

**Consolidated Financial Results**  
**for the Nine Months Ended December 31, 2021**  
**[Japanese GAAP]**



January 31, 2022

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 10, 2022

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, 2021 (April 1, 2021 to December 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	%
Nine months ended December 31, 2021	37,357	(2.9)	1,389	971.0	1,707	883.7	1,344	-
December 31, 2020	38,470	(6.8)	129	(77.1)	173	(78.3)	(157)	-

(Note) Comprehensive income: Nine months ended December 31, 2021: 1,446 million yen [-%]

Nine months ended December 31, 2020: (24) million yen [-%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2021	42.35		-	
December 31, 2020	(4.96)		-	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of December 31, 2021	84,860		42,184		49.7	
As of March 31, 2021	80,381		41,214		51.2	

(Reference) Equity: As of December 31, 2021: 42,137 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	-	0.00	-		
Fiscal year ending March 31, 2022 (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, 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
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	56,000	(1.3)	1,500	50.9	1,800	56.6	1,500	110.7	47.09

(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):

December 31, 2021: 31,850,000 shares

March 31, 2021: 31,850,000 shares

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

December 31, 2021: 93,335 shares

March 31, 2021: 90,935 shares

3) Average number of shares during the period:

Nine months ended December 31, 2021: 31,732,860 shares

Nine months ended December 31, 2020: 31,734,651 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, 2021 to December 31, 2021), the number of persons infected with the novel coronavirus (COVID-19) continued to decrease from around September 2021 owing to the spreading of vaccination, etc. Although there were signs of recovery due to the gradual resumption of economic activities, the Japanese economy remained slightly stagnant due to the effects of soaring crude oil prices and a shortage of semiconductors supply. The global economy was also on a track for recovery, particularly in developed countries, due to both measures against infectious diseases and relaxation of restrictions on economic activities. However, the situation remains uncertain with no foreseeable future, as price increases are becoming apparent, the Chinese economy is expected to slow down, and it is reported that a COVID variant with high infectivity is spreading.

In the shipbuilding and maritime industry, the primary industry in which the Company makes its sales, market conditions continued to improve against the backdrop of strong transportation demand mainly for container ships and bulk carriers, and orders for new shipbuilding remained strong.

Under such a corporate environment, the Group has promoted activities to improve productivities, reduce costs, and enhance qualities, and has made efforts to strengthen its competitiveness by such initiatives as developing new technologies that take market trends and customer needs in advance. As a result, consolidated net sales decreased by 2.9% year-on-year to 37,357 million yen. In terms of profit, operating profit increased by 971.0% year-on-year to 1,389 million yen, ordinary profit increased by 883.7% year-on-year to 1,707 million yen, and profit attributable to owners of parent was 1,344 million yen (loss attributable to owners of parent of 157 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

Although maintenance-related sales increased, net sales decreased by 4.9% year-on-year to 30,565 million yen and segment income increased by 15.5% year-on-year to 2,640 million yen, due to factors such as a reduction in sales of engines, primarily to the Ministry of Defense.

##### 2. Land-use

Net sales increased by 5.7% year-on-year to 4,019 million yen while a segment income of 32 million yen was recorded (a segment loss of 804 million yen in the previous corresponding period) due to factors such as an increase in maintenance-related sales, in addition to an increase in sales of engines.

Consequently, net sales for the segment decreased by 3.8% year-on-year to 34,585 million yen, but segment income increased by 80.4% year-on-year to 2,672 million yen.

#### <Other>

##### 1. Industrial machinery-related

In the aluminum wheel division, both net sales and segment income increased due to the change of sales mix.

##### 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, net sales decreased slightly while segment income decreased.

##### 4. Precision parts-related

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

Consequently, net sales for the segment increased by 9.4% year-on-year to 2,772 million yen, and segment income increased by 26.1% year-on-year to 369 million yen.

## (2) Explanation of Financial Position

In assets as of the end of the third quarter under review, cash and deposits increased by 5,950 million yen from the end of the previous fiscal year to 26,278 million yen. Further, inventories rose by 5,027 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 5,893 million yen from the end of the previous fiscal year. As a result, total assets as of December 31, 2021 increased by 4,478 million yen to 84,860 million yen.

In liabilities, notes and accounts payable - trade and electronically recorded obligations - operating in total increased by 2,077 million yen from the end of the previous fiscal year. In addition, despite scheduled payment of 2,751 million yen, short-term borrowings and long-term borrowings in total increased by 828 million yen due to the additional borrowing of 3,580 million yen for the purpose of raising working capital. As a result, total liabilities increased by 3,508 million yen to 42,675 million yen.

In net assets, retained earnings increased by 867 million yen compared to the end of the previous fiscal year due to the recording of 1,344 million yen in profit attributable to owners of parent, despite the payment of cash dividends of 476 million yen. As a result, total net assets increased by 970 million yen to 42,184 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 October 22, 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 December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	20,327	26,278
Notes and accounts receivable - trade	17,970	—
Notes and accounts receivable - trade, and contract assets	—	12,076
Inventories	10,725	15,752
Other	1,639	1,988
Allowance for doubtful accounts	(11)	(8)
Total current assets	50,651	56,087
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,646	9,207
Machinery, equipment and vehicles, net	5,914	5,878
Land	5,084	5,084
Construction in progress	387	343
Other, net	891	793
Total property, plant and equipment	21,925	21,308
Intangible assets	942	696
Investments and other assets		
Investment securities	2,669	2,656
Long-term loans receivable	0	0
Deferred tax assets	3,677	3,648
Other	570	517
Allowance for doubtful accounts	(55)	(55)
Total investments and other assets	6,862	6,767
Total non-current assets	29,730	28,772
<b>Total assets</b>	<b>80,381</b>	<b>84,860</b>

(Million yen)

	As of March 31, 2021	As of December 31, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	5,373	6,551
Electronically recorded obligations - operating	4,172	5,072
Short-term borrowings	6,545	4,687
Lease obligations	441	358
Income taxes payable	473	194
Provision for bonuses	625	212
Provision for bonuses for directors (and other officers)	6	38
Accrued expenses	3,271	3,266
Other	1,193	2,401
Total current liabilities	22,103	22,781
Non-current liabilities		
Long-term borrowings	6,711	9,398
Lease obligations	482	332
Provision for retirement benefits for directors (and other officers)	66	31
Retirement benefit liability	7,225	7,503
Asset retirement obligations	193	194
Other	2,384	2,433
Total non-current liabilities	17,063	19,893
<b>Total liabilities</b>	<b>39,167</b>	<b>42,675</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,434	2,434
Capital surplus	2,171	2,173
Retained earnings	36,901	37,769
Treasury shares	(42)	(43)
Total shareholders' equity	41,465	42,333
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	247	261
Foreign currency translation adjustment	(36)	39
Remeasurements of defined benefit plans	(509)	(497)
Total accumulated other comprehensive income	(298)	(196)
Non-controlling interests	47	47
<b>Total net assets</b>	<b>41,214</b>	<b>42,184</b>
<b>Total liabilities and net assets</b>	<b>80,381</b>	<b>84,860</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, 2020	For the nine months ended December 31, 2021
Net sales	38,470	37,357
Cost of sales	31,428	29,072
Gross profit	7,042	8,285
Selling, general and administrative expenses		
Selling expenses	5,267	5,242
General and administrative expenses	1,644	1,652
Total selling, general and administrative expenses	6,912	6,895
Operating profit	129	1,389
Non-operating income		
Interest income	8	4
Dividend income	27	37
Share of profit of entities accounted for using equity method	1	20
Foreign exchange gains	—	11
Outsourcing service income	22	198
Reversal of allowance for doubtful accounts	4	2
Miscellaneous income	112	115
Total non-operating income	176	391
Non-operating expenses		
Interest expenses	69	64
Foreign exchange losses	46	—
Miscellaneous losses	16	8
Total non-operating expenses	132	73
Ordinary profit	173	1,707
Extraordinary income		
Gain on sale of non-current assets	1	1
Subsidy income	-	152
Total extraordinary income	1	153
Extraordinary losses		
Loss on sale of non-current assets	0	—
Loss on abandonment of non-current assets	12	4
Loss on valuation of investment securities	7	—
Total extraordinary losses	20	4
Profit before income taxes	154	1,857
Income taxes - current	469	498
Income taxes - deferred	(154)	14
Total income taxes	314	512
Profit (loss)	(160)	1,344
Profit (loss) attributable to non-controlling interests	(3)	0
Profit (loss) attributable to owners of parent	(157)	1,344

Quarterly Consolidated Statements of Comprehensive Income

For the nine months ended December 31

(Million yen)

	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Profit (loss)	(160)	1,344
Other comprehensive income		
Valuation difference on available-for-sale securities	27	13
Foreign currency translation adjustment	3	36
Remeasurements of defined benefit plans, net of tax	83	12
Share of other comprehensive income of entities accounted for using equity method	22	39
Total other comprehensive income	136	101
Comprehensive income	(24)	1,446
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(20)	1,445
Comprehensive income attributable to non-controlling interests	(3)	0

### (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, 2021 (from April 1, 2021 to December 31, 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 the first quarter of this fiscal year, 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 the first quarter of this fiscal year has been added to, or subtracted from, the retained earnings at the beginning of the first quarter, with the new accounting policy being applied from the balance at the beginning of the first quarter. 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 of this fiscal year. 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 of this fiscal year 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 of this fiscal year.

The impact to profit and loss for this third quarter under review and retained earnings at the beginning of the third 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 the first quarter of this fiscal year. 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 the first quarter of this fiscal year, 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 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.

For the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	30,565	4,019	34,585	2,772	37,357	-	37,357
Inter-segment net sales or transfers	-	-	-	-	-	-	-
Total	30,565	4,019	34,585	2,772	37,357	-	37,357
Segment income	2,640	32	2,672	369	3,042	(1,652)	1,389

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

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

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

### 3. Supplementary Information

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

For the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

##### 1) Production

Production by segment for the nine months ended December 31, 2021 is as follows:

(Million yen)

Segment	Volume	Amount	Year-on-year change
			%
	Horsepower		
Internal combustion engines			
Marine-use engines	738,973	30,565	(4.9)
Land-use engines	19,102	4,019	5.7
Other	-	2,300	11.6
Total		36,886	(2.9)

(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, 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	1,256,840	44,821 [27,420]	47.6	1,751,005	39,022 [21,317]	53.4
Land-use engines	53,989	8,093 [315]	31.3	115,036	8,809 [313]	17.0
Other	-	2,174 [-]	5.3	-	551 [-]	(20.2)
Total		55,088 [27,735]	42.7		48,384 [21,630]	43.8

(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, 2021 are as follows:

(Million yen)

Segment	Volume	Amount	Export ratio	Year-on-year change
	Horsepower		%	%
Internal combustion engine				
Marine-use engines	738,973	30,565 [17,878]	58.5	(4.9)
Land-use engines	19,102	4,019 [315]	7.8	5.7
Other	-	2,772 [-]	-	9.4
Total		37,357 [18,194]	48.7	(2.9)

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

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

Asia (68.4%), Europe (19.7%), Latin America (7.0%), North America (2.9%), Others (2.0%)

\*3 The "Other" segment includes precision parts-related (1,075 million yen), industrial machinery-related (1,225 million yen) and real estate leasing-related (471 million yen).

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