operating profit of 1,300 million yen, ordinary profit of 1,200 million yen, and profit attributable to owners of parent of

1,000 million yen.

(2) Analysis of Financial Position

In assets as of the end of the fiscal year under review, cash and deposits decreased by 842 million yen from the end of the previous fiscal year. Notes and accounts receivable - trade decreased by 850 million yen, while the turnover period of accounts receivable was 118.6 days (compared with 109.4 days at the end of the previous fiscal year). In addition, inventories decreased by 2,249 million yen while the turnover period was 76.2 days (compared with 70.8 days at the end of the previous fiscal year). Meanwhile, property, plant and equipment decreased by 629 million yen compared with the end of the previous fiscal year. Total assets as of March 31, 2021 amounted to 80,381 million yen, a decrease of 5,176 million yen compared with the end of the previous fiscal year.

In liabilities, notes and accounts payable - trade and electronically recorded obligations – operating in total decreased by 3,905 million yen from the end of the previous fiscal year while their turnover period was 74.0 days (compared with 79.4 days at the end of the previous fiscal year). In addition, owing to scheduled payment, short-term borrowings and long-term borrowings in total decreased by 1,235 million yen. The ratio of interest-bearing liabilities (excluding lease obligations) to net sales at the end of the current fiscal year was 23.4%, a decrease of 0.7 point from the end of the previous fiscal year. As a result, total liabilities decreased by 5,745 million yen from the end of the previous fiscal year to 39,167 million yen.

In net assets, retained earnings increased by 323 million yen from the end of the previous fiscal year to 36,901 million yen. Total net assets increased by 569 million yen from the end of the previous fiscal year to 41,214 million yen. As a result, the equity ratio at the end of the fiscal year under review was 51.2%.

(3) Dividend Policy

The Company views the return of profits to shareholders as an important management objective, and while maintaining internal reserves to improve profitability and strengthen its financial standing, the Company has a basic policy of implementing distribution of profits in accordance with business results, and has placed “enhancing dividend payout ratio” as a target under the Mid-term Management Plan period (April 1, 2020 to March 31, 2023).

(4) Business and Other Risks

Forward-looking statements, such as forecasts, anticipation, expectations, and prospects, indicated in this section reflect the judgment of the Group as of March 31, 2021 and actual results in the future may differ significantly from them.

1) Foreign exchange risk

For certain products and related parts and services, the Group conducts sales and procurement in regions other than Japan, and may conduct these transactions in the US dollar, euro, or other local currency, aside from the yen. Some overseas consolidated subsidiaries also conduct sales in yen, and concerning these accounts receivable at the fiscal year-end, foreign exchange losses or gains may occur due to foreign exchange fluctuation of the standard accounting currency, and it is possible that there may be an effect on business results or financial conditions.

2) Cash flows

Consolidated net sales of the Group amounted to 56,745 million yen while interest-bearing debt (excluding lease obligations) was 13,256 million yen. In addition, cash and cash equivalents at the end of the fiscal year under review decreased by 986 million yen. Moving forward, the Group will strengthen cash flow improvement activities, and work toward measures to strengthen the financial standing through inventory reduction and improvement in transaction conditions, etc., but as fund procurement is dependent on indirect financing, variations in financial trends may influence cash flows.

3) Dependence on technologies of certain suppliers

The Group sources many of the parts that comprise an engine from outside sourcing, and certain key parts are dependent upon suppliers that possess specific advanced technologies. Concerning these, it is possible that

procurement may become unstable due to conditions at the suppliers. Additionally, the Group is working toward continued reduction of procurement costs via measures such as domestic procurement at lower costs and seeking new suppliers in countries such as China, but if factors such as a rise in prices for specific materials arise, it is possible that cost reductions will not proceed steadily.

4) Securing human resources

The future success of the Group is highly dependent on securing outstanding human resources in such fields as research, development, technology, manufacturing, and management. With Japan's population on a declining trend, competition to secure outstanding human resources is growing. In addition, if employees currently employed retire, or if it is not possible to acquire talented personnel, the Group's businesses, business results or financial conditions may be adversely affected.

5) Legal restraints and legal proceedings

Regulations regarding environmental burden reduction are becoming increasingly strict toward diesel engines, a mainstay product of the Company. In addition to the Air Pollution Control Act for land-use, restrictions for exhaust gases based on the International Convention for the Prevention of Pollution from Ships are forecast to add another level of strictness for marine-use. While the Group is working toward product development to satisfy these restrictions, if delays arise during development, there may be an effect on policies to secure and expand market share for the Company's products.

The Company may become a party to legal proceedings with shareholders, transaction partners or others, or may be subject to administrative proceedings or investigation by authorities. If the results of legal proceedings to which the Company is a party are unfavorable to the Company, then this may have an adverse effect on the Group's businesses, business results and financial conditions.

6) Credit risk associated with accounts receivable

The Group possesses accounts receivable toward transaction partners. As a result, amid changes in financial trends and uncertainty in the economy, the Sales and Transaction Partner Management Committee was established, and countermeasures are in place to prevent occurrence of bad debts and doubtful account losses by continuously paying close attention to business conditions of credit counterparties. However, there may be manifestations of collection risk if unforeseen or unavoidable conditions arise due to sudden changes in the market environment, etc.

7) Risk of natural disasters, etc.

The production of the Group's mainstay diesel engines is concentrated in two locations, at the Moriyama Factory in Moriyama City, Shiga Prefecture, and the Himeji Factory in Himeji City, Hyogo Prefecture. The Group continually endeavors to reduce the risk of damage by strengthening disaster mitigation measures and implementing initial disaster response training for employees. However, there is the possibility that production activities may be obstructed in the event of a natural disaster such as a large-scale earthquake, storm, flood, etc. as well as a fire, etc. In addition, in the event that these disasters or accidents occur within the Group's supply chain, such as suppliers of parts, etc., or product delivery destinations, the shortage of supply or interrupted supply of parts, etc. from suppliers and the suspension or reduction of production activities at product delivery destinations could have a significant adverse effect on the Group's production activities, sales activities and other activities.

8) Information management

In addition to information about customers and other companies, the Group handles its own trade secrets (technical information of the Group, etc.). It is possible that this information could be leaked externally as the result of intentional acts, including unauthorized system access and cyber attacks, or negligence. The Company is working on security measures to protect itself from external threats, but in the event of unexpected intrusion through networks, external information leaks due to unauthorized operations, the suspension of services, and the impact on production processes, etc., we could face liabilities for damage and significant countermeasure costs, which could have an adverse effect on the Group's businesses, business results or financial conditions.

9) Risk of overseas expansion

The economic environment surrounding the marine cargo and vessel markets, which most greatly affect the Group, is heavily impacted by expansion of emerging markets, particularly the Chinese economy. The Company regularly obtains and analyzes information on trends in the Chinese market from its consolidated subsidiaries and licensees, and determines its response based on this. If unforeseen circumstances cause the vessel market in China to shrink and engine production volume at licensees in China to sharply decrease, there may be discord in the medium-term plan to aim for share expansion for Daihatsu-branded engines in tandem with Chinese licensee engines.

10) COVID-19

It is feared that deteriorating conditions in the global economy due to the spread of the COVID-19 pandemic, and the resulting slump in ocean cargo volumes, may affect the Group's production and sales, including through delays in the delivery of products for which orders have already been received.

The Group places primary importance on the security and safety of its employees, customers, and local communities. It is engaged in promoting hygiene management (the use of masks, temperature checks, alcohol hand disinfectants, etc.), working from home and staggered work times, as well as the utilization of online meetings and the like, and a prohibition on non-vital, non-urgent overseas business trips, as measures to prevent the spread of infection.

The Group will continue to monitor changes in the situation and take measures accordingly. However, should unanticipated circumstances arise, such as the further spread of infections, then this may have a serious, adverse effect on the Group's financial conditions business results and cash flows.

11) Business results and financial conditions of entities accounted for using equity method

The Company holds shares of entities accounted for using equity method. The Company exerts significant influence over these companies and is able to participate in decision making on their businesses and financial policies. However, this does not constitute control, and therefore the Company does not normally decide on the policies themselves. A deterioration in the business results or financial conditions of these entities accounted for using equity method could have an adverse effect on the Group's business results and financial conditions.

2. Overview of the Corporate Group

The Group is comprised of the Company and its 21 subsidiaries and other companies, and engages in the businesses such as production and distribution of internal combustion engines and industrial equipment as well as real estate leasing.

Concerning the industrial equipment business, all deliveries are made to one other associated company.

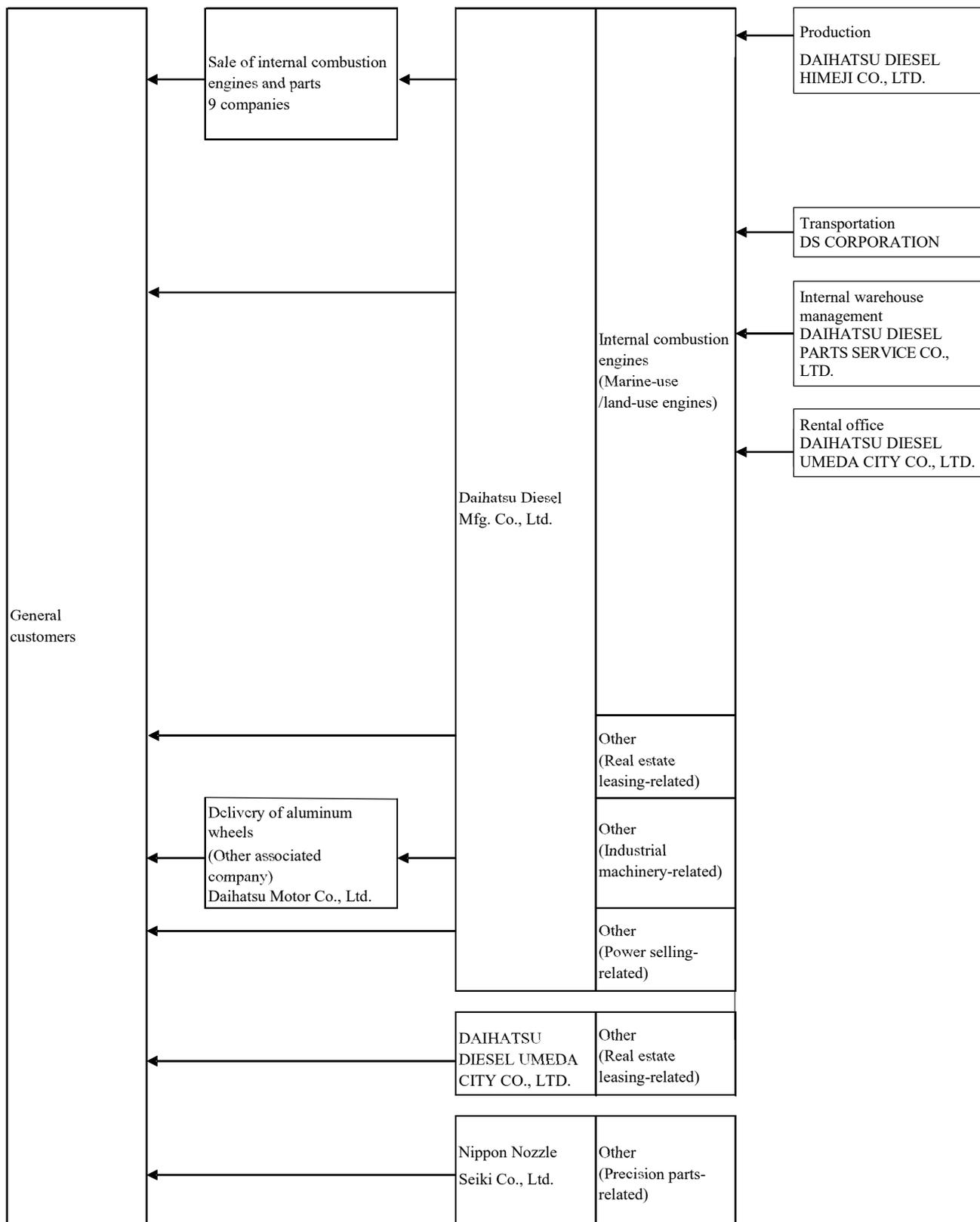
Businesses and the position of the Company and each subsidiary and associated companies within the relevant business are as follows.

Category		Main Products (Business)	Major Companies
Internal combustion engines	Marine-use/land-use engines	Diesel engines for marine-use Diesel engines for land-use Gas turbine Sales of parts for the above	Daihatsu Diesel Mfg. Co., Ltd., DAIHATSU DIESEL HIMEJI CO., LTD.
		Diesel engines for marine-use Diesel engines for land-use Gas turbine Sales of parts for the above	Daihatsu Diesel Mfg. Co., Ltd., DAIHATSU DIESEL EAST JAPAN CO., LTD., DAIHATSU DIESEL NAKANIHON CO., LTD., DAIHATSU DIESEL SHIKOKU CO., LTD., DAIHATSU DIESEL NISHINIHON CO., LTD. DAIHATSU DIESEL (ASIA PACIFIC) PTE. LTD. DAIHATSU DIESEL (EUROPE) LTD. DAIHATSU DIESEL (AMERICA), INC. DAIHATSU DIESEL (SHANGHAI) CO., LTD.
		Transportation Internal warehouse management Design Production and distribution After-sales service	DS CORPORATION DAIHATSU DIESEL PARTS SERVICE CO., LTD., DD TECHNICAL CO., LTD.* ¹ DAIHATSU DIESEL ANQING IRONWORKS.CO., LTD.* ² MD ENGINEERING CO., LTD.* ¹
Other	Industrial equipment	Sale of aluminum wheels	Daihatsu Diesel Mfg. Co., Ltd.
	Real estate leasing	Rental office	Daihatsu Diesel Mfg. Co., Ltd., DAIHATSU DIESEL UMEDA CITY CO., LTD.
	Electricity sales	Solar power generation business	Daihatsu Diesel Mfg. Co., Ltd.
	Precision parts	Precision parts	Nippon Nozzle Seiki Co., Ltd.

(Notes)

1. Marked with *1: Non-consolidated subsidiaries

2. Marked with *2: Associated companies



(Note)
DAIHATSU DIESEL UMEDA CITY CO., LTD. partially owns the Umeda Sky Building, and is in the rental office business.

3. Basic Stance Concerning Choice of Accounting Standards

Taking into consideration the comparability of consolidated financial statements among companies, the Group prepares its consolidated financial statements using Japanese GAAP.

With regard to International Financial Reporting Standards, the Group's policy is to respond appropriately based on consideration of the situation in Japan and overseas.

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	21,170	20,327
Notes and accounts receivable - trade	18,820	17,970
Inventories	12,974	10,725
Other	2,125	1,639
Allowance for doubtful accounts	(13)	(11)
Total current assets	55,078	50,651
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,254	9,646
Machinery, equipment and vehicles, net	6,366	5,914
Land	5,088	5,084
Construction in progress	132	387
Other, net	714	891
Total property, plant and equipment	22,554	21,925
Intangible assets	1,139	942
Investments and other assets		
Investment securities	2,583	2,669
Long-term loans receivable	0	0
Deferred tax assets	3,586	3,677
Other	671	570
Allowance for doubtful accounts	(55)	(55)
Total investments and other assets	6,786	6,862
Total non-current assets	30,480	29,730
Total assets	85,558	80,381

(Million yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,661	5,373
Electronically recorded obligations - operating	5,789	4,172
Short-term borrowings	4,455	6,545
Lease obligations	511	441
Income taxes payable	645	473
Provision for bonuses	670	625
Provision for bonuses for directors (and other officers)	51	6
Accrued expenses	2,724	3,271
Other	1,838	1,193
Total current liabilities	24,347	22,103
Non-current liabilities		
Long-term borrowings	10,036	6,711
Lease obligations	737	482
Provision for retirement benefits for directors (and other officers)	76	66
Retirement benefit liability	6,913	7,225
Asset retirement obligations	193	193
Other	2,608	2,384
Total non-current liabilities	20,565	17,063
Total liabilities	44,912	39,167
Net assets		
Shareholders' equity		
Share capital	2,434	2,434
Capital surplus	2,191	2,171
Retained earnings	36,578	36,901
Treasury shares	(28)	(42)
Total shareholders' equity	41,175	41,465
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	155	247
Foreign currency translation adjustment	(141)	(36)
Remeasurements of defined benefit plans	(591)	(509)
Total accumulated other comprehensive income	(576)	(298)
Non-controlling interests	46	47
Total net assets	40,645	41,214
Total liabilities and net assets	85,558	80,381

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Net sales	60,087	56,745
Cost of sales	47,667	45,718
Gross profit	12,419	11,027
Selling, general and administrative expenses		
Selling expenses	7,429	7,908
General and administrative expenses	2,315	2,124
Total selling, general and administrative expenses	9,745	10,032
Operating profit	2,674	994
Non-operating income		
Interest income	11	8
Dividend income	45	27
Share of profit of entities accounted for using equity method	–	43
Foreign exchange gains	–	24
Outsourcing service income	47	26
Reversal of allowance for doubtful accounts	0	2
Miscellaneous income	345	140
Total non-operating income	450	274
Non-operating expenses		
Interest expenses	100	91
Share of loss of entities accounted for using equity method	23	–
Foreign exchange losses	30	–
Miscellaneous losses	54	27
Total non-operating expenses	209	119
Ordinary profit	2,915	1,149
Extraordinary income		
Gain on sale of non-current assets	0	1
National subsidies	–	88
Subsidy income	112	97
Other	110	13
Total extraordinary income	222	200
Extraordinary losses		
Loss on abandonment of non-current assets	18	16
Loss on sale of non-current assets	2	0
Loss on valuation of investment securities	47	7
Total extraordinary losses	68	24
Profit before income taxes	3,070	1,325
Income taxes - current	1,069	785
Income taxes - deferred	1	(173)
Total income taxes	1,070	612
Profit	1,999	713
Profit attributable to non-controlling interests	3	1
Profit attributable to owners of parent	1,996	712

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Profit	1,999	713
Other comprehensive income		
Valuation difference on available-for-sale securities	(24)	91
Foreign currency translation adjustment	(29)	42
Remeasurements of defined benefit plans, net of tax	51	82
Share of other comprehensive income of entities accounted for using equity method	(118)	61
Total other comprehensive income	(121)	278
Comprehensive income	1,878	991
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,875	990
Comprehensive income attributable to non-controlling interests	3	1

(3) Consolidated Statements of Changes in Equity
For the fiscal year ended March 31, 2020

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,434	2,191	35,060	(10)	39,675
Changes during period					
Dividends of surplus			(477)		(477)
Profit attributable to owners of parent			1,996		1,996
Purchase of treasury shares				(77)	(77)
Disposal of treasury shares		(1)		59	58
Transfer of loss on disposal of treasury shares		1	(1)		
Change from merger of consolidated and unconsolidated subsidiaries					
Net changes in items other than shareholders' equity					
Total changes during period	-	-	1,517	(17)	1,500
Balance at end of period	2,434	2,191	36,578	(28)	41,175

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	180	7	(643)	(455)	43	39,263
Changes during period						
Dividends of surplus						(477)
Profit attributable to owners of parent						1,996
Purchase of treasury shares						(77)
Disposal of treasury shares						58
Transfer of loss on disposal of treasury shares						-
Change from merger of consolidated and unconsolidated subsidiaries						-
Net changes in items other than shareholders' equity	(24)	(148)	51	(121)	3	(118)
Total changes during period	(24)	(148)	51	(121)	3	1,382
Balance at end of period	155	(141)	(591)	(576)	46	40,645

For the fiscal year ended March 31, 2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,434	2,191	36,578	(28)	41,175
Changes during period					
Dividends of surplus			(477)		(477)
Profit attributable to owners of parent			712		712
Purchase of treasury shares				(62)	(62)
Disposal of treasury shares		(4)		47	42
Transfer of loss on disposal of treasury shares		4	(4)		
Change from merger of consolidated and unconsolidated subsidiaries		(19)	93		73
Net changes in items other than shareholders' equity					
Total changes during period	-	(19)	323	(14)	289
Balance at end of period	2,434	2,171	36,901	(42)	41,465

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	155	(141)	(591)	(576)	46	40,645
Changes during period						
Dividends of surplus						(477)
Profit attributable to owners of parent						712
Purchase of treasury shares						(62)
Disposal of treasury shares						42
Transfer of loss on disposal of treasury shares						-
Change from merger of consolidated and unconsolidated subsidiaries						73
Net changes in items other than shareholders' equity	91	104	82	278	1	279
Total changes during period	91	104	82	278	1	569
Balance at end of period	247	(36)	(509)	(298)	47	41,214

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	3,070	1,325
Depreciation	2,771	2,771
Increase (decrease) in allowance for doubtful accounts	3	(2)
Increase (decrease) in provision for bonuses	(33)	(48)
Increase (decrease) in provision for bonuses for directors (and other officers)	6	(45)
Increase (decrease) in retirement benefit liability	208	268
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(445)	(9)
Interest and dividend income	(57)	(36)
Interest expenses	100	91
Loss (gain) on valuation of investment securities	47	7
Loss (gain) on sale of property, plant and equipment	2	(0)
Loss on abandonment of non-current assets	18	16
Decrease (increase) in trade receivables	(1,788)	919
Decrease (increase) in inventories	(2,706)	2,249
Increase (decrease) in trade payables	913	(3,989)
Decrease/increase in consumption taxes receivable/payable	(205)	428
Increase (decrease) in guarantee deposits received	(19)	(3)
Other, net	547	323
Subtotal	2,433	4,266
Interest and dividends received	57	36
Interest paid	(101)	(91)
Income taxes paid	(775)	(1,176)
Net cash provided by (used in) operating activities	1,614	3,035
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,214)	(1,785)
Proceeds from sale of property, plant and equipment	2	9
Purchase of intangible assets	(50)	(123)
Proceeds from sale of investment securities	–	31
Purchase of shares of subsidiaries	(24)	–
Proceeds from collection of loans receivable	0	0
Proceeds from withdrawal of time deposits	750	698
Payments into time deposits	(711)	(678)
Other, net	110	–
Net cash provided by (used in) investing activities	(1,137)	(1,847)

(Million yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Cash flows from financing activities		
Proceeds from long-term borrowings	4,250	–
Repayments of long-term borrowings	(3,020)	(1,235)
Purchase of treasury shares	(77)	(62)
Dividends paid	(477)	(477)
Net increase (decrease) in short-term borrowings	(155)	–
Repayments of finance lease obligations	(597)	(535)
Net cash provided by (used in) financing activities	(77)	(2,310)
Effect of exchange rate change on cash and cash equivalents	(47)	67
Net increase (decrease) in cash and cash equivalents	351	(1,054)
Cash and cash equivalents at beginning of period	20,143	20,495
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	–	68
Cash and cash equivalents at end of period	20,495	19,509

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Important matters that form the basis for preparing Consolidated Financial Statements)

1. Scope of consolidation

(1) Numbers of consolidated subsidiaries: 13

Principal companies:

DAIHATSU DIESEL EAST JAPAN CO., LTD., DAIHATSU DIESEL NISHINIHON CO., LTD.
DAIHATSU DIESEL SHIKOKU CO., LTD., DAIHATSU DIESEL NAKANIHON CO., LTD.,
DAIHATSU DIESEL (ASIA PACIFIC) PTE. LTD., DAIHATSU DIESEL (EUROPE) LTD.,
DAIHATSU DIESEL (AMERICA), INC., DAIHATSU DIESEL (SHANGHAI) CO., LTD.

(2) Major non-consolidated subsidiaries:

DD TECHNICAL CO., LTD.

MD ENGINEERING CO., LTD.

Reasons for exclusion from scope of consolidation

These companies are excluded from the scope of consolidation as they are small in size and do not have material impact on the Consolidated Financial Statements with respect to total assets, net sales, profit or loss and retained earnings (corresponding to the percentage of shares).

2. Application of the equity method

(1) Number of affiliates accounted for by the equity method: 1

OFFICINE MECCANICHE TORINO S.p.A

(2) Major non-consolidated subsidiaries and affiliates not accounted for by the equity method:

DD TECHNICAL CO., LTD.

MD ENGINEERING CO., LTD.

DAIHATSU DIESEL ANQING IRONWORKS.CO., LTD.

Reason for not applying equity method:

As those companies have only minor impact on the consolidated profit (loss) and retained earnings, and their overall impact is not material, the investments in these companies are accounted for at cost rather than by the equity method.

3. Accounting Standards

(1) Valuation standards and methods for important assets

A. Securities

(a)Held-to-maturity securities

Stated at amortized cost

(b)Available-for-sale securities

Fair market values available Stated at fair market value based on the market value, etc. of the closing date
(All valuation gains or losses are treated as a component of net assets, and cost of sales is computed by the moving-average method.)

Fair market values not available Stated at cost using the moving-average method

B. Inventories

Finished goods/work in process/raw materials

Stated at cost using the periodic average method (The book value will be written down for

decreased profitability)

(2) Depreciation methods for significant depreciable assets

A. Property, plant and equipment (excluding lease assets)

They are depreciated using the straight-line method.

However, certain consolidated subsidiaries use the declining-balance method.

Those acquired on or before March 31, 2007 will be depreciated in equal amounts over the five-year period beginning with the year following the completion of depreciation to the permissible limit.

B. Intangible assets (excluding lease assets)

They are depreciated using the straight-line method.

Software for internal use is depreciated using the straight-line method based on their estimated useful lives (5 years).

C. Lease assets

Lease assets under finance leases wherein ownership of the leased asset does not transfer to the lessee

These assets are depreciated using the straight-line method over respective lease periods without residual value.

(3) Accounting standards for significant reserves

A. Allowance for doubtful accounts

In order to prepare for probable losses on collection, estimated amount uncollectible is provided for in accordance with the historical write-off ratio in the case of ordinary receivables and provided against estimated future losses on collection based on the detailed credit analysis in the case of doubtful accounts and other specific receivables.

B. Provision for bonuses

To provide for payment of bonuses to employees, provision for bonuses is provided for based on the estimated amount of payments attributable to the current fiscal year.

C. Provision for directors' bonuses

To provide for payment of bonuses to directors, provision for directors' bonuses is provided for based on the estimated amount of payments attributable to the current fiscal year.

D. Provision for directors' retirement benefits

To prepare for the payment of retirement benefits to directors, certain consolidated subsidiaries provide for the amount of year-end payments pursuant to internal rules of retirement benefits for directors.

(4) Accounting method for retirement benefits

A. Periodic allocation of projected retirement benefits

In calculating projected benefits obligations, periodic allocation of projected retirement benefits up to the end of current period is based on the benefit formula basis.

B. Method of amortizing actuarial differences and prior service costs

Prior service costs are recorded as expense over a certain number of years within the average remaining years of service of the corresponding employees at the time of occurrence (10 years) using the straight-line method.

Actuarial differences are accounted for as expenses over a certain number of years within the average remaining years of service of the corresponding employees (10 years) using the straight-line method, commencing with the consolidated fiscal year following the one in which they were incurred.

(5) Significant hedge accounting

A. Hedge accounting

Deferred hedging is applied. The appropriation procedure is applied to foreign currency receivables and payables for which forward exchange contracts have been entered.

The special accounting procedure is applied to interest rate swap contracts that qualify for hedge accounting.

B. Hedging instruments and hedged items

Hedging instruments and hedged items for which hedge accounting was applied for the current fiscal year are as follows:

(a)

Hedging instruments: Forward foreign exchange contracts

Hedged items: Foreign currency trade receivables resulting from product export and future anticipated transactions denominated in foreign currency

(b)

Hedging instruments: Interest rate swap contracts

Hedged items: Loans payable

C. Hedging policy

The Group conducts derivative transactions to hedge against foreign exchange and interest-rate risks in accordance with the “Derivative Transaction Handling and Risk Management Regulations.”

D. Evaluation of hedge effectiveness

For forward exchange contract and interest rate swap, the evaluation of hedge effectiveness is omitted because important conditions for hedge instruments and hedged items are identical, and it can be assumed that market fluctuations will be completely eliminated at the time hedging begins and at any time thereafter.

(6) Capital covered by Consolidated Statements of Cash Flows

Capital comprises cash on hand, deposits available for withdrawal as needed, and short-term investments due for redemption within three months from the date of acquisition, which are easily cashable and are subject to minimal risk of fluctuation in value.

(7) Other significant matters on presenting Consolidated Financial Statements

Accounting for consumption taxes

Consumption taxes are accounted for by the tax exclusion method.

(Segment information, etc.)

(Segment information)

1. Description of reportable segments

The reportable segments of the Company categorize the business composition of the Company with respect to financial information and are based on the financial reporting for performance evaluation with regard to annual business plan for each business at periodical meetings of the Board of Directors.

The Company's main business is the manufacture and sale of internal combustion engines; it also provides products that are not related to internal combustion engines to certain affiliates, and conducts business to utilize the real estate held by the Company.

The operative conditions of internal combustion engines, which comprise the majority of the Company's business, are significantly different between marine-use and land-use, and the Company conducts management and evaluation by categorizing production, sales, and after-sales service business activities for engines into marine-use and land-use.

As a result, the Company's reportable segments are Marine-use engines and Land-use engines.

2. Method for calculating net sales, profit (loss), assets, liabilities, and other by reportable segment

For the fiscal year ended March 31, 2020

	Reportable segment			Other (Notes)*1	Total	Adjustment (Notes) *2	Amount recorded in Consolidated Financial Statements (Notes)*3
	Marine-use engines	Land-use engines	Total				
Net sales							
(1) Net sales to outside customers	47,739	9,470	57,210	2,876	60,087	-	60,087
(2) Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	47,739	9,470	57,210	2,876	60,087	-	60,087
Segment income	3,894	684	4,579	411	4,990	(2,315)	2,674
Other Depreciation	1,914	370	2,285	337	2,622	148	2,771

(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 Consolidated Statements of Income.

*4 Assets are not allocated to the business segments.

For the fiscal year ended March 31, 2021

(Million yen)

	Reportable segment			Other (Notes)*1	Total	Adjustment (Notes) *2	Amount recorded in Consolidated Financial Statements (Notes)*3
	Marine-use engines	Land-use engines	Total				
Net sales							
(1) Net sales to outside customers	44,573	8,567	53,140	3,605	56,745	-	56,745
(2) Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	44,573	8,567	53,140	3,605	56,745	-	56,745
Segment income (loss)	3,259	(697)	2,561	557	3,119	(2,124)	994
Other Depreciation	1,941	385	2,326	339	2,665	106	2,771

(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 Consolidated Statements of Income.

*4 Assets are not allocated to the business segments.

(Related information)

For the fiscal year ended March 31, 2020

1. Information by product and service

This is omitted as similar information is disclosed in Segment information.

2. Information by geographical area

1) Net sales

(Million yen)

Japan	Asia	Latin America	Other	Total
32,627	18,674	1,761	7,023	60,087

(Note) Country and region categories are based on geographic proximity.

2) Property, plant and equipment

This is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of that stated in the consolidated balance sheet.

3. Information by major customer

This is omitted as there were no external customers whose net sales account for more than 10% of net sales in the consolidated statements of income.

For the fiscal year ended March 31, 2021

1. Information by product and service

This is omitted, as similar information is disclosed in Segment information.

2. Information by geographical area

1) Net sales

(Million yen)

Japan	Asia	Latin America	Other	Total
33,843	15,615	1,382	5,903	56,745

(Note) Country and region categories are based on geographic proximity.

2) Property, plant and equipment

This is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of that stated in the consolidated balance sheet.

3. Information by major customer

This is omitted because there were no external customers whose net sales account for more than 10% of net sales in the consolidated statements of income.

(Per share information)

Category	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Net assets per share	1,276.43 yen	1,296.22 yen
Basic earnings per share	62.80 yen	22.43 yen

(Note) The basis for the calculation of basic earnings per share is as follows.

Category	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	1,996	712
Amount not attributable to shareholders of common shares (Million yen)	-	-
Profit attributable to owners of parent relating to common shares (Million yen)	1,996	712
Average number of shares of common shares outstanding during each fiscal year	31,790,050 shares	31,740,671 shares

(Note) Diluted earnings per share are not presented as there is no share outstanding with dilutive effect.

(Significant subsequent events)

Not applicable.

5. Non-consolidated Financial Statements
(1) Non-consolidated Balance Sheets

(Million yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	17,308	16,720
Notes receivable - trade	999	1,127
Accounts receivable - trade	17,902	16,568
Raw materials	107	95
Work in process	12,314	10,132
Prepaid expenses	610	473
Short-term loans receivable	885	898
Other	1,072	871
Allowance for doubtful accounts	(4)	(3)
Total current assets	51,196	46,884
Non-current assets		
Property, plant and equipment		
Buildings	4,660	4,424
Structures	1,501	1,375
Machinery and equipment	5,549	5,152
Vehicles	299	237
Tools, furniture and fixtures	653	818
Land	4,511	4,507
Construction in progress	123	385
Total property, plant and equipment	17,299	16,901
Intangible assets		
Software	1,117	904
Other	12	14
Total intangible assets	1,130	918
Investments and other assets		
Investment securities	655	765
Shares of subsidiaries and associates	3,981	3,980
Long-term loans receivable	0	0
Deferred tax assets	3,254	3,434
Other	367	242
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	8,251	8,415
Total non-current assets	26,680	26,235
Total assets	77,876	73,120

(Million yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes payable - trade	1,095	720
Accounts payable - trade	6,429	4,573
Electronically recorded obligations - operating	5,765	4,087
Short-term borrowings	3,220	3,220
Current portion of long-term borrowings	1,191	3,307
Lease obligations	501	428
Accounts payable	131	111
Accrued expenses	2,671	3,152
Income taxes payable	99	33
Advances received	506	58
Deposits received	5,324	5,767
Provision for bonuses	504	455
Provision for bonuses for directors (and other officers)	45	—
Other	179	59
Total current liabilities	27,665	25,976
Non-current liabilities		
Long-term borrowings	9,983	6,676
Lease obligations	717	442
Long-term guarantee deposits	10	10
Provision for retirement benefits	5,713	6,136
Asset retirement obligations	115	115
Other	322	96
Total non-current liabilities	16,863	13,477
Total liabilities	44,528	39,453
Net assets		
Shareholders' equity		
Share capital	2,434	2,434
Capital surplus		
Legal capital surplus	2,150	2,150
Total capital surplus	2,150	2,150
Retained earnings		
Legal retained earnings	221	221
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	216	191
Reserve for special depreciation	0	—
General reserve	26,390	27,390
Retained earnings brought forward	1,807	1,076
Total other retained earnings	28,414	28,658
Total retained earnings	28,636	28,880
Treasury shares	(28)	(42)
Total shareholders' equity	33,193	33,422
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	154	243
Total valuation and translation adjustments	154	243
Total net assets	33,348	33,666
Total liabilities and net assets	77,876	73,120

(2) Non-consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021
Net sales	52,239	49,409
Cost of sales	45,393	43,598
Gross profit	6,846	5,811
Selling, general and administrative expenses	6,813	7,233
Operating profit (loss)	32	(1,421)
Non-operating income		
Interest and dividend income	1,371	1,738
Miscellaneous income	321	181
Total non-operating income	1,693	1,919
Non-operating expenses		
Interest expenses	100	91
Miscellaneous losses	16	21
Total non-operating expenses	116	113
Ordinary profit	1,609	384
Extraordinary income		
Gain on sale of non-current assets	0	1
National subsidies	–	88
Subsidy income	112	97
Other	–	13
Total extraordinary income	112	200
Extraordinary losses		
Loss on abandonment of non-current assets	17	7
Loss on valuation of investment securities	47	7
Total extraordinary losses	65	14
Profit before income taxes	1,656	569
Income taxes - current	200	69
Income taxes - deferred	(28)	(225)
Total income taxes	172	(155)
Profit	1,484	725

(3) Non-consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2020

(Million yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for tax purpose reduction entry of non-current assets	Reserve for special depreciation	General reserve	Retained earnings brought forward	
Balance at beginning of period	2,434	2,150	-	2,150	221	234	1	25,600	1,572	27,630
Changes during period										
Dividends of surplus									(477)	(477)
Provision of general reserve								790	(790)	-
Reversal of reserve for special depreciation							(0)		0	-
Provision of reserve for tax purpose reduction entry of non-current assets						5			(5)	-
Reversal of reserve for tax purpose reduction entry of non-current assets						(23)			23	-
Profit									1,484	1,484
Purchase of treasury shares										
Disposal of treasury shares			(1)	(1)						-
Transfer of loss on disposal of treasury shares			1	1					(1)	(1)
Net changes in items other than shareholders' equity										
Total changes during period	-	-	-	-	-	(17)	(0)	790	234	1,006
Balance at end of period	2,434	2,150	-	2,150	221	216	0	26,390	1,807	28,636

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(10)	32,204	177	177	32,382
Changes during period					
Dividends of surplus		(477)			(477)
Provision of general reserve		-			-
Reversal of reserve for special depreciation		-			-
Provision of reserve for tax purpose reduction entry of non-current assets		-			-
Reversal of reserve for tax purpose reduction entry of non-current assets		-			-
Profit		1,484			1,484
Purchase of treasury shares	(77)	(77)			(77)
Disposal of treasury shares	59	58			58
Transfer of loss on disposal of treasury shares		-			-
Net changes in items other than shareholders' equity			(22)	(22)	(22)
Total changes during period	(17)	988	(22)	(22)	965
Balance at end of period	(28)	33,193	154	154	33,348

For the fiscal year ended March 31, 2021

(Million yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for tax purpose reduction entry of non-current assets	Reserve for special depreciation	General reserve	Retained earnings brought forward	
Balance at beginning of period	2,434	2,150	-	2,150	221	216	0	26,390	1,807	28,636
Changes during period										
Dividends of surplus									(477)	(477)
Provision of general reserve								1,000	(1,000)	-
Reversal of reserve for special depreciation							(0)		0	-
Provision of reserve for tax purpose reduction entry of non-current assets										
Reversal of reserve for tax purpose reduction entry of non-current assets						(24)			24	-
Profit									725	725
Purchase of treasury shares										
Disposal of treasury shares			(4)	(4)						-
Transfer of loss on disposal of treasury shares			4	4					(4)	(4)
Net changes in items other than shareholders' equity										
Total changes during period	-	-	-	-	-	(24)	(0)	1,000	(730)	243
Balance at end of period	2,434	2,150	-	2,150	221	191	-	27,390	1,076	28,880

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(28)	33,193	154	154	33,348
Changes during period					
Dividends of surplus		(477)			(477)
Provision of general reserve		-			-
Reversal of reserve for special depreciation		-			-
Provision of reserve for tax purpose reduction entry of non-current assets		-			-
Reversal of reserve for tax purpose reduction entry of non-current assets		-			-
Profit		725			725
Purchase of treasury shares	(62)	(62)			(62)
Disposal of treasury shares	47	42			42
Transfer of loss on disposal of treasury shares		-			-
Net changes in items other than shareholders' equity			89	89	89
Total changes during period	(14)	229	89	89	318
Balance at end of period	(42)	33,422	243	243	33,666

6. Other

(1) Status of Production, Orders Received, and Sales (April 1, 2020 to March 31, 2021)

1) Production

Production by segment for the current fiscal year is as follows:

(Million yen)

Segment	Volume	Amount	Year-on-year change
			%
Internal combustion engines	Horsepower		
Marine-use engines	1,031,821	44,573	(6.6)
Land-use engines	89,072	8,567	(9.5)
Other	-	2,975	32.9
Total		56,116	(5.6)

(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 current fiscal year 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	1,081,881	42,143 [25,575]	(9.4)	1,233,138	24,767 [11,775]	(8.9)
Land-use engines	50,975	8,140 [412]	(13.2)	80,149	4,736 [313]	(8.3)
Other	-	2,964 [-]	21.2	-	678 [-]	(1.6)
Total		53,249 [25,987]	(8.7)		30,181 [12,089]	(8.7)

(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 current fiscal year are as follows:

(Million yen)

Segment	Volume	Amount	Export ratio	Year-on-year change
	Horsepower		%	%
Internal combustion engine				
Marine-use engines	1,031,821	44,573 [22,214]	49.8	(6.6)
Land-use engines	89,072	8,567 [687]	8.0	(9.5)
Other	-	3,605 [-]	-	25.3
Total		56,745 [22,901]	40.4	(5.6)

(Notes)

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

*2 Major export destinations and compositions are as follows:

Asia (68.2%), Europe (19.6%), Latin America (6.0%), North America (3.2%), Others (3.0%)

*3 The "Other" segment includes precision parts-related (1,454 million yen), industrial machinery-related (1,520 million yen) and real estate leasing-related (629 million yen).

*4 The figures above do not include consumption taxes.

(2) Changes in Directors and Corporate Auditors (Scheduled on June 29, 2021)

1. Candidates for Newly Appointed Directors:

Tomohiro Miyoshi (currently Managing Executive Officer)

Noriyoshi Matsushita (currently Statutory Auditor;
currently Executive Advisor,
Daihatsu Motor Co., Ltd.)

2. Candidate for Newly Appointed Statutory Auditor:

Kunihiro Morimoto (currently General Manager,
Customer Service Division,
Daihatsu Motor Co., Ltd.)

3. Retiring Directors:

Yoichi Hayata (currently Director and Managing Executive Officer)

Hideki Asada (currently Director and Managing Executive Officer)

4. Retiring Statutory Auditor:

Noriyoshi Matsushita (currently Statutory Auditor)

(Reference)

New Management Team (Scheduled on June 29, 2021)

(Directors)

Chairman	Shigeki Kinoshita
President and Representative Director	Yoshinobu Hotta
Director and Managing Executive Officer	Takashi Mizushima
Director and Managing Executive Officer	Shinichi Nanba
Director and Managing Executive Officer	Toshiki Sanaga
Director and Managing Executive Officer	Tomohiro Miyoshi
Outside Director	Tamon Tsuda (currently Representative, Tsuda CPA Office)
Outside Director	Kazuo Komatsu (currently Attorney-at-law, Kitahama Partners, Foreign Law Joint Enterprise)
Outside Director	Hiroko Ameno (currently Professor, Faculty of Business and Commerce, Kansai University)
Outside Director	Noriyoshi Matsushita (currently Executive Advisor, Daihatsu Motor Co., Ltd.)

(Statutory Auditors)

Standing Statutory Auditor	Atsumi Masada
Outside Statutory Auditor	Norihide Bessyo (currently Standing Statutory Auditor, Daihatsu Motor Co., Ltd.)
Outside Statutory Auditor	Kunihiro Morimoto

(Executive Officers)

Managing Executive Officer	Yoichi Hayata
Managing Executive Officer	Hideki Asada
Executive Officer	Tetsuya Bando
Executive Officer	Shuji Kawano
Executive Officer	Isao Wakamiya
Executive Officer	Masaki Hama
Executive Officer	Shunji Minami
Executive Officer	Norihiko Kashimura