

# Consolidated Financial Results for the Three Months Ended June 30, 2021 [Japanese GAAP]



July 27, 2021

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

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 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 Three Months Ended June 30, 2021 (April 1, 2021 to June 30, 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	%
Three months ended June 30, 2021	11,656	(8.1)	96	-	135	-	201	-
June 30, 2020	12,689	7.5	(111)	-	(115)	-	(160)	-

(Note) Comprehensive income: Three months ended June 30, 2021: 191 million yen [-%]

Three months ended June 30, 2020: (170) million yen [-%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2021	6.35		-	
June 30, 2020	(5.06)		-	

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2021	80,613	40,892	50.7
As of March 31, 2021	80,381	41,214	51.2

(Reference) Equity: As of June 30, 2021: 40,845 million yen

As of March 31, 2021: 41,166 million yen

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2021	Yen -	Yen 0.00	Yen -	Yen 15.00	Yen 15.00
Fiscal year ending March 31, 2022	-				
Fiscal year ending March 31, 2022 (Forecast)		0.00	-	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, 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	

(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: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2021: 31,850,000 shares

March 31, 2021: 31,850,000 shares

2) Total number of treasury shares at the end of the period:

June 30, 2021: 170,935 shares

March 31, 2021: 90,935 shares

3) Average number of shares during the period:

Three months ended June 30, 2021: 31,725,659 shares

Three months ended June 30, 2020: 31,740,531 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 three months under review (from April 1, 2021 to June 30, 2021), the Japanese economy remained in a severe condition due to the cooling of economic activities brought about by factors including the declaration of a third state of emergency in response to the spread of the novel coronavirus (COVID-19) and the implementation of priority measures placed in order to prevent the spread of the virus. Despite the roll-out of the vaccine across Japan, there are also concerns over a resurgence of infections due to a new variant of the virus. Further, although the recovery of the global economy from the coronavirus crisis is picking up pace in the United States and China, there are some regions in emerging countries where the rise in the number of infections has not been curbed, causing the outlook of the global economy to remain uncertain.

In the shipbuilding and maritime industry, the primary industry in which the Company makes its sales, although the outlook with regard to demand remains uncertain as a result of the spread of COVID-19, demand for container ships is expanding against a backdrop of continued demand from people consuming and working from home. Meanwhile, in regions such as Southeast Asia, with lockdowns, restrictions on movement, and other restrictive measures in place, a full-fledged recovery in maintenance demand has not yet materialized.

Under such a corporate environment, consolidated net sales decreased by 8.1% year-on-year to 11,656 million yen. In terms of profit, the Company recorded operating profit of 96 million yen (operating loss of 111 million yen in the previous corresponding period), ordinary profit of 135 million yen (ordinary loss of 115 million yen in the previous corresponding period), and profit attributable to owners of parent of 201 million yen (loss attributable to owners of parent of 160 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 15.7% year-on-year to 9,772 million yen, but segment income increased by 9.5% year-on-year to 837 million yen, due to factors such as an improvement in sales for commercial use despite a reduction in sales of engines primarily to the Ministry of Defense.

##### 2. Land-use

Net sales increased by 123.0% year-on-year to 991 million yen while a segment loss of 285 million yen was recorded (compared to a segment loss of 339 million yen in the previous fiscal year) due to an increase in sales of engines and maintenance-related sales and other factors.

Consequently, net sales for the segment decreased by 10.5% year-on-year to 10,764 million yen, and segment income increased by 29.7% year-on-year to 551 million yen.

#### <Other>

##### 1. Industrial machinery-related

In the aluminum wheel division, both 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 decreased slightly while segment income decreased.

##### 3. Electricity sales-related

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

##### 4. Precision parts-related

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

Consequently, net sales for the segment increased by 35.4% year-on-year to 892 million yen, and segment income increased by 208.2% year-on-year to 98 million yen.

## (2) Explanation of Financial Position

In assets as of the end of the first quarter under review, cash and deposits increased by 4,970 million yen from the end of the previous fiscal year. Further, inventories rose by 1,260 million yen from the end of the previous fiscal year. Meanwhile, due to progress made in collection of trade receivables at the end of the previous fiscal year, notes and accounts receivable – trade, and contract assets decreased by 5,416 million yen from the end of the previous fiscal year. As a result, total assets increased by 231 million yen from the end of the previous fiscal year to 80,613 million yen.

In liabilities, notes and accounts payable - trade and electronically recorded obligations - operating in total increased by 593 million yen from the end of the previous fiscal year. Meanwhile, owing to scheduled payment, short-term borrowings and long-term borrowings in total decreased by 424 million yen. As a result, total liabilities increased by 554 million yen from the end of the previous fiscal year to 39,721 million yen.

In net assets, retained earnings decreased by 274 million yen due mainly to payment of cash dividends. As a result, total net assets decreased by 322 million yen from the end of the previous fiscal year to 40,892 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, 2022, no revisions have been made to the forecast announced on April 28, 2021.

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, 2021	As of June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	20,327	25,298
Notes and accounts receivable – trade	17,970	-
Notes and accounts receivable - trade, and contract assets	-	12,553
Inventories	10,725	11,986
Other	1,639	1,470
Allowance for doubtful accounts	(11)	(9)
<b>Total current assets</b>	<b>50,651</b>	<b>51,298</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,646	9,513
Machinery, equipment and vehicles, net	5,914	5,741
Land	5,084	5,084
Construction in progress	387	379
Other, net	891	805
<b>Total property, plant and equipment</b>	<b>21,925</b>	<b>21,524</b>
Intangible assets	942	868
Investments and other assets		
Investment securities	2,669	2,715
Long-term loans receivable	0	0
Deferred tax assets	3,677	3,747
Other	570	515
Allowance for doubtful accounts	(55)	(55)
<b>Total investments and other assets</b>	<b>6,862</b>	<b>6,922</b>
<b>Total non-current assets</b>	<b>29,730</b>	<b>29,315</b>
<b>Total assets</b>	<b>80,381</b>	<b>80,613</b>

(Million yen)

	As of March 31, 2021	As of June 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	5,373	5,743
Electronically recorded obligations – operating	4,172	4,395
Short-term borrowings	6,545	6,303
Lease obligations	441	415
Income taxes payable	473	100
Provision for bonuses	625	211
Provision for bonuses for directors (and other officers)	6	12
Accrued expenses	3,271	3,101
Other	1,193	2,501
Total current liabilities	22,103	22,786
Non-current liabilities		
Long-term borrowings	6,711	6,528
Lease obligations	482	431
Provision for retirement benefits for directors (and other officers)	66	26
Retirement benefit liability	7,225	7,362
Asset retirement obligations	193	193
Other	2,384	2,391
Total non-current liabilities	17,063	16,934
<b>Total liabilities</b>	<b>39,167</b>	<b>39,721</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,434	2,434
Capital surplus	2,171	2,171
Retained earnings	36,901	36,627
Treasury shares	(42)	(80)
Total shareholders' equity	41,465	41,152
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	247	233
Foreign currency translation adjustment	(36)	10
Remeasurements of defined benefit plans	(509)	(551)
Total accumulated other comprehensive income	(298)	(306)
Non-controlling interests	47	46
<b>Total net assets</b>	<b>41,214</b>	<b>40,892</b>
<b>Total liabilities and net assets</b>	<b>80,381</b>	<b>80,613</b>

## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

## Quarterly Consolidated Statements of Income

For the three months ended June 30

(Million yen)

	For the three months ended June 30, 2020	For the three months ended June 30, 2021
Net sales	12,689	11,656
Cost of sales	10,525	9,282
Gross profit	2,163	2,374
Selling, general and administrative expenses		
Selling expenses	1,706	1,724
General and administrative expenses	568	553
Total selling, general and administrative expenses	2,275	2,277
Operating profit (loss)	(111)	96
Non-operating income		
Interest income	0	1
Dividend income	16	26
Share of profit of entities accounted for using equity method	—	25
Outsourcing service income	1	10
Reversal of allowance for doubtful accounts	1	1
Miscellaneous income	35	13
Total non-operating income	55	78
Non-operating expenses		
Interest expenses	23	21
Share of loss of entities accounted for using equity method	21	—
Foreign exchange losses	5	14
Miscellaneous losses	8	3
Total non-operating expenses	58	39
Ordinary profit (loss)	(115)	135
Extraordinary income		
Gain on sale of non-current assets	0	0
Other	—	125
Total extraordinary income	0	125
Extraordinary losses		
Loss on sale of non-current assets	0	—
Loss on abandonment of non-current assets	4	2
Total extraordinary losses	4	2
Profit (loss) before income taxes	(120)	259
Income taxes – current	102	104
Income taxes – deferred	(59)	(46)
Total income taxes	43	58
Profit (loss)	(163)	200
Loss attributable to non-controlling interests	(2)	(1)
Profit (loss) attributable to owners of parent	(160)	201

Quarterly Consolidated Statements of Comprehensive Income

For the three months ended June 30

(Million yen)

	For the three months ended June 30, 2020	For the three months ended June 30, 2021
Profit (loss)	(163)	200
Other comprehensive income		
Valuation difference on available-for-sale securities	11	(13)
Foreign currency translation adjustment	(3)	8
Remeasurements of defined benefit plans, net of tax	27	(42)
Share of other comprehensive income of entities accounted for using equity method	(41)	39
Total other comprehensive income	(7)	(8)
Comprehensive income	(170)	191
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(168)	193
Comprehensive income attributable to non-controlling interests	(2)	(1)

### (3) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the case of significant changes in shareholders' equity)

For the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

There is no relevant information.

(Changes in accounting policy)

(Application of Accounting Standard for Revenue Recognition, etc.)

“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the “Revenue Recognition Accounting Standard”) has been applied from the beginning of this first quarter under review, whereby revenue shall be recognized by the amount of money expected to be received in exchange for goods or services at the point where control of the agreed goods or services is transferred to the customer.

Further, alternative treatments as stipulated in Paragraph 98 of the “Implementation Guidance on Accounting Standard for Revenue Recognition” have been applied to domestic sales of merchandise or products, for which revenue will be recognized at the point of shipment if the period from shipping to the point where control of the merchandise or products is transferred to the customer is a standard period.

The application of the Revenue Recognition Accounting Standard, etc. has been in accordance with the transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard, whereby the cumulative effects of retroactively applying the new accounting policy prior to the beginning of this first quarter under review has been added to, or subtracted from, the retained earnings at the beginning of this first quarter, with the new accounting policy being applied from the balance at the beginning of the period. However, by applying the method stipulated in Paragraph 86 of the Revenue Recognition Accounting Standard, the new accounting policy has not been retroactively applied to contracts for which almost all revenue amounts had been recognized in accordance with the previous treatment prior to the beginning of the first quarter under review. In addition, by applying the methods stipulated in additional item (1) under Paragraph 86 of the Revenue Recognition Accounting Standard, accounting treatment has been applied to contract changes made prior to the beginning of the first quarter under review in accordance with the contractual conditions after all the contract changes have been reflected, and the cumulative effects of this has been added to, or subtracted from, the retained earnings at the beginning of the first quarter under review.

The impact to profit and loss for this first quarter under review and retained earnings at the beginning of the first quarter from applying the Revenue Recognition Accounting Standard, etc. is minor.

Due to the application of the Revenue Recognition Accounting Standard, etc., “Notes and accounts receivable – trade” as presented under “Current assets” on the “Consolidated Balance Sheets” for the previous fiscal year has been included in “Notes and accounts receivable - trade, and contract assets” from this quarter under review. In accordance with the transitional treatment as stipulated in Paragraph 89-2 of the Revenue Recognition Accounting Standard, reclassification of accounts under the new display method has not been made for the previous fiscal year.

(Application of accounting standards for calculating fair market values)

From the beginning of this first quarter under review, the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the “Fair Value Measurement Accounting Standard”) has been applied, and in accordance with the transitional treatments stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), a new accounting policy as stipulated by the Fair Value Measurement Accounting Standard shall be applied going forward. This shall have no impact on the quarterly consolidated financial statements.

(Segment information, etc.)

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

For the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

	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	11,585	444	12,030	659	12,689	-	12,689
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	11,585	444	12,030	659	12,689	-	12,689
Segment income (loss)	764	(339)	425	31	457	(568)	(111)

(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 loss on the Quarterly Consolidated Statements of Income.

For the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(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	9,772	991	10,764	892	11,656	-	11,656
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	9,772	991	10,764	892	11,656	-	11,656
Segment income (loss)	837	(285)	551	98	650	(553)	96

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

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

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

### 3. Supplementary Information

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

For the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

##### 1) Production

Production by segment for the three months ended June 30, 2021 is as follows:

(Million yen)

Segment	Volume	Amount	Year-on-year change
			%
	Horsepower		
Internal combustion engines			
Marine-use engines	201,250	9,772	(15.7)
Land-use engines	1,306	991	123.0
Other	-	733	46.9
Total		11,497	(8.2)

(Notes) \*1 Amounts are based on sales prices.

\*2 The figures above do not include consumption taxes.

##### 2) Orders received

Orders by segment for the three months ended June 30, 2021 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	544,260	17,767 [9,327]	63.8	1,576,148	32,762 [15,333]	23.8
Land-use engines	21,012	2,715 [84]	103.8	99,855	6,460 [313]	6.8
Other	-	685 [-]	8.1	-	646 [-]	(21.6)
Total		21,168 [9,411]	65.2		39,868 [15,646]	19.6

(Notes) \*1 Amounts are based on sales prices.

\*2 Figures in brackets [ ] indicate export orders received and the balance of export orders outstanding, and are included in totals.

\*3 The figures above do not include consumption taxes.

### 3) Sales results

Sales by segment for the three months ended June 30, 2021 are as follows:

(Million yen)

Segment	Volume	Amount	Export ratio	Year-on-year change
	Horsepower		%	%
Internal combustion engine				
Marine-use engines	201,250	9,772 [5,769]	59.0	(15.7)
Land-use engines	1,306	991 [84]	8.5	123.0
Other	-	892 [-]	-	35.4
Total		11,656 [5,853]	50.2	(8.1)

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

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

Asia (63.2%), Europe (24.5%), Latin America (6.2%), North America (2.9%), Others (3.2%)

\*3 The "Other" segment includes precision parts-related (295 million yen), industrial machinery-related (438 million yen) and real estate leasing-related (159 million yen).

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