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Member, Financial Accounting Standards Foundation

Brief Report on the Settlement of Accounts (Consolidated) for the Business Year Ended March 31, 2021 (J-GAAP)

May 11, 2021

Name of Listed Company: **Daikin Industries, Ltd.** Listed on TSE
Code No.: 6367
(URL: https://www.daikin.co.jp/)
Representative: Masanori Togawa, President and CEO
Contact: Motoshi Hosomi,
General Manager of the Corporate Communication Department of the Head Office
(Tel.: +81-6-6373-4320)
Planned date of Ordinary General Meeting of Shareholders: June 29, 2021
Planned date of start of dividend payment: June 30, 2021
Planned date of the filing of securities report: June 29, 2021
Preparation of supplementary explanatory materials for the settlement of accounts: Yes
Holding briefings on the settlement of accounts: Yes (for institutional investors and analysts)

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

(1) Consolidated Business Results

Note: Amounts less than one million yen are truncated.
Percentages indicate year-over-year increases/decreases.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	2,493,386	-2.2	238,623	-10.1	240,248	-10.7	156,249	-8.5
March 31, 2020	2,550,305	2.8	265,513	-3.9	269,025	-2.9	170,731	-9.7

Note: Comprehensive income was ¥284,851 million (288.5%) for the fiscal year ended March 31, 2021, and ¥73,322 million (-56.8%) for the fiscal year ended March 31, 2020.

	Earnings per share	Diluted earnings per share	Ratio of earnings for the fiscal year to shareholders' equity	Ratio of ordinary profit to total assets	Operating margin
Fiscal Year ended	Yen	Yen	%	%	%
March 31, 2021	533.97	533.66	10.1	8.1	9.6
March 31, 2020	583.61	583.22	12.0	10.0	10.4

(Reference) Equity in earnings of affiliates was ¥7 million for the fiscal year ended March 31, 2021, and ¥166 million for the fiscal year ended March 31, 2020.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	3,239,662	1,698,495	51.4	5,691.85
As of March 31, 2020	2,667,512	1,462,591	53.8	4,904.46

(Reference) Equity capital was ¥1,665,688 million as of March 31, 2021, and ¥1,434,968 million as of March 31, 2020.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2021	374,691	(159,666)	98,942	662,267
March 31, 2020	302,166	(156,187)	(169,933)	321,151

2. Dividends

	(Annual) Dividend per share					Total cash dividends for the fiscal year (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal Year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2020	—	80.00	—	80.00	160.00	46,811	27.4	3.3
March 31, 2021	—	80.00	—	80.00	160.00	46,822	30.0	3.0
Fiscal Year ending March 31, 2022 (forecast)	—	90.00	—	90.00	180.00		29.8	

3. Consolidated Business Forecast for the Fiscal Year Ending March 31, 2022

(From April 1, 2021, to March 31, 2022)

Note: Percentages indicate year-over-year increases/decreases.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	1,450,000	18.0	163,000	23.8	163,000	23.6	107,000	26.5	365.63
Full year	2,750,000	10.3	270,000	13.1	270,000	12.4	177,000	13.3	604.83

*Notes

(1) Changes in Significant Subsidiaries during the Period: None
(Changes in specified subsidiaries resulting in change in scope of consolidation)

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement
(i) Changes in accounting policies relating to revisions to accounting standards, etc.: None
(ii) Changes in accounting policies other than (i) above: None
(iii) Changes in accounting estimates: None
(iv) Retrospective restatement: None

(3) Number of Shares Issued (common stock)

(i)	Number of shares issued at end of period (including treasury shares)	
	As of March 31, 2021	293,113,973 shares
	As of March 31, 2020	293,113,973 shares
(ii)	Number of treasury shares at end of period	
	As of March 31, 2021	469,595 shares
	As of March 31, 2020	529,837 shares
(iii)	Average number of shares outstanding during the period	
	Fiscal Year ended March 31, 2021	292,620,665 shares
	Fiscal Year ended March 31, 2020	292,546,158 shares

(Reference) Summary of Non-Consolidated Business Results for the Fiscal Year Ended March 31, 2021
(From April 1, 2020, to March 31, 2021)

(1) Non-Consolidated Business Results

Note: Percentages indicate year-over-year increases/decreases.

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	563,243	-4.3	35,675	-33.8	100,673	-34.3	87,720	-38.4
March 31, 2020	588,263	3.2	53,897	10.6	153,255	8.2	142,518	15.1

	Earnings per share	Diluted earnings per share
Fiscal Year ended	Yen	Yen
March 31, 2021	299.77	299.60
March 31, 2020	487.16	486.84

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	1,683,011	924,161	54.8	3,151.01
As of March 31, 2020	1,420,493	843,497	59.2	2,876.43

(Reference) Equity capital was ¥922,141 million as of March 31, 2021, and ¥841,611 million as of March 31, 2020.

The Brief Report on the Settlement of Accounts is outside the scope of audit by a certified public accountant or an audit corporation.

Explanation about the Appropriate Use of the Business Forecast and Other Noteworthy Points

- The business forecasts are based on information currently available to Daikin Industries, Ltd. (the “Company”) and certain assumptions that are deemed reasonable. Actual results may differ significantly from these forecasts. For the basis of presumption of the business forecast and the notes on its use, please refer to “(4) Business Forecast for the Future” of “1. Overview of Operating Results, etc.”
- The Company plans to hold a briefing on business results (conference call) for institutional investors and analysts on Wednesday, May 12, 2021. Documents and materials distributed in this briefing will be posted on the Company’s website by the time that the briefing starts.

Content of Attachment

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2021

In the fiscal year ended March 31, 2021 (fiscal 2020), the overall world economy slowed significantly as economic activity stagnated due to the global spread of the coronavirus (COVID-19). While some countries saw a recovery, there were also regions where the infection spread again, prolonging the impact of the disease. Although the U.S. economy slowed due to a decline in personal consumption in the first half of the period, it showed signs of recovery from the second half of the period as government economic measures and strong online sales provided support for consumption. The European economy was supported by recovery of exports, despite the continued slowdown in personal consumption due to prolonged restrictions on activities. In the economies of Asia and emerging countries, domestic demand was sluggish due to restrictions on activities, but there were signs of economic recovery, helped by gains in exports and government spending. The Chinese economy continued a recovery trend from quick resumption of economic activities and increases in exports and government infrastructure investment in the information and telecommunication and energy sectors. The Japanese economy, despite export gains to China and recovering production activities, experienced downward pressure from sluggish personal consumption.

In such a business environment, the Daikin Group launched cross-divisional projects, and focused on dealing with the COVID-19 pandemic in terms of business operations, including production, procurement, and sales. In particular, the Group worked to develop and launch new products related to air quality, such as air purifiers and ventilation products, by capitalizing on the growing awareness for the safety and assurance of indoor air quality and air environments. In addition, the Group worked to maintain its product supply system despite procurement being impacted from the sales networks, production sites, and suppliers in each country. Although market environments vary according to country and region, sales are returning to a recovery trend, particularly in residential air-conditioning equipment.

In addition, the Daikin Group set “Accelerating Our 3 Structures of Collaborative Innovation, Let Us Win in this Era of Change” (3 Structures of Collaborative Innovation: Collaborative Innovation with Customers, Collaborative Innovation with External Bodies, and Collaborative Innovation within the Group) as the slogan for its Annual Group Policy for 2020. The Group made efforts to strengthen sales and marketing capabilities; foster new product development; build flexible production and procurement systems; improve quality; enhance human resources capabilities; and reduce both fixed and variable costs in each region around the world.

The Daikin Group’s net sales decreased by 2.2% year over year to ¥2,493,386 million for the fiscal year under review. As for profits, operating profit decreased by 10.1% to ¥238,623 million, ordinary profit decreased by 10.7% to ¥240,248 million, and profit attributable to owners of parent decreased by 8.5% to ¥156,249 million.

Operating results by business segment are as follows:

(i) Air-Conditioning and Refrigeration Equipment

Overall sales of the Air-Conditioning and Refrigeration Equipment segment decreased by 1.5% year over year to ¥2,273,821 million. Operating profit decreased by 5.5% to ¥223,110 million.

In the Japanese commercial air-conditioning equipment market, industry demand declined, particularly in the market for stores, due to the spread of COVID-19. As air quality needs rose for ventilation and disinfection, the Daikin Group expanded its proposals for air environments using systems that combine air-conditioning equipment and ventilation equipment. This includes the launch of new products in the lineup of “Heat Reclaim Ventilator,” high-performance ventilation equipment that can ventilate a room without affecting the room’s temperature. The Group strengthened its efforts to convey its value to the market in order to meet expectations as an air-conditioner manufacturer, such as by developing “untact” sales utilizing online activities, stimulating demand through advertising focused on ventilation and disinfection, and opening an “Air Consultation Service” to directly answer customer concerns. However, net sales of commercial air-conditioning systems were lower year over year due to factors including reduced demand.

In the Japanese residential air-conditioning equipment market, industry demand for both room air conditioners and air purifiers exceeded the previous fiscal year because of demand for additional purchases of air conditioning equipment due to changes in residential applications including remote work, as well as growth in demand for home appliances due to people spending more time at home. The Group responded to market needs by launching a series of high value-added products utilizing proprietary technologies, such as the Streamer disinfection unit, waterless humidification, and room air conditioner air supply ventilation, including the room air conditioners “Urusara X” and “Ururu Sarara Air Purifier.” Additionally, despite disruptions to its supply chain caused by COVID-19, the Group worked to maintain a stable supply system and increased sales. Through these efforts, the Group’s net sales of residential air-conditioning systems increased year over year.

In the Americas, net sales decreased year over year as a whole due to the impact from the spread of COVID-19. Residential air-conditioning systems received a positive effect on demand from more time spent at home and greater adoption of remote work, as well as favorable weather conditions. However, net sales declined year over year owing to the impact of the spread of infection throughout the United States and a period of tight supplies resulting from the temporary closure of factories. Net sales of commercial air-conditioning systems also declined year over year due to the review and suspension of projects in certain industries, including the retail and restaurant industries. In the market for large buildings (Applied Systems), the Group worked to strengthen its sales network and expand sales of ventilation products, particularly of rooftop units and air handling units (large commercial air-conditioning systems that meet a wide variety of air-conditioning needs depending on the type of business and room application). However, net sales fell below the level of the previous fiscal year due to a slowdown in the market caused by the spread of infection.

In China, the Group strengthened its lineup of air and ventilation products to meet the changes in the market and expanded online sales. In April and May, there was some impact from sales activities restrictions, but sales recovered from July onwards, and annual net sales exceeded the previous fiscal year. The Group maintained a high level of profits by reducing fixed costs and promoting cost reductions. Recovery was rapid for residential air-conditioning systems, and the Group expanded sales by developing sales that combined the Internet with its "PROSHOP" specialty shops, and simultaneously strengthening online sales in order to capture new customers and demand for replacements. In the commercial retail market where recovery in demand was slow for stores and offices, the Group expanded customer contact points by leveraging ventilation and cleaning and captured replacement and additional demand. In the large-scale projects market, the Group promoted collaboration with major developers in order to secure net sales. In the Applied Systems air-conditioning equipment market, the Group strengthened sales in growth fields, such as infrastructure, data centers and other information-related businesses, as well as in repair and maintenance.

In Asia and Oceania, sales dropped significantly due to the suspension of business activities in many countries in April because of governmental decrees in response to the spread of COVID-19. However, the Group exploited growing demand from relaxation of restrictions by strengthening sales from May onwards, and sales for the fourth quarter (January to March) recovered to nearly the same level year over year. As restrictions were eased in residential air-conditioning systems, the Group captured demand, despite the remaining restrictions in place on business activities, from the more time people spent at home and a rebound from the decline in demand when business activities were suspended. In addition, the Group promoted sales through its own dealer channels as shopping malls leasing space to home electronics retailers were closed in many countries due to restrictions on business activities. In commercial air-conditioning systems, a difficult situation continued as the spread of infection caused delays in construction starts and construction schedules across the market due to a shortage of workers and mandatory COVID-19 testing at construction sites. For the full year, net sales decreased year over year as a whole due to the significant impact of the spread of infection in the first quarter (April to June), which is the peak season for air-conditioning use in Asia.

In Europe, the impact of strict lockdowns in response to the spread of COVID-19 in various countries forced the Group to start in a harsh business environment. However, the Group established a stable intra-regional production and supply system even while having to perform sales and promotional activities online and ensure social distancing. In addition, the Group improved business performance by capturing new needs that arose due to the COVID-19 pandemic, such as demand from remote work and staying at home, and increased awareness of air quality such as ventilation and disinfection. As a result, overall net sales were higher year over year. Demand for residential air-conditioning systems rapidly increased due to intense heat waves in France, Spain, and other countries, as well as demand from staying at home. The Group capitalized on this demand by taking full advantage of its nearest factories in the Czech Republic and Turkey to provide supply. In addition, the Group strengthened its sales network by developing new dealers and expanded sales of residential heat pump hot water heating systems, aided by new and greater subsidies under the European Green Deal, an economic stimulus measure for European nations aimed at achieving greenhouse gas reduction targets for 2030. In particular, sales increased significantly in Germany and Italy thanks to the effects of introducing new models and strengthening marketing capabilities. As a result of these factors, overall net sales of residential air-conditioning systems increased year over year. As for commercial air-conditioning systems, demand from offices, hotels, restaurants, and stores, which are major applications, declined due to the repeatedly imposed lockdowns in various countries. Even at food retailers with strong performance, new store construction and renovation projects were cancelled or postponed. Although sales were maximized through the use of proposal-based sales effectively leveraging online tools amid this difficult market environment and the restrictions placed on sales activities such as visits to customers and worksites, net sales of commercial air-conditioning systems decreased year over year.

In the Middle and Near East and Africa, sales of residential air-conditioning systems increased year over year. However, overall net sales decreased year over year because sales of commercial air-conditioning systems were sluggish due to a decrease in the number of projects caused by low crude oil prices. In Turkey, net sales in the local currency increased year over year, driven by sales of residential air-conditioning systems and heating systems, but yen-equivalent net sales remained at the same level year over year due to the impact of the sharp depreciation of the Turkish lira.

In the filter business, while the global commercial market declined due to the spread of COVID-19, the Group expanded sales of high value-added products that contribute to higher air quality and launched infection control products ahead of competitors. Sales of high-performance filters mainly for residential use were strong in the United States, and sales of negative pressure units and air purifiers grew in Japan thanks to subsidies. In Europe, however, there was a severe impact from lockdowns because sales mainly consist of end users for commercial applications, and there was also customer restraint on investments in commercial dust collection systems for gas turbines, large plants, and similar facilities. As a result, overall net sales in the filter business remained at the same level year over year.

In the marine vessels business, net sales increased year over year due to an increase in unit sales of marine container refrigeration units.

(ii) Chemicals

Overall sales of the Chemicals segment decreased by 8.7% year over year to ¥164,165 million. Operating profit decreased by 52.2% to ¥11,371 million.

The general condition regarding overall sales of fluorochemical products was harsh due to a decline in demand affected by the spread of COVID-19 in a wide range of fields, including semiconductors and automobiles, and a decline in demand in the European gas market.

Net sales of fluoropolymers decreased year over year due to the major drop during the first half of the period, as well as a decline in demand for construction and aircraft in the United States, despite the recovery trend of global demand for semiconductor and automotive-related applications especially in the Chinese market. Net sales of fluoroelastomers also decreased year over year, despite a recovery in demand in the automotive field centering on the Chinese market.

Among specialty chemicals, net sales of anti-fouling surface coating agents increased year over year as a result of strong sales in China. In addition, net sales of semiconductor etching agents increased year over year due to sales expansion to meet recovering demand. However, due in part to the general decline in demand from the impact of COVID-19, overall net sales of specialty chemicals remained at the same level year over year.

As for fluorocarbon gas, the impact of the decline in global sales was significant, and as a result, overall sales of gas decreased substantially year over year.

(iii) Other Divisions

Overall sales of the “Others” segment decreased by 9.6% year over year to ¥55,399 million. Operating profit decreased by 25.5% to ¥4,132 million.

In oil hydraulic equipment, net sales of oil hydraulic equipment for industrial machinery declined year over year as a result of a decline in capital investment in Japan and declining demand in Asian, European, and U.S. markets triggered by the spread of COVID-19. In addition, net sales of oil hydraulic equipment for construction machinery and vehicles declined year over year due to the impact of decreased demand in the Japanese, European, and U.S. markets resulting from the spread of infection.

In defense systems-related products, net sales decreased year over year as a result of a reduction in sales of ammunition to the Ministry of Defense, despite an increase of sales of home oxygen equipment due to robust sales of oxygen concentrators as well as the capture of demand for pulse oximeters (medical devices that can easily measure blood oxygen saturation without blood collection) in response to the spread of COVID-19.

In the electronics business, net sales decreased year over year due to a decline in sales of “SpaceFinder,” a database system for design and development sectors that is sold mainly to manufacturers, which suffered from a decline in investment associated with the spread of COVID-19.

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2021

Total assets increased by ¥572,150 million from the end of the previous fiscal year to ¥3,239,662 million.

Current assets increased by ¥428,934 million from the end of the previous fiscal year to ¥1,733,361 million, mainly due to an increase in cash and deposits.

Non-current assets increased by ¥143,216 million from the end of the previous fiscal year to ¥1,506,301 million, primarily due to an increase in investment securities resulting from market value fluctuation.

Liabilities increased by ¥336,246 million from the end of the previous fiscal year to ¥1,541,167 million, mainly due to an increase in long-term borrowings. Interest bearing debt ratio rose to 23.2% from 20.8%.

Net assets increased by ¥235,903 million from the end of the previous fiscal year to ¥1,698,495 million, primarily due to an increase caused by posting of profit attributable to owners of parent.

(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2021

During the fiscal year under review, net cash provided by operating activities was ¥374,691 million, an increase of

¥72,524 million from the previous fiscal year, principally due to an increase in trade payables. Net cash used in investing activities was ¥159,666 million, an increase of ¥3,479 million from the previous fiscal year, primarily due to a decrease in proceeds from sales of investment securities. Net cash provided by financing activities was ¥98,942 million, an increase of ¥268,875 million from the previous fiscal year, mainly due to an increase in proceeds from long-term borrowings. After including the effect of foreign exchange rate change to these results, net increase in cash and cash equivalents for the fiscal year under review, amounted to ¥341,173 million, an increase of ¥387,157 million from the previous fiscal year.

(Reference) Trends in Cash Flow Indicators

	Fiscal Year ended March 31, 2017	Fiscal Year ended March 31, 2018	Fiscal Year ended March 31, 2019	Fiscal Year ended March 31, 2020	Fiscal Year ended March 31, 2021
Equity ratio (%)	47.2	52.4	52.4	53.8	51.4
Market value equity ratio (%)	138.8	138.6	140.5	144.5	201.6
Cash flows/Interest-bearing debt ratio (years)	2.3	2.5	2.3	1.8	2.0
Interest coverage ratio (times)	26.8	20.9	21.2	25.6	39.3

Notes:

1. Equity ratio = Equity capital/Total assets
   Market value equity ratio = Aggregate market value of shares/Total assets
   Cash flows/Interest-bearing debt ratio = Interest-bearing debt/Operating cash flow
   Interest coverage ratio = Operating cash flow/Interest payment
2. Each indicator is calculated based on the consolidated financial values.
3. Aggregate market value of shares is calculated as follows: (term-end closing stock price) × (term-end number of shares issued [after deducting shares of treasury shares])
4. Operating cash flow represents the "Net cash provided by (used in) operating activities" in the consolidated statement of cash flows.
5. Interest-bearing debt indicates the liabilities for which interest is paid on all the liabilities posted in the consolidated balance sheet. Interest payment corresponds to the amount of "Interest paid" in the consolidated statement of cash flows.

(4) Business Forecast for the Future

While the world economy is expected to recover in the fiscal year ending March 31, 2022 due to the widespread use of COVID-19 vaccines and economic measures taken by various countries, risks such as COVID-19 spreading once again and the consequent reimposition of measures to curb economic activity are also expected. Either an economic recovery or sudden slowdown could occur with unprecedented speed and volatility.

The Group worked on measures to confront the COVID-19 pandemic in the fiscal year ended March 31, 2021. In addition to these measures including strengthening SCM on a global level, strengthening sales capabilities such as through support for dealers leveraging online tools and e-commerce promotion, developing differentiated new products in the air and ventilation-related fields, expanding the supply system, changing materials from copper with sharply rising price to aluminum and stainless steel, expanding variable cost reductions through standardization and in-house production of key components, and drastically reducing fixed costs by reviewing business processes and improving the efficiency of indirect operation, the Group will continue to implement other measures with an aggressive and challenging mindset based on the results of measures to strengthen the business structure under the Group's slogan for its Annual Group Policy for this year (2021), "Taking 'Overwhelming Changes' as Opportunity, Let's Challenge New Initiatives." At the same time, the Group will operate its business with a flexible attitude toward upswings and downswings in demand. By doing so, we hope to achieve a V-shaped recovery in business performance by bouncing back from cost increases caused by intensifying competition among rivals and soaring prices of raw materials such as copper and ocean freight.

For the fiscal year ending March 31, 2022, we forecast a 10.3% increase in consolidated net sales to ¥2,750,000 million, with operating profit increasing 13.1% to ¥270,000 million, ordinary profit increasing 12.4% to ¥270,000 million, and profit attributable to owners of parent increasing 13.3% to ¥177,000 million.

The estimated exchange rate for the fiscal year ending March 31, 2022, is based on the assumption that US$1 equals ¥105 and 1 euro equals ¥125.

The business forecasts are based on information currently available to the Company and certain assumptions that are deemed reasonable. A number of factors, some major ones of which are explained below, could cause actual results to differ significantly from these forecasts.

- Changes in the market environment including political conditions, the economy, unseasonable weather, and product demand
- Fluctuations in the exchange rates, fund-raising environment, and market value of securities

- Emergence of new products, services, and competitors
- Progress after acquisitions and alliances with other companies
- Quality issues of products and services, changes in the procurement environment for parts, and laws and regulations
- Information leaks due to unauthorized access or cyber attacks
- Strengthening of environment-related regulations and the occurrence of environmental problems
- Impairment of non-current assets, natural disasters, and epidemics of new infectious diseases

(5) Basic Policy on Profit Distribution and Dividends for the Fiscal Year Ended March 31, 2021, and the Fiscal Year Ending March 31, 2022

The Company will continue to focus on expanding its businesses while investing its assets strategically and improving its financial structure by such means as proceeding with the reduction of overall costs and enhancing its fiscal position. Through these initiatives, we are committed to being a truly global and excellent company while at the same time further improving our corporate value and enhancing profit returns to our shareholders.

Specifically, by striving to maintain a consolidated ratio of dividend to net assets (Dividend on Equity, DOE) of 3.0% while at the same time aiming for an even higher consolidated dividend payout ratio, we will introduce initiatives to further increase returns to our shareholders with the core goal of stable and continuous dividends.

Internal reserves will be applied to strategic investments in order to expand business and increase competitiveness such as reinforcing management practices, promoting global businesses, and accelerating eco-conscious product development.

For the fiscal year ended March 31, 2021, the Company has proposed an annual cash dividend of ¥160 (¥80 for the interim dividend and ¥80 for the year-end dividend).

For the fiscal year ending March 31, 2022, the Company proposes an annual cash dividend of ¥180 (¥90 for the interim dividend and ¥90 for the year-end dividend).

2. Basic Stance Regarding Choice of Accounting Standards

The Daikin Group applies Japanese general accepted accounting principle (J-GAAP).

In terms of the International Financial Reporting Standards (IFRS), the difference between IFRS and J-GAAP, its potential impact on the Daikin Group and other effects are currently being studied. We will address the application of the IFRS appropriately upon taking into account various circumstances both in Japan and abroad.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)
Assets		
Current assets		
Cash and deposits	370,793	736,098
Notes and accounts receivable – trade	440,755	468,330
Merchandise and finished goods	292,579	326,591
Work in process	49,686	34,766
Raw materials and supplies	91,517	108,039
Other	69,657	72,608
Allowance for doubtful accounts	(10,561)	(13,074)
Total current assets	1,304,427	1,733,361
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	251,404	270,455
Machinery, equipment and vehicles, net	181,302	198,184
Land	54,969	58,879
Leased assets, net	2,125	2,336
Construction in progress	46,119	68,857
Other, net	44,058	48,697
Total property, plant and equipment	579,980	647,410
Intangible assets		
Goodwill	281,969	268,684
Customer relationship	169,765	177,967
Other	90,921	96,109
Total intangible assets	542,656	542,761
Investments and other assets		
Investment securities	157,328	213,909
Long-term loans receivable	1,458	1,151
Deferred tax assets	26,793	31,692
Retirement benefit asset	12,884	19,959
Other	43,189	50,633
Allowance for doubtful accounts	(1,206)	(1,216)
Total investments and other assets	240,448	316,129
Total non-current assets	1,363,085	1,506,301
Total assets	2,667,512	3,239,662

(Millions of yen)

	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	189,843	229,746
Short-term borrowings	48,937	40,754
Current portion of bonds payable	—	10,000
Current portion of long-term borrowings	105,900	66,278
Lease obligations	17,300	20,639
Income taxes payable	19,893	20,756
Provision for bonuses for directors (and other officers)	300	315
Provision for product warranties	52,849	62,255
Accrued expenses	141,768	153,898
Other	117,163	161,339
Total current liabilities	693,957	765,984
Non-current liabilities		
Bonds payable	90,000	130,000
Long-term borrowings	233,184	418,803
Lease obligations	58,482	64,736
Deferred tax liabilities	90,087	118,605
Retirement benefit liability	13,219	14,539
Other	25,989	28,496
Total non-current liabilities	510,963	775,182
Total liabilities	1,204,921	1,541,167
Net assets		
Shareholders' equity		
Share capital	85,032	85,032
Capital surplus	83,898	84,214
Retained earnings	1,254,072	1,363,505
Treasury shares	(2,264)	(2,012)
Total shareholders' equity	1,420,739	1,530,740
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29,764	68,699
Deferred gains or losses on hedges	(2,797)	1,292
Foreign currency translation adjustment	(5,051)	69,470
Remeasurements of defined benefit plans	(7,687)	(4,513)
Total accumulated other comprehensive income	14,228	134,948
Share acquisition rights	1,886	2,019
Non-controlling interests	25,736	30,787
Total net assets	1,462,591	1,698,495
Total liabilities and net assets	2,667,512	3,239,662

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

	FY2019 (April 1, 2019, to March 31, 2020)	FY2020 (April 1, 2020, to March 31, 2021)
Net sales	2,550,305	2,493,386
Cost of sales	1,665,407	1,629,250
Gross profit	884,897	864,136
Selling, general and administrative expenses	619,384	625,513
Operating profit	265,513	238,623
Non-operating income		
Interest income	7,969	6,482
Dividend income	5,144	4,214
Share of profit of entities accounted for using equity method	166	7
Foreign exchange gains	460	547
Subsidy income	3,239	1,392
Other	2,731	2,416
Total non-operating income	19,712	15,060
Non-operating expenses		
Interest expenses	11,008	8,791
Other	5,192	4,642
Total non-operating expenses	16,200	13,434
Ordinary profit	269,025	240,248
Extraordinary income		
Gain on sales of land	658	—
Gain on sales of investment securities	10,809	325
Gain on liquidation of subsidiaries and associates	—	0
Gain on insurance claims	255	—
Gain on reversal of share acquisition rights	24	7
Total extraordinary income	11,748	334
Extraordinary losses		
Loss on disposal of non-current assets	453	1,207
Loss on sales of land	—	115
Loss on sales of investment securities	—	12
Loss on valuation of investment securities	579	472
Loss on liquidation of subsidiaries and associates	—	5
Impairment loss	23,554	225
Other	5	1
Total extraordinary losses	24,593	2,039
Profit before income taxes	256,180	238,543
Income taxes – current	81,132	72,054
Income taxes – deferred	(2,150)	3,743
Total income taxes	78,982	75,797
Profit	177,197	162,746
Profit attributable to non-controlling interests	6,466	6,496
Profit attributable to owners of parent	170,731	156,249

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	FY2019 (April 1, 2019, to March 31, 2020)	FY2020 (April 1, 2020, to March 31, 2021)
Profit	177,197	162,746
Other comprehensive income		
Valuation difference on available-for-sale securities	(27,920)	38,934
Deferred gains or losses on hedges	(3,416)	4,089
Foreign currency translation adjustment	(69,586)	75,637
Remeasurements of defined benefit plans	(2,456)	3,183
Share of other comprehensive income of entities accounted for using equity method	(495)	259
Total other comprehensive income	(103,875)	122,104
Comprehensive income	73,322	284,851
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	68,079	276,969
Comprehensive income attributable to non-controlling interests	5,243	7,882

(3) Consolidated Statement of Changes in Equity

FY2019 (April 1, 2019, to March 31, 2020) (Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,032	83,649	1,133,100	(2,589)	1,299,193
Changes in items during period					
Dividends of surplus			(49,730)		(49,730)
Profit attributable to owners of parent			170,731		170,731
Effect of changes in accounting period of subsidiaries			(28)		(28)
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		287		326	613
Change in ownership interest of parent due to transactions with non-controlling interests		(38)			(38)
Net changes in items other than shareholders' equity					
Total changes in items during period	—	248	120,971	325	121,545
Balance at end of current period	85,032	83,898	1,254,072	(2,264)	1,420,739

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	57,685	619	63,808	(5,231)	116,881	1,720	29,054	1,446,849
Changes in items during period								
Dividends of surplus								(49,730)
Profit attributable to owners of parent								170,731
Effect of changes in accounting period of subsidiaries								(28)
Purchase of treasury shares								(1)
Disposal of treasury shares								613
Change in ownership interest of parent due to transactions with non-controlling interests								(38)
Net changes in items other than shareholders' equity	(27,920)	(3,416)	(68,859)	(2,455)	(102,652)	165	(3,317)	(105,804)
Total changes in items during period	(27,920)	(3,416)	(68,859)	(2,455)	(102,652)	165	(3,317)	15,741
Balance at end of current period	29,764	(2,797)	(5,051)	(7,687)	14,228	1,886	25,736	1,462,591

FY2020 (April 1, 2020, to March 31, 2021) (Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,032	83,898	1,254,072	(2,264)	1,420,739
Changes in items during period					
Dividends of surplus			(46,818)		(46,818)
Profit attributable to owners of parent			156,249		156,249
Effect of changes in accounting period of subsidiaries			0		0
Purchase of treasury shares				(9)	(9)
Disposal of treasury shares		316		261	577
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes in items other than shareholders' equity					
Total changes in items during period	—	316	109,432	251	110,000
Balance at end of current period	85,032	84,214	1,363,505	(2,012)	1,530,740

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	29,764	(2,797)	(5,051)	(7,687)	14,228	1,886	25,736	1,462,591
Changes in items during period								
Dividends of surplus								(46,818)
Profit attributable to owners of parent								156,249
Effect of changes in accounting period of subsidiaries								0
Purchase of treasury shares								(9)
Disposal of treasury shares								577
Change in ownership interest of parent due to transactions with non-controlling interests								—
Net changes in items other than shareholders' equity	38,934	4,089	74,521	3,173	120,719	132	5,050	125,903
Total changes in items during period	38,934	4,089	74,521	3,173	120,719	132	5,050	235,903
Balance at end of current period	68,699	1,292	69,470	(4,513)	134,948	2,019	30,787	1,698,495

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2019 (April 1, 2019, to March 31, 2020)	FY2020 (April 1, 2020, to March 31, 2021)
I. Cash flows from operating activities		
Profit before income taxes	256,180	238,543
Depreciation	97,802	103,543
Impairment loss	23,554	225
Amortization of goodwill	30,683	30,050
Increase (decrease) in allowance for doubtful accounts	1,541	1,536
Interest and dividend income	(13,114)	(10,696)
Interest expenses	11,008	8,791
Share of loss (profit) of entities accounted for using equity method	(166)	(7)
Loss (gain) on disposal of non-current assets	453	1,207
Loss (gain) on sales of investment securities	(10,809)	(313)
Loss (gain) on valuation of investment securities	579	472
Decrease (increase) in trade receivables	(950)	(1,025)
Decrease (increase) in inventories	(14,315)	(7,747)
Increase (decrease) in trade payables	(6,364)	25,036
Increase (decrease) in accounts payable - other	(3,772)	19,617
Increase (decrease) in accrued expenses	12,160	6,448
Increase (decrease) in retirement benefit liability	2,606	468
Decrease (increase) in retirement benefit asset	1,695	(7,064)
Other, net	(991)	31,969
Subtotal	387,780	441,057
Interest and dividends received	13,568	10,759
Interest paid	(11,822)	(9,537)
Income taxes paid	(87,360)	(67,588)
Net cash provided by (used in) operating activities	302,166	374,691
II. Cash flows from investing activities		
Purchase of property, plant and equipment	(98,094)	(104,971)
Proceeds from sales of property, plant and equipment	3,962	4,723
Purchase of investment securities	(1,594)	(1,828)
Proceeds from sales of investment securities	22,585	606
Purchase of shares of subsidiaries and associates	(141)	—
Payments for acquisition of businesses	—	(345)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(11,086)	(15,263)
Payments for investments in capital of subsidiaries resulting in change in scope of consolidation	(2,103)	(13,307)
Decrease (increase) in time deposits	(52,908)	(17,957)
Other, net	(16,805)	(11,322)
Net cash provided by (used in) investing activities	(156,187)	(159,666)

(Millions of yen)

	FY2019 (April 1, 2019, to March 31, 2020)	FY2020 (April 1, 2020, to March 31, 2021)
III. Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(93,943)	(9,252)
Proceeds from long-term borrowings	72,688	243,392
Repayments of long-term borrowings	(48,195)	(105,903)
Proceeds from issuance of bonds	29,874	49,824
Redemption of bonds	(50,000)	—
Dividends paid	(49,730)	(46,721)
Dividends paid to non-controlling interests	(9,859)	(4,356)
Repayments of lease obligations	(20,918)	(28,085)
Other, net	151	44
Net cash provided by (used in) financing activities	(169,933)	98,942
IV. Effect of exchange rate change on cash and cash equivalents	(22,029)	27,207
V. Net increase (decrease) in cash and cash equivalents	(45,983)	341,173
VI. Cash and cash equivalents at beginning of period	367,189	321,151
VII. Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(47)	—
VIII. Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	(7)	(58)
IX. Cash and cash equivalents at end of period	321,151	662,267

(5) Notes to Consolidated Financial Statements

Notes on the Premises of the Company as a “Going Concern”

None applicable

Changes in Presentation Methods

[Consolidated Statement of Cash Flows]

From the fiscal year ended March 31, 2021, “increase (decrease) in accounts payable - other” and “increase (decrease) in accrued expenses,” which had been included in “other, net” under “cash flows from operating activities” for the fiscal year ended March 31, 2020, are presented separately due to their increasing materiality. The consolidated financial statements for the fiscal year ended March 31, 2020 have been reclassified to reflect this change in presentation.

As a result, ¥7,396 million of “other, net” presented under “cash flows from operating activities” in the Consolidated Statement of Cash Flows for the fiscal year ended March 31, 2020 has been reclassified as ¥(3,772) million of “increase (decrease) in accounts payable - other,” ¥12,160 million of “increase (decrease) in accrued expenses” and ¥(991) million of “other, net.”

Additional Information

[Application of tax effect accounting for transition from consolidated taxation system to group tax sharing system]

With regard to the items for which a review of the non-consolidated taxation system was made in accordance with the transition to the group tax sharing system established under the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 8 of 2020) and the transition to the group tax sharing system, pursuant to the treatment of Paragraph 3 of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No. 39, March 31, 2020), the provisions of Paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) do not apply to the Company and some domestic consolidated subsidiaries, and the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax law before amendment.

[Accounting estimates related to the impact of COVID-19]

With regard to COVID-19, while it is difficult to predict when the situation will return to normal, the Daikin Group has made accounting estimates such as impairment of non-current assets, based on the assumption that socio-economic activities will recover gradually due to the broad-based vaccination and the economic measures adopted by governments.

Segment Information, etc.

[Segment Information]

1. Summary of reported segments

Reported segments of the Company are constituent units of the Company, for which separate financial statements are available and are subject to periodic review by the Board of Directors when deciding the allocation of management resources and evaluating business results.

The Company designates “Air-Conditioning and Refrigeration Equipment” and “Chemicals,” which are segmented based on similarities among products and services, as reported segments.

“Air-Conditioning and Refrigeration Equipment” is engaged in the manufacture (including installation work) and sale of air-conditioning and refrigeration equipment. “Chemicals” is engaged in the manufacture and sale of chemicals.

2. Method of calculating net sales, profit or loss, assets, liabilities and other items by reported segment

Methods of accounting procedures for reported business segments are in accordance with the accounting policies used to prepare consolidated financial statements.

Profit of reported segments is the figure based on operating profit. Intersegment profit is based on market prices.

3. Information on net sales, profit or loss, assets, liabilities and other items by reported segment

Previous fiscal year (From April 1, 2019, to March 31, 2020)

(Millions of yen)

	Reported segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded on the Consolidated Financial Statements (Note 3)
	Air-Conditioning and Refrigeration Equipment	Chemicals	Subtotal				
Net sales							
Sales to outside customers	2,309,116	179,883	2,489,000	61,304	2,550,305	—	2,550,305
Intersegment sales	870	13,850	14,721	698	15,419	(15,419)	—
Total	2,309,987	193,734	2,503,721	62,003	2,565,724	(15,419)	2,550,305
Segment profit	236,184	23,770	259,955	5,548	265,503	9	265,513
Segment asset	2,228,944	239,068	2,468,012	35,297	2,503,310	164,202	2,667,512
Other items							
Depreciation	81,373	14,618	95,991	1,801	97,792	—	97,792
Amortization of goodwill	30,496	187	30,683	—	30,683	—	30,683
Investments in entities accounted for using equity method	13,760	9,434	23,194	—	23,194	—	23,194
Increase in property, plant and equipment, and intangible assets	101,112	28,209	129,322	2,632	131,954	—	131,954

Notes: 1. The “Others” segment is a business segment not included in reported segments. It includes the oil hydraulic equipment business, the defense systems-related product business, and the electronics business.

2. The breakdown of adjustment is as follows:

(1) The adjustment of ¥9 million to segment profit comprises the elimination of intersegment transactions.

(2) The adjustment of ¥164,202 million to segment assets includes corporate assets not allocated to each reported segment of ¥175,010 million and ¥(10,807) million of intersegment transaction elimination. Corporate assets mainly consist of surplus funds for management (cash and deposits) and long-term investment funds (investment securities) of the Company.

3. Segment profit is adjusted with operating profit in the Consolidated Statement of Income.

Current fiscal year (From April 1, 2020, to March 31, 2021)

(Millions of yen)

	Reported segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded on the Consolidated Financial Statements (Note 3)
	Air-Conditioning and Refrigeration Equipment	Chemicals	Subtotal				
Net sales							
Sales to outside customers	2,273,821	164,165	2,437,987	55,399	2,493,386	—	2,493,386
Intersegment sales	1,676	9,617	11,294	882	12,177	(12,177)	—
Total	2,275,498	173,783	2,449,281	56,282	2,505,563	(12,177)	2,493,386
Segment profit	223,110	11,371	234,481	4,132	238,613	9	238,623
Segment asset	2,477,852	272,005	2,749,857	39,746	2,789,604	450,058	3,239,662
Other items							
Depreciation	86,603	15,199	101,802	1,733	103,536	—	103,536
Amortization of goodwill	29,863	186	30,050	—	30,050	—	30,050
Investments in entities accounted for using equity method	14,535	8,847	23,383	—	23,383	—	23,383
Increase in property, plant and equipment, and intangible assets	92,855	42,295	135,151	1,833	136,985	—	136,985

Notes: 1. The “Others” segment is a business segment not included in reported segments. It includes the oil hydraulic equipment business, the defense systems-related product business, and the electronics business.

2. The breakdown of adjustment is as follows:
   (1) The adjustment of ¥9 million to segment profit comprises the elimination of intersegment transactions.
   (2) The adjustment of ¥450,058 million to segment assets includes corporate assets not allocated to each reported segment of ¥475,777 million and ¥(25,718) million of intersegment transaction elimination. Corporate assets mainly consist of surplus funds for management (cash and deposits) and long-term investment funds (investment securities) of the Company.

3. Segment profit is adjusted with operating profit in the Consolidated Statement of Income.

[Relevant Information]
Previous fiscal year (From April 1, 2019, to March 31, 2020)

1. Information by product and by service
   Information by product and by service is omitted, as segmentation of products and services is the same as that of reported segments.

2. Information by geographical segment
   (1) Net sales

(Millions of yen)

Japan	U.S.	Europe	China	Asia and Oceania	Other	Total
596,978	666,305	405,610	341,284	395,461	144,665	2,550,305

Note: Net sales are classified based on countries or regions where respective customers are located.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	China	Asia and Oceania	Europe	Other	Total
165,554	176,687	80,095	83,740	58,709	15,194	579,980

3. Information by principal customers
   None applicable

Current fiscal year (From April 1, 2020, to March 31, 2021)

1. Information by product and by service
   Information by product and by service is omitted, as segmentation of products and services is the same as that of reported segments.

2. Information by geographical segment
   (1) Net sales

(Millions of yen)

Japan	U.S.	Europe	China	Asia and Oceania	Other	Total
585,573	641,295	417,225	369,818	351,044	128,429	2,493,386

Note: Net sales are classified based on countries or regions where respective customers are located.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	China	Asia and Oceania	Europe	Other	Total
168,476	194,494	105,942	93,241	66,598	18,657	647,410

3. Information by principal customers
   None applicable

[Information Related to Impairment Loss of Non-current Assets by Reported Segment]
Previous fiscal year (From April 1, 2019, to March 31, 2020)

(Millions of yen)

	Air-Conditioning and Refrigeration Equipment	Chemicals	Others	Corporate or eliminations	Total
Impairment loss	23,554	—	—	—	23,554

Current fiscal year (From April 1, 2020, to March 31, 2021)

(Millions of yen)

	Air-Conditioning and Refrigeration Equipment	Chemicals	Others	Corporate or eliminations	Total
Impairment loss	—	225	—	—	225

[Information Related to Amount of Amortization of Goodwill and Unamortized Balance by Reported Segment]
Previous fiscal year (From April 1, 2019, to March 31, 2020)

(Millions of yen)

	Air-Conditioning and Refrigeration Equipment	Chemicals	Others	Corporate or eliminations	Total
Balance at end of current period	281,060	908	—	—	281,969

Note: Amount of amortization of goodwill is omitted, as similar information is disclosed in segment information.

Current fiscal year (From April 1, 2020, to March 31, 2021)

(Millions of yen)

	Air-Conditioning and Refrigeration Equipment	Chemicals	Others	Corporate or eliminations	Total
Balance at end of current period	267,937	746	—	—	268,684

Note: Amount of amortization of goodwill is omitted, as similar information is disclosed in segment information.

[Information Related to Gain on Bargain Purchase by Reported Segment]
Previous fiscal year (From April 1, 2019, to March 31, 2020)
No important items applicable.

Current fiscal year (From April 1, 2020, to March 31, 2021)
No important items applicable.

[Impairment Loss]
In the fiscal year ended March 31, 2020, the Company recorded an impairment loss of ¥23,554 million on goodwill and customer relationship of Flanders Holdings LLC, its consolidated subsidiary.

Flanders Holdings LLC, which manufactures and sells filter and clean equipment, has been performing below the business plan formulated at the time of the acquisition. Consequently, upon reinforcing its production and sales structures and conservatively revising its medium-term business plan, the book value has been reduced to the recoverable value.

In the fiscal year ended March 31, 2021, the Company recorded an impairment loss of ¥225 million on business assets of Daikin Refrigerants Frankfurt GmbH, etc., its consolidated subsidiaries.

In consideration of the scheduled production suspension associated with the changes in business environment caused by the F-gas regulations, etc., in Europe, the book value has been reduced to the recoverable value.

Per Share Information

(Yen)

Item	Previous fiscal year (April 1, 2019, to March 31, 2020)	Current fiscal year (April 1, 2020, to March 31, 2021)
Net assets per share	4,904.46	5,691.85
Earnings per share	583.61	533.97
Diluted earnings per share	583.22	533.66

Notes:

1. The basis for calculations of earnings per share and diluted earnings per share is provided below.

Item	Previous fiscal year (April 1, 2019, to March 31, 2020)	Current fiscal year (April 1, 2020, to March 31, 2021)
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	170,731	156,249
Amount not belonging to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common stock (Millions of yen)	170,731	156,249
Average number of shares of common stock during the year (Thousands of shares)	292,546	292,620
Diluted earnings per share		
Increase in the number of shares of common stock (Thousands of shares)	193	168
[Of the above, stock options by exercising share acquisition rights] (Thousands of shares)	[193]	[168]
Overview of residual securities excluded from the calculation of diluted earnings per share, as they have no dilutive effect	—	—

2. The basis for calculations of net assets per share is provided below.

Item	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
Total net assets (Millions of yen)	1,462,591	1,698,495
Deduction from total net assets (Millions of yen)	27,623	32,806
[Of the above, share acquisition rights] (Millions of yen)	[1,886]	[2,019]
[Of the above, non-controlling interests] (Millions of yen)	[25,736]	[30,787]
Shareholders' equity pertaining to common stock at the end of the fiscal year (Millions of yen)	1,434,968	1,665,688
Number of shares of common stock used to calculate net assets per share (Thousands of shares)	292,584	292,644

Significant Subsequent Events

None applicable