



# Presentation of Financial Results for FY2023

May 10, 2024

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«Reference»

# I . FY2023 Financial Results

**Both net sales and operating profit exceeded the previous fiscal year for new record highs.**

**Demand fell lower than expected due to stagnant demand for durable consumer goods caused by inflation, a slowdown in Heat Pump Heating demand in Europe, and the impact of distribution inventory adjustments resulting from a decline in housing investment in the United States.**

**To minimize the negative impact on demand, Daikin enhanced its proposals for products and services promoting carbon neutrality and energy solutions while thoroughly implementing strategic selling price measures and total cost reductions.**

**This flexible response to changes in the business environment, including the bolstering of sales capabilities in Europe and the United States, led to a year-on-year increase in Q4 (January-March) profits and reversed a decline seen in Q3 (October-December).**

- ✓ Air Conditioning business: Sales expanded in China and Asia despite sluggish demand in each region. In Japan, the Americas, and Europe, focus was on proposal-based sales in markets identified as strong.
- ✓ Chemicals business: Despite the significant impact of sluggish demand, the trend toward rising profits was maintained by expanding sales and implementing selling price measures for high-performance materials for semiconductor manufacturing equipment where demand remains strong.

(billion yen)	FY2022	FY2023		YoY
	Results	Forecast	Results	
Net sales	3,981.6	4,240.0	4,395.3	110%
Operating Profit (%)	377.0 (9.5%)	400.0 (9.4%)	392.1 (8.9%)	104%
Ordinary Profit (%)	366.2 (9.2%)	380.0 (9.0%)	354.5 (8.1%)	97%
Profit Attributable to Owners of Parent (%)	257.8 (6.5%)	264.0 (6.2%)	260.3 (5.9%)	101%

FX Effect (YoY)

Net Sales +208.5 billion yen  
Operating Profit +19.0 billion yen

YoY Results Excluding FX Effect

Net Sales 105%  
Operating Profit 99%

USD/JPY	¥135	¥145
EUR/JPY	¥141	¥157
RMB/JPY	¥19.8	¥20.1

# Financial Results by Segment

		FY2022	FY2023		
		Results	Forecast	Results	YoY
(billion yen)					
Total	Net sales	3,981.6	4,240.0	4,395.3	110%
	Operating Profit	377.0	400.0	392.1	104%
	(%)	(9.5%)	(9.4%)	(8.9%)	
Air Conditioning	Net sales	3,629.8	3,886.0	4,028.8	111%
	Operating Profit	324.5	345.5	333.3	103%
	(%)	(8.9%)	(8.9%)	(8.3%)	
Chemicals	Net sales	263.4	260.0	263.9	100%
	Operating Profit	45.4	47.5	51.5	113%
	(%)	(17.2%)	(18.3%)	(19.5%)	
Others	Net sales	88.4	94.0	102.6	116%
	Operating Profit	7.2	7.0	7.3	102%
	(%)	(8.1%)	(7.4%)	(7.2%)	

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

# Profit and Loss Statement

(billion yen)	FY2022	FY2023	vs PY
	128	110	
<b>Net sales</b>	3,981.6	<b>4,395.3</b>	+413.7
<b>Cost of sales</b>	2,650.1 (66.6%)	<b>2,885.6</b> (65.7%)	-235.5
<b>Gross profit</b>	1,331.5 (33.4%)	<b>1,509.7</b> (34.3%)	+178.2
<b>Selling general and administrative expenses</b>	954.4 (24.0%)	<b>1,117.5</b> (25.4%)	*1 -163.1
<b>Operating profit</b>	377.0 (9.5%)	<b>392.1</b> (8.9%)	+15.1
<b>Non-operating income and expenses</b>	-10.8	<b>-37.6</b>	*2 -26.9
<b>Ordinary profit</b>	366.2 (9.2%)	<b>354.5</b> (8.1%)	-11.8
<b>Extraordinary income and losses</b>	7.1	<b>30.8</b>	*3 +23.7
<b>Profit before income taxes</b>	373.4 (9.4%)	<b>385.3</b> (8.8%)	+11.9
<b>Income taxes</b>	107.9	<b>115.5</b>	-7.5
Tax burden ratio	28.9%	<b>30.0%</b>	
<b>Profit attributable to non-controlling interests</b>	7.7	<b>9.5</b>	-1.8
<b>Profit attributable to owners of parent</b>	257.8 (6.5%)	<b>260.3</b> (5.9%)	+2.6

\*The parentheses above indicate percentages to net sales.

## \*1 Changes in selling, general and administrative expense

R&D expense	-19.4
Sales promotion / advertising expenses	-9.0
Product shipping costs	-6.0

## \*2 Changes in non-operating gains or losses

Foreign exchange gains	-4.9 (3.8 → -1.1)
Interest income	+4.5 (11.6 → 16.1)
Interest expenses	-24.6 (20.3 → 44.9)
Inflation accounting adjustment	-4.0 (8.5 → 12.5)

Adjustments due to the application of inflation accounting in Turkey.

## \*3 Changes in extraordinary gains or losses

Loss (gain) on sale of investment securities	+30.2 (16.1 → 46.3)
Impairment loss	-3.7 (8.6 → 12.2)

Impairment loss: There was an impairment loss on some intangible fixed assets for the AHT Group, a subsidiary that manufactures and sells refrigerating and freezing showcases. The business fell short of the business plan reassessed in the previous year.

# Balance Sheet

(billion yen)	2023/3E		2024/3E		vs PY
Cash and deposits		617.7		<b>738.0</b>	+120.3
Notes and accounts receivable – trade, and contract assets	<u>65 days</u>	706.3	<u>68 days</u>	<b>815.3</b>	+109.0
Inventories	<u>91 days</u>	993.4	<u>87 days</u>	<b>1,047.7</b>	+54.4
Fixed assets		1,559.4		<b>1,818.7</b>	+259.3
Investment securities		169.6		<b>171.9</b>	+2.3
Others		257.3		<b>288.7</b>	+31.3
<b>Total Assets</b>		<b>4,303.7</b>		<b>4,880.2</b>	+576.5

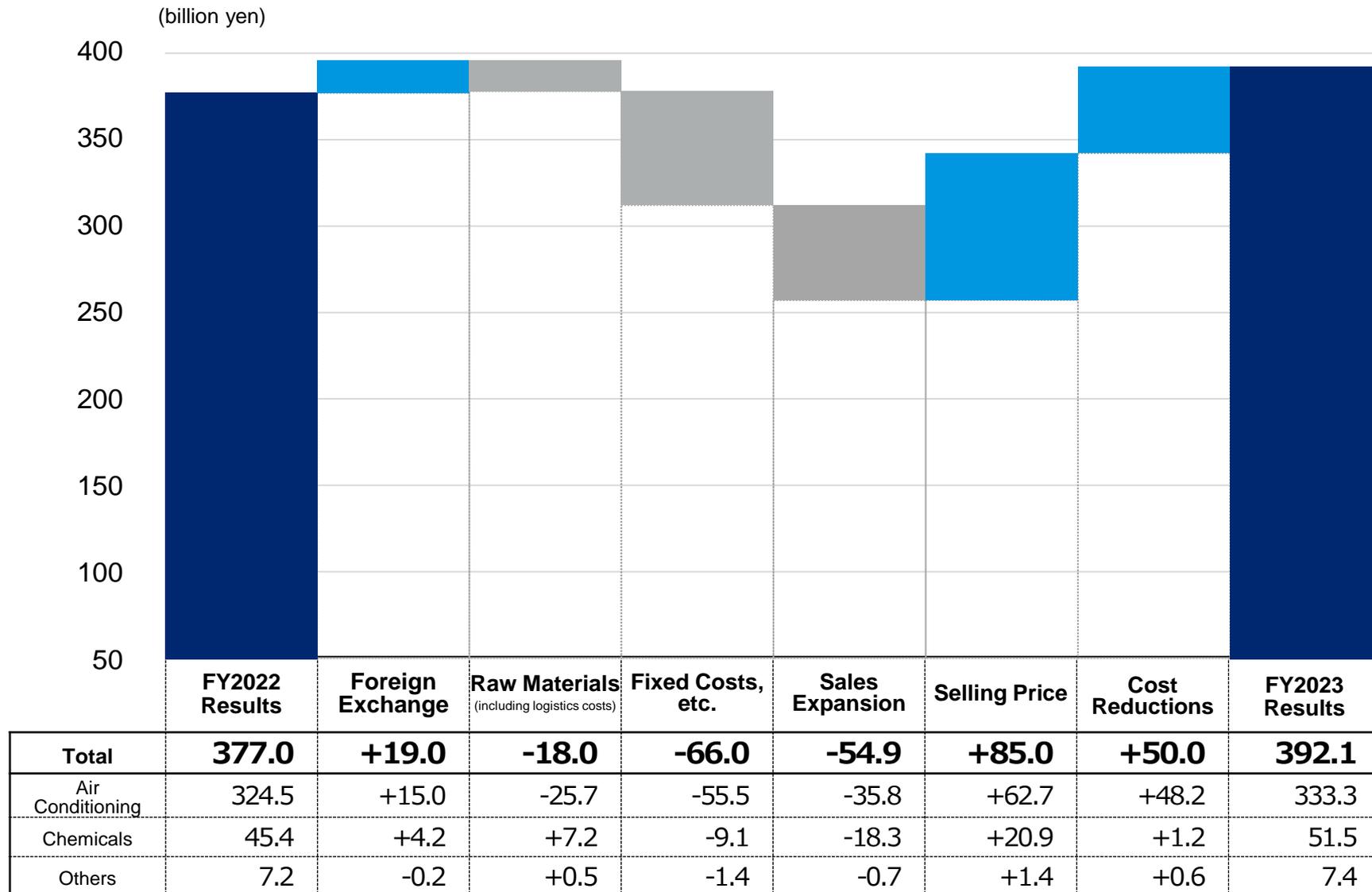
	2023/3E	2024/3E	vs PY
Notes and accounts payable – trade	352.6	<b>326.0</b>	-26.6
Interest bearing debt	887.6	<b>968.2</b>	+80.6
(Interest bearing debt ratio)	(20.6%)	<b>(19.8%)</b>	
Others	784.3	<b>898.7</b>	+114.4
<b>Total liabilities</b>	<b>2,024.6</b>	<b>2,192.9</b>	+168.3
Total equity	2,235.0	<b>2,637.5</b>	+402.5
(Equity ratio)	(51.9%)	<b>(54.0%)</b>	
Share acquisition rights	3.1	<b>3.8</b>	+0.7
Non-controlling interests	40.9	<b>46.0</b>	+5.0
<b>Total net assets</b>	<b>2,279.1</b>	<b>2,687.3</b>	+408.2
<b>Total liabilities and net assets</b>	<b>4,303.7</b>	<b>4,880.2</b>	+576.5

## Breakdown of interest bearing debt

	2023/3E	2024/3E	vs PY
Short-term borrowings	293.5	<b>363.2</b>	+69.7
Commercial papers	79.0	<b>50.4</b>	-28.6
Bonds	160.0	<b>140.0</b>	-20.0
Long-term borrowings	228.0	<b>258.4</b>	+30.3
Lease debt	127.0	<b>156.2</b>	+29.2
<b>Total</b>	<b>887.6</b>	<b>968.2</b>	+80.6

# Analysis of Changes in Operating Profit - YoY

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



## II . FY2024 Business Forecast

In aiming to achieve new record highs in financial results for FY2024, we foresee a significant increase in operating profit on a real basis, excluding the foreign exchange effect. We are looking to surpass current targets by challenging even further to increase profitability.

Together with the ongoing severe business environment, including a slow recovery in demand for Residential and the sluggish demand for Heat Pump Heating in Europe, Daikin anticipates a negative impact from increased costs (rising parts procurement costs, rising labor costs, etc.).

To combat these, we will refine our strengths of a strong sales network, product development that meets local needs, and a robust supply chain. Also, we will expand businesses with strong demand, such as Applied and Commercial air conditioning, and work to sustain the trend toward rising profits through strategic selling price measures and drastic total cost reductions.

Likewise, we will promote measures including carbon neutrality and energy service solutions that are growth strategies for the latter half of FUSION25.

(billion yen)	FY2023 Results			FY2024 Forecast					
	H1	H2	Total	H1	YoY	H2	YoY	Total	YoY
Net sales	2,225.2	2,170.2	4,395.3	2,300.0	103%	2,240.0	103%	4,540.0	103%
Operating Profit (%)	235.7 (10.6%)	156.4 (7.2%)	392.1 (8.9%)	243.0 (10.6%)	103%	182.0 (8.1%)	116%	425.0 (9.4%)	108%
Ordinary Profit (%)	221.1 (9.9%)	133.4 (6.1%)	354.5 (8.1%)	222.0 (9.7%)	100%	168.0 (7.5%)	126%	390.0 (8.6%)	110%
Profit Attributable to Owners of Parent (%)	153.0 (6.9%)	107.3 (4.9%)	260.3 (5.9%)	153.0 (6.7%)	100%	114.0 (5.1%)	106%	267.0 (5.9%)	103%

USD/JPY	¥141	¥148	¥145					¥138
EUR/JPY	¥153	¥161	¥157					¥150
RMB/JPY	¥19.8	¥20.5	¥20.1					¥20.0

### FX Effect (YoY)

Net Sales	-160.0 billion yen
Operating Profit	-23.0 billion yen

### YoY Comparison Excluding FX Effect

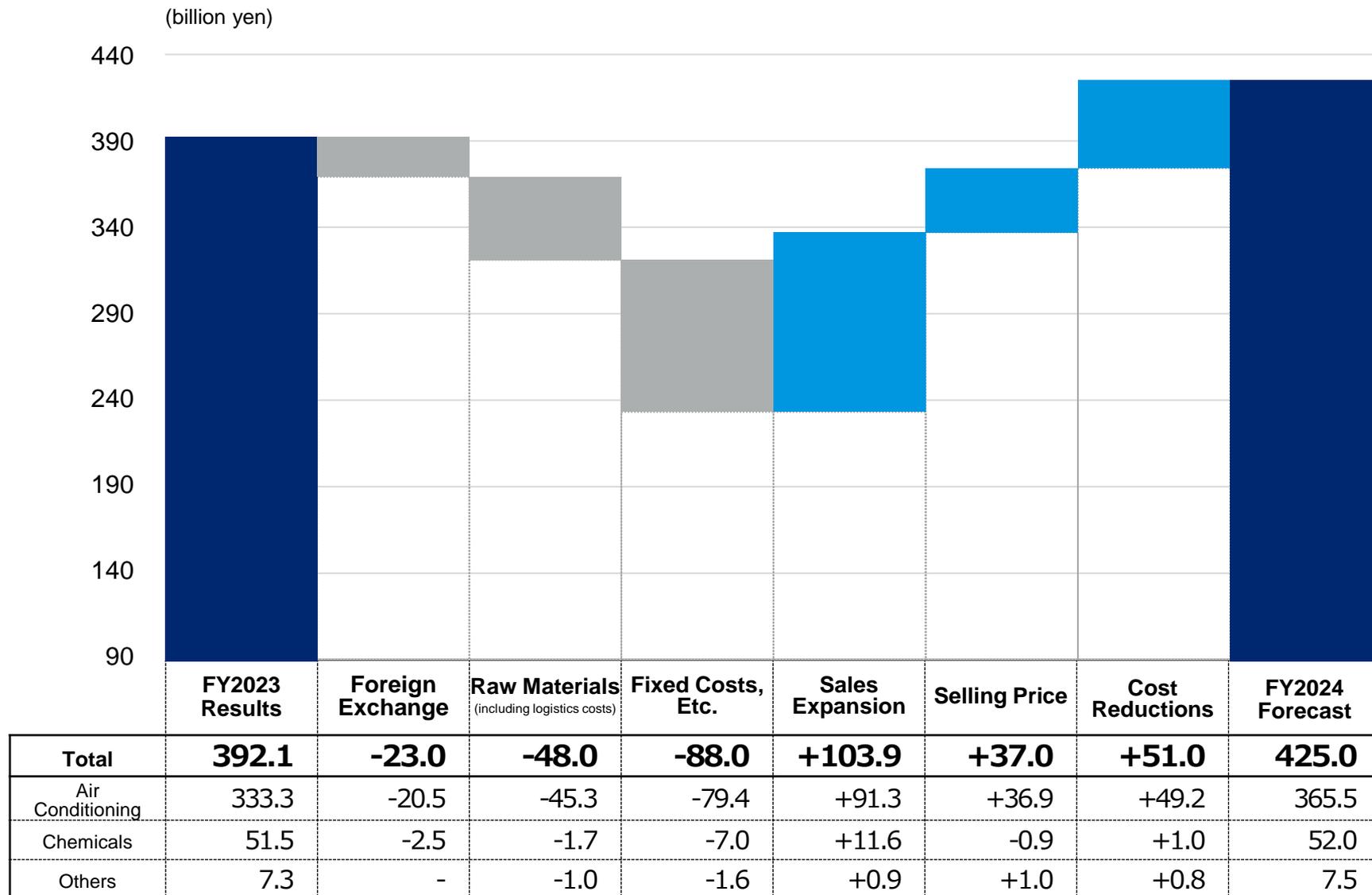
Net Sales	107%
Operating Profit	114%

# Business Forecast by Segments

(billion yen)		FY2023 Results	FY2024	
			Forecast	YoY
Total	Net sales	4,395.3	4,540.0	103%
	Operating Profit (%)	392.1 (8.9%)	425.0 (9.4%)	108%
Air Conditioning	Net sales	4,028.8	4,165.0	103%
	Operating Profit (%)	333.3 (8.3%)	365.5 (8.8%)	110%
Chemicals	Net sales	263.9	270.0	102%
	Operating Profit (%)	51.5 (19.5%)	52.0 (19.3%)	101%
Others	Net sales	102.6	105.0	102%
	Operating Profit (%)	7.3 (7.2%)	7.5 (7.1%)	102%

# Analysis of Changes in Operating Profit - Forecast

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



# Sales by Region - AC Business

\*Percentage expresses year on year comparison

\*Includes refrigerator, freezer and filter businesses

(billion yen)	FY2019		FY2020		FY2021		FY2022		FY2023		FY2024 Forecast	
	<b>Japan</b>	103%	494.4	100%	496.0	106%	523.9	106%	553.0	106%	588.7	102%
<b>Europe</b>	114%	379.9	104%	394.5	131%	518.7	127%	657.4	101%	666.6	105%	700.0
<b>China</b>	89%	306.1	107%	327.7	130%	424.7	101%	430.1	107%	458.8	100%	460.0
<b>Americas</b>	109%	704.0	96%	674.8	132%	889.8	150%	1,334.6	118%	1,575.9	105%	1,650.0
<b>Asia</b>	105%	294.9	84%	247.8	118%	293.5	141%	414.7	110%	455.2	105%	480.0
<b>Oceania</b>	94%	73.6	108%	79.5	131%	104.5	123%	128.6	105%	134.8	96%	130.0
<b>Middle East</b>	90%	47.8	94%	44.8	135%	60.7	160%	97.0	138%	133.9	97%	130.0
<b>Africa</b>	93%	8.3	105%	8.7	145%	12.6	113%	14.3	105%	15.0	100%	15.0
<b>Total</b>	104%	2,309.1	98%	2,273.8	124%	2,828.5	128%	3,629.8	111%	4,028.8	103%	4,165.0
Overseas Net Sales ratio		79%		78%		81%		85%		85%		86%
USD/JPY		¥109		¥106		¥112		¥135		¥145		¥138
EUR/JPY		¥121		¥124		¥131		¥141		¥157		¥150
RMB/JPY		¥15.6		¥15.7		¥17.5		¥19.8		¥20.1		¥20.0

# Sales by Region - Chemicals Business

\*Percentage expresses year on year comparison

\*Others: Oceania, Middle East, Africa etc.

(billion yen)	FY2019		FY2020		FY2021		FY2022		FY2023		FY2024 Forecast	
	<b>Japan</b>	91%	50.2	84%	42.3	138%	58.4	120%	70.1	<b>104%</b>	<b>72.6</b>	<b>103%</b>
<b>Americas</b>	94%	44.1	81%	35.6	116%	41.2	144%	59.3	<b>82%</b>	<b>48.4</b>	<b>99%</b>	<b>48.0</b>
<b>China</b>	93%	33.7	120%	40.5	126%	51.2	109%	55.8	<b>99%</b>	<b>55.4</b>	<b>110%</b>	<b>61.0</b>
<b>Asia</b>	95%	25.6	90%	23.0	118%	27.0	128%	34.6	<b>105%</b>	<b>36.4</b>	<b>104%</b>	<b>38.0</b>
<b>Europe</b>	74%	25.0	88%	22.0	152%	33.5	126%	42.4	<b>118%</b>	<b>49.9</b>	<b>96%</b>	<b>48.0</b>
<b>Others</b>	75%	1.3	66%	0.8	130%	1.1	118%	1.3	<b>88%</b>	<b>1.1</b>	-	-
<b>Total</b>	90%	179.9	91%	164.2	129%	212.4	124%	263.4	<b>100%</b>	<b>263.9</b>	<b>102%</b>	<b>270.0</b>
<b>Overseas Net Sales ratio</b>		72%		74%		72%		73%		72%		72%
<b>USD/JPY</b>		¥109		¥106		¥112		¥135		¥145		¥138
<b>EUR/JPY</b>		¥121		¥124		¥131		¥141		¥157		¥150
<b>RMB/JPY</b>		¥15.6		¥15.7		¥17.5		¥19.8		¥20.1		¥20.0

### III. Business and Regional Overview AC Business - Japan

#### FY2023 Results

Industry demand for Residential experienced a year-on-year decline due to consumer reluctance to purchase durable goods.

Industry demand for Commercial also declined over the previous fiscal year amid slow recovery in demand for stores and offices where market scale is large. Despite the sharp decline in demand, the company strengthened user proposals centered on high value-added products. Due in part to the effects of selling price measures, net sales exceeded the previous fiscal year.

- ✓ Residential: With rising electricity rates and the growing need for energy savings, we strengthened user proposals centered on **Urusara X**. Also, cold regions saw steady sales, and market share increased.
- ✓ Commercial: User proposals were enhanced to focus on high value-added products, including **FIVE STAR ZEAS** and **machi Multi** because of their high energy savings and ease of workability.

#### FY2024 Forecast

Residential: To capture the growing demand from energy-saving regulations enacted for newly built homes, Daikin will focus on spec-in activities for home equipment systems. Also, we will aim to further increase market share by enhancing sales activities in cold regions where steady demand is anticipated.

Commercial: With electricity costs soaring, Daikin aims to expand sales and increase market share of high value-added products with excellent energy-saving performance, such as **FIVE STAR ZEAS**. Also, in advance of stricter regulations under the revision of the Act on the Rational Use and Appropriate Management of Fluorocarbons, **VRV system** models with refrigerant R32 will be launched Sequentially.

YoY change (Volume basis)	FY2023		FY2024	
	Market	Daikin	Market	Daikin
Residential	96%	99%	97%	101%
Commercial	98%	98%	101%	105%
Applied	110%	135%	105%	116%

\*Applied is based on total net sales.

# AC Business - Americas

## FY2023 Results

Industry demand for Residential continued to slump due to prolonged inflation and high interest rates for home loans, and this created a challenging market environment. For this reason, Daikin worked to expand sales in Commercial and Applied products, where demand is strong, and improved sales by leveraging the capabilities of its acquired sales companies. Net sales exceeded the previous fiscal year.

- ✓ Ducted Unitary for Houses: While sales were lower than the previous year due to distribution inventory suppression, sales of our environment premium product 「**FIT**」 system increased significantly as we moved forward with dealer development.
- ✓ Ductless: We captured steady demand for **VRV systems** by strengthening our sales network, expanding sales, and increasing market share. However, sales of **RA/SKY** were lower than the previous year due to sluggish demand for Residential.
- ✓ Applied: Equipment sales expanded for the steady market of the manufacturing industry and for data centers, where demand is strong. Solutions business also increased, utilizing the capabilities of acquired instrumentation and engineering companies. Net sales increased significantly from the previous fiscal year.

## FY2024 Forecast

Ducted Unitary for Houses: We will aim to further expand sales of the environmental premium product 「**FIT**」 by launching multiple brands and by developing and training dealers that can handle products equipped with inverters. In advance of stricter refrigerant regulations, we will introduce R32 equipment.

Ductless: We aim to increase market share by developing and strengthening the sales network. For **RA/SKY**, we will strengthen sales in response to greater demand for online purchases. Sales of **VRV systems** will be expanded to schools, offices, and apartment complexes.

Applied: We will strengthen supply capacity and expand equipment sales for the manufacturing industry and data centers. Growth for our Solutions business will be achieved by expanding our after sales service network and service menu.

YoY change (Volume basis)		FY2023	FY2024	
		Daikin	Market	Daikin
Ducted unitary for houses		83%	101%	104%
Ductless	RA/SKY	89%	114%	142%
	VRV	103%	106%	112%
Applied		134%	104%	111%

\*Applied is based on total net sales in local currency.

# AC Business - China

## FY2023 Results

With the lifting of the zero-COVID policy, manufacturing and sales activities returned to full-scale operation for the first time in three years. Despite the severe business environment caused by the slow recovery in the real estate market and reduced consumption, Daikin increased sales, mainly in Residential, and net sales exceeded the previous fiscal year. Operating profit maintained a high level from an increase in sales of high value-added products and efforts to reduce costs.

- ✓ Residential: Sales expanded through our unique sales activities that combine the user-direct offline retail sales with online activities, such as live broadcasting using showrooms, web advertising, and SNS. Daikin Care responded to customer needs and expanded sales with the **Daikin Care Central Air System**, a new series for residential multi-split air conditioners integrating air conditioning, ventilation, and heat pump floor heating with Solutions services featuring energy-saving and air quality proposals.
- ✓ Commercial: In the background of steady demand from the promotion of a carbon neutrality policy, we strengthened Solutions proposals and for government properties, factories, green buildings, etc.
- ✓ Applied: In addition to investing resources in growth sectors related to areas of infrastructure and semiconductors, we strengthened our maintenance and servicing business.

## FY2024 Forecast

The harsh business environment continues because of the slow recovery in the real estate market and the cooling of consumer confidence. To offset this, resources will be focused on direct sales to users with an aim to expand sales by aggressively launching new products, differentiating ourselves from competitors with Solutions proposals that are unique to Daikin, and performing detailed sales activities for each customer.

- ✓ Residential: Resources will shift from the new housing market to the home renovation and resale markets as we aim to further strengthen sales activities that combine online and offline sales.
- ✓ Commercial: Focus will be on markets where demand is increasing in the background of carbon neutrality, such as for buildings and factories.

YoY change (Local currency basis)	FY2023	FY2024	
	Daikin	Market	Daikin
Residential	109%	96%	100%
Commercial	100%	97%	101%
Applied	97%	98%	102%

# AC Business - Europe, Middle East, and Africa

## FY2023 Results

The ongoing monetary tightening policies established to fight inflation have put downward pressure on the economy and created a difficult business environment. With a decline in demand for Residential and Heat Pump Heating, we endeavored to sell high value-added products and implement thorough selling price measures. Sales for Applied expanded, and net sales for the entire regions exceeded the previous fiscal year by incorporating the foreign exchange rate effect.

- ✓ Residential: A summer heat wave helped boost sales in Spain to surpass those of the previous fiscal year, but a decline in demand resulting from lower consumer confidence significantly affected results, leading to a year-on-year decline in sales.
- ✓ Commercial: Sales focused on markets with strong demand such as hotels, restaurants, and warehouses.
- ✓ H/P Heating: In addition to falling gas prices and changes in subsidy systems, the ban on the installation of combustion-type heaters was postponed in major countries, causing the H/P heating market to decline more than expected.
- ✓ Applied: Sales of medium and large chillers expanded to data centers.
- ✓ Freezer and Refrigerator: Sales remained stagnant due to the slow recovery in demand by food retail chains.

## FY2024 Forecast

Residential: Sales capabilities will be strengthened by dealer development and training. Focus will also be on expanding sales for heating applications.

Commercial: The **VRV system** lineup using R32 will be expanded. Spec-in activities will be enhanced from the perspective of the environment and energy savings.

H/P Heating: As demand is expected to remain sluggish, we will aim to increase market share by strengthening the sales and after sales service systems. In addition, the new R290 model will be launched and produced at a new factory in Poland.

Applied: Sales will be expanded for strong segments such as data centers and pharmaceuticals.

Freezer and Refrigerator: Solution proposals will be enhanced for environmentally conscious products such as showcases using CO<sub>2</sub> refrigerant.

YoY change (Volume basis)		FY2023	FY2024	
		Daikin	Market	Daikin
Residential		86%	99%	115%
Commercial	SKY	97%	98%	110%
	VRV	98%	101%	120%
Heat Pump Heating		63%	101%	148%
Applied		125%	105%	106%
Refrigerator and Freezer		78%	110%	141%

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

\*Applied, Refrigerator and Freezer are based on total net sales in local currency.

# AC Business - Asia and Oceania

## FY2023 Results

In a difficult business environment of low demand due to persistently high inflation rates, overall net sales for the regions increased year over year due to efforts to develop and support dealers and strong sales in India.

- ✓ Residential: We experienced a slowdown in demand and improved the sales for the region overall compared with the previous year. In India, we leveraged the sales network that we have built, reinforced supply capabilities, and expanded sales. Sales also increased in Indonesia and Thailand by enhancing dealer promotional activities.
- ✓ Commercial: As construction starts for projects continue to be postponed or cancelled, we have been steadily converting demand into orders and expanding sales through the development and support of dealers.
- ✓ Applied: Equipment sales increased by capturing growing demand for factories and data centers.

Year-on-year net sales of main countries (local currency basis)  
 Australia: 103%, India: 120%, Vietnam: 99%,  
 Malaysia: 105%, Indonesia: 119%, Thailand: 120%

## FY2024 Forecast

Residential: In India, we will expand sales by accelerating the expansion of our sales network in regional cities and focusing on e-commerce sales. In the ASEAN and Oceania regions, we intend to develop and sell products that meet the needs of young people. Local production of Residential products will begin in Indonesia this year. (December 2024)

Commercial: In addition to strengthening our technological and proposal capabilities through development and support for dealers, we aim to expand sales by expanding our lineup of high value-added Solutions products such as for energy savings, IAQ, and maintenance and servicing.

Applied: Sales will expand by focusing on the after sales provision business such as maintenance and servicing.

YoY change (Volume basis)		FY2023	FY2024	
		Daikin	Market	Daikin
Residential		<b>108%</b>	111%	115%
Commercial	SKY	<b>107%</b>	111%	113%
	VRV	<b>114%</b>	114%	118%
Applied		<b>134%</b>	114%	115%

\*Applied is based on total net sales in local currency.

# Chemicals Business

## FY2023 Results

Net sales remained at the same level as in the previous year due to declines in demand for products in the semiconductor manufacturing processes, the automotive sector, and fine chemicals, along with the impact accompanying distribution inventory adjustments. Nevertheless, operating profit saw substantial growth due to the sales expansion of high-performance materials, selling price measures, and the effect of foreign exchange.

- ✓ Fluorocarbon Gas: Along with relatively strong demand, our selling price measures led to results that significantly exceeded the previous fiscal year.
- ✓ Polymers and Fluoroelastomers
  - Fluoropolymers: Sales declined due to a slow recovery in demand in the LAN electric wire sector and to distribution inventory adjustments in the automobile sector, but sales expanded by strengthening the supply capacity of materials for semiconductor manufacturing equipment. Results exceeded the previous fiscal year.
  - Fluoroelastomers: Sales fell year on year due to a sales drop in the automotive sector
- ✓ Fine Chemicals, Etc.: Sales were lower than the previous year due to lower demand for anti-smudge surface coating agents, water and oil repellents, and etching agents for semiconductor manufacturing processes.

## FY2024 Forecast

In the semiconductor sector, we will capitalize on the recovery in demand for manufacturing processes and focus on spec-in activities while expanding sales of materials for manufacturing equipment in strong demand.

In the automotive sector, we will strengthen sales for positive electrode binders for lithium-ion batteries and sealing materials in response to the rising demand for EVs.

For repellent materials, we will expand sales in the textile market for environmentally advanced products.

YoY change (Net sales basis)	FY2023	FY2024	
	Daikin	Market	Daikin
Total	<b>100%</b>	101%	103%
Fluorocarbon Gas	<b>125%</b>	97%	98%
Fluoropolymers & Fluoroelastomers	<b>102%</b>	101%	105%
Fine Chemicals, etc.	<b>86%</b>	99%	100%

# Filter Business

## FY2023 Results

Despite efforts to boost sales of high-performance filters, net sales decreased compared with the previous fiscal year due to the significant impact of a sales drop following the withdrawal by the company from low profit businesses in the United States.

- ✓ Air Filter: In the United States, sales of high-performance filters for the hospital, pharmaceutical, and data center sectors were strengthened. In Japan, sales for the electronics, semiconductor, and pharmaceutical sectors remained strong.
- ✓ P&I\* : Sales of special filters used at oil fields were strong. Efforts including shifting resources to the After Sales Service business were made to improve the business structure.

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

## FY2024 Forecast

**Air Filter:** In the United States, we will operate our own sales outlets in areas with large markets. Additionally, we will work to increase profitability by expanding sales in high-end markets such as semiconductors, pharmaceuticals, and data centers in Asia, Japan, and Europe while also focusing on improving productivity and reducing costs.

**P&I:** We will focus on strong businesses such as dust collection systems and after sales service as we aim to expand sales by capitalizing on our enhanced product lineup.

# Other Businesses

## FY2023 Results

**Oil Hydraulics:** Sales for construction machinery and vehicles in Japan and the United States decreased. Although demand in the Japanese market decreased for industrial machinery, sales to Europe and the United States grew, and net sales exceeded the previous fiscal year.

**Defense Systems:** Sales of both oxygen concentrators and pulse oximeters decreased due to a rebound from the higher demand caused by the COVID-19 pandemic. Orders from the Japan Ministry of Defense increased, and net sales exceeded the previous fiscal year.

**Electronics:** In addition to increased sales of data systems for the product design and development sector that meet customer needs including resolving quality issues, shortening of the design and development period, and supporting cost reductions, there was an increase in sales of data science software, and net sales exceeded the previous fiscal year.

## FY2024 Forecast

**Oil Hydraulics:** Within the stagnant demand for both construction and industrial machines, we will aim to expand hybrid equipment featuring high energy savings in response to environmental changes such as tightening environment regulations and carbon neutrality.

**Defense Systems:** We will aim to expand sales of oxygen concentrators by launching new products and expanding sales channels.

**Electronics:** We will strengthen R&D support for the manufacturing industry and offer Solutions proposals for the construction industry.

## IV. Shareholder Return

- ◆ Daikin plans an annual dividend per share for this fiscal year of 250 yen (interim of 120 yen; term-end of 130 yen), marking a 10-yen increase from the currently announced amount in recognition of record highs in net sales and operating profit.
- ◆ The dividend for the next fiscal year is planned for 320 yen (interim of 185 yen; term-end of 135 yen), which represents an annual dividend of 270 yen combined with a 100th anniversary commemorative dividend of 50 yen.

### 【Daikin Dividend Policy】

Together with making every effort to maintain a ratio of dividends to shareholder equity (DOE) of 3.0% based on the principle of always providing stable dividends to shareholders, we will continue striving in our mission to provide shareholders with even greater return by aiming for an increasingly higher level of dividend payout ratio.

		FY2019	FY2020	FY2021	FY2022	FY2023 (Proposed)	FY2024 (Forecast)
Dividend per share	Interim	¥80	¥80	¥90	¥100	¥120	¥185
	Annual	¥160	¥160	¥200	¥240	¥250	¥320
Earnings per share	H1	¥405.1	¥289.2	¥475.3	¥534.3	¥522.7	¥522.6
	Annual	¥583.6	¥534.0	¥743.9	¥880.6	¥889.2	¥912.0
(Reference) DOE Trend		3.3%	3.0%	3.2%	3.3%	3.0%	

# 《Reference》 Foreign Exchange

## Exchange Rate

	FY2022 Results			FY2023 Results			FY2024 Forecast
	H1	H2	Total	H1	H2	Total	
USD	¥134	¥137	¥135	<b>¥141</b>	<b>¥148</b>	<b>¥145</b>	¥138
EUR	¥139	¥143	¥141	<b>¥153</b>	<b>¥161</b>	<b>¥157</b>	¥150
RMB	¥19.9	¥19.6	¥19.8	<b>¥19.8</b>	<b>¥20.5</b>	<b>¥20.1</b>	¥20.0
THB	¥3.8	¥3.9	¥3.9	<b>¥4.1</b>	<b>¥4.2</b>	<b>¥4.1</b>	¥4.0
AUD	¥94	¥92	¥93	<b>¥93</b>	<b>¥97</b>	<b>¥95</b>	¥93

## Sensitivity of Foreign Exchange

(Impact of change by 1 yen to operating profit)

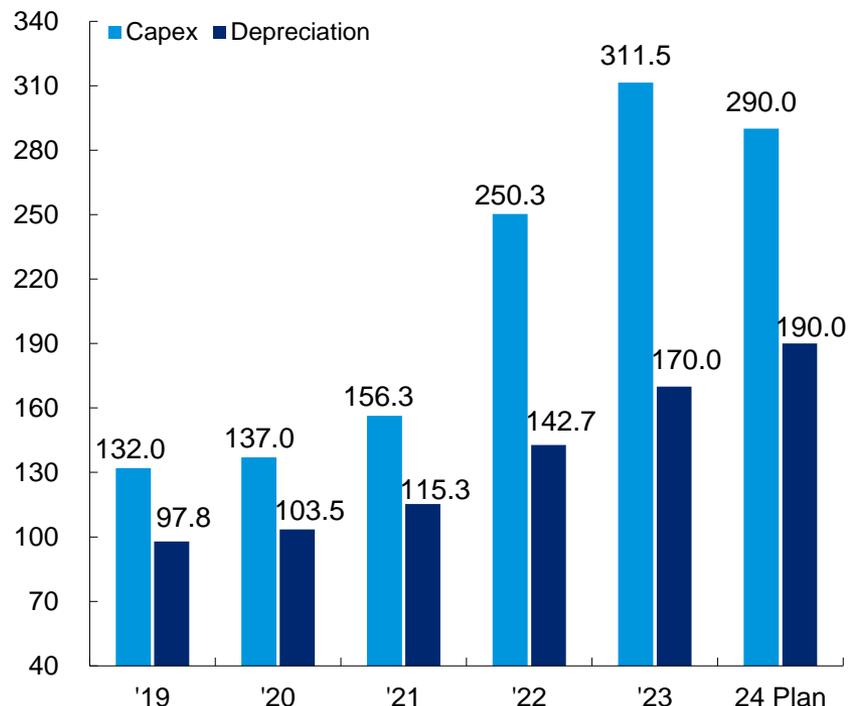
	FY2024 Forecast
USD	1.9 billion yen*
EUR	0.8 billion yen

\*Changes for the THB, RMB, AUD, etc., are assumed to be linked to the USD.

# Capex, Depreciation and R&D Cost

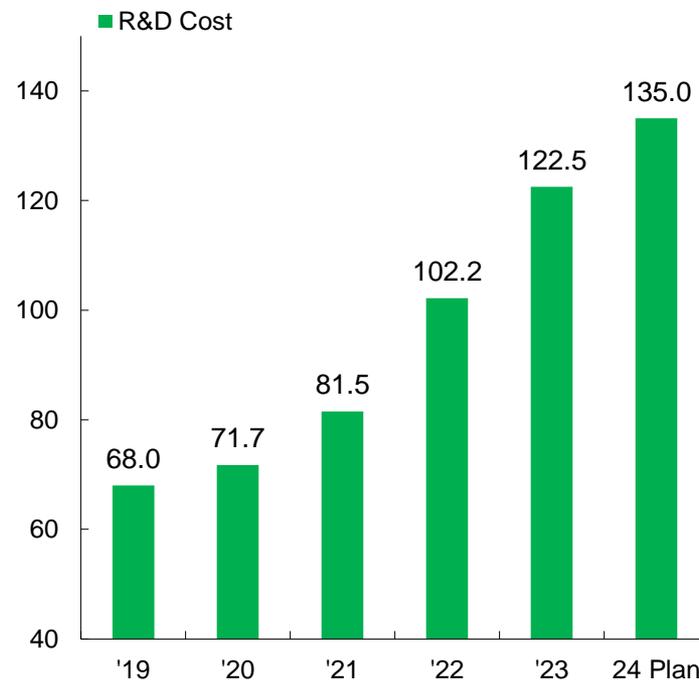
## Capex and Depreciation

(billion yen)



## R&D Cost

(billion yen)





### 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.