



Presentation of Financial Results for the First Quarter Ended in June 2022

August 2, 2022

Summary of Financial Results

The harsh business environment continues to persist due to such factors as the lengthy impact of COVID-19, soaring prices for raw materials and logistics, and heightened geopolitical risks. The Shanghai lockdown has also had a significant effect. Nevertheless, Daikin minimized impacts by accelerating implementation of FY2022 key themes, capitalizing on a recovery in the air conditioning business in North America, and increasing profits in the Chemicals business. Exchange rates also had an effect that led to operating profit that was on par with the previous year.

- ✓ In the Air Conditioning business, the Shanghai lockdown affected manufacturing and supply, mainly in China and Japan, but sales expanded in the Americas and Asia. Sales increased in Europe for heat pump hot water heaters, which enjoy strong demand.
- ✓ In the Chemicals business, we took advantage of the recovering demand in the semiconductor and automotive markets to increase both revenue and profits.

(billion yen)	Q1 Result		
	FY2021	FY2022	Y/Y
Sales	799.0	967.8	121%
Operating Profit	109.3	107.9	99%
(Percentage of profit to net sales)	(13.7%)	(11.1%)	
Ordinary Profit	111.9	109.5	98%
(Percentage of profit to net sales)	(14.0%)	(11.3%)	
Profit Attributable to Owners of Parent	78.6	70.6	90%
(Percentage of profit to net sales)	(9.8%)	(7.3%)	

USD/JPY	¥110	¥130
EUR/JPY	¥132	¥138
RMB/JPY	¥17.0	¥19.6

FX Effect (Y/Y)

Sales	+79.5 billion yen
Operating Profit	+8.0 billion yen

(Reference) Eight Key Themes for FY2022

- 1 . Formulate strategic selling price measures
- 2 . Further strengthen sales capabilities such as measures to reinforce commercial-use air conditioning
- 3 . Maximize reductions in variable costs
- 4 . Execute streamlining measures to offset higher logistics costs
- 5 . Streamline existing fixed costs
- 6 . Strengthen procurement and supply capabilities in anticipation of fiscal year 2023 and beyond
- 7 . Maximize profitability by accelerating F25 key themes
- 8 . Create results and maximize profitability for acquired companies and large-scale capital investments
 - + 1 . Capitalize on the changes occurring in the world by utilizing our strengths and taking on the challenge and innovation themes (such as carbon neutrality and digital) that will lead to our next great leap forward.

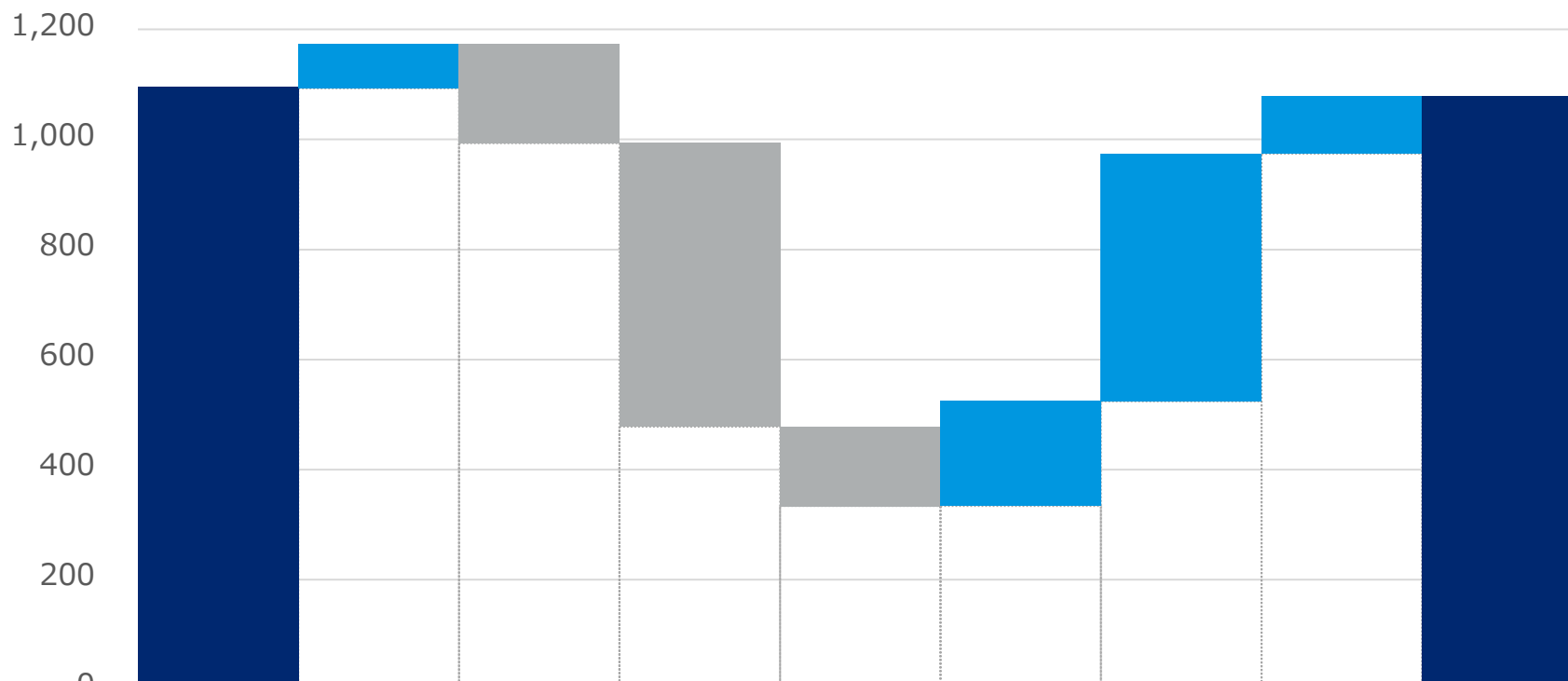
Financial Results by Segments

(billion yen)		Q1 Result		
		FY2021	FY2022	Y/Y
Total	Sales	799.0	967.8	121%
	Operating Profit (Percentage of profit to net sales)	109.3 (13.7%)	107.9 (11.1%)	99%
Air Conditioning	Sales	735.6	889.3	121%
	Operating Profit (Percentage of profit to net sales)	100.0 (13.6%)	94.5 (10.6%)	95%
Chemicals	Sales	50.4	63.9	127%
	Operating Profit (Percentage of profit to net sales)	7.9 (15.7%)	12.5 (19.6%)	159%
Others	Sales	12.9	14.6	113%
	Operating Profit (Percentage of profit to net sales)	1.4 (10.8%)	0.9 (5.9%)	61%

*Air-Conditioning business includes filter, refrigerator and freezer businesses.

Breakdown of Changes in Operating Profit - Year-on-Year Results

(billion yen)



	FY2021 1Q Results	Foreign Exchange	Shanghai Lockdown	Raw Materials (Including logistics costs)	Fixed Costs, etc.	Sales Expansion	Selling Price	Cost Reductions	FY2022 1Q Results
Total	109.3	+8.0	-18.0	-51.5	-14.4	+19.0	+45.0	+10.5	107.9
Air Conditioning	100.0	+7.0	-18.0	-47.8	-12.9	+18.8	+37.3	+10.2	94.6
Chemicals	7.9	+1.0	—	-3.1	-1.1	+0.1	+7.5	+0.2	12.5
Others	1.4	—	—	-0.6	-0.4	+0.1	+0.2	+0.1	0.8

Sales by Region – Air Conditioning Business

*Percentage expresses year on year comparison

(billion yen)	FY2018 Q1		FY2019 Q1		FY2020 Q1		FY2021 Q1		FY2022 Q1	
	Japan	108%	113.6	112%	127.4	91%	116.3	117%	136.4	97%
Europe	122%	87.4	107%	93.8	93%	87.4	157%	137.0	112%	153.8
China	110%	116.7	96%	112.4	79%	89.1	146%	130.0	95%	123.3
Americas	110%	169.0	107%	180.7	92%	166.1	133%	221.6	147%	325.1
Asia	109%	77.5	107%	82.8	64%	53.2	138%	73.5	143%	105.0
Oceania	125%	18.3	92%	16.9	97%	16.3	138%	22.5	129%	29.1
Middle East	92%	10.6	91%	9.7	75%	7.2	186%	13.4	136%	18.2
Africa	116%	1.9	82%	1.6	71%	1.1	115%	1.3	194%	2.5
Total	111%	595.1	105%	625.3	86%	536.7	137%	735.6	121%	889.3
Overseas Sales ratio		81%		80%		78%		81%		85%
USD/JPY		¥109		¥110		¥108		¥110		¥130
EUR/JPY		¥130		¥123		¥118		¥132		¥138
RMB/JPY		¥17.1		¥16.1		¥15.2		¥17.0		¥19.6

Sales by Region – Chemicals Business

*Percentage expresses year on year comparison

(billion yen)	FY2018 Q1		FY2019 Q1		FY2020 Q1		FY2021.Q1		FY2022.Q1	
	Japan	115%	12.3	103%	12.6	71%	9.0	147%	13.2	128%
Americas	106%	11.3	95%	10.8	71%	7.7	135%	10.3	131%	13.6
China	111%	9.8	90%	8.8	105%	9.3	133%	12.3	123%	15.1
Asia	123%	6.1	87%	5.3	88%	4.7	127%	6.0	132%	7.8
Europe	171%	10.2	63%	6.4	76%	4.8	173%	8.4	121%	10.1
Others	152%	0.4	81%	0.3	40%	0.1	179%	0.2	139%	0.3
Total	121%	50.1	88%	44.3	80%	35.6	142%	50.4	127%	63.9
Overseas Sales ratio		75%		71%		75%		74%		73%
USD/JPY		¥109		¥110		¥108		¥110		¥130
EUR/JPY		¥130		¥123		¥118		¥132		¥138
RMB/JPY		¥17.1		¥16.1		¥15.2		¥17.0		¥19.6

Business and Regional Overview – Air Conditioning

Japan

Both Residential and Commercial markets saw stagnant demand due to supply shortages from the Shanghai lockdown, lower consumption because of soaring prices, and construction delays from material shortages. Daikin did its best to maintain supply capacity and increase market share while also working to support sales by incorporating the effects of selling price measures.

- ✓ For Residential, we strengthened sales of differentiated products such as **Urusara X**, which switches between air supply and ventilation. By capitalizing on the growing interest in energy savings and air quality needs, we enlarged market share.
- ✓ For Commercial, we expanded market share through system proposals that combine SKY/VRV, which feature improved ease of installation, with ventilation and purification products such as heat reclamation ventilators and UV Streamer units. In Applied, sales improved for environmentally conscious equipment such as R32 chillers.
- ✓ For air purifiers, proposals were strengthened in Commercial applications as demand originating from the COVID-19 pandemic has begun to wane.

Y/Y change (Volume basis)		Q1 Results
Residential	Market	84%
	Daikin	99%
Commercial	Market	90%
	Daikin	95%
Applied	Market	102%
	Daikin	114%
Air purifiers	Market	55%
	Daikin	41%

*Applied is based on total sales.

Business and Regional Overview – Air Conditioning

Americas

Amidst tight supply due to parts shortages and other factors that created a sluggish market, sales significantly improved over the previous fiscal year through efforts to improve supply capacity, boost sales capabilities, and promote sales of environmentally conscious products. Selling price measures were firmly implemented, and profitability increased.

- ✓ In Ducted Unitary for Houses, sales increased by expanding products equipped with inverters and enhancing the supply capacity of the Houston factory.
- ✓ In Ductless, we worked to improve supply capacity for RA/SKY and increased market share. Sales for **VRV systems** greatly expanded by utilizing the company sales network of acquired sales companies.
- ✓ In Applied, sales grew with sales expansion in the After Sales Service business along with the effect of acquiring sales companies.

Y/Y change (Volume basis)		Q1 Results
Ducted unitary for houses		105%
Ductless	RA/SKY	97%
	VRV	114%
Applied		112%

*Applied is based on total sales in local currency.

China

With Shanghai being the center for our production bases, production and logistics were suspended because of the lockdown in April and May, resulting in product supply delays and a decline in sales. When the lockdown was lifted in June, production and logistics quickly returned to full operation, and June sales greatly exceeded those of the previous fiscal year. Since July, we have been working to recover production and achieve the full-year sales plan. While operating profit has been impacted by soaring raw material prices and semiconductor shortages, we have maintained a high level until now through sales expansion of high value-added products, cost reductions, and suppression of fixed costs.

- ✓ For the Residential market, we accelerated sales activities that combine online sales with our **PROSHOP** specialty stores, focused on identifying new customers, especially in the residential multi-split air conditioner segment, and obtained replacement demand. During the lockdown, in addition to promoting sales and contracts utilizing such activities as “live commerce” and “customer centers,” we provided online support for after sales service and maintained sales capabilities. Because of increasing customer interest in air quality and environment, we strengthened the product lineup for system products relating to air quality, ventilation, energy visualization, and heat pump hot water heaters.
- ✓ In the Commercial market, customer contact points were expanded by capitalizing on interest at stores and offices in ventilation and air purification. We incorporated demand for equipment replacements and additional purchases. For large projects, we reinforced proposals with air visualization and energy solutions. For factories, we gained replacement demand with energy-saving proposals utilizing energy visualization.
- ✓ In the Applied market, in addition to shifting resources to growth fields that include infrastructure and semiconductors, we strengthened our maintenance and servicing business.

Y/Y change (Local currency basis)	Q1 Results
Residential	82%
Commercial	75%
Applied	99%

Europe, Middle East, and Africa

A severe business environment was the result of higher energy and logistics costs due to situation between Russia and Ukraine along with tight supply from the Shanghai lockdown. In addition to bolstering supply capabilities by integrating manufacturing and sales, we expanded sales of heat pump hot water heaters. Capitalizing on a selling price effect, sales for the region overall exceeded the previous fiscal year.

- ✓ In the Residential market, sales declined in Germany and France due to sluggish demand, whereas sales increased in Spain and Italy as the result of a heat wave.
- ✓ In the Commercial market, 'spec-in' activities and delivery follow-up were thoroughly implemented.
- ✓ In the Heating business, we greatly expanded sales in each country centered on Italy, France, and Germany amid the steady demand for heat pump hot water heaters. To bolster supply capabilities, Daikin decided to increase capacity at existing factories and build a new factory to bolster supply capabilities.
- ✓ In the Applied market, sales of air handling units expanded for large projects including factories and hospitals.
- ✓ In the Refrigerator and Freezer business, a parts shortage from logistics disruptions impacted production, and sales declined.

Y/Y change (Volume basis)		Q1 Results
Residential		93%
Commercial	SKY	97%
	VRV	90%
Heat Pump Heaters		150%
Applied		112%
Refrigerator and Freezer		93%

*Residential, commercial, and heat-pump heaters are only for Europe.

*Applied is based on total sales in local currency.

Business and Regional Overview – Air Conditioning

Asia and Oceania

Demand recovered from an easing in behavior restrictions from COVID-19. We enlarged our unique sales network and strengthened sales activities utilizing online tools. In addition to sales expansion in India and Australia, where demand is strong, there was a selling price effect, and sales for the region overall greatly exceeded the previous fiscal year.

- ✓ In the Residential market, sales significantly grew in India by strengthening dealer relationships and capitalizing on demand from a heat wave. Sales expanded for Malaysia and Australia, whereas unseasonable weather impacted sales in Thailand and Vietnam.
- ✓ In the Commercial market, delays and postponements in the start of construction work continued due to insufficient workers at the building sites, but we were able to expand sales by providing detailed support to dealers and steadily capitalizing on demand from a recovery trend to obtain orders.
- ✓ In the Applied market, sales expanded by concentrating on the After Sales Service business including maintenance and servicing.

■ Year-on-year sales of main countries (local currency basis)

Australia: 118% India: 167% Vietnam: 103%

Malaysia: 156% Thailand: 98% Indonesia: 108%

Y/Y change (Volume basis)		Q1 Results
Residential		121%
Commercial	SKY	127%
	VRV	132%
Applied		122%

*Applied is based on total sales in local currency.

Business and Regional Overview – Chemicals

Sales expanded mainly in the semiconductor and automotive markets where demand is strong.

✓ Fluorocarbon Gas

- Sales for fluorocarbon gas expanded in Europe and Japan by capitalizing on steady demand.

✓ Polymers and Fluoroelastomers

- Fluoropolymers showed a sales increase in the semiconductor and automotive markets along with the information and communications technology market, which includes LAN cables. Sales in all regions outperformed results from the previous fiscal year.

- Fluoroelastomers saw sales growth for the automotive markets where demand is favorable. Sales in all regions significantly exceeded the previous fiscal year.

✓ Fine Chemicals, Etc.

- Sales for water and oil repellents agents grew in textile and paper applications in China and the Americas.

- Sales for etching gas expanded mainly in Japan and Asia by capitalizing on steady demand in the semiconductor market.

- Sales for anti-smudge surface coating agents expanded in Japan and China.

Y/Y change (Sales basis)	Q1 Results
For all fluorochemical products	127%
Fluorocarbon Gas	153%
Fluoropolymers & Fluoroelastomers	129%
Fine Chemicals, etc.	117%

Business and Regional Overview – Filters

As demand gradually recovered with the resumption of economic activities, we promoted construction of a stable supply system, total cost reductions, and sales of high value-added products that seek measures for control of infections and air quality improvements. Sales exceeded the previous year.

- ✓ In the Air Filter segment, sales for residential air filters expanded in the Americas, whereas sales increased in the semiconductor market in Asia and Japan. In Europe, sales activities were strengthened for high-performance filters in response to the growing needs for energy savings and air quality improvement.
- ✓ In P&I*, we focused on dust collecting equipment in Europe where the demand remains strong despite sluggish capital investment due to soaring crude oil and gas prices. Efforts were also made to improve the business structure with measures including a shift of resources to the After Sales Service business.

*P&I: commercial-use dust collection systems such as for gas turbines and large-scale plants

Capex, Depreciation and R&D Cost

	FY2021		FY2022	
	Q1 Result	Full-year Result	Q1 Result	Full-year Forecast
(billion yen)				
Capex	29.1	156.3	43.9	210.0
Depreciation	27.9	115.3	33.1	125.0
R&D Cost	19.0	81.5	23.2	85.0

Companywide Business Plan

Upwardly revised full-year plan to reflect the impact of exchange rates on 1st quarter results

- ✓ From the second quarter onward, we aim to achieve results exceeding announced figures independent of the positive effects of exchange rates by responding quickly to changes in the environment and further strengthening our corporate structure.
- ✓ Although the business environment is becoming even harsher, we will accelerate the creation of results for key themes (strategic selling price measures, strengthening of sales capabilities, cost reductions, etc.) to cover the negative impact of the factors responsible for cost increases.

(billion yen)	FY2022 Forecast							
	(Previously announced)				(Currently announced)			
	H1	Y/Y	Total	Y/Y	H1	Y/Y	Total	Y/Y
Sales	1,710.0	110%	3,380.0	109%	1,810.0	116%	3,480.0	112%
Operating Profit (Percentage of profit to net sales)	200.0 (11.7%)	104%	340.0 (10.1%)	107%	210.0 (11.6%)	109%	350.0 (10.1%)	111%
Ordinary Profit (Percentage of profit to net sales)	203.0 (11.9%)	103%	345.0 (10.2%)	105%	213.0 (11.8%)	108%	355.0 (10.2%)	108%
Profit Attributable to Owners of Parent (Percentage of profit to net sales)	140.0 (8.2%)	101%	228.0 (6.7%)	105%	142.0 (7.8%)	102%	230.0 (6.6%)	106%

USD/JPY
EUR/JPY
RMB/JPY

¥116
¥126
¥18.3

*Exchange rate assumptions for the 2Q onward are based on 1 USD equals ¥115, 1 EUR equals ¥125, and 1 Chinese RMB equals ¥18.0.

Business Plan by Segment

(billion yen)		FY2022 Forecast			
		(Previously announced)	Y/Y	(Currently announced)	Y/Y
Total	Sales	3,380.0	109%	3,480.0	112%
	Operating Profit (Percentage of profit to net sales)	340.0 (10.1%)	107%	350.0 (10.1%)	111%
Air Conditioning	Sales	3,047.0	108%	3,147.0	111%
	Operating Profit (Percentage of profit to net sales)	302.0 (9.9%)	107%	311.0 (9.9%)	110%
Chemicals	Sales	255.0	120%	255.0	120%
	Operating Profit (Percentage of profit to net sales)	32.0 (12.5%)	117%	33.0 (12.9%)	121%
Others	Sales	78.0	114%	78.0	114%
	Operating Profit (Percentage of profit to net sales)	6.0 (7.7%)	90%	6.0 (7.7%)	90%



Notes on forecast

This data is compiled for informational purposes and is not to be construed as a solicitation of any action. This data (includes management plan) was compiled by Daikin Industries., Ltd. (the Company) based on reliable information available at the time of compilation. It may include some risks and uncertainties. The Company is not responsible for its accuracy or completeness. The Company asks for your own discretion in using this data. The Company accepts no liability for any loss or damage of any kind arising out of judgment for investment made solely relying on the business forecast or target figures described in the data.