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Brief Report on the Settlement of Accounts (Consolidated) for the Nine Months Ended December 31, 2025 (J-GAAP)

February 4, 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

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Planned date of start of dividend payment: —

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 Nine Months Ended December 31, 2025

(From April 1, 2025, to December 31, 2025)

(1) Consolidated Business Results (Accumulated)

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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2025	3,666,329	2.0	307,910	-3.4	305,667	4.5	195,373	4.6
December 31, 2024	3,593,224	10.1	318,740	4.0	292,483	3.7	186,712	-3.7

Note: Comprehensive income was ¥449,029 million (50.5%) for the nine months ended December 31, 2025, and ¥298,348 million (-8.6%) for the nine months ended December 31, 2024.

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2025	667.22	666.67
December 31, 2024	637.72	637.28

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2025	5,670,196	3,219,136	55.5
As of March 31, 2025	5,133,416	2,866,693	54.6

(Reference) Equity capital was ¥3,148,086 million as of December 31, 2025, and ¥2,801,281 million as of March 31, 2025.

2. Dividends

	(Annual) Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2025	—	185.00	—	145.00	330.00
Fiscal Year ending March 31, 2026	—	165.00	—		
Fiscal Year ending March 31, 2026 (forecast)				165.00	330.00

Note: Revisions to the dividend forecast announced most recently: None

3. Consolidated Business Forecast for the Fiscal Year Ending March 31, 2026

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

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
Full year	4,920,000	3.5	413,000	2.8	398,000	8.6	268,000	1.2	915.29

Note: Revisions to the consolidated business forecast announced most recently: Yes

*Notes

(1) Significant Changes in the Scope of Consolidation during the Nine Months Ended December 31, 2025: Yes

Newly included: 7 companies (Dynamic Data Centers Solutions, Inc. and others)

Excluded: 34 companies (Goodman Global Holdings, Inc. and others)

(2) Adoption of Accounting Treatment Specific to Quarterly Consolidated Financial Statement Preparation: Yes

(3) 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

(4) Number of Shares Issued (common stock)

(i) Number of shares issued at end of period (including treasury shares)

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

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

(ii) Number of treasury shares at end of period

As of December 31, 2025 278,457 shares

As of March 31, 2025 311,521 shares

(iii) Average number of shares outstanding during the nine months

Nine Months Ended December 31, 2025 292,818,052 shares

Nine Months Ended December 31, 2024 292,779,764 shares

Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit corporation: Yes (voluntary)

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 “(3) Explanation of Future Forecast Information Such as Consolidated Business Forecast” of “1. Qualitative Information Regarding Settlement of Accounts for the Period under Review.”
- The Company plans to hold a briefing on business results for institutional investors and analysts on Wednesday, February 4, 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. Qualitative Information Regarding Settlement of Accounts for the Period under Review

(1) Explanation of Operating Results

In the nine months ended December 31, 2025 (from April 1, 2025, to December 31, 2025), the world economy was constrained by confusion regarding U.S. tariff policies and future uncertainty. In the U.S. economy, persistently high interest rates and concerns about the economic outlook caused the labor market to slow and housing investment to remain sluggish. The European economy continued its recovery course, primarily centering around internal demand, but it was weighed down by a slump in exports to the United States. The Chinese economy continued to face a challenging environment, particularly with respect to domestic demand, as the real estate market remained weak and the government's consumption stimulus measures ran their course. The Japanese economy performed steadily due to the wealth effects of rising wages, increased employment, and rising stock prices. In Asia, although improvements to employment environment and the easing of inflationary pressure supported internal demand, economies were weighed down by U.S. tariffs.

Under this business environment, the Daikin Group is accelerating its implementation of key strategic themes and advancing initiatives aimed at medium- and long-term growth and sustainable development, centered on growth strategies that include carbon neutrality and the promotion of solutions. These strategies are set forth in the latter-half three-year plan (fiscal 2023 to fiscal 2025) of the strategic management plan "Fusion 25" with the final year set to fiscal 2025.

Furthermore, despite the ongoing difficult business environment, we have 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 are working to generate maximum results.

1. Strengthening sales and marketing capabilities
 - Enhance profit margin-focused sales strategies and accelerate the launch of differentiated products
2. Accelerating the launch of new and differentiated products
 - Aim to 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. Expanding 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 are working as a united global group to thoroughly implement key initiatives and absorb negative impacts amidst the harsh business environment, which includes sluggish demand in various regions in the world. We also aim to respond to further changes in the business environment as they arise to ensure our success in implementing our plans.

The Daikin Group's net sales increased by 2.0% year over year to ¥3,666,329 million for the nine months ended December 31, 2025. As for profits, operating profit decreased by 3.4% to ¥307,910 million, ordinary profit increased by 4.5% to ¥305,667 million, and profit attributable to owners of parent increased by 4.6% to ¥195,373 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 2.0% year over year to ¥3,401,247 million. Operating profit increased by 1.4% to ¥288,250 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 strong replacement demand. 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 between June and August, 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 “Urusara X,” which has a toughness cooling function for high outdoor temperatures, providing stable cooling performance even in hot environments, along with powerful high energy-saving performance, and 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 fell significantly year over year due to factors such as 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 Applied Systems air-conditioning business, the Group captured demand by utilizing the chiller factory in Mexico and by increasing the production capacities of existing factories, and it increased sales by expanding its after-sales service business. Particularly in equipment for data centers, a market that continues to expand, sales grew in part due to the leveraging of new factory operations of a custom air handling unit manufacturer and a 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 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, it appears that the slow demand has bottomed out, but restrictions on conventional combustion-type heaters have been delayed and the future outlook of subsidy programs remains uncertain, resulting in flat sales overall. Even in this market environment, we have steadily expanded sales 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, sales of products using the low global warming potential refrigerant R32 rose in major European countries, backed by a growing environmental awareness, and this led to net sales rising year over year.

In the Middle and Near East and Africa, net sales were significantly higher year over year, driven by sales for large-scale projects in Saudi Arabia and the UAE. In Turkey, sales of residential air-conditioning systems increased due to higher demand caused by a heat wave in the first half of the fiscal year, and we leveraged our solid sales network to increase sales of commercial air-conditioning systems during the third quarter (October to December).

In the filter business, demand was solid on the whole, but due to intensifying price competition in China, where the recovery of the semiconductor market has lagged, and the negative effect of exchange rates, net sales for the overall filter business remained at the same level year over year. In the United States, despite the impact of contraction of our low revenue business, sales of high gross-margin products grew, resulting in higher net sales year over year. 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 continued stagnation in demand caused by the prolonged real estate recession and falling prices. However, because of sales growth in Southeast Asia, including the semiconductor market, 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, there continued to be delays in work periods and the scaling down of projects for the electronics and semiconductor markets due to labor shortages in the construction industry, and net sales fell year over year. In the gas turbine and dust collection systems business, sales of dust collection systems steadily grew, 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 2.2% year over year to ¥192,990 million. Operating profit was significantly affected by the decline in semiconductor demand, decreasing by 44.6% year over year to ¥18,102 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 the ongoing impact of sluggish demand in the semiconductor field, the resulting distribution inventory adjustments, and delays in demand recovery of other major markets.

Net sales of fluoropolymers fell year over year, despite focused Group efforts to capture strong new demand in the data center field, and was due to the stagnation in the construction markets of the United States and China and the significant overall impact of delays in the recovery of semiconductor demand. Meanwhile, net sales of fluoroelastomers increased year over year as a result of expanded sales, primarily in the automobile segments of Japan, Europe, and the United States.

In specialty chemicals, although demand was sluggish in the fields of anti-fouling surface coating agents and oil and water repellents, 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 and Asia.

(iii) Other Divisions

Overall sales of the “Others” segment increased by 5.1% year over year to ¥72,092 million. Operating profit decreased by 13.2% to ¥1,557 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.

In the electronics business, net sales fell year over year due to a decrease in sales for large data science software projects, despite strong sales of facility CAD systems.

(2) Explanation of Financial Position

(i) Assets, Liabilities and Net Assets

Total assets increased by ¥536,780 million from the end of the previous fiscal year to ¥5,670,196 million. Current assets increased by ¥304,070 million from the end of the previous fiscal year to ¥3,157,725 million, mainly due to an increase in cash and deposits. Non-current assets increased by ¥232,709 million from the end of the previous fiscal year to ¥2,512,470 million, primarily due to an increase in machinery, equipment and vehicles.

Liabilities increased by ¥184,336 million from the end of the previous fiscal year to ¥2,451,059 million, mainly due to an increase in commercial papers. Interest bearing debt ratio rose to 20.3% from 19.2% at the end of the previous fiscal year.

Net assets increased by ¥352,443 million from the end of the previous fiscal year to ¥3,219,136 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.

(ii) Cash Flows

During the nine months ended December 31, 2025, net cash provided by operating activities was ¥345,666 million, a decrease of ¥80,979 million from the same period of the previous fiscal year, principally due to a decrease in trade payables. Net cash used in investing activities was ¥294,658 million, an increase of ¥4,857 million from the same period of the previous fiscal year, primarily due to an increase in purchase of shares of subsidiaries resulting in change

in scope of consolidation. Net cash used in financing activities was ¥33,735 million, a decrease of ¥4,002 million from the same period of the previous fiscal year, mainly due to an increase in short-term borrowings. After including the effect of foreign exchange rate change to these results, net increase in cash and cash equivalents for the nine months ended December 31, 2025, amounted to ¥77,261 million, a decrease of ¥58,479 million from the same period of the previous fiscal year.

(3) Explanation of Future Forecast Information Such as Consolidated Business Forecast

In light of the business results of the nine months ended December 31, 2025, and the changes in the business environment, the full-year business forecast, which was previously announced on November 5, 2025, has been revised as follows.

The outlook for the world economy is expected to remain uncertain during the fourth quarter, and while our own business saw a slight recovery in demand during the third quarter in areas around the world, primarily North America, Europe, and Asia, the recovery is expected to be slower than earlier anticipated.

Given these circumstances, we will accelerate our initiatives to improve global profitability and enhance our corporate structure. These initiatives will include our ongoing promotion of sales price policies and market share growth, active expansion of our Applied Systems air-conditioning business, and revenue growth from our commercial solutions business by providing added value for applications centered on data centers and for individual markets. In addition, regarding the six themes that the entire Group has been tackling as top management's priorities since the start of the year, such as drastically strengthening our sales and marketing capabilities, accelerating the launch of new and differentiated products, switching to a business model that generates revenue through after-sales service and solutions, and maximizing cost reductions, we are stepping up efforts to produce even greater results than planned. By doing so, we will further strengthen profitability, despite the increasingly severe business environment, in a bid to achieve new business records.

The estimated exchange rate for the fourth quarter assumes that US\$1 equals ¥155 and 1 euro equals ¥180.

Revisions to Consolidated Business Forecast for the Fiscal Year Ending March 31, 2026 (From April 1, 2025, to March 31, 2026)

	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
Previous forecasts (A)	4,840,000	435,000	415,000	280,000	956.28
Revised forecasts (B)	4,920,000	413,000	398,000	268,000	915.29
Increase/decrease (B – A)	80,000	-22,000	-17,000	-12,000	—
Increase/decrease (%)	1.7	-5.1	-4.1	-4.3	—
(Reference) Results for the fiscal year ended March 31, 2025	4,752,335	401,669	366,446	264,757	904.27

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

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2024 (As of March 31, 2025)	Third Quarter of FY2025 (As of December 31, 2025)
Assets		
Current assets		
Cash and deposits	802,663	985,705
Notes and accounts receivable – trade, and contract assets	856,542	809,496
Merchandise and finished goods	709,232	800,552
Work in process	72,190	95,865
Raw materials and supplies	271,444	277,082
Other	163,975	213,179
Allowance for doubtful accounts	(22,395)	(24,157)
Total current assets	2,853,654	3,157,725
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	524,369	573,821
Other, net	754,957	838,364
Total property, plant and equipment	1,279,327	1,412,186
Intangible assets		
Goodwill	266,337	282,897
Other	371,529	404,689
Total intangible assets	637,867	687,587
Investments and other assets		
Investment securities	160,032	204,501
Other	203,015	208,688
Allowance for doubtful accounts	(481)	(491)
Total investments and other assets	362,566	412,697
Total non-current assets	2,279,761	2,512,470
Total assets	5,133,416	5,670,196
Liabilities		
Current liabilities		
Notes and accounts payable – trade	362,158	365,151
Short-term borrowings	294,643	271,411
Commercial papers	29,554	123,023
Current portion of bonds payable	15,000	25,000
Current portion of long-term borrowings	58,176	65,692
Income taxes payable	47,193	42,854
Provision for product warranties	112,835	129,204
Other	623,484	595,830
Total current liabilities	1,543,047	1,618,166
Non-current liabilities		
Bonds payable	175,000	200,000
Long-term borrowings	239,920	262,861
Retirement benefit liability	21,760	22,236
Other	286,994	347,794
Total non-current liabilities	723,675	832,892
Total liabilities	2,266,723	2,451,059

	(Millions of yen)	
	FY2024 (As of March 31, 2025)	Third Quarter of FY2025 (As of December 31, 2025)
Net assets		
Shareholders' equity		
Share capital	85,032	85,032
Capital surplus	87,304	87,652
Retained earnings	2,068,308	2,172,906
Treasury shares	(1,348)	(1,204)
Total shareholders' equity	2,239,296	2,344,386
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	53,770	83,059
Deferred gains or losses on hedges	945	1,943
Foreign currency translation adjustment	512,313	728,495
Remeasurements of defined benefit plans	(5,042)	(9,798)
Total accumulated other comprehensive income	561,985	803,700
Share acquisition rights	4,212	4,936
Non-controlling interests	61,199	66,113
Total net assets	2,866,693	3,219,136
Total liabilities and net assets	5,133,416	5,670,196

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

For the Nine Months Ended December 31	(Millions of yen)	
	First Nine Months of FY2024 (April 1, 2024, to December 31, 2024)	First Nine Months of FY2025 (April 1, 2025, to December 31, 2025)
Net sales	3,593,224	3,666,329
Cost of sales	2,361,679	2,391,076
Gross profit	1,231,544	1,275,253
Selling, general and administrative expenses	912,803	967,343
Operating profit	318,740	307,910
Non-operating income		
Interest income	14,307	13,772
Dividend income	3,556	4,142
Share of profit of entities accounted for using equity method	1,568	1,244
Inflation accounting adjustment	—	10,686
Other	5,085	5,235
Total non-operating income	24,518	35,082
Non-operating expenses		
Interest expenses	31,769	29,331
Foreign exchange losses	3,850	1,269
Inflation accounting adjustment	6,934	—
Other	8,220	6,723
Total non-operating expenses	50,775	37,325
Ordinary profit	292,483	305,667
Extraordinary income		
Gain on sale of land	287	5
Gain on sale of investment securities	4,253	265
Gain on sale of shares of subsidiaries and associates	—	0
Gain on liquidation of subsidiaries and associates	—	15
Gain on insurance claims	607	—
Gain on revision of retirement benefit plan	—	1,345
Total extraordinary income	5,148	1,632
Extraordinary losses		
Loss on disposal of non-current assets	829	7,301
Loss on sale of land	169	—
Loss on valuation of investment securities	429	100
Distinguished service compensation	4,300	—
Total extraordinary losses	5,728	7,402
Profit before income taxes	291,903	299,896
Income taxes	96,631	95,676
Profit	195,271	204,220
Profit attributable to non-controlling interests	8,558	8,847
Profit attributable to owners of parent	186,712	195,373

(Consolidated Statement of Comprehensive Income)

For the Nine Months Ended December 31	(Millions of yen)	
	First Nine Months of FY2024 (April 1, 2024, to December 31, 2024)	First Nine Months of FY2025 (April 1, 2025, to December 31, 2025)
Profit	195,271	204,220
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,970)	29,408
Deferred gains or losses on hedges	212	997
Foreign currency translation adjustment	107,592	219,460
Remeasurements of defined benefit plans	(3,171)	(4,820)
Share of other comprehensive income of entities accounted for using equity method	413	(237)
Total other comprehensive income	103,077	244,808
Comprehensive income	298,348	449,029
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	288,150	437,087
Comprehensive income attributable to non-controlling interests	10,198	11,941

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	First Nine Months of FY2024 (April 1, 2024, to December 31, 2024)	First Nine Months of FY2025 (April 1, 2025, to December 31, 2025)
I. Cash flows from operating activities		
Profit before income taxes	291,903	299,896
Depreciation	144,227	163,247
Amortization of goodwill	36,504	38,059
Increase (decrease) in allowance for doubtful accounts	880	(200)
Interest and dividend income	(17,864)	(17,915)
Interest expenses	31,769	29,331
Share of loss (profit) of entities accounted for using equity method	(1,568)	(1,244)
Loss (gain) on disposal of non-current assets	829	7,301
Loss (gain) on sale of investment securities	(4,253)	(265)
Loss (gain) on valuation of investment securities	429	100
Gain on revision of retirement benefit plan	—	(1,345)
Decrease (increase) in trade receivables	65,930	101,756
Decrease (increase) in inventories	(28,947)	(48,606)
Increase (decrease) in trade payables	26,364	(23,908)
Increase (decrease) in accounts payable - other	(21,470)	(27,839)
Increase (decrease) in accrued expenses	11,607	(10,696)
Increase (decrease) in retirement benefit liability	859	152
Decrease (increase) in retirement benefit asset	2,788	(758)
Other, net	(3,414)	(28,673)
Subtotal	536,577	478,393
Interest and dividends received	19,160	19,234
Interest paid	(31,185)	(28,185)
Income taxes paid	(97,906)	(123,776)
Net cash provided by (used in) operating activities	426,645	345,666
II. Cash flows from investing activities		
Purchase of property, plant and equipment	(187,728)	(144,587)
Proceeds from sale of property, plant and equipment	4,237	3,799
Purchase of investment securities	(16,729)	(1,850)
Proceeds from sale of investment securities	5,626	661
Purchase of shares of subsidiaries and associates	(1,096)	(255)
Payments for acquisition of businesses	(573)	(889)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,707)	(52,702)
Payments for investments in capital of subsidiaries resulting in change in scope of consolidation	(17,237)	(1,974)
Decrease (increase) in time deposits	(52,765)	(86,032)
Other, net	(20,826)	(10,828)
Net cash provided by (used in) investing activities	(289,801)	(294,658)

	(Millions of yen)	
	First Nine Months of FY2024 (April 1, 2024, to December 31, 2024)	First Nine Months of FY2025 (April 1, 2025, to December 31, 2025)
III. Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,367)	53,582
Proceeds from long-term borrowings	103,159	67,884
Repayments of long-term borrowings	(59,314)	(46,387)
Proceeds from issuance of bonds	59,802	49,830
Redemption of bonds	(10,000)	(15,000)
Dividends paid	(92,235)	(90,788)
Proceeds from share issuance to non-controlling shareholders	15,110	270
Dividends paid to non-controlling interests	(7,547)	(6,396)
Repayments of lease liabilities	(42,022)	(46,568)
Other, net	(322)	(161)
Net cash provided by (used in) financing activities	(37,737)	(33,735)
IV. Effect of exchange rate change on cash and cash equivalents	36,634	59,989
V. Net increase (decrease) in cash and cash equivalents	135,741	77,261
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	768,237	735,367

(4) Notes to Consolidated Financial Statements

Significant Matters Serving as the Basis for Quarterly Consolidated Financial Statement Preparation

The quarterly consolidated financial statements were prepared in accordance with Article 4, Paragraph 1 of the Standards for the Preparation of Quarterly Financial Statements, etc., of Tokyo Stock Exchange, Inc. and accounting standards for quarterly financial statements generally accepted as fair and reasonable in Japan (however, the omission of descriptions prescribed in Article 4, Paragraph 2 of the Standards for the Preparation of Quarterly Financial Statements, etc., applies).

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

None applicable

Notes on Significant Changes in Shareholders’ Equity

None applicable

Adoption of Accounting Treatment Specific to Quarterly Consolidated Financial Statement Preparation

[Calculation of tax expenses]

The Company and some of its consolidated subsidiaries, reasonably estimate the effective income tax rate after the adoption of tax-effect accounting for profit before income taxes for the consolidated fiscal year ending March 31, 2026, and multiply profit before income taxes for the reporting period by the estimated effective tax rate. However, if as a result of the computation using the estimated effective income tax rate lacks rationality to a remarkable extent, the Company adopts the method of using the legal effective tax rate.

Revenue Recognition

Information on disaggregate revenue from contracts with customers is as stated in “(4) Notes to Consolidated Financial Statements (Segment Information, etc.)” of “2. Consolidated Financial Statements and Primary Notes.”

Segment Information, etc.

[Segment Information]

I. For the nine months ended December 31, 2024 (From April 1, 2024, to December 31, 2024)

1. Information on net sales and profit or loss amounts by reported segment and information on disaggregate revenue

(Millions of yen)

	Reported segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded on Consolidated Statement of Income (Note 3)
	Air- Conditioning and Refrigeration Equipment	Chemicals	Subtotal				
Net sales							
Japan	478,339	50,958	529,297	40,073	569,371	—	569,371
U.S.	1,212,477	25,933	1,238,411	10,384	1,248,795	—	1,248,795
Europe	509,960	37,401	547,362	11,966	559,329	—	559,329
Asia and Oceania	506,013	24,161	530,174	3,363	533,538	—	533,538
China	365,195	48,403	413,598	1,731	415,329	—	415,329
Other	263,851	1,929	265,780	1,078	266,859	—	266,859
Revenue from contracts with customers	3,335,838	188,787	3,524,625	68,598	3,593,224	—	3,593,224
Other revenue	—	—	—	—	—	—	—
Sales to outside customers	3,335,838	188,787	3,524,625	68,598	3,593,224	—	3,593,224
Intersegment sales	2,016	19,896	21,913	1,161	23,075	(23,075)	—
Total	3,337,854	208,684	3,546,538	69,760	3,616,299	(23,075)	3,593,224
Segment profit	284,283	32,660	316,943	1,794	318,738	2	318,740

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 adjustment of ¥2 million to segment profit comprises the elimination of intersegment transactions.

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

2. Information related to impairment loss of non-current assets and goodwill by reported segment
(Significant impairment loss of non-current assets)

None applicable

(Significant change in goodwill amount)

None applicable

(Significant gain on bargain purchase)

None applicable

II. For the nine months ended December 31, 2025 (From April 1, 2025, to December 31, 2025)

1. Information on net sales and profit or loss amounts by reported segment and information on disaggregate revenue

(Millions of yen)

	Reported segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded on Consolidated Statement of Income (Note 3)
	Air- Conditioning and Refrigeration Equipment	Chemicals	Subtotal				
Net sales							
Japan	505,143	44,027	549,170	42,371	591,542	—	591,542
U.S.	1,276,145	34,362	1,310,508	10,337	1,320,845	—	1,320,845
Europe	542,810	37,828	580,639	13,311	593,951	—	593,951
Asia and Oceania	471,697	27,628	499,325	3,305	502,631	—	502,631
China	335,344	47,748	383,092	1,602	384,695	—	384,695
Other	270,104	1,394	271,499	1,163	272,662	—	272,662
Revenue from contracts with customers	3,401,247	192,990	3,594,237	72,092	3,666,329	—	3,666,329
Other revenue	—	—	—	—	—	—	—
Sales to outside customers	3,401,247	192,990	3,594,237	72,092	3,666,329	—	3,666,329
Intersegment sales	1,811	20,098	21,910	745	22,655	(22,655)	—
Total	3,403,058	213,089	3,616,147	72,837	3,688,985	(22,655)	3,666,329
Segment profit	288,250	18,102	306,353	1,557	307,911	(1)	307,910

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

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

2. Information related to impairment loss of non-current assets and goodwill by reported segment

(Significant impairment loss of non-current assets)

None applicable

(Significant change in goodwill amount)

None applicable

(Significant gain on bargain purchase)

None applicable

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.