



Brief Report on the Settlement of Accounts (Consolidated) for the Business Year Ended March 31, 2023 (J-GAAP)

May 9, 2023

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

Listed on TSE

Code No.: 6367

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

Representative: Masanori Togawa, President and CEO

Contact: Motoshi Hosomi,

General Manager of the Corporate Communication Department of the Head Office

(Tel.: +81-6-6147-9925)

Planned date of Ordinary General Meeting of Shareholders: June 29, 2023

Planned date of start of dividend payment: June 30, 2023

Planned date of the filing of securities report: June 29, 2023

Preparation of supplementary explanatory materials for the settlement of accounts: Yes

Holding briefings on the settlement of accounts: Yes (for institutional investors and analysts)

1. Consolidated Business Results for the Fiscal Year Ended March 31, 2023

(From April 1, 2022, to March 31, 2023)

(1) Consolidated Business Results

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	%
Fiscal Year ended								
March 31, 2023	3,981,578	28.1	377,032	19.2	366,245	11.8	257,754	18.4
March 31, 2022	3,109,106	24.7	316,350	32.6	327,496	36.3	217,709	39.3

Note: Comprehensive income was ¥354,228 million (-3.3%) for the fiscal year ended March 31, 2023, and ¥366,141 million (28.5%) for the fiscal year ended March 31, 2022.

	Earnings per share	Diluted earnings per share	Ratio of earnings for the fiscal year to shareholders' equity	Ratio of ordinary profit to total assets	Operating margin
	Yen	Yen	%	%	%
Fiscal Year ended					
March 31, 2023	880.59	880.05	12.3	9.0	9.5
March 31, 2022	743.88	743.46	12.0	9.3	10.2

(Reference) Equity in earnings of affiliates was ¥1,697 million for the fiscal year ended March 31, 2023, and ¥1,401 million for the fiscal year ended March 31, 2022.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	4,303,682	2,279,095	51.9	7,635.27
As of March 31, 2022	3,823,038	2,007,149	51.5	6,726.45

(Reference) Equity capital was ¥2,235,030 million as of March 31, 2023, and ¥1,968,726 million as of March 31, 2022.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	158,896	(229,793)	(113,088)	548,242
March 31, 2022	245,071	(180,789)	(48,698)	717,802

2. Dividends

	(Annual) Dividend per share					Total cash dividends for the fiscal year (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal Year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2022	—	90.00	—	110.00	200.00	58,536	26.9	3.2
March 31, 2023	—	100.00	—	140.00	240.00	70,254	27.3	3.3
Fiscal Year ending March 31, 2024 (forecast)	—	120.00	—	120.00	240.00		26.6	

3. Consolidated Business Forecast for the Fiscal Year Ending March 31, 2024 (From April 1, 2023, to March 31, 2024)

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	2,090,000	3.5	227,000	2.4	218,000	-2.1	150,000	-4.1	512.43
Full year	4,100,000	3.0	400,000	6.1	380,000	3.8	264,000	2.4	901.87

*Notes

- (1) Changes in Significant Subsidiaries during the Period: Yes
(Changes in specified subsidiaries resulting in change in scope of consolidation)
Newly included: 1 company (Daikin Air Conditioning (Huizhou) Co., Ltd.)
- (2) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement
(i) Changes in accounting policies relating to revisions to accounting standards, etc.: None
(ii) Changes in accounting policies other than (i) above: Yes
(iii) Changes in accounting estimates: None
(iv) Retrospective restatement: None
- (3) Number of Shares Issued (common stock)
(i) Number of shares issued at end of period (including treasury shares)
As of March 31, 2023 293,113,973 shares
As of March 31, 2022 293,113,973 shares
(ii) Number of treasury shares at end of period
As of March 31, 2023 389,416 shares
As of March 31, 2022 429,774 shares
(iii) Average number of shares outstanding during the period
Fiscal Year Ended March 31, 2023 292,708,118 shares
Fiscal Year Ended March 31, 2022 292,666,743 shares

(Reference) Summary of Non-Consolidated Business Results for the Fiscal Year Ended March 31, 2023
(From April 1, 2022, to March 31, 2023)

(1) Non-Consolidated Business Results

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

Fiscal Year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	763,994	12.0	47,382	-21.1	146,822	-14.0	142,775	-7.2
March 31, 2022	681,899	21.1	60,048	68.3	170,705	69.6	153,800	75.3

Fiscal Year ended	Earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	487.77	487.47
March 31, 2022	525.51	525.20

(2) Non-Consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	1,728,916	1,094,842	63.1	3,729.53
As of March 31, 2022	1,814,520	1,021,203	56.1	3,480.34

(Reference) Equity capital was ¥1,091,725 million as of March 31, 2023, and ¥1,018,656 million as of March 31, 2022.

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

Explanation about the Appropriate Use of the Business Forecast and Other Noteworthy Points

- The Company plans to hold a briefing on business results for institutional investors and analysts on Wednesday, May 10, 2023. Documents and materials distributed in this briefing are posted on the Company's website (https://www.daikin.com/investor/library/results_materials).

Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	817,619	617,663
Notes and accounts receivable – trade, and contract assets	595,076	706,315
Merchandise and finished goods	450,974	668,310
Work in process	44,931	65,518
Raw materials and supplies	175,556	259,555
Other	98,392	128,901
Allowance for doubtful accounts	(16,928)	(19,180)
Total current assets	2,165,623	2,427,082
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	302,601	350,102
Machinery, equipment and vehicles, net	225,064	277,460
Land	64,665	71,309
Leased assets, net	3,832	4,692
Construction in progress	94,706	139,715
Other, net	52,493	57,664
Total property, plant and equipment	743,364	900,944
Intangible assets		
Goodwill	270,467	304,331
Customer relationship	202,223	237,220
Other	104,316	116,901
Total intangible assets	577,007	658,454
Investments and other assets		
Investment securities	200,187	169,602
Long-term loans receivable	668	744
Deferred tax assets	41,665	41,011
Retirement benefit asset	26,332	23,189
Other	69,465	83,168
Allowance for doubtful accounts	(1,275)	(516)
Total investments and other assets	337,042	317,200
Total non-current assets	1,657,414	1,876,599
Total assets	3,823,038	4,303,682

	(Millions of yen)	
	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	302,621	352,647
Short-term borrowings	97,376	293,541
Commercial papers	—	79,000
Current portion of bonds payable	30,000	20,000
Current portion of long-term borrowings	334,528	53,900
Lease obligations	25,876	30,442
Income taxes payable	36,745	37,726
Provision for bonuses for directors (and other officers)	354	377
Provision for product warranties	72,443	85,528
Accrued expenses	206,002	247,491
Other	200,290	248,663
Total current liabilities	1,306,239	1,449,321
Non-current liabilities		
Bonds payable	120,000	140,000
Long-term borrowings	140,526	174,148
Lease obligations	76,508	96,597
Deferred tax liabilities	121,353	103,554
Retirement benefit liability	16,116	18,176
Other	35,144	42,789
Total non-current liabilities	509,649	575,266
Total liabilities	1,815,888	2,024,587
Net assets		
Shareholders' equity		
Share capital	85,032	85,032
Capital surplus	83,834	79,478
Retained earnings	1,529,147	1,712,165
Treasury shares	(1,846)	(1,676)
Total shareholders' equity	1,696,167	1,874,999
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	59,534	51,980
Deferred gains or losses on hedges	3,436	459
Foreign currency translation adjustment	212,278	315,392
Remeasurements of defined benefit plans	(2,691)	(7,801)
Total accumulated other comprehensive income	272,558	360,031
Share acquisition rights	2,546	3,116
Non-controlling interests	35,876	40,947
Total net assets	2,007,149	2,279,095
Total liabilities and net assets	3,823,038	4,303,682

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

	(Millions of yen)	
	FY2021 (April 1, 2021, to March 31, 2022)	FY2022 (April 1, 2022, to March 31, 2023)
Net sales	3,109,106	3,981,578
Cost of sales	2,051,767	2,650,102
Gross profit	1,057,338	1,331,476
Selling, general and administrative expenses	740,987	954,443
Operating profit	316,350	377,032
Non-operating income		
Interest income	8,186	11,563
Dividend income	4,702	5,417
Share of profit of entities accounted for using equity method	1,401	1,697
Foreign exchange gains	4,492	3,795
Subsidy income	2,192	3,212
Other	2,387	3,373
Total non-operating income	23,363	29,061
Non-operating expenses		
Interest expenses	8,824	20,293
Settlement payments	—	4,240
Inflation accounting adjustment	—	8,541
Other	3,392	6,773
Total non-operating expenses	12,216	39,849
Ordinary profit	327,496	366,245
Extraordinary income		
Gain on sale of land	311	—
Gain on sale of investment securities	5,749	16,085
Gain on sale of investments in capital of subsidiaries and associates	226	—
Gain on liquidation of subsidiaries and associates	18	475
Gain on reversal of share acquisition rights	—	5
Gain on insurance claims	—	933
Total extraordinary income	6,306	17,500
Extraordinary losses		
Loss on disposal of non-current assets	581	1,036
Loss on sale of land	65	10
Loss on valuation of investment securities	307	343
Loss on sale of shares of subsidiaries and associates	32	1
Loss on liquidation of subsidiaries and associates	—	93
Loss on restructuring of subsidiaries and associates	—	293
Impairment loss	3,667	8,582
Loss on disaster	1,091	—
Other	0	—
Total extraordinary losses	5,746	10,361
Profit before income taxes	328,056	373,384
Income taxes – current	110,657	128,378
Income taxes – deferred	(7,870)	(20,436)
Total income taxes	102,786	107,941
Profit	225,269	265,443
Profit attributable to non-controlling interests	7,560	7,688
Profit attributable to owners of parent	217,709	257,754

(Consolidated Statement of Comprehensive Income)

	(Millions of yen)	
	FY2021 (April 1, 2021, to March 31, 2022)	FY2022 (April 1, 2022, to March 31, 2023)
Profit	225,269	265,443
Other comprehensive income		
Valuation difference on available-for-sale securities	(9,165)	(7,555)
Deferred gains or losses on hedges	2,143	(2,976)
Foreign currency translation adjustment	143,222	103,267
Remeasurements of defined benefit plans	1,825	(5,123)
Share of other comprehensive income of entities accounted for using equity method	2,844	1,174
Total other comprehensive income	140,871	88,785
Comprehensive income	366,141	354,228
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	355,319	345,227
Comprehensive income attributable to non-controlling interests	10,821	9,001

(3) Consolidated Statement of Changes in Equity

FY2021 (April 1, 2021, to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,032	84,214	1,363,505	(2,012)	1,530,740
Cumulative effects of changes in accounting policies			(960)		(960)
Restated balance	85,032	84,214	1,362,545	(2,012)	1,529,779
Changes in items during period					
Dividends of surplus			(49,752)		(49,752)
Profit attributable to owners of parent			217,709		217,709
Effect of changes in accounting period of subsidiaries			(1,354)		(1,354)
Purchase of treasury shares				(7)	(7)
Disposal of treasury shares		265		172	438
Change in ownership interest of parent due to transactions with non-controlling interests		(646)			(646)
Net changes in items other than shareholders' equity					
Total changes in items during period	—	(380)	166,602	165	166,388
Balance at end of current period	85,032	83,834	1,529,147	(1,846)	1,696,167

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	68,699	1,292	69,470	(4,513)	134,948	2,019	30,787	1,698,495
Cumulative effects of changes in accounting policies								(960)
Restated balance	68,699	1,292	69,470	(4,513)	134,948	2,019	30,787	1,697,534
Changes in items during period								
Dividends of surplus								(49,752)
Profit attributable to owners of parent								217,709
Effect of changes in accounting period of subsidiaries								(1,354)
Purchase of treasury shares								(7)
Disposal of treasury shares								438
Change in ownership interest of parent due to transactions with non-controlling interests								(646)
Net changes in items other than shareholders' equity	(9,164)	2,143	142,808	1,822	137,610	527	5,089	143,226
Total changes in items during period	(9,164)	2,143	142,808	1,822	137,610	527	5,089	309,614
Balance at end of current period	59,534	3,436	212,278	(2,691)	272,558	2,546	35,876	2,007,149

FY2022 (April 1, 2022, to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,032	83,834	1,529,147	(1,846)	1,696,167
Hyperinflation adjustment			(13,070)		(13,070)
Restated balance	85,032	83,834	1,516,076	(1,846)	1,683,097
Changes in items during period					
Dividends of surplus			(61,468)		(61,468)
Profit attributable to owners of parent			257,754		257,754
Effect of changes in accounting period of subsidiaries			(197)		(197)
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		317		175	492
Change in ownership interest of parent due to transactions with non-controlling interests		(4,673)			(4,673)
Net changes in items other than shareholders' equity					
Total changes in items during period	—	(4,356)	196,089	170	191,902
Balance at end of current period	85,032	79,478	1,712,165	(1,676)	1,874,999

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	59,534	3,436	212,278	(2,691)	272,558	2,546	35,876	2,007,149
Hyperinflation adjustment								(13,070)
Restated balance	59,534	3,436	212,278	(2,691)	272,558	2,546	35,876	1,994,078
Changes in items during period								
Dividends of surplus								(61,468)
Profit attributable to owners of parent								257,754
Effect of changes in accounting period of subsidiaries								(197)
Purchase of treasury shares								(5)
Disposal of treasury shares								492
Change in ownership interest of parent due to transactions with non-controlling interests								(4,673)
Net changes in items other than shareholders' equity	(7,554)	(2,976)	103,114	(5,110)	87,472	569	5,071	93,113
Total changes in items during period	(7,554)	(2,976)	103,114	(5,110)	87,472	569	5,071	285,016
Balance at end of current period	51,980	459	315,392	(7,801)	360,031	3,116	40,947	2,279,095

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2021 (April 1, 2021, to March 31, 2022)	FY2022 (April 1, 2022, to March 31, 2023)
I. Cash flows from operating activities		
Profit before income taxes	328,056	373,384
Depreciation	115,378	142,728
Impairment loss	3,667	8,582
Amortization of goodwill	32,684	39,496
Increase (decrease) in allowance for doubtful accounts	2,003	391
Interest and dividend income	(12,888)	(16,981)
Interest expenses	8,824	20,293
Share of loss (profit) of entities accounted for using equity method	(1,401)	(1,697)
Loss (gain) on disposal of non-current assets	581	1,036
Loss (gain) on sale of investment securities	(5,749)	(16,085)
Loss (gain) on valuation of investment securities	307	343
Decrease (increase) in trade receivables	(76,684)	(61,814)
Decrease (increase) in inventories	(151,026)	(267,554)
Increase (decrease) in trade payables	45,539	24,178
Increase (decrease) in accounts payable - other	10,097	1,434
Increase (decrease) in accrued expenses	34,086	25,279
Increase (decrease) in retirement benefit liability	822	858
Decrease (increase) in retirement benefit asset	(6,316)	3,265
Other, net	9,662	11,693
Subtotal	337,646	288,831
Interest and dividends received	12,998	18,257
Interest paid	(8,837)	(20,483)
Income taxes paid	(96,736)	(127,708)
Net cash provided by (used in) operating activities	245,071	158,896
II. Cash flows from investing activities		
Purchase of property, plant and equipment	(114,106)	(175,076)
Proceeds from sale of property, plant and equipment	5,345	6,857
Purchase of investment securities	(1,593)	(2,776)
Proceeds from sale of investment securities	8,883	40,592
Purchase of shares of subsidiaries and associates	—	(909)
Proceeds from sale of businesses	437	—
Payments for acquisition of businesses	(2,379)	(5,496)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(14,500)	(63,993)
Payments for investments in capital of subsidiaries resulting in change in scope of consolidation	(28,229)	(41,162)
Decrease (increase) in time deposits	(14,185)	31,967
Other, net	(20,461)	(19,797)
Net cash provided by (used in) investing activities	(180,789)	(229,793)

	(Millions of yen)	
	FY2021 (April 1, 2021, to March 31, 2022)	FY2022 (April 1, 2022, to March 31, 2023)
III. Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	57,048	270,217
Proceeds from long-term borrowings	48,460	76,116
Repayments of long-term borrowings	(79,575)	(357,476)
Proceeds from issuance of bonds	19,909	39,837
Redemption of bonds	(10,000)	(30,000)
Dividends paid	(49,746)	(61,468)
Proceeds from share issuance to non-controlling shareholders	1,585	5,602
Dividends paid to non-controlling interests	(7,806)	(8,145)
Repayments of lease liabilities	(27,507)	(40,953)
Other, net	(1,064)	(6,818)
Net cash provided by (used in) financing activities	(48,698)	(113,088)
IV. Effect of exchange rate change on cash and cash equivalents	41,538	14,996
V. Net increase (decrease) in cash and cash equivalents	57,122	(168,989)
VI. Cash and cash equivalents at beginning of period	662,267	717,802
VII. Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	(1,586)	(570)
VIII. Cash and cash equivalents at end of period	717,802	548,242