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Member, Financial Accounting Standards Foundation

Brief Report on the Settlement of Accounts (Consolidated) for the Three Months Ended June 30, 2026 (J-GAAP)

August 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
Contact: Yuri Sakamoto,
General Manager, Investor and Shareholder Relations Office
(Tel.: +81-6-6147-9925)
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 Three Months Ended June 30, 2026
(From April 1, 2026, to June 30, 2026)

(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	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	1,426,810	17.5	130,560	7.6	120,811	1.6	80,136	-1.7
June 30, 2025	1,213,821	-3.0	121,300	5.1	118,905	13.0	81,526	29.2

Note: Comprehensive income was ¥145,485 million (146.0%) for the three months ended June 30, 2026, and ¥59,136 million (-70.2%) for the three months ended June 30, 2025.

	Earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2026	280.60	280.37
June 30, 2025	278.43	278.25

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2026	5,954,253	3,056,403	50.2
As of March 31, 2026	5,809,240	3,316,538	55.9

(Reference) Equity capital was ¥2,988,002 million as of June 30, 2026, and ¥3,249,840 million as of March 31, 2026.

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, 2026	—	165.00	—	175.00	340.00
Fiscal Year ending March 31, 2027	—				
Fiscal Year ending March 31, 2027 (forecast)		180.00	—	180.00	360.00

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

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

Note: Revisions to the consolidated business forecast announced most recently: None

*Notes

(1) Significant Changes in the Scope of Consolidation during the Three Months Ended June 30, 2026: Yes

Newly included: 2 companies (Daikin Air Conditioning Lower Gulf LLC and other)

Excluded: 10 companies (Flanders Holdings LLC 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 June 30, 2026	293,113,973 shares
As of March 31, 2026	293,113,973 shares

(ii) Number of treasury shares at end of period

As of June 30, 2026	14,778,565 shares
As of March 31, 2026	272,361 shares

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

Three Months Ended June 30, 2026	285,587,604 shares
Three Months Ended June 30, 2025	292,804,800 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 Tuesday, August 4, 2026. Documents and materials distributed in this briefing are posted on the Company's website (https://www.daikin.com/investor/library/results_materials).

Content of Attachment

1. Qualitative Information Regarding Settlement of Accounts for the Period under Review

(1) Explanation of Operating Results

In the three months ended June 30, 2026 (from April 1, 2026, to June 30, 2026), the world economy was weighed down by rising energy prices driven by escalating tensions in the Middle East as well as rising commodity prices. The U.S. economy performed strongly, backed by AI-related investment. The European economy saw low growth due to rising energy prices. In the Chinese economy, exports were strong, while the real estate market slump continued. The Japanese economy performed strongly due to capital investment, AI-related demand, and a resilient labor market, but rising prices placed downward pressure on the economy. In Asia, India maintained its high level of growth and the economy of the ASEAN region was supported by electronic device and component exports, but domestic demand was weighed down by high crude oil prices and inflation.

Under this business environment, in May, the Daikin Group announced “Fusion 30,” its strategic management plan with its final year set to fiscal 2030. The vision of “Fusion 30” is defined as providing “new value for the environment and air” and becoming a highly profitable, sustainable company that continues to be chosen worldwide. Under this plan, we are working to expand our business and contribute to the environment and society. In particular, we have positioned rebuilding our earning power, such as our growth in solutions and other high-margin businesses, as our highest priority, and we are implementing initiatives for achieving this goal.

Furthermore, despite the ongoing difficult business environment caused by factors such as the delay in the recovery of demand and rising costs, in the first fiscal year of “Fusion 30,” we set out the following six Group-wide key themes to increase our profit margins and achieve new business records, with the entire global Group working to generate maximum results.

- Promoting sales price policies while strengthening marketing capabilities and accelerating the market launch of differentiated products
- Enhancing cost competitiveness through variable cost reduction
- Expanding revenue from the global service solutions business
- Reducing the fixed cost ratio to net sales through visualization and drastic review of the fixed cost structure
- Maximizing investment results at an early stage by strengthening the profitability of acquired companies
- Strengthening the business structure and generating results by implementing best practices across the global Group

The Daikin Group’s net sales increased by 17.5% year over year to ¥1,426,810 million for the three months ended June 30, 2026. As for profits, operating profit increased by 7.6% to ¥130,560 million, ordinary profit increased by 1.6% to ¥120,811 million, and profit attributable to owners of parent decreased by 1.7% to ¥80,136 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 17.0% year over year to ¥1,325,051 million. Operating profit increased by 3.1% to ¥118,234 million.

In the Japanese air-conditioning equipment market, commercial market demand increased year over year due to factors including demand for heat mitigation measures and strong demand in the market centered on offices and commercial facilities. Residential market demand increased year over year as a result of an increase in replacement demand caused by reports that prices are likely to rise in fiscal 2027 due to the energy-saving regulations. Against this backdrop, in the commercial air-conditioning equipment market, the Group strengthened customer proposals centered 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 customer proposals for products such as the powerful high-energy-saving model “Urusara X,” which features premium cooling that enhances comfort by controlling humidity while preventing overcooling. This resulted in higher net sales year over year.

In the Americas, the recovery in demand for residential air-conditioning systems remained limited due to factors such as inflation pressures resulting from U.S. tariffs, high interest rates for housing loans, and rising economic uncertainty in conjunction with the destabilization of the Middle East. As a result, the market failed to make a full recovery. Under these circumstances, the Group worked to win back customers, support existing dealers, and develop new dealers, and sales for ducted unitary for houses rose. Moreover, the Group worked to strengthen the sales structure and promote cost reductions for the premium environmental “Fit” system, which has high energy-saving performance. As a result of these initiatives, net sales rose year over year. With regard to the Applied Systems air-conditioning business, sales in the chiller and custom air handling unit businesses grew significantly, driven by the expansion of demand for data centers. Furthermore, additional revenue from the growth of the after-sales service business and new acquisitions also contributed, resulting in net sales rising year over year.

In China, demand slowed significantly due to the deteriorating real estate market, but owing to the positive effect of exchange rates, there was a year over year increase 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, reducing costs, and cutting fixed 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 leveraged IoT and data analysis and enhanced our home solutions, which provide indoor air quality and lifestyles optimized for individual customers. In the commercial air-conditioning equipment market, we strengthened energy-saving proposals 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 sectors with firm demand, which included the semiconductor and medical-related applications, while strengthening our service and maintenance business and enhancing our energy-saving replacement and renovation proposals.

In Asia and Oceania, overall net sales increased year over year due to ongoing sales expansion, primarily in India. With respect to the market environment, soaring energy prices caused by the situation in the Middle East, further increases in commodity prices, and other factors caused personal consumption to decline in each country, and there were delays in large-scale projects due to construction material cost increases and shortages. Against this backdrop, we introduced new residential air-conditioning system models and carried out sales promotion measures targeting dealers and consumers to increase sales of mid- and high-end models. As a result, net sales rose year over year. For commercial air-conditioning systems, as project delays began to have a tangible impact, we carried out dealer development and training measures, secured medium- and small-scale projects, and captured regional market demand, resulting in net sales rising year over year. With regard to Applied Systems air-conditioning equipment, we expanded product sales for data centers and other applications where demand remained strong.

In Europe, overall net sales increased year over year. For residential air-conditioning systems, net sales rose year over year due to increased sales, mainly of high value-added products, in France, Belgium, the Netherlands, and the United Kingdom, where demand is expanding due to heat waves in late May and late June. For residential heat pump hot water heating systems, demand is growing for heat pump heaters due to their running cost advantages as a result of the soaring price of gas, driven by the situation in the Middle East. We have expanded sales in France, Italy, Spain, Germany, and other countries, and net sales grew year over year. For commercial air-conditioning systems, sales rose for products using R32, a low global warming potential refrigerant known for its environmental benefits and energy-saving performance, and net sales rose year over year.

In the Middle and Near East and Africa, net sales increased year over year. In Saudi Arabia and the UAE, projects were delayed and shipping lead times were extended due to the deteriorating situation in the Middle East, which affected sales. In Turkey, sales of residential air-conditioning systems increased.

In the filter business, net sales rose year over year, backed by overall strong demand. In the United States, demand shrank, primarily in the residential market, due to factors such as rising prices, and net sales fell year over year. In Europe, on the other hand, net sales rose year over year, mainly due to a rise in shipments for contractor clients. In Asia, although price competition intensified and the real estate market remained sluggish in China, demand was on a recovery trend, primarily in the semiconductor market. Furthermore, for Southeast Asia, sales rose for the semiconductor market, and sales expansion activities were also carried out in markets such as the healthcare market, causing overall net sales in the Asian region to rise year over year. In Japan, demand was solid, primarily in the semiconductor market, and net sales rose year over year. In the gas turbine and dust collection systems business, net sales rose year over year due to increased sales of replacement filters for gas turbines and special filters for offshore oil fields.

In the marine vessels business, net sales rose year over year, driven by increased sales of marine container refrigeration units and refrigeration units.

(ii) Chemicals

Overall sales of the Chemicals segment increased by 28.8% year over year to ¥77,189 million. Operating profit increased by 75.6% to ¥11,458 million.

Overall net sales of fluorochemical products rose significantly year over year, driven by a recovery in demand, primarily in the semiconductor field.

Net sales of fluoropolymers rose significantly year over year on a global scale due to factors such as rising demand in the data center field, in addition to the recovery trend of demand for semiconductors. Net sales of fluoroelastomers also increased year over year as a result of capturing new demand in the semiconductor and automobile segments in the Americas, China, and Asia.

In specialty chemicals, net sales rose significantly year over year, primarily due to increased sales of etching agents for semiconductor processing.

As for fluorocarbon gas, net sales were higher year over year due to efforts to expand sales mainly in Japan and Asia.

(iii) Other Divisions

Overall sales of the "Others" segment increased by 15.9% year over year to ¥24,569 million. Operating profit increased by 735.7% to ¥858 million.

In the oil hydraulic equipment business, sales of oil hydraulic equipment for industrial machinery rose for the Japanese market, resulting in a significant increase in net sales year over year. Net sales of oil hydraulic equipment for construction machinery and vehicles remained at the same level year over year due to a rise in sales to overseas customers, despite a decline in sales to major customers in Japan.

In the defense systems business, net sales decreased year over year due to a decline in orders for medical oxygen concentrators and overhauls.

In the electronics business, net sales increased year over year mainly from expanding sales of "SpaceFinder" and "Smart Innovator," database systems for design and development sectors that meet customer needs by solving quality issues, shortening design and development periods, and supporting cost reductions, as well as expanding sales of facility CAD systems.

(2) Explanation of Financial Position

(i) Assets, Liabilities and Net Assets

Total assets increased by ¥145,012 million from the end of the previous fiscal year to ¥5,954,253 million. Current assets increased by ¥93,637 million from the end of the previous fiscal year to ¥3,356,518 million, mainly due to an increase in notes and accounts receivable – trade, and contract assets. Non-current assets increased by ¥51,375 million from the end of the previous fiscal year to ¥2,597,734 million, primarily due to an increase in construction in progress.

Liabilities increased by ¥405,147 million from the end of the previous fiscal year to ¥2,897,849 million, mainly due to an increase in short-term borrowings. Interest bearing debt ratio rose to 23.8% from 18.8% at the end of the previous fiscal year.

Net assets decreased by ¥260,135 million from the end of the previous fiscal year to ¥3,056,403 million, primarily due to the purchase of treasury shares.

(ii) Cash Flows

During the three months ended June 30, 2026, net cash provided by operating activities was ¥153,242 million, an increase of ¥89,463 million from the same period of the previous fiscal year, principally due to an increase in trade payables. Net cash used in investing activities was ¥90,550 million, an increase of ¥5,252 million from the same period of the previous fiscal year, primarily due to an increase in purchase of property, plant and equipment. Net cash used in financing activities was ¥103,429 million, an increase of ¥75,689 million from the same period of the previous fiscal year, mainly due to an increase in purchase of treasury shares. After including the effect of foreign exchange rate change to these results, net decrease in cash and cash equivalents for the three months ended June 30, 2026, amounted to ¥28,427 million, an increase of ¥26,245 million from the same period of the previous fiscal year.

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

The consolidated business forecast for the fiscal year ending March 31, 2027, remains unchanged from the previous forecast announced on May 12, 2026. The business environment surrounding the Group continues to see solid demand for data centers on the back of expansion in AI-related investment, and demand for air-conditioning equipment is increasing in growth markets such as India. On the other hand, the North American housing market continues to recover slowly and the Chinese real estate market remains sluggish. In addition, the business environment remains highly uncertain due to factors such as rising costs for naphtha-derived materials and logistics stemming from U.S. tariff measures and the escalation of tensions in the Middle East.

Under this business environment, we will prioritize "rebuilding our earning power," as outlined in the strategic management plan "Fusion 30," and steadily implement Group-wide key themes that we have been working on, such as promoting sales price policies while strengthening marketing capabilities and accelerating the market launch of differentiated products, enhancing cost competitiveness through variable cost reduction, expanding revenue from the global service solutions business, and visualizing and fundamentally reviewing the fixed cost structure, while responding swiftly to changes in the environment. Through these initiatives, the entire global Group will work to increase profit margins in line with the plan and achieve new business records.

<Reference> Consolidated Business Forecast for the Fiscal Year Ending March 31, 2027

(Millions of yen)

	First half	Full year
Net sales	2,610,000	5,150,000
Operating profit	258,000	436,000
Ordinary profit	244,000	414,000
Profit attributable to owners of parent	163,000	278,000

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.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2025 (As of March 31, 2026)	First Quarter of FY2026 (As of June 30, 2026)
Assets		
Current assets		
Cash and deposits	933,484	925,534
Notes and accounts receivable – trade, and contract assets	1,011,104	1,065,790
Merchandise and finished goods	769,715	779,557
Work in process	78,570	99,761
Raw materials and supplies	289,616	306,320
Other	203,907	204,169
Allowance for doubtful accounts	(23,519)	(24,615)
Total current assets	3,262,880	3,356,518
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	585,839	589,395
Other, net	878,635	912,830
Total property, plant and equipment	1,464,475	1,502,225
Intangible assets		
Goodwill	274,767	266,606
Other	394,774	395,007
Total intangible assets	669,541	661,614
Investments and other assets		
Investment securities	199,020	212,415
Other	213,812	221,969
Allowance for doubtful accounts	(490)	(489)
Total investments and other assets	412,342	433,894
Total non-current assets	2,546,359	2,597,734
Total assets	5,809,240	5,954,253
Liabilities		
Current liabilities		
Notes and accounts payable – trade	419,985	475,411
Short-term borrowings	286,097	500,297
Commercial papers	28,393	143,382
Current portion of bonds payable	25,000	25,000
Current portion of long-term borrowings	94,285	70,986
Income taxes payable	50,632	41,615
Provision for product warranties	132,908	138,373
Other	651,567	675,217
Total current liabilities	1,688,870	2,070,284
Non-current liabilities		
Bonds payable	200,000	200,000
Long-term borrowings	249,387	266,933
Retirement benefit liability	23,418	22,991
Other	331,026	337,640
Total non-current liabilities	803,831	827,565
Total liabilities	2,492,702	2,897,849

(Millions of yen)

	FY2025 (As of March 31, 2026)	First Quarter of FY2026 (As of June 30, 2026)
Net assets		
Shareholders' equity		
Share capital	85,032	85,032
Capital surplus	68,521	67,206
Retained earnings	2,252,762	2,279,705
Treasury shares	(1,178)	(351,048)
Total shareholders' equity	2,405,138	2,080,896
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	82,318	90,324
Deferred gains or losses on hedges	1,737	1,302
Foreign currency translation adjustment	768,278	825,418
Remeasurements of defined benefit plans	(7,632)	(9,939)
Total accumulated other comprehensive income	844,702	907,106
Share acquisition rights	4,813	4,599
Non-controlling interests	61,884	63,802
Total net assets	3,316,538	3,056,403
Total liabilities and net assets	5,809,240	5,954,253

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

(Consolidated Statement of Income)

For the Three Months Ended June 30 (Millions of yen)

	First Three Months of FY2025 (April 1, 2025, to June 30, 2025)	First Three Months of FY2026 (April 1, 2026, to June 30, 2026)
Net sales	1,213,821	1,426,810
Cost of sales	780,574	932,862
Gross profit	433,247	493,947
Selling, general and administrative expenses	311,947	363,386
Operating profit	121,300	130,560
Non-operating income		
Interest income	4,716	4,389
Dividend income	2,067	2,411
Share of profit of entities accounted for using equity method	341	218
Inflation accounting adjustment	25	—
Other	3,851	2,241
Total non-operating income	11,002	9,260
Non-operating expenses		
Interest expenses	9,961	12,198
Foreign exchange losses	1,789	3,374
Inflation accounting adjustment	—	1,196
Other	1,646	2,241
Total non-operating expenses	13,397	19,010
Ordinary profit	118,905	120,811
Extraordinary income		
Gain on disposal of non-current assets	—	76
Gain on sale of land	2	—
Gain on revision of retirement benefit plan	1,345	2,123
Total extraordinary income	1,348	2,199
Extraordinary losses		
Loss on disposal of non-current assets	57	—
Loss on valuation of investment securities	0	5
Impairment losses	—	1,243
Total extraordinary losses	57	1,249
Profit before income taxes	120,197	121,761
Income taxes	35,986	38,760
Profit	84,210	83,000
Profit attributable to non-controlling interests	2,683	2,864
Profit attributable to owners of parent	81,526	80,136

(Consolidated Statement of Comprehensive Income)

For the Three Months Ended June 30 (Millions of yen)

	First Three Months of FY2025 (April 1, 2025, to June 30, 2025)	First Three Months of FY2026 (April 1, 2026, to June 30, 2026)
Profit	84,210	83,000
Other comprehensive income		
Valuation difference on available-for-sale securities	4,110	8,049
Deferred gains or losses on hedges	373	(434)
Foreign currency translation adjustment	(24,895)	56,782
Remeasurements of defined benefit plans	(3,800)	(2,602)
Share of other comprehensive income of entities accounted for using equity method	(861)	689
Total other comprehensive income	(25,073)	62,485
Comprehensive income	59,136	145,485
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	57,429	142,540
Comprehensive income attributable to non-controlling interests	1,707	2,945

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	First Three Months of FY2025 (April 1, 2025, to June 30, 2025)	First Three Months of FY2026 (April 1, 2026, to June 30, 2026)
I. Cash flows from operating activities		
Profit before income taxes	120,197	121,761
Depreciation	51,147	61,035
Amortization of goodwill	11,916	13,894
Increase (decrease) in allowance for doubtful accounts	200	551
Interest and dividend income	(6,784)	(6,800)
Interest expenses	9,961	12,198
Share of loss (profit) of entities accounted for using equity method	(341)	(218)
Loss (gain) on disposal of non-current assets	57	(76)
Loss (gain) on valuation of investment securities	0	5
Gain on revision of retirement benefit plan	(1,345)	(2,123)
Decrease (increase) in trade receivables	(18,942)	(39,330)
Decrease (increase) in inventories	(28,022)	(33,427)
Increase (decrease) in trade payables	13,660	47,817
Increase (decrease) in accounts payable - other	(18,999)	(13,024)
Increase (decrease) in accrued expenses	5,667	3,939
Increase (decrease) in retirement benefit liability	293	(154)
Decrease (increase) in retirement benefit asset	(449)	(263)
Other, net	(42,889)	30,235
Subtotal	95,324	196,019
Interest and dividends received	7,785	6,939
Interest paid	(9,319)	(11,042)
Income taxes paid	(30,011)	(38,674)
Net cash provided by (used in) operating activities	63,778	153,242
II. Cash flows from investing activities		
Purchase of property, plant and equipment	(49,760)	(61,379)
Proceeds from sale of property, plant and equipment	1,686	2,737
Purchase of investment securities	(1,155)	(1,591)
Purchase of shares of subsidiaries and associates	(247)	—
Payments for acquisition of businesses	(889)	(2,641)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(799)	—
Purchase of investments in capital of subsidiaries resulting in change in scope of consolidation	(1,962)	—
Decrease (increase) in time deposits	(29,604)	(13,612)
Other, net	(2,565)	(14,063)
Net cash provided by (used in) investing activities	(85,298)	(90,550)

(Millions of yen)

	First Three Months of FY2025 (April 1, 2025, to June 30, 2025)	First Three Months of FY2026 (April 1, 2026, to June 30, 2026)
III. Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	54,771	326,690
Proceeds from long-term borrowings	12,014	15,957
Repayments of long-term borrowings	(35,397)	(24,286)
Purchase of treasury shares	—	(349,999)
Dividends paid	(42,482)	(51,284)
Proceeds from share issuance to non-controlling shareholders	—	96
Dividends paid to non-controlling interests	(1,383)	(520)
Repayments of lease liabilities	(15,262)	(18,984)
Other, net	0	(1,097)
Net cash provided by (used in) financing activities	(27,740)	(103,429)
IV. Effect of exchange rate change on cash and cash equivalents	(5,413)	12,310
V. Net increase (decrease) in cash and cash equivalents	(54,673)	(28,427)
VI. Cash and cash equivalents at beginning of period	658,105	706,523
VII. Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	—	(607)
VIII. Cash and cash equivalents at end of period	603,432	677,488

(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 business accounting standards generally accepted as fair and reasonable in Japan for financial statements during the period (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

In accordance with a resolution of the Board of Directors on May 12, 2026, the Company has acquired 14,516,700 treasury shares. This acquisition increases the value of the Company’s treasury shares by ¥349,997 million.

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, 2027, 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.

I. For the three months ended June 30, 2025 (From April 1, 2025, to June 30, 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	163,056	13,797	176,854	11,587	188,441	—	188,441
U.S.	430,777	10,943	441,720	3,509	445,230	—	445,230
Europe	174,069	12,434	186,504	4,157	190,662	—	190,662
Asia and Oceania	158,260	7,310	165,571	1,061	166,633	—	166,633
China	126,653	15,039	141,693	535	142,228	—	142,228
Other	79,862	420	80,282	343	80,625	—	80,625
Revenue from contracts with customers	1,132,679	59,946	1,192,626	21,195	1,213,821	—	1,213,821
Other revenue	—	—	—	—	—	—	—
Sales to outside customers	1,132,679	59,946	1,192,626	21,195	1,213,821	—	1,213,821
Intersegment sales	451	6,877	7,329	300	7,630	(7,630)	—
Total	1,133,131	66,824	1,199,956	21,495	1,221,451	(7,630)	1,213,821
Segment profit	114,680	6,525	121,205	102	121,308	(7)	121,300

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 ¥(7) 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 three months ended June 30, 2026 (From April 1, 2026, to June 30, 2026)

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	190,971	14,542	205,514	11,756	217,271	—	217,271
U.S.	508,695	14,839	523,534	4,368	527,902	—	527,902
Europe	213,593	12,010	225,604	6,242	231,847	—	231,847
Asia and Oceania	188,806	10,991	199,798	1,023	200,821	—	200,821
China	131,301	24,215	155,516	796	156,313	—	156,313
Other	91,682	589	92,272	381	92,653	—	92,653
Revenue from contracts with customers	1,325,051	77,189	1,402,240	24,569	1,426,810	—	1,426,810
Other revenue	—	—	—	—	—	—	—
Sales to outside customers	1,325,051	77,189	1,402,240	24,569	1,426,810	—	1,426,810
Intersegment sales	547	8,361	8,909	315	9,224	(9,224)	—
Total	1,325,598	85,551	1,411,149	24,885	1,436,034	(9,224)	1,426,810
Segment profit	118,234	11,458	129,692	858	130,551	9	130,560

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 ¥9 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)

This information has been omitted due to its lack of material significance.

(Significant change in goodwill amount)

None applicable

(Significant gain on bargain purchase)

None applicable

Significant Subsequent Events

On July 31, 2026, the Company issued domestic straight bonds with the following terms and conditions. The overview is as follows:

Name of the bonds	Daikin Industries, Ltd. 36th Unsecured Bonds (with limited inter-bond pari passu clause)
Issue date	July 31, 2026
Aggregate face value of bonds or aggregate value of book-entry transfer bonds (yen)	¥30,000 million
Issue price (yen)	The bonds shall be issued at ¥100 per face value of ¥100
Interest rate (%)	2.710% per annum
Maturity	7 years
Redemption method	1. Redemption price The bonds shall be redeemed at ¥100 per face value of ¥100 2. Redemption method and redemption date (1) The aggregate amount of the principal shall be redeemed on July 29, 2033. (2) If the redemption date falls on a bank holiday, the redemption date shall be brought forward to the preceding bank business day. (3) The Company may purchase and cancel these bonds at any time from the day following the payment date; unless otherwise provided for in laws and regulations or in the business regulations of the book-entry transfer institution stated in the “Book-entry transfer institution” column, to be provided separately, or in any other regulation. 3. Place for payment of principal The principal of these bonds shall be paid in accordance with the Act on Book-Entry Transfer of Corporate Bonds and Shares and the business regulations of the book-entry transfer institution stated in the “Book-entry transfer institution” column below or any other regulation.
Use of funds	The funds are scheduled to be applied to a portion of funds for use in the redemption of bonds and commercial paper.
Collateral	The bonds are unsecured by assets and guarantees and without reservation of specific assets.
Book-entry transfer institution	Japan Securities Depository Center, Incorporated 7-1 Nihombashi Kabuto-cho, Chuo-ku, Tokyo
Financial covenants (restrictions on collateral provision)	1. While the unredeemed balance of these bonds remains, in the event that the Company, after the issue of these bonds, creates security interest on other unsecured bonds, which have already been issued in Japan or which will be issued in Japan in the future (however, including the 37th Unsecured Bonds (with limited inter-bond pari passu clause) issued simultaneously with these bonds and excluding the unsecured bonds to which covenants on the conversion to secured bonds, as defined in “Financial covenants (other covenants),” have been attached), it shall create a security interest of the same priority level for these bonds, in accordance with the Secured Bond Trust Act. 2. In the event that the Company, pursuant to the preceding paragraph, creates a security interest on these bonds, it shall promptly complete registration and other required procedures and give public notice to such effect, in accordance with the provisions of Article 41, Paragraph 4 of the Secured Bond Trust Act.
Financial covenants (other covenants)	Covenants on the conversion to secured bonds and other financial covenants have not been attached to these bonds. Covenants on the conversion to secured bonds refer to covenants by which security interest is created in order to cancel the acceleration clause when certain events associated with the Company’s financial indicators, including covenants for the maintenance of net assets, occur, or by which the Company may create security interest at any time.

Name of the bonds	Daikin Industries, Ltd. 37th Unsecured Bonds (with limited inter-bond pari passu clause)
Issue date	July 31, 2026
Aggregate face value of bonds or aggregate value of book-entry transfer bonds (yen)	¥50,000 million
Issue price (yen)	The bonds shall be issued at ¥100 per face value of ¥100
Interest rate (%)	3.201% per annum
Maturity	10 years
Redemption method	1. Redemption price The bonds shall be redeemed at ¥100 per face value of ¥100 2. Redemption method and redemption date (1) The aggregate amount of the principal shall be redeemed on July 31, 2036. (2) If the redemption date falls on a bank holiday, the redemption date shall be brought forward to the preceding bank business day. (3) The Company may purchase and cancel these bonds at any time from the day following the payment date; unless otherwise provided for in laws and regulations or in the business regulations of the book-entry transfer institution stated in the “Book-entry transfer institution” column, to be provided separately, or in any other regulation. 3. Place for payment of principal The principal of these bonds shall be paid in accordance with the Act on Book-Entry Transfer of Corporate Bonds and Shares and the business regulations of the book-entry transfer institution stated in the “Book-entry transfer institution” column below or any other regulation.
Use of funds	The funds are scheduled to be applied to a portion of funds for use in the redemption of bonds and commercial paper.
Collateral	The bonds are unsecured by assets and guarantees and without reservation of specific assets.
Book-entry transfer institution	Japan Securities Depository Center, Incorporated 7-1 Nihombashi Kabuto-cho, Chuo-ku, Tokyo
Financial covenants (restrictions on collateral provision)	1. While the unredeemed balance of these bonds remains, in the event that the Company, after the issue of these bonds, creates security interest on other unsecured bonds, which have already been issued in Japan or which will be issued in Japan in the future (however, including the 36th Unsecured Bonds (with limited inter-bond pari passu clause) issued simultaneously with these bonds and excluding the unsecured bonds to which covenants on the conversion to secured bonds, as defined in “Financial covenants (other covenants),” have been attached), it shall create a security interest of the same priority level for these bonds, in accordance with the Secured Bond Trust Act. 2. In the event that the Company, pursuant to the preceding paragraph, creates a security interest on these bonds, it shall promptly complete registration and other required procedures and give public notice to such effect, in accordance with the provisions of Article 41, Paragraph 4 of the Secured Bond Trust Act.
Financial covenants (other covenants)	Covenants on the conversion to secured bonds and other financial covenants have not been attached to these bonds. Covenants on the conversion to secured bonds refer to covenants by which security interest is created in order to cancel the acceleration clause when certain events associated with the Company’s financial indicators, including covenants for the maintenance of net assets, occur, or by which the Company may create security interest at any time.