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Brief Report on the Settlement of Accounts (Consolidated) for the Business Year Ended March 31, 2026 (J-GAAP)

May 12, 2026

Name of Listed Company: **Daikin Industries, Ltd.**

Listed on TSE

Code No.: 6367

(URL: <https://www.daikin.co.jp/>)

Representative: Naofumi Takenaka, President and COO

Contact: Motoshi Hosomi,
General Manager, Corporate Communication Department
(Tel.: +81-6-6147-9925)

Planned date of Ordinary General Meeting of Shareholders: June 26, 2026

Planned date of start of dividend payment: June 29, 2026

Planned date of the filing of securities report: June 24, 2026

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, 2026

(From April 1, 2025, to March 31, 2026)

(1) Consolidated Business Results

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

Fiscal Year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	5,015,036	5.5	414,991	3.3	408,171	11.4	275,229	4.0
March 31, 2025	4,752,335	8.1	401,669	2.4	366,446	3.4	264,757	1.7

Note: Comprehensive income was ¥572,694 million (123.1%) for the fiscal year ended March 31, 2026, and ¥256,712 million (-47.9%) for the fiscal year ended March 31, 2025.

Fiscal Year ended	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
	Yen	Yen	%	%	%
March 31, 2026	939.92	939.14	9.1	7.5	8.3
March 31, 2025	904.27	903.65	9.7	7.3	8.5

(Reference) Equity in earnings of affiliates was ¥1,331 million for the fiscal year ended March 31, 2026, and ¥2,176 million for the fiscal year ended March 31, 2025.

(2) Consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2026	5,809,240	3,316,538	55.9	11,097.60
As of March 31, 2025	5,133,416	2,866,693	54.6	9,567.14

(Reference) Equity capital was ¥3,249,840 million as of March 31, 2026, and ¥2,801,281 million as of March 31, 2025.

(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, 2026	465,848	(322,239)	(156,378)	706,523
March 31, 2025	514,450	(337,406)	(153,468)	658,105

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, 2025	—	185.00	—	145.00	330.00	96,624	36.5	3.6
March 31, 2026	—	165.00	—	175.00	340.00	99,565	36.2	3.3
Fiscal Year ending March 31, 2027 (forecast)	—	180.00	—	180.00	360.00		37.9	

3. Consolidated Business Forecast for the Fiscal Year Ending March 31, 2027 (From April 1, 2026, to March 31, 2027)

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	2,610,000	5.3	258,000	4.6	244,000	0.9	163,000	1.3	556.61
Full year	5,150,000	2.7	436,000	5.1	414,000	1.4	278,000	1.0	949.32

*Notes

(1) Significant Changes in the Scope of Consolidation during the Period: Yes

Newly included: 9 companies (Dynamic Data Centers Solutions, Inc. and others)

Excluded: 35 companies (Goodman Global Holdings, Inc. and others)

(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, 2026 293,113,973 shares

As of March 31, 2025 293,113,973 shares

(ii) Number of treasury shares at end of period

As of March 31, 2026 272,361 shares

As of March 31, 2025 311,521 shares

(iii) Average number of shares outstanding during the period

Fiscal Year Ended March 31, 2026 292,822,982 shares

Fiscal Year Ended March 31, 2025 292,784,454 shares

(Reference) Summary of Non-Consolidated Business Results for the Fiscal Year Ended March 31, 2026
(From April 1, 2025, to March 31, 2026)

(1) Non-Consolidated Business Results

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

Fiscal Year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	840,459	6.1	19,117	219.2	184,238	22.9	185,240	9.8
March 31, 2025	792,314	8.1	5,989	-67.9	149,911	29.2	168,760	17.0

Fiscal Year ended	Earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2026	632.59	632.07
March 31, 2025	576.39	575.99

(2) Non-Consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2026	2,171,823	1,368,233	62.8	4,655.75
As of March 31, 2025	1,910,436	1,243,700	64.9	4,233.12

(Reference) Equity capital was ¥1,363,419 million as of March 31, 2026, and ¥1,239,488 million as of March 31, 2025.

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 for institutional investors and analysts on Tuesday, May 12, 2026. Documents and materials distributed in this briefing are posted on the Company’s website (https://www.daikin.com/investor/library/results_materials).

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1. Overview of Operating Results, Etc.

(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2026

In the fiscal year ended March 31, 2026 (fiscal 2025), the world economy performed steadily as a whole on the back of expansion in AI-related investment and support in domestic demand, despite increased uncertainty about the future due to U.S. tariff policies and rising geopolitical risks. In the U.S. economy, although AI-related investment expanded, housing investment remained sluggish due to persistently high interest rates and rising prices. The European economy showed signs of recovery in domestic demand but was weighed down by weak foreign demand and uncertainty surrounding tariffs. The Chinese economy continued to face difficult conditions due to the sluggish real estate market. The Japanese economy, supported by rising wages and expansion in capital investment, performed steadily, despite rising prices acting as a factor for restraint on personal consumption. In Asia, although the effects of slowing foreign demand were evident, each country's economy was supported overall by domestic demand, including those economies of ASEAN countries.

Under this business environment, the Daikin Group accelerated its implementation of key strategic themes and advanced initiatives aimed at medium- and long-term growth and sustainable development, centered on growth strategies that include carbon neutrality and the promotion of solutions, as outlined in the strategic management plan "Fusion 25" with the final year set to fiscal 2025.

Furthermore, despite the ongoing difficult business environment, we set out the following six Group-wide themes for fiscal 2025, under the direct command of top management, to reinforce our revenue base and increase our profitability, and we worked to generate maximum results.

1. Strengthening sales and marketing capabilities
 - Enhance profit margin-focused sales strategies
2. Accelerating the launch of new and differentiated products
 - Expand sales and maintain or increase selling prices in a challenging business environment
3. Bolstering the supply chain, including responses to U.S. tariff measures
4. Maximizing cost reductions
 - Reduce costs of base models
 - Switch material from copper to aluminum, stainless steel, etc.
 - Respond to U.S. tariff measures
5. Accelerating the Service Solutions business globally
 - Develop solutions for each market and segment
 - Generate revenue from maintenance, repair services, and parts sales
6. Achieving results through digital investment and process innovation

In advancing these initiatives, we worked as a united global group to thoroughly implement key initiatives and minimize negative impacts amidst a business environment with future uncertainty. We also responded promptly and flexibly to changes in the business environment to achieve our plans for fiscal 2025.

The Daikin Group's net sales increased by 5.5% year over year to ¥5,015,036 million for the fiscal year under review. As for profits, operating profit increased by 3.3% to ¥414,991 million, ordinary profit increased by 11.4% to ¥408,171 million, and profit attributable to owners of parent increased by 4.0% to ¥275,229 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 increased by 5.4% year over year to ¥4,621,131 million. Operating profit increased by 7.4% to ¥376,991 million.

In the Japanese air-conditioning equipment market, commercial market demand increased year over year due to factors including increased construction starts for retail stores and other commercial facilities driven by inbound tourism demand and steady replacement demand centered on offices and commercial facilities. Residential market demand increased year over year. This was due to an increase in advance demand caused by forecasts of a heat wave from April onwards and record high temperatures in summer, together with the impact of the Tokyo Zero Emission Point system, which went into effect on August 30. Against this backdrop, in the commercial air-conditioning equipment market, the Group strengthened user appeal with a focus on high value-added products, such as the "FIVE STAR ZEAS," which offers energy-saving performance and exceptional ease of installation, the "VRV 7" multi-split type air-conditioner for buildings, which uses R32, a low global warming potential refrigerant, and offers industry-leading energy-saving performance, and the "VRV Q" series, which enables smooth replacement of air-conditioning systems by reusing existing piping. Accordingly, net sales increased year over year. In the residential air-conditioning equipment market, which has benefited from rising interest in energy savings and longer usage hours in summer, we

strengthened user appeal for products such as the powerful high-energy-saving model “Urusara X,” which has a toughness cooling function for high outdoor temperatures, providing stable cooling performance even in hot environments, as well as premium cooling that dehumidifies while cooling and enhances comfort by preventing overcooling while controlling humidity. This resulted in higher net sales year over year.

In the Americas, the economic climate remained severe as a result of inflation resulting from U.S. tariffs, continued high interest rates for housing loans, and other factors. Demand for residential air-conditioning systems remained stagnant due to factors such as sluggish replacement demand for air-conditioning systems and distribution inventories remaining high as a result of the last-minute demand associated with the refrigerant regulations that went into effect during the previous fiscal year. Under these circumstances, the Group worked to win back customers, support existing dealers, and develop new dealers. Moreover, the Group expanded market share by increasing sales for models using R32, a low global warming potential refrigerant known for its environmental benefits and energy-saving performance. It also expanded sales of the premium environmental “Fit” system, which has high energy-saving performance, and worked to increase profit margins by advancing sales price policies and cost reductions. As a result of these initiatives, net sales rose year over year. With regard to the Applied Systems air-conditioning business, the Group steadily captured demand by utilizing the chiller factory in Mexico and by enhancing the production capacities of existing factories, and together with the expansion of its after-sales service business, sales increased. Particularly in the field for data centers, a market that continues to expand, sales grew in part due to leveraging the increased production capacity made possible by new factory operations of a custom air handling unit manufacturer and the contributing effect of our new acquisitions, resulting in net sales rising year over year.

In China, demand slowed significantly due to the deteriorating real estate market, which led to a year over year decrease in overall net sales. Profits maintained a high level comparable with past results due to measures that included increasing sales of high value-added products, strengthening solutions, and reducing costs. In the residential air-conditioning equipment market where there was a slowdown in the economy, the Group strengthened its unique sales activities combining online-based activities, such as live broadcasts, web strategies, and social media, with user-direct offline retail sales. In addition to sales of system products such as air-conditioning, ventilation, heat pump floor heating systems, and indoor air quality sensors, we also utilized the IoT and data analysis and enhanced our home solutions, which provide indoor air quality optimized for individual customers and proposals tailored to their lifestyles. In the commercial air-conditioning equipment market, we strengthened proposals with energy savings to appeal to markets for government projects, factories, and green buildings (buildings designed with consideration for enhanced environmental performance) that promote carbon neutrality policies. In the Applied Systems air-conditioning equipment market, we invested resources in fields with firm demand, which included the semiconductor and medical-related fields, while strengthening our service and maintenance business and enhancing our energy-saving replacement and renovation proposals.

In Asia and Oceania, overall net sales fell year over year due to factors such as unseasonable weather in the ASEAN region and India. In residential air-conditioning systems, demand was sluggish due to cooler temperatures and heavy rainfall in the ASEAN region and India compared to last year, resulting in high distribution inventories. Against this backdrop, we made efforts to strengthen sales promotion measures targeting dealers and consumers, but net sales declined year over year. Meanwhile, although project delays and investment reviews generated an increasingly uncertain economic outlook in the ASEAN region, sales expanded for commercial air-conditioning systems due to dealer development and training and sustained sales expansion in India, resulting in higher net sales year over year. With regard to Applied Systems air-conditioning equipment, we strengthened product sales for data centers, etc.

In Europe, overall net sales increased year over year. For residential air-conditioning systems, net sales rose year over year due to sales growth of high value-added products in countries such as Germany and the United Kingdom, where air conditioner penetration levels had typically been low, and France, where demand recovered from July onwards. For residential heat pump hot water heating systems, demand is on a gradual recovery trend, but the market has yet to make a full recovery due to delays in restrictions on combustion-type heaters and instability in subsidy programs and their operation. We have expanded sales by leveraging new products in Germany, where progress is being made in transitioning away from combustion-type heaters, and net sales grew year over year due to the positive effect of exchange rates. For commercial air-conditioning systems, net sales rose year over year due to the strengthening of proposals for products using the low global warming potential refrigerant R32, backed by a growing environmental awareness, and the development of their dealers in each country.

In the Middle and Near East and Africa, net sales increased year over year, driven by sales expansion of large-scale projects in Saudi Arabia and the UAE. In Turkey, sales of residential air-conditioning systems and commercial air-conditioning systems increased significantly in the first and second half of the fiscal year, respectively.

In the filter business, although intensifying price competition in China and market contraction in Japan from investment restraint continued, demand remained solid overall, and net sales rose year over year. In the United States, despite the impact of scaling back low-margin businesses, net sales rose year over year, supported in part by large orders from OEMs. In Europe, sales rose through shipments for large-scale projects in Southern Europe and our capture of replacement demand in Northern Europe, and net sales rose year over year. In Asia and the Middle East, sales in China fell due to the prolonged real estate recession and the continued stagnation in demand. However, thanks

to sales expansion in the electronics and semiconductor markets in Malaysia and Thailand, as well as other markets such as hospitals, and our success in bringing in new orders from major customers in the Middle East, overall sales in the Asian region, including the Middle East and India, rose year over year. In Japan, net sales fell year over year due to the stagnation of new construction investments, delays in the recovery of semiconductor demand, and the impact of market contraction. In the gas turbine and dust collection systems business, sales of dust collection systems continued to grow steadily, and sales of special filters for offshore oil fields were sluggish, causing net sales to remain at the same level year over year.

In the marine vessels business, net sales rose year over year for the overall business as a result of an increase in sales for marine container refrigeration units, despite a year-over-year decline in sales for refrigeration units.

(ii) Chemicals

Overall sales of the Chemicals segment increased by 7.0% year over year to ¥281,469 million. Operating profit was significantly affected by the decline in semiconductor demand, decreasing by 28.3% to ¥33,089 million.

Overall net sales of fluorochemical products rose year on year as the result of sales expansion efforts in relatively solidly performing areas. This was amid prolonged distribution inventory adjustments in the semiconductor field and delays in demand recovery of other major markets.

Net sales of fluoropolymers remained at the same level year over year, despite focused Group efforts to capture strong new demand in the data center field. This was mainly due to the stagnation in the construction markets of the United States and China and distribution inventory adjustments for semiconductors. Meanwhile, net sales of fluoroelastomers increased year over year as a result of expanded sales, primarily in the automobile segments of China, Europe, and the United States.

In specialty chemicals, although demand was sluggish in the fields of anti-fouling surface coating agents and intermediate function materials, factors such as the addition of newly consolidated bases in the field of etching agents for semiconductor processing caused net sales to rise year over year.

As for fluorocarbon gas, net sales were higher year over year due to efforts to expand sales in the United States, Asia, and Europe.

(iii) Other Divisions

Overall sales of the “Others” segment increased by 7.3% year over year to ¥112,435 million. Operating profit increased by 8.4% to ¥4,925 million.

In the oil hydraulic equipment business, sales of oil hydraulic equipment for industrial machinery rose for the Japanese and U.S. markets, resulting in an increase in net sales year over year. On the other hand, net sales of oil hydraulic equipment for construction machinery and vehicles fell year over year due to a decline in sales to major customers in Japan.

In the defense systems business, net sales increased year over year due to a rise in orders for medical oxygen concentrators and hypoxic systems (equipment that simulates high-altitude conditions to enhance exercise effectiveness in a short period of time by controlling oxygen concentration).

In the electronics business, although sales of data science software decreased, net sales remained at the same level year over year mainly from expanding sales of “Smart Innovator,” a database system for design and development sectors that meets customer needs by solving quality issues, shortening design and development periods, and supporting cost reductions, and from increasing sales of facility CAD systems.

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2026

Total assets increased by ¥675,824 million from the end of the previous fiscal year to ¥5,809,240 million.

Current assets increased by ¥409,226 million from the end of the previous fiscal year to ¥3,262,880 million, mainly due to an increase in notes and accounts receivable – trade, and contract assets.

Non-current assets increased by ¥266,598 million from the end of the previous fiscal year to ¥2,546,359 million, primarily due to an increase in machinery, equipment and vehicles.

Liabilities increased by ¥225,978 million from the end of the previous fiscal year to ¥2,492,702 million, mainly due to an increase in notes and accounts payable – trade.

Net assets increased by ¥449,845 million from the end of the previous fiscal year to ¥3,316,538 million, primarily due to the recording of profit attributable to owners of parent and an increase in accumulated other comprehensive income resulting from exchange rate fluctuations.

(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2026

During the fiscal year under review, net cash provided by operating activities was ¥465,848 million, a decrease of ¥48,602 million from the previous fiscal year, principally due to an increase in trade receivables. Net cash used in investing activities was ¥322,239 million, a decrease of ¥15,167 million from the previous fiscal year, primarily due to a decrease in purchase of property, plant and equipment. Net cash used in financing activities was ¥156,378 million, an increase of ¥2,909 million from the previous fiscal year, mainly due to a decrease 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 ¥48,418 million, an increase of ¥22,809 million from the previous fiscal year.

(Reference) Trends in Cash Flow Indicators

	Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024	Fiscal Year ended March 31, 2025	Fiscal Year ended March 31, 2026
Equity ratio (%)	51.5	51.9	54.0	54.6	55.9
Market value equity ratio (%)	171.6	160.9	123.6	92.1	94.2
Cash flows/Interest-bearing debt ratio (years)	3.4	5.6	2.4	1.9	2.3
Interest coverage ratio (times)	27.7	7.8	9.0	11.9	12.0

Notes:

- 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
- Each indicator is calculated based on the consolidated financial values.
- 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])
- Operating cash flow represents the “Net cash provided by (used in) operating activities” in the consolidated statement of cash flows.
- 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

The business environment surrounding the Group saw a greater focus on carbon neutrality among companies and individuals and despite increased demand for air-conditioning equipment for data centers and air-conditioning demand overall in India, stagnant consumption and housing investment are expected to continue across the world due to the impact of inflation and high interest rates. Furthermore, due to the rise of protectionism and geopolitical risks in Europe, the Middle East, and other areas, the future outlook seems to remain uncertain.

In this business environment, we will follow the Group’s strategic management plan “Fusion 30,” which was announced today, and strive to provide “new value for the environment and air” and become a highly profitable, sustainable company that continues to be chosen worldwide. To achieve this, we will accelerate the growth of our solutions business, expand our business in growth areas such as North America and IMEA (India, the Middle East, and Africa), and enhance our management foundation.

Specifically, we will strive to thoroughly implement region-specific measures and share know-how and information throughout the Group in order to strengthen our sales and proposal capabilities; launch new and differentiated products corresponding to the application and market needs of each region; and expand range and improve development speed of system products that integrate air conditioning, ventilation, humidification, dehumidification, floor heating, and other functions. In addition, in the Applied Systems air-conditioning business, where active investment centered on the United States is expected for data centers, the manufacturing industry, hospitals, and other market segments, we will leverage our sales network, which we have been expanding, along with our repair and maintenance options, device replacement proposal strengths, and instrumentation engineering strengths to expand sales and accelerate the transformation to a circular solutions business. We will also achieve greater labor savings by automating production facilities, reduce costs of base models, standardize key components, maximize cost reductions by replacing copper materials with aluminum, and streamline back-office operations with the use of AI. We will accelerate these initiatives throughout the Group to create an agile and strong structure.

For the fiscal year ending March 31, 2027, we forecast a 2.7% increase in consolidated net sales to ¥5,150,000 million, with operating profit increasing 5.1% to ¥436,000 million, ordinary profit increasing 1.4% to ¥414,000 million, and profit attributable to owners of parent increasing 1.0% to ¥278,000 million.

In light of the situation in the Middle East, these forecasts incorporate the business stagnation that has become apparent in the Middle East up to the present, the rising cost of global transport, and the growing costs of certain materials made from naphtha, along with measures for absorbing these, primarily by passing on costs, providing

greater added value, and improving expense efficiency. We will promptly make additional announcements in case of any future changes in the Middle East that are expected to have a significant impact requiring disclosure.

The estimated exchange rate for the fiscal year ending March 31, 2027, is based on the assumption that US\$1 equals ¥145 and 1 euro equals ¥170.

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, etc.

(5) Basic Policy on Profit Distribution and Dividends for the Fiscal Year Ended March 31, 2026, and the Fiscal Year Ending March 31, 2027

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, based on our past dividend record, we will focus on maintaining our dividend payout ratio and on stability while striving to increase dividends on an ongoing basis.

For the fiscal year ended March 31, 2026, the Company has proposed an annual cash dividend of ¥340 (¥165 for the interim dividend and ¥175 for the year-end dividend).

For the fiscal year ending March 31, 2027, the Company proposes an annual cash dividend of ¥360 (¥180 for the interim dividend and ¥180 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)

	FY2024 (As of March 31, 2025)	FY2025 (As of March 31, 2026)
Assets		
Current assets		
Cash and deposits	802,663	933,484
Notes and accounts receivable – trade, and contract assets	856,542	1,011,104
Merchandise and finished goods	709,232	769,715
Work in process	72,190	78,570
Raw materials and supplies	271,444	289,616
Other	163,975	203,907
Allowance for doubtful accounts	(22,395)	(23,519)
Total current assets	2,853,654	3,262,880
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	524,369	585,839
Machinery, equipment and vehicles, net	415,530	482,098
Land	99,532	107,313
Leased assets, net	5,789	6,099
Construction in progress	154,876	195,105
Other, net	79,228	88,018
Total property, plant and equipment	1,279,327	1,464,475
Intangible assets		
Goodwill	266,337	274,767
Customer-related intangible assets	237,048	228,708
Other	134,481	166,066
Total intangible assets	637,867	669,541
Investments and other assets		
Investment securities	160,032	199,020
Long-term loans receivable	1,799	1,892
Deferred tax assets	66,331	71,039
Retirement benefit asset	36,795	36,878
Other	98,089	104,001
Allowance for doubtful accounts	(481)	(490)
Total investments and other assets	362,566	412,342
Total non-current assets	2,279,761	2,546,359
Total assets	5,133,416	5,809,240

	(Millions of yen)	
	FY2024	FY2025
	(As of March 31, 2025)	(As of March 31, 2026)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	362,158	419,985
Short-term borrowings	294,643	286,097
Commercial papers	29,554	28,393
Current portion of bonds payable	15,000	25,000
Current portion of long-term borrowings	58,176	94,285
Lease liabilities	42,790	52,328
Income taxes payable	47,193	50,632
Provision for bonuses for directors (and other officers)	259	323
Provision for product warranties	112,835	132,908
Accrued expenses	283,116	305,260
Other	297,317	293,655
Total current liabilities	1,543,047	1,688,870
Non-current liabilities		
Bonds payable	175,000	200,000
Long-term borrowings	239,920	249,387
Lease liabilities	131,766	159,095
Deferred tax liabilities	93,286	102,204
Retirement benefit liability	21,760	23,418
Other	61,941	69,726
Total non-current liabilities	723,675	803,831
Total liabilities	2,266,723	2,492,702
Net assets		
Shareholders' equity		
Share capital	85,032	85,032
Capital surplus	87,304	68,521
Retained earnings	2,068,308	2,252,762
Treasury shares	(1,348)	(1,178)
Total shareholders' equity	2,239,296	2,405,138
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	53,770	82,318
Deferred gains or losses on hedges	945	1,737
Foreign currency translation adjustment	512,313	768,278
Remeasurements of defined benefit plans	(5,042)	(7,632)
Total accumulated other comprehensive income	561,985	844,702
Share acquisition rights	4,212	4,813
Non-controlling interests	61,199	61,884
Total net assets	2,866,693	3,316,538
Total liabilities and net assets	5,133,416	5,809,240

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

	(Millions of yen)	
	FY2024 (April 1, 2024, to March 31, 2025)	FY2025 (April 1, 2025, to March 31, 2026)
Net sales	4,752,335	5,015,036
Cost of sales	3,125,646	3,282,519
Gross profit	1,626,688	1,732,516
Selling, general and administrative expenses	1,225,019	1,317,524
Operating profit	401,669	414,991
Non-operating income		
Interest income	20,109	18,795
Dividend income	3,846	4,433
Share of profit of entities accounted for using equity method	2,176	1,331
Subsidy income	2,275	1,966
Inflation accounting adjustment	—	14,519
Other	5,601	5,769
Total non-operating income	34,010	46,816
Non-operating expenses		
Interest expenses	43,030	38,976
Foreign exchange losses	9,163	1,448
Settlement payments	—	2,059
Inflation accounting adjustment	9,023	—
Other	8,015	11,153
Total non-operating expenses	69,233	53,637
Ordinary profit	366,446	408,171
Extraordinary income		
Gain on sale of land	439	518
Gain on sale of investment securities	12,162	13,831
Gain on sale of shares of subsidiaries and associates	—	0
Gain on liquidation of subsidiaries and associates	—	15
Gain on insurance claims	2,108	—
Gain on revision of retirement benefit plan	—	1,345
Gain on step acquisitions	1,717	—
Total extraordinary income	16,428	15,712
Extraordinary losses		
Loss on disposal of non-current assets	1,198	7,395
Loss on sale of land	181	18
Loss on sale of investment securities	—	141
Loss on valuation of investment securities	1,051	232
Loss on liquidation of subsidiaries and associates	46	22
Loss on valuation of shares of subsidiaries and associates	—	39
Impairment loss	—	11,849
Loss on disaster	—	554
Distinguished service compensation	4,300	—
Other	1	—
Total extraordinary losses	6,779	20,255
Profit before income taxes	376,095	403,628
Income taxes – current	134,613	125,940
Income taxes – deferred	(33,966)	(8,658)
Total income taxes	100,647	117,281
Profit	275,448	286,346
Profit attributable to non-controlling interests	10,690	11,117
Profit attributable to owners of parent	264,757	275,229

(Consolidated Statement of Comprehensive Income)

	(Millions of yen)	
	FY2024 (April 1, 2024, to March 31, 2025)	FY2025 (April 1, 2025, to March 31, 2026)
Profit	275,448	286,346
Other comprehensive income		
Valuation difference on available-for-sale securities	(11,962)	28,684
Deferred gains or losses on hedges	586	791
Foreign currency translation adjustment	(14,419)	258,238
Remeasurements of defined benefit plans	5,594	(2,401)
Share of other comprehensive income of entities accounted for using equity method	1,465	1,034
Total other comprehensive income	(18,735)	286,348
Comprehensive income	256,712	572,694
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	246,902	557,945
Comprehensive income attributable to non-controlling interests	9,810	14,749

(3) Consolidated Statement of Changes in Equity

FY2024 (April 1, 2024, to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,032	78,014	1,896,173	(1,525)	2,057,695
Changes in items during period					
Dividends of surplus			(92,227)		(92,227)
Profit attributable to owners of parent			264,757		264,757
Effect of changes in accounting period of subsidiaries			(395)		(395)
Purchase of treasury shares				(7)	(7)
Disposal of treasury shares		591		183	775
Capital increase of consolidated subsidiaries		5,835			5,835
Purchase of treasury shares of consolidated subsidiaries		3,542			3,542
Change in ownership interest of parent due to transactions with non-controlling interests		(679)			(679)
Net changes in items other than shareholders' equity					
Total changes in items during period	—	9,289	172,134	176	181,600
Balance at end of current period	85,032	87,304	2,068,308	(1,348)	2,239,296

	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	65,729	358	524,273	(10,520)	579,840	3,771	45,994	2,687,302
Changes in items during period								
Dividends of surplus								(92,227)
Profit attributable to owners of parent								264,757
Effect of changes in accounting period of subsidiaries								(395)
Purchase of treasury shares								(7)
Disposal of treasury shares								775
Capital increase of consolidated subsidiaries								5,835
Purchase of treasury shares of consolidated subsidiaries								3,542
Change in ownership interest of parent due to transactions with non-controlling interests								(679)
Net changes in items other than shareholders' equity	(11,959)	586	(11,960)	5,477	(17,855)	440	15,204	(2,210)
Total changes in items during period	(11,959)	586	(11,960)	5,477	(17,855)	440	15,204	179,390
Balance at end of current period	53,770	945	512,313	(5,042)	561,985	4,212	61,199	2,866,693

FY2025 (April 1, 2025, to March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,032	87,304	2,068,308	(1,348)	2,239,296
Changes in items during period					
Dividends of surplus			(90,774)		(90,774)
Profit attributable to owners of parent			275,229		275,229
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		604		171	776
Change in ownership interest of parent due to transactions with non-controlling interests		(19,387)			(19,387)
Net changes in items other than shareholders' equity					
Total changes in items during period	—	(18,782)	184,454	170	165,842
Balance at end of current period	85,032	68,521	2,252,762	(1,178)	2,405,138

	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	53,770	945	512,313	(5,042)	561,985	4,212	61,199	2,866,693
Changes in items during period								
Dividends of surplus								(90,774)
Profit attributable to owners of parent								275,229
Purchase of treasury shares								(0)
Disposal of treasury shares								776
Change in ownership interest of parent due to transactions with non-controlling interests								(19,387)
Net changes in items other than shareholders' equity	28,548	791	255,965	(2,589)	282,716	601	685	284,003
Total changes in items during period	28,548	791	255,965	(2,589)	282,716	601	685	449,845
Balance at end of current period	82,318	1,737	768,278	(7,632)	844,702	4,813	61,884	3,316,538

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2024 (April 1, 2024, to March 31, 2025)	FY2025 (April 1, 2025, to March 31, 2026)
I. Cash flows from operating activities		
Profit before income taxes	376,095	403,628
Depreciation	197,443	224,835
Impairment loss	—	11,849
Amortization of goodwill	48,572	51,371
Increase (decrease) in allowance for doubtful accounts	(173)	(1,272)
Interest and dividend income	(23,956)	(23,229)
Interest expenses	43,030	38,976
Share of loss (profit) of entities accounted for using equity method	(2,176)	(1,331)
Loss (gain) on disposal of non-current assets	1,198	7,395
Loss (gain) on sale of investment securities	(12,162)	(13,690)
Loss (gain) on valuation of investment securities	1,051	232
Gain on revision of retirement benefit plan	—	(1,345)
Loss (gain) on step acquisitions	(1,717)	—
Decrease (increase) in trade receivables	(40,093)	(80,315)
Decrease (increase) in inventories	(10,918)	(5,606)
Increase (decrease) in trade payables	30,580	24,559
Increase (decrease) in accounts payable - other	(128)	58
Increase (decrease) in accrued expenses	5,862	(770)
Increase (decrease) in retirement benefit liability	1,649	1,321
Decrease (increase) in retirement benefit asset	(9,436)	(3,781)
Other, net	57,350	(8,409)
Subtotal	662,072	624,475
Interest and dividends received	25,382	24,702
Interest paid	(43,325)	(38,917)
Income taxes paid	(129,677)	(144,412)
Net cash provided by (used in) operating activities	514,450	465,848
II. Cash flows from investing activities		
Purchase of property, plant and equipment	(245,985)	(209,081)
Proceeds from sale of property, plant and equipment	6,627	6,409
Purchase of investment securities	(17,505)	(2,321)
Proceeds from sale of investment securities	19,543	18,647
Purchase of shares of subsidiaries and associates	(1,094)	—
Payments for investments in capital of subsidiaries and associates	—	(258)
Payments for acquisition of businesses	(573)	(889)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(8,383)	(52,703)
Payments for investments in capital of subsidiaries resulting in change in scope of consolidation	(15,866)	(1,974)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	95	—
Decrease (increase) in time deposits	(42,028)	(58,829)
Other, net	(32,237)	(21,237)
Net cash provided by (used in) investing activities	(337,406)	(322,239)

	(Millions of yen)	
	FY2024 (April 1, 2024, to March 31, 2025)	FY2025 (April 1, 2025, to March 31, 2026)
III. Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(96,689)	(29,934)
Proceeds from long-term borrowings	106,428	95,068
Repayments of long-term borrowings	(66,088)	(62,193)
Proceeds from issuance of bonds	59,802	49,830
Redemption of bonds	(10,000)	(15,000)
Dividends paid	(92,192)	(90,749)
Proceeds from share issuance to non-controlling shareholders	15,112	4,417
Dividends paid to non-controlling interests	(13,447)	(13,326)
Repayments of lease liabilities	(56,073)	(64,690)
Other, net	(320)	(29,800)
Net cash provided by (used in) financing activities	(153,468)	(156,378)
IV. Effect of exchange rate change on cash and cash equivalents	2,033	61,187
V. Net increase (decrease) in cash and cash equivalents	25,608	48,418
VI. Cash and cash equivalents at beginning of period	634,008	658,105
VII. Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	(1,511)	—
VIII. Cash and cash equivalents at end of period	658,105	706,523

(5) Notes to Consolidated Financial Statements

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

None applicable

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 and information on disaggregate revenue

Previous fiscal year (From April 1, 2024, to March 31, 2025)

(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							
Japan	646,479	71,785	718,264	66,779	785,044	—	785,044
U.S.	1,581,852	40,133	1,621,986	14,056	1,636,043	—	1,636,043
Europe	714,553	49,989	764,543	15,574	780,118	—	780,118
Asia and Oceania	684,087	34,886	718,973	4,459	723,433	—	723,433
China	428,087	63,721	491,809	2,416	494,226	—	494,226
Other	329,487	2,511	331,999	1,470	333,469	—	333,469
Revenue from contracts with customers	4,384,548	263,028	4,647,577	104,757	4,752,335	—	4,752,335
Other revenue	—	—	—	—	—	—	—
Sales to outside customers	4,384,548	263,028	4,647,577	104,757	4,752,335	—	4,752,335
Intersegment sales	2,685	25,628	28,314	1,422	29,736	(29,736)	—
Total	4,387,234	288,657	4,675,891	106,180	4,782,071	(29,736)	4,752,335
Segment profit	350,987	46,119	397,106	4,543	401,650	19	401,669
Segment asset	4,401,769	523,503	4,925,273	104,499	5,029,773	103,643	5,133,416
Other items							
Depreciation	166,350	26,847	193,197	4,233	197,431	—	197,431
Amortization of goodwill	46,160	147	46,307	2,265	48,572	—	48,572
Investments in entities accounted for using equity method	22,967	2,545	25,512	49	25,562	—	25,562
Increase in property, plant and equipment, and intangible assets	274,016	44,450	318,466	6,181	324,648	—	324,648

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

2. The breakdown of adjustment is as follows:

(1) The adjustment of ¥19 million to segment profit comprises the elimination of intersegment transactions.

(2) The adjustment of ¥103,643 million to segment assets includes corporate assets not allocated to each reported segment of ¥195,559 million and ¥(91,916) million of intersegment transaction elimination. Corporate assets mainly consist of long-term investment funds (investment securities) and surplus funds for management (cash and deposits) of the Company.

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

Current fiscal year (From April 1, 2025, to March 31, 2026)

(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							
Japan	675,759	63,162	738,921	70,714	809,636	—	809,636
U.S.	1,720,110	51,406	1,771,516	14,996	1,786,513	—	1,786,513
Europe	784,207	54,991	839,199	18,597	857,796	—	857,796
Asia and Oceania	663,086	43,839	706,925	4,303	711,228	—	711,228
China	403,527	66,101	469,628	2,289	471,917	—	471,917
Other	374,439	1,968	376,408	1,534	377,943	—	377,943
Revenue from contracts with customers	4,621,131	281,469	4,902,601	112,435	5,015,036	—	5,015,036
Other revenue	—	—	—	—	—	—	—
Sales to outside customers	4,621,131	281,469	4,902,601	112,435	5,015,036	—	5,015,036
Intersegment sales	3,017	25,994	29,012	1,175	30,187	(30,187)	—
Total	4,624,148	307,464	4,931,613	113,610	5,045,223	(30,187)	5,015,036
Segment profit	376,991	33,089	410,080	4,925	415,005	(13)	414,991
Segment asset	4,906,501	625,121	5,531,622	116,507	5,648,130	161,110	5,809,240
Other items							
Depreciation	189,510	28,740	218,250	6,573	224,823	—	224,823
Amortization of goodwill	48,857	1	48,859	2,512	51,371	—	51,371
Investments in entities accounted for using equity method	24,159	2,499	26,659	47	26,706	—	26,706
Increase in property, plant and equipment, and intangible assets	225,403	67,059	292,462	7,567	300,030	—	300,030

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

2. The breakdown of adjustment is as follows:

(1) The adjustment of ¥(13) million to segment profit comprises the elimination of intersegment transactions.

(2) The adjustment of ¥161,110 million to segment assets includes corporate assets not allocated to each reported segment of ¥281,454 million and ¥(120,344) million of intersegment transaction elimination. Corporate assets mainly consist of long-term investment funds (investment securities) and surplus funds for management (cash and deposits) 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, 2024, to March 31, 2025)

1. Information by product and by service

This information is omitted, as similar information is disclosed in segment information.

2. Information by geographical segment

(1) Net sales

This information is omitted, as similar information is disclosed in segment information.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Asia and Oceania	Europe	China	Other	Total
224,011	353,782	227,345	196,018	192,660	85,508	1,279,327

3. Information by principal customers

This information is not stated, as there are no outside customers to which sales account for 10% or more of net sales in the consolidated statement of income.

Current fiscal year (From April 1, 2025, to March 31, 2026)

1. Information by product and by service

This information is omitted, as similar information is disclosed in segment information.

2. Information by geographical segment

(1) Net sales

This information is omitted, as similar information is disclosed in segment information.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	Asia and Oceania	Europe	China	Other	Total
262,512	426,762	257,792	214,221	203,474	99,713	1,464,475

3. Information by principal customers

This information is not stated, as there are no outside customers to which sales account for 10% or more of net sales in the consolidated statement of income.

[Information Related to Impairment Loss of Non-current Assets by Reported Segment]

Previous fiscal year (From April 1, 2024, to March 31, 2025)

None applicable

Current fiscal year (From April 1, 2025, to March 31, 2026)

(Millions of yen)

	Air-Conditioning and Refrigeration Equipment	Chemicals	Others	Corporate or eliminations	Total
Impairment loss	11,849	—	—	—	11,849

[Information Related to Amount of Amortization of Goodwill and Unamortized Balance by Reported Segment]

Previous fiscal year (From April 1, 2024, to March 31, 2025)

(Millions of yen)

	Air-Conditioning and Refrigeration Equipment	Chemicals	Others	Corporate or eliminations	Total
Balance at end of current period	251,503	4	14,829	—	266,337

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

Current fiscal year (From April 1, 2025, to March 31, 2026)

(Millions of yen)

	Air-Conditioning and Refrigeration Equipment	Chemicals	Others	Corporate or eliminations	Total
Balance at end of current period	258,981	4	15,780	—	274,767

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, 2024, to March 31, 2025)

No important items applicable.

Current fiscal year (From April 1, 2025, to March 31, 2026)

No important items applicable.

[Impairment Loss]

In the fiscal year ended March 31, 2026, the Company recorded an impairment loss of ¥11,849 million on customer-related intangible assets and trademark right of the group of AHT Cooling Systems GmbH, its consolidated subsidiaries.

The group, which manufactures and sells commercial freezing and refrigeration showcases, etc., saw a reduction in sales due to the impact of customers reviewing their investment plans, and underperformed the assumed business plan. Accordingly, as a result of reviewing the medium-term business plan incorporating optimization of the production system, enhancement of added value, and improvement of cost efficiency, etc., the book value has been reduced to the recoverable value.

Per Share Information

(Yen)

Item	Previous fiscal year (April 1, 2024, to March 31, 2025)	Current fiscal year (April 1, 2025, to March 31, 2026)
Net assets per share	9,567.14	11,097.60
Earnings per share	904.27	939.92
Diluted earnings per share	903.65	939.14

Notes:

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

Item	Previous fiscal year (April 1, 2024, to March 31, 2025)	Current fiscal year (April 1, 2025, to March 31, 2026)
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	264,757	275,229
Amount not belonging to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common stock (Millions of yen)	264,757	275,229
Average number of shares of common stock during the year (Thousands of shares)	292,784	292,822
Diluted earnings per share		
Increase in the number of shares of common stock (Thousands of shares)	202	241
[Of the above, stock options by exercising share acquisition rights] (Thousands of shares)	[202]	[241]
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, 2025)	Current fiscal year (As of March 31, 2026)
Total net assets (Millions of yen)	2,866,693	3,316,538
Deduction from total net assets (Millions of yen)	65,411	66,698
[Of the above, share acquisition rights] (Millions of yen)	[4,212]	[4,813]
[Of the above, non-controlling interests] (Millions of yen)	[61,199]	[61,884]
Shareholders' equity pertaining to common stock at the end of the fiscal year (Millions of yen)	2,801,281	3,249,840
Number of shares of common stock used to calculate net assets per share (Thousands of shares)	292,802	292,841

Significant Subsequent Events

(Acquisition of treasury shares)

The Company has resolved, at a meeting of the Board of Directors held on May 12, 2026 regarding the acquisition of treasury shares, in accordance with Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the same act.

The Company has also decided to adopt the fully committed share repurchase method for the acquisition of these treasury shares.

For details of this matter, please refer to the “Notice Regarding the Acquisition of Own Shares (Acquisition of Own Shares through Fully Committed Share Repurchase (Japanese ASR))” released on May 12, 2026.

1. Reason for acquisition of treasury shares

The Company will acquire treasury shares for the purpose of improving capital efficiency and returning profits to shareholders.

2. Planned method of acquiring treasury shares

The Company plans to acquire treasury shares equivalent to a total of ¥350.0 billion by placing a purchase order on the Tokyo Stock Exchange’s ToSTNeT-3 (off-auction own share repurchase transaction) at 8:45 a.m. on May 13, 2026, using the closing price of the Company’s common stock on the Tokyo Stock Exchange on May 12, 2026 as the acquisition price.

No changes will be made to other trading systems or trading hours.

3. Details of the acquisition

- (1) Class of shares to be acquired
Common stock of the Company
- (2) Total number of shares to be acquired (planned)
The number of shares obtained by dividing ¥350.0 billion by the closing price on the Tokyo Stock Exchange on May 12, 2026. (Fractional shares will be rounded down.)
- (3) Total acquisition cost of shares
The amount obtained by multiplying the “Total number of shares to be acquired (planned)” in (2) above by the closing price of the Company’s common stock on the Tokyo Stock Exchange on May 12, 2026.
- (4) Acquisition period
May 13, 2026
- (5) Acquisition method
Purchase through the Tokyo Stock Exchange’s ToSTNeT-3 (off-auction own share repurchase transaction).

The above represents a translation, for reference and convenience only, of the original notice issued in Japanese. We did our utmost to ensure accuracy in our translation and believe it to be of the highest standard. However, due to differences of accounting, legal and other systems as well as of language, this English version might contain inaccuracies, and therefore might be inconsistent with the original intent imported from the Japanese. In the event of any discrepancies between the Japanese and English versions, the former shall prevail as the official version.