



Brief Report on the Settlement of Accounts (Consolidated) for the Six Months Ended September 30, 2025 (J-GAAP)

November 5, 2025

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

Listed on TSE

Code No.: 6367

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

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Planned date of the filing of semi-annual securities report: November 6, 2025

Planned date of start of dividend payment: December 2, 2025

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 Six Months Ended September 30, 2025

(From April 1, 2025, to September 30, 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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2025	2,478,798	-0.6	246,602	0.0	241,887	7.9	160,933	6.1
September 30, 2024	2,493,064	12.0	246,594	4.6	224,168	1.4	151,657	-0.9

Note: Comprehensive income was ¥228,149 million (165.9%) for the six months ended September 30, 2025, and ¥85,809 million (-75.2%) for the six months ended September 30, 2024.

	Earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2025	549.61	549.18
September 30, 2024	518.00	517.65

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2025	5,367,787	3,047,454	55.5
As of March 31, 2025	5,133,416	2,866,693	54.6

(Reference) Equity capital was ¥2,981,042 million as of September 30, 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	4,840,000	1.8	435,000	8.3	415,000	13.2	280,000	5.8	956.28

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

*Notes

(1) Significant Changes in the Scope of Consolidation during the Six Months Ended September 30, 2025: Yes

Newly included: 5 companies (Dynamic Data Centers Solutions, Inc. and others)

Excluded: 30 companies (Goodman Global Holdings, Inc. and others)

(2) Adoption of Accounting Treatment Specific to Semi-annual 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 September 30, 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 September 30, 2025 285,153 shares

As of March 31, 2025 311,521 shares

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

Six Months Ended September 30, 2025 292,811,724 shares

Six Months Ended September 30, 2024 292,772,992 shares

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

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 Thursday, November 6, 2025. 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 six months ended September 30, 2025 (from April 1, 2025, to September 30, 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, which continued its recovery course, came under downward pressure due to the reactionary decline in demand resulting from the last-minute demand prior to the imposition of tariffs. 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. While the Japanese economy performed strongly, the enactment of tariffs by the United States placed downward pressure on exports. 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 specific themes to address during fiscal 2025 to absorb negative impacts and are working to generate maximum results.

- Promote sales price policies and increase our market share
- Establish measures to respond to tariff policies of the new U.S. administration and promptly implement them in response to changes in the situation
- Accelerate the launch of new and differentiated products
- Drastically enhance cost and procurement competitiveness for the entire Group
- Actively expand the Applied Systems air-conditioning business globally and increase revenue from the commercial solutions business by providing added value for individual applications and markets
- Drastically improve the efficiency of existing fixed costs and maximize the return on investments of system investments, etc.
- Maximize the utilization of global production bases in an optimum manner Company-wide and generate results from acquisitions that have been carried out

In advancing these initiatives, we have focused on enhancing our earning power amidst the harsh business environment, which includes sluggish demand in various regions. We are steadily implementing initiatives and following up on them closely. We also aim to quickly respond to further changes in the business environment, to ensure our success in implementing our plans, and to establish a track record of results.

The Daikin Group's net sales decreased by 0.6% year over year to ¥2,478,798 million for the six months ended September 30, 2025. As for profits, operating profit increased by 0.0% to ¥246,602 million, an ordinary profit increased by 7.9% to ¥241,887 million, and profit attributable to owners of parent increased by 6.1% to ¥160,933 million.

Operating results by business segment are as follows:

(i) Air-Conditioning and Refrigeration Equipment

Overall sales of the Air-Conditioning and Refrigeration Equipment segment decreased by 0.4% year over year to ¥2,306,852 million. Operating profit increased by 6.0% to ¥232,320 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 and replacement demand caused by forecasts of a heat wave from April onwards and record high temperatures between June and August. 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, and 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. We also enhanced sales of products including 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, and demand for residential air-conditioning systems was sluggish due to inflation resulting from U.S. tariffs, continued high interest rates for housing loans, and other factors. Under these circumstances, the Group worked to win back customers, support existing dealers, and develop new dealers. Moreover, the Group expanded market share for models using R32, a low global warming potential refrigerant known for its environmental benefits and energy-saving performance, by increasing sales. 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. As a result of these initiatives, net sales rose year over year. With regard to Applied Systems air-conditioning equipment, the Group captured growing demand and expanded sales by utilizing the chiller factory in Mexico and by increasing the production capacities of existing factories. 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 Central and Eastern Europe, as well as countries such as Germany and the United Kingdom, where air conditioner penetration levels had typically been low. For residential heat pump hot water heating systems, it appears that the slow demand during the latter half of the previous fiscal year 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. For commercial air-conditioning systems, sales of products using the low global warming potential refrigerant R32 rose, backed by a growing environmental awareness.

In the Middle and Near East and Africa, net sales were significantly higher year over year. Increased orders for large-scale projects in Saudi Arabia and the UAE drove sales. In Turkey, net sales increased significantly, driven by rising demand for residential air-conditioning systems caused by a heat wave.

In the filter business, factors such as intensifying price competition in China and Southeast Asia, where the recovery of the semiconductor market has lagged, have had a negative impact. However, demand was solid on the whole. Net sales, however, fell year over year for the overall filter business due to the negative effect of exchange rates. In the United States, sales of high gross-margin products grew, but due to the contraction of our low revenue business, net sales fell. In Europe, sales rose through our capture of replacement demand, primarily 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, although 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, net sales rose year over year primarily due to thorough sales expansion efforts. In the gas turbine and dust collection systems business, net sales fell year over year due to slow sales of special filters for offshore oil fields in Europe.

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

(ii) Chemicals

Overall sales of the Chemicals segment decreased by 2.2% year over year to ¥126,784 million. Operating profit decreased by 47.8% to ¥13,655 million.

The Group strove to increase overall sales of fluorochemical products amid the impact of sluggish demand, mainly in the semiconductor field, and the resulting distribution inventory adjustments, as well as moves to curb exports to the United States originating from the country's tariff policies. However, due in part to the negative effects of exchange rates, net sales fell year over year.

Net sales of fluoropolymers were lower year over year, despite a recovery and expansion in demand in the fields of LAN cables in the United States and data centers in China, as stagnant demand persisted in the semiconductor field in Japan, China, and Asia. Meanwhile, despite lackluster demand in the automotive field, net sales of fluoroelastomers increased year over year as a result of efforts to expand sales.

In specialty chemicals, net sales of etching agents rose significantly year over year due to the addition of newly consolidated companies in the field of etching agents for semiconductor processing, but demand was sluggish in the fields of anti-fouling surface coating agents and oil and water repellents. As a result, overall net sales for the specialty chemicals remained at the same level year over year.

As for fluorocarbon gas, although we implemented sales price policies and made efforts to expand sales in the United States and Asia, demand in Europe continued to be sluggish. As a result, net sales remained at the same level year over year.

(iii) Other Divisions

Overall sales of the "Others" segment decreased by 3.6% year over year to ¥45,161 million. Operating profit decreased by 52.6% to ¥629 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 fell year over year due to decreased orders from the Ministry of Defense, despite strong sales of oxygen concentrators.

In the electronics business, net sales fell year over year due to a decrease in sales of "SpaceFinder," 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.

(2) Explanation of Financial Position

(i) Assets, Liabilities and Net Assets

Total assets increased by ¥234,371 million from the end of the previous fiscal year to ¥5,367,787 million. Current assets increased by ¥131,602 million from the end of the previous fiscal year to ¥2,985,256 million, mainly due to an increase in cash and deposits. Non-current assets increased by ¥102,769 million from the end of the previous fiscal year to ¥2,382,531 million, primarily due to an increase in investment securities.

Liabilities increased by ¥53,610 million from the end of the previous fiscal year to ¥2,320,333 million, mainly due to an increase in bonds payable. Interest bearing debt ratio rose to 19.5% from 19.2% at the end of the previous fiscal year.

Net assets increased by ¥180,761 million from the end of the previous fiscal year to ¥3,047,454 million, primarily due to the recording of profit attributable to owners of parent.

(ii) Cash Flows

During the six months ended September 30, 2025, net cash provided by operating activities was ¥243,416 million, a decrease of ¥75,120 million from the same period of the previous fiscal year, principally due to an increase in inventories. Net cash used in investing activities was ¥199,910 million, an increase of ¥12,148 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 ¥35,603 million, a decrease of ¥36,180 million from the same period of the previous fiscal year, mainly due to a smaller decrease 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 six months ended September 30, 2025, amounted to ¥22,835 million, a decrease of ¥33,020 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 six months ended September 30, 2025, and the changes in the business environment, the business forecast, which was previously announced on May 8, 2025, has been revised as follows.

Regarding the business environment surrounding the Group, the economic outlook has become increasingly uncertain due to the confusion created by U.S. tariff policies. At the beginning of the year, we anticipated a gradual recovery in demand, but we now expect this demand recovery to be delayed in various regions around the world.

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.

With regard to the direct impact of additional tariffs in the United States, we plan to absorb it primarily by passing on these rising costs in a flexible manner.

The estimated exchange rate from the third quarter onward assumes that US\$1 equals ¥145 and 1 euro equals ¥165.

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	405,000	272,000	928.95
Revised forecasts (B)	4,840,000	435,000	415,000	280,000	956.28
Increase/decrease (B – A)	—	—	10,000	8,000	—
Increase/decrease (%)	—	—	2.5	2.9	—
(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)	Second Quarter of FY2025 (As of September 30, 2025)
Assets		
Current assets		
Cash and deposits	802,663	876,254
Notes and accounts receivable – trade, and contract assets	856,542	845,435
Merchandise and finished goods	709,232	756,190
Work in process	72,190	79,128
Raw materials and supplies	271,444	273,394
Other	163,975	177,467
Allowance for doubtful accounts	(22,395)	(22,614)
Total current assets	2,853,654	2,985,256
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	524,369	538,634
Other, net	754,957	790,624
Total property, plant and equipment	1,279,327	1,329,259
Intangible assets		
Goodwill	266,337	279,937
Other	371,529	386,410
Total intangible assets	637,867	666,348
Investments and other assets		
Investment securities	160,032	184,645
Other	203,015	202,755
Allowance for doubtful accounts	(481)	(478)
Total investments and other assets	362,566	386,922
Total non-current assets	2,279,761	2,382,531
Total assets	5,133,416	5,367,787
Liabilities		
Current liabilities		
Notes and accounts payable – trade	362,158	360,673
Short-term borrowings	294,643	248,087
Commercial papers	29,554	68,681
Current portion of bonds payable	15,000	10,000
Current portion of long-term borrowings	58,176	62,618
Income taxes payable	47,193	41,890
Provision for product warranties	112,835	118,546
Other	623,484	597,505
Total current liabilities	1,543,047	1,508,003
Non-current liabilities		
Bonds payable	175,000	215,000
Long-term borrowings	239,920	257,968
Retirement benefit liability	21,760	20,841
Other	286,994	318,519
Total non-current liabilities	723,675	812,329
Total liabilities	2,266,723	2,320,333

	(Millions of yen)	
	FY2024 (As of March 31, 2025)	Second Quarter of FY2025 (As of September 30, 2025)
Net assets		
Shareholders' equity		
Share capital	85,032	85,032
Capital surplus	87,304	87,551
Retained earnings	2,068,308	2,186,784
Treasury shares	(1,348)	(1,234)
Total shareholders' equity	2,239,296	2,358,134
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	53,770	69,516
Deferred gains or losses on hedges	945	1,462
Foreign currency translation adjustment	512,313	560,933
Remeasurements of defined benefit plans	(5,042)	(9,004)
Total accumulated other comprehensive income	561,985	622,908
Share acquisition rights	4,212	5,066
Non-controlling interests	61,199	61,345
Total net assets	2,866,693	3,047,454
Total liabilities and net assets	5,133,416	5,367,787

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

	(Millions of yen)	
	First Six Months of FY2024 (April 1, 2024, to September 30, 2024)	First Six Months of FY2025 (April 1, 2025, to September 30, 2025)
Net sales	2,493,064	2,478,798
Cost of sales	1,632,290	1,596,079
Gross profit	860,773	882,719
Selling, general and administrative expenses	614,179	636,117
Operating profit	246,594	246,602
Non-operating income		
Interest income	9,862	8,551
Dividend income	2,305	2,488
Share of profit of entities accounted for using equity method	1,024	843
Inflation accounting adjustment	—	5,983
Other	6,866	4,151
Total non-operating income	20,059	22,018
Non-operating expenses		
Interest expenses	23,200	20,756
Foreign exchange losses	12,108	1,049
Inflation accounting adjustment	4,067	—
Other	3,109	4,926
Total non-operating expenses	42,484	26,732
Ordinary profit	224,168	241,887
Extraordinary income		
Gain on sale of land	14	2
Gain on sale of investment securities	3,712	6
Gain on sale of shares of subsidiaries and associates	—	0
Gain on liquidation of subsidiaries and associates	—	25
Gain on revision of retirement benefit plan	—	1,345
Total extraordinary income	3,726	1,380
Extraordinary losses		
Loss on disposal of non-current assets	498	6,054
Loss on sale of land	170	—
Loss on valuation of investment securities	464	11
Distinguished service compensation	4,300	—
Total extraordinary losses	5,433	6,066
Profit before income taxes	222,462	237,202
Income taxes	65,265	70,397
Profit	157,196	166,804
Profit attributable to non-controlling interests	5,539	5,871
Profit attributable to owners of parent	151,657	160,933

(Consolidated Statement of Comprehensive Income)

	(Millions of yen)	
	First Six Months of FY2024 (April 1, 2024, to September 30, 2024)	First Six Months of FY2025 (April 1, 2025, to September 30, 2025)
Profit	157,196	166,804
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,255)	15,813
Deferred gains or losses on hedges	727	517
Foreign currency translation adjustment	(65,184)	50,065
Remeasurements of defined benefit plans	(2,714)	(3,968)
Share of other comprehensive income of entities accounted for using equity method	2,039	(1,082)
Total other comprehensive income	(71,386)	61,344
Comprehensive income	85,809	228,149
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	81,379	221,856
Comprehensive income attributable to non-controlling interests	4,430	6,293

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	First Six Months of FY2024 (April 1, 2024, to September 30, 2024)	First Six Months of FY2025 (April 1, 2025, to September 30, 2025)
I. Cash flows from operating activities		
Profit before income taxes	222,462	237,202
Depreciation	94,479	105,343
Amortization of goodwill	24,033	24,494
Increase (decrease) in allowance for doubtful accounts	593	(317)
Interest and dividend income	(12,168)	(11,039)
Interest expenses	23,200	20,756
Share of loss (profit) of entities accounted for using equity method	(1,024)	(843)
Loss (gain) on disposal of non-current assets	498	6,054
Loss (gain) on sale of investment securities	(3,712)	(6)
Loss (gain) on valuation of investment securities	464	11
Gain on revision of retirement benefit plan	—	(1,345)
Decrease (increase) in trade receivables	(39,742)	29,379
Decrease (increase) in inventories	43,379	(37,863)
Increase (decrease) in trade payables	31,716	(11,015)
Increase (decrease) in accounts payable - other	(17,402)	(21,047)
Increase (decrease) in accrued expenses	32,386	17,577
Increase (decrease) in retirement benefit liability	356	(181)
Decrease (increase) in retirement benefit asset	3,110	(579)
Other, net	(9,315)	(27,012)
Subtotal	393,316	329,566
Interest and dividends received	12,521	12,177
Interest paid	(23,372)	(20,698)
Income taxes paid	(63,929)	(77,628)
Net cash provided by (used in) operating activities	318,536	243,416
II. Cash flows from investing activities		
Purchase of property, plant and equipment	(132,346)	(94,121)
Proceeds from sale of property, plant and equipment	1,872	2,329
Purchase of investment securities	(1,048)	(1,500)
Proceeds from sale of investment securities	4,933	6
Purchase of shares of subsidiaries and associates	(753)	(250)
Payments for acquisition of businesses	(324)	(889)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,707)	(47,602)
Payments for investments in capital of subsidiaries resulting in change in scope of consolidation	(3,298)	(2,006)
Decrease (increase) in time deposits	(37,049)	(46,923)
Other, net	(17,039)	(8,952)
Net cash provided by (used in) investing activities	(187,761)	(199,910)

	(Millions of yen)	
	First Six Months of FY2024 (April 1, 2024, to September 30, 2024)	First Six Months of FY2025 (April 1, 2025, to September 30, 2025)
III. Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(128,171)	(13,964)
Proceeds from long-term borrowings	103,168	67,884
Repayments of long-term borrowings	(22,293)	(45,303)
Proceeds from issuance of bonds	59,802	49,830
Redemption of bonds	(10,000)	(15,000)
Dividends paid	(38,044)	(42,444)
Proceeds from share issuance to non-controlling shareholders	404	—
Dividends paid to non-controlling interests	(7,163)	(6,122)
Repayments of lease liabilities	(29,163)	(30,322)
Other, net	(323)	(161)
Net cash provided by (used in) financing activities	(71,784)	(35,603)
IV. Effect of exchange rate change on cash and cash equivalents	(3,134)	14,932
V. Net increase (decrease) in cash and cash equivalents	55,855	22,835
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	688,352	680,940

(4) Notes to Consolidated Financial Statements

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 Semi-annual 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 six months ended September 30, 2024 (From April 1, 2024, to September 30, 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	323,810	33,354	357,164	27,446	384,611	—	384,611
U.S.	866,535	18,527	885,063	6,889	891,953	—	891,953
Europe	350,643	25,461	376,105	8,528	384,634	—	384,634
Asia and Oceania	343,841	17,215	361,056	2,206	363,262	—	363,262
China	260,440	33,716	294,156	1,063	295,219	—	295,219
Other	171,271	1,395	172,667	716	173,383	—	173,383
Revenue from contracts with customers	2,316,542	129,671	2,446,213	46,850	2,493,064	—	2,493,064
Other revenue	—	—	—	—	—	—	—
Sales to outside customers	2,316,542	129,671	2,446,213	46,850	2,493,064	—	2,493,064
Intersegment sales	1,017	14,577	15,594	836	16,431	(16,431)	—
Total	2,317,560	144,248	2,461,808	47,687	2,509,496	(16,431)	2,493,064
Segment profit	219,067	26,184	245,252	1,329	246,581	13	246,594

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 ¥13 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 six months ended September 30, 2025 (From April 1, 2025, to September 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	340,618	29,215	369,833	25,619	395,452	—	395,452
U.S.	898,817	24,219	923,036	6,953	929,989	—	929,989
Europe	361,370	24,320	385,690	8,601	394,292	—	394,292
Asia and Oceania	305,609	17,758	323,368	2,226	325,595	—	325,595
China	230,415	30,354	260,769	1,026	261,796	—	261,796
Other	170,021	916	170,937	733	171,671	—	171,671
Revenue from contracts with customers	2,306,852	126,784	2,433,637	45,161	2,478,798	—	2,478,798
Other revenue	—	—	—	—	—	—	—
Sales to outside customers	2,306,852	126,784	2,433,637	45,161	2,478,798	—	2,478,798
Intersegment sales	1,131	13,780	14,911	576	15,488	(15,488)	—
Total	2,307,983	140,565	2,448,548	45,738	2,494,287	(15,488)	2,478,798
Segment profit	232,320	13,655	245,976	629	246,606	(3)	246,602

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 ¥(3) 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.