



Presentation of Financial Results for the First Quarter Ended in June 2024

August 6, 2024

Summary of Financial Results

Despite the severe business environment, results showed an increase in net sales and a decline in profits.

- ✓ Air Conditioning business:
Affected by a slow recovery in demand for Residential and a greater-than-expected decline in demand for Heat Pump Heating in Europe, we expanded our business by leveraging strong demand in such segments as Applied and Commercial while implementing strategic selling price measures and total cost reductions to minimize the negative impact of lower demand. Capitalizing on the advantageous foreign exchange rates, both net sales and profits showed an increase.
- ✓ Chemicals business:
While efforts were made to expand sales in Fine Chemicals, sales increased but profit decreased due to the slow recovery in demand for semiconductor manufacturing processes and the automotive sector.

Although the current business environment remains challenging, we will accelerate efforts for key themes while strengthening and expanding measures in response to changes in the business environment to ensure an increase in net sales and profits for the first half of the year (April to September).

(billion yen)	Q1 Results		
	FY2023	FY2024	YoY
Net Sales	1,094.7	1,251.0	114%
Operating Profit	117.9	115.4	98%
(%)	(10.8%)	(9.2%)	
Ordinary Profit	114.8	105.2	92%
(%)	(10.5%)	(8.4%)	
Profit Attributable to Owners of Parent	80.3	63.1	79%
(%)	(7.3%)	(5.0%)	

FX Effect (YoY)

Net Sales	+103.0 billion yen
Operating Profit	+7.0 billion yen

USD/JPY	¥137	¥156
EUR/JPY	¥149	¥168
RMB/JPY	¥19.6	¥21.5

Financial Results by Segment

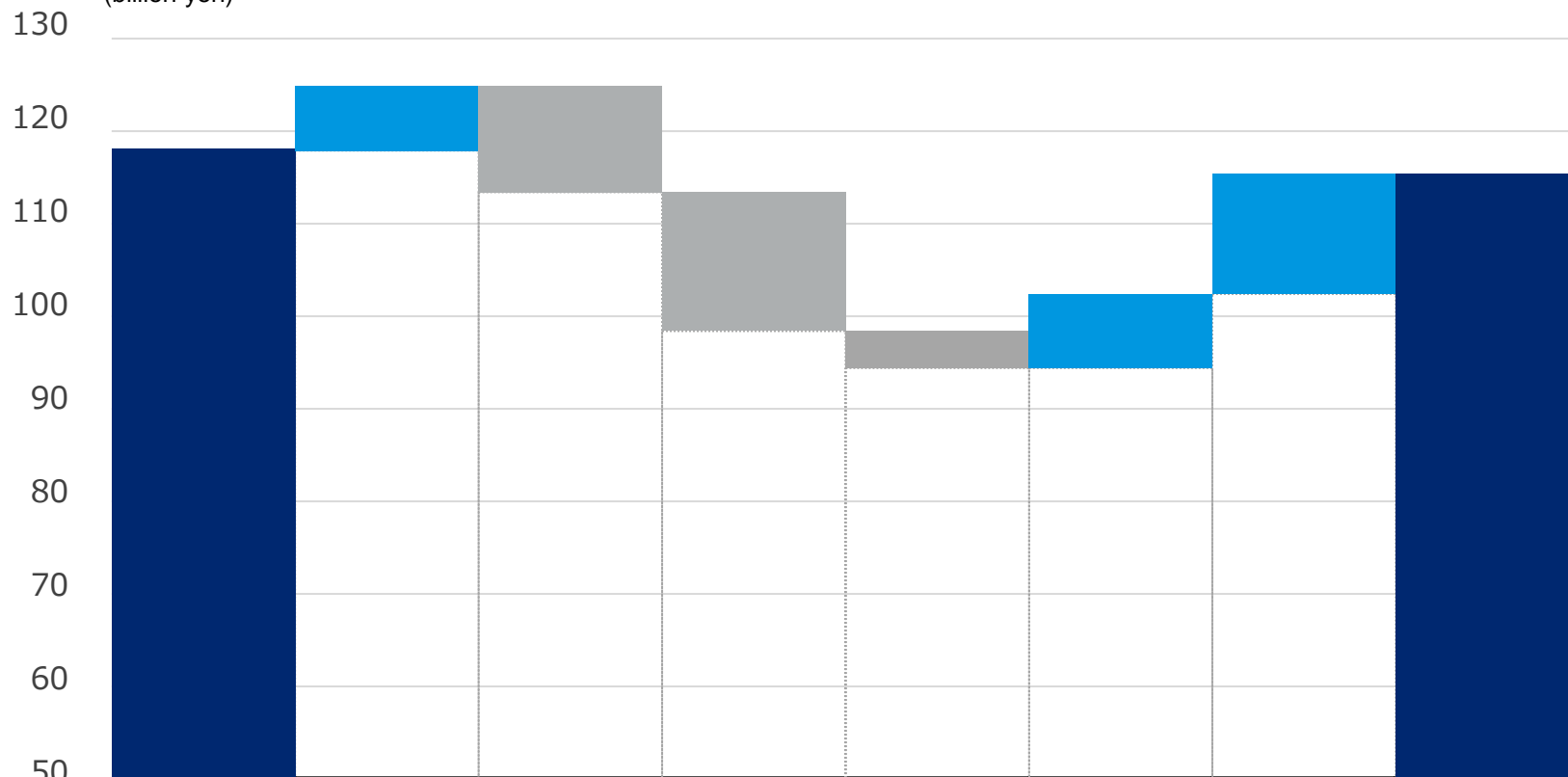
(billion yen)		Q1 Results		
		FY2023	FY2024	YoY
Total	Net Sales	1,094.7	1,251.0	114%
	Operating Profit (%)	117.9 (10.8%)	115.4 (9.2%)	98%
Air Conditioning and Refrigeration Equipment	Net Sales	1,011.8	1,168.9	116%
	Operating Profit (%)	103.7 (10.2%)	104.4 (8.9%)	101%
Chemicals	Net Sales	60.9	62.3	102%
	Operating Profit (%)	12.8 (21.0%)	11.2 (18.0%)	88%
Others	Net Sales	22.0	19.9	90%
	Operating Profit (%)	1.4 (6.4%)	▲ 0.1 —	—

*Air Conditioning and Refrigeration Equipment business includes filter business.

Analysis of Changes in Operating Profit - YoY

*Air Conditioning and Refrigeration Equipment business includes filter business.

(billion yen)



	FY2023 1Q Results	Foreign Exchange	Raw Materials (including logistics costs)	Fixed Costs, etc.	Sales Expansion	Selling Price	Cost Reductions	FY2024 1Q Results
Total	117.9	+7.0	-11.5	-15.0	-4.0	+8.0	+13.0	115.4
Air Conditioning and Refrigeration Equipment	103.7	+5.3	-11.6	-13.3	+0.3	+7.3	+12.7	104.4
Chemicals	12.8	+1.8	+0.2	-1.5	-2.9	+0.6	+0.2	11.2
Others	1.4	-0.1	-0.1	-0.2	-1.4	+0.1	+0.1	-0.1

Net Sales by Region – Air Conditioning and Refrigeration Equipment

*Percentage expresses year on year comparison

*Includes refrigerator, freezer and filter businesses

(billion yen)	FY2020 Q1		FY2021 Q1		FY2022 Q1		FY2023 Q1		FY2024 Q1	
	Ratio	Value	Ratio	Value	Ratio	Value	Ratio	Value	Ratio	Value
Japan	91%	116.3	117%	136.4	97%	132.3	106%	139.8	107%	149.9
Europe	93%	87.4	157%	137.0	112%	153.8	114%	174.9	100%	174.3
China	79%	89.1	146%	130.0	95%	123.3	118%	146.0	100%	146.6
Americas	92%	166.1	133%	221.6	147%	325.1	116%	378.1	128%	483.6
Asia	64%	53.2	138%	73.5	143%	105.0	112%	117.4	126%	148.4
Oceania	97%	16.3	138%	22.5	129%	29.1	100%	29.0	117%	34.0
Middle East	75%	7.2	186%	13.4	136%	18.2	130%	23.6	123%	29.1
Africa	71%	1.1	115%	1.3	194%	2.5	117%	2.9	101%	3.0
Total	86%	536.7	137%	735.6	121%	889.3	114%	1,011.8	116%	1,168.9

Overseas Net Sales ratio	78%	81%	85%	86%	87%
USD/JPY	¥108	¥110	¥130	¥137	¥156
EUR/JPY	¥118	¥132	¥138	¥149	¥168
RMB/JPY	¥15.2	¥17.0	¥19.6	¥19.6	¥21.5

Net Sales by Region – Chemicals

*Percentage expresses year on year comparison

*Others: Oceania, Middle East, Africa etc.

(billion yen)	FY2020 Q1		FY2021 Q1		FY2022 Q1		FY2023 Q1		FY2024 Q1	
	Japan	71%	9.0	147%	13.2	128%	17.0	94%	15.9	95%
Americas	71%	7.7	135%	10.3	131%	13.6	78%	10.7	98%	10.4
China	105%	9.3	133%	12.3	123%	15.1	86%	13.0	131%	17.0
Asia	88%	4.7	127%	6.0	132%	7.8	99%	7.7	84%	6.5
Europe	76%	4.8	173%	8.4	121%	10.1	132%	13.4	96%	12.9
Others	40%	0.1	179%	0.2	139%	0.3	55%	0.2	208%	0.4
Total	80%	35.6	142%	50.4	127%	63.9	95%	60.9	102%	62.3

Overseas Net Sales ratio	75%	74%	73%	74%	76%
USD/JPY	¥108	¥110	¥130	¥137	¥156
EUR/JPY	¥118	¥132	¥138	¥149	¥168
RMB/JPY	¥15.2	¥17.0	¥19.6	¥19.6	¥21.5

Business / Regional Overview – Air Conditioning and Refrigeration Equipment

Japan

Industry demand for Residential grew year-on-year because of higher average temperatures nationwide and an upturn in consumer confidence due to higher wages.

Industry demand for Commercial also exceeded the previous fiscal year due to improved capital investment and higher demand for shops from inbound tourism.

Daikin expanded sales of high value-added products and benefitted from the selling price effect as net sales exceeded the previous fiscal year.

✓ Residential:

In response to rising electricity prices and the growing need for energy savings, we improved user proposals for **Urusara X**.

✓ Commercial:

User proposals were further enhanced to focus on high value-added products such as **FIVE STAR ZEAS**, which combines high energy efficiency and ease of installation; **machi Multi**, which meets the needs for small-capacity individual air conditioning; and the **VRV Q series**, which uses existing refrigerant piping for smooth replacement of air conditioning equipment.

YoY change (Volume basis)		Q1 Results
Residential	Market	110%
	Daikin	104%
Commercial	Market	108%
	Daikin	108%
Applied	Market	99%
	Daikin	116%

*Applied is based on total net sales.

Business / Regional Overview – Air Conditioning and Refrigeration Equipment

Americas

Industry demand for Residential continued to slump due to prolonged inflation and high interest rates for home loans, and this created a challenging market environment. Daikin expanded sales not only for Residential in the southern part of the United States, where the weather was favorable, but also for Applied sales. A beneficial effect was seen from selling prices, and net sales exceeded the previous fiscal year.

- ✓ Ducted Unitary for Houses:
The impact of adjustments in inventory distribution showed signs of easing. Sales for our environment premium product **Fit** system have increased significantly through our company-operated distribution system (COD).
- ✓ Ductless:
Sales for **RA/SKY** at reps were steady, and sales grew for online products launched last year. For **VRV systems**, project postponements caused sales to fall short of the previous fiscal year.
- ✓ Applied:
With the start of a new factory in Mexico and increased production capacity at existing factories, we expanded equipment sales to manufacturing and data centers where demand is strong. Even in the Solutions business, sales also increased by leveraging the instrumentation and engineering company that we acquired, and net sales significantly exceeded those of the previous fiscal year.

YoY change (Volume basis)		Q1 Results
Ducted unitary for houses		101%
Ductless	RA/SKY	110%
	VRV	82%
Applied		143%

*Applied is based on total net sales in local currency.

China

Despite a slow recovery in the real estate market, we improved direct sales to customers. When taking in account the effect of foreign exchange rates, we maintained net sales on par with the previous fiscal year. Operating profit remained at a high level due to the sales expansion of high value-added products and cost reduction efforts.

✓ Residential:

For residential multi-split air conditioners, we focused on our own unique sales activities that combine user-direct offline retail sales with online activities such as live broadcasting using showrooms, web advertising, and SNS. We also introduced a new series of system products that integrate air conditioning, ventilation, and heat pump floor heating with solutions services featuring energy-saving and air quality proposals to meet a wide range of customer needs.

✓ Commercial:

Leveraging the strong demand resulting from the promotion of carbon neutrality policies, we enhanced our solutions proposals by focusing on energy savings in government projects, factories, green buildings, and other areas.

✓ Applied:

We focused on selling equipment for infrastructure, semiconductors, and medical-related fields. While efforts were made to strengthen maintenance and servicing, net sales fell below the previous fiscal year due to a deteriorating business environment.

YoY change (Local currency basis)	Q1 Results
Residential	93%
Commercial	94%
Applied	81%

Europe, Middle East, and Africa

Net Sales for the overall region exceeded the previous fiscal year.

In Europe, inflation is receding, and the economy is on a moderate recovery track, but the business environment remains challenging with a significant slowing in demand for heat pump heating. Our net sales remained at the same level as the previous fiscal year due to a sales expansion in Applied and the effect of foreign exchange rates.

In the Middle East, net sales exceeded the previous fiscal year, capitalizing on the extreme heat in Turkey.

- ✓ Residential:
Sales fell in France and Spain, where temperatures in early spring were cooler than normal. However, sales expanded in Italy, where we promoted dealer development.
- ✓ Commercial:
Sales focused on segments with strong demand, such as hotels and restaurants.
- ✓ H/P Heating:
Even though we worked to strengthen sales capabilities through dealer development and assisted with subsidy applications, apprehensions about the outlook for subsidy systems extended to major countries such as Italy, Germany, and France, and customers continued to hold off on making purchases.
- ✓ Applied:
Sales expanded for medium and large chillers for data centers and also in the After Sales Service business.
- ✓ Freezer and Refrigerator:
We were able to capitalize on a recovery in food retail chain demand by strengthening sales capabilities.

YoY change (Volume basis)		Q1 Results
Residential		92%
Commercial	SKY	89%
	VRV	106%
Heat Pump Heaters		53%
Applied		118%
Refrigerator and Freezer		138%

*Residential, Commercial, and Heat-Pump Heaters are only for Europe.

*Applied, Refrigerator and Freezer are based on total net sales in local currency.

Asia and Oceania

Unrelentingly high inflation led to sluggish demand and a challenging business environment. Nevertheless, strong sales continued in India, and we made efforts to develop and support dealers, leading to net sales for the overall region that significantly exceeded the previous fiscal year.

- ✓ Residential:
In India, we expanded sales by capitalizing on improvements in our sales network and supply capacity to capture growing demand against the backdrop of economic growth. In Thailand and Vietnam, the company also increased sales by strengthening promotional activities using the sales network that has been established to this point.
- ✓ Commercial:
Although large construction projects continued to be delayed or canceled, we were able to steadily convert small-scale projects into orders and expand sales by developing and supporting dealers.
- ✓ Applied:
Equipment sales expanded by capturing growing demand for factories and data centers together with a focus on the After Sales Service business including maintenance and servicing.

YoY net sales of main countries (local currency basis)

Australia: 105% India: 144% Vietnam: 104%
Malaysia: 106% Indonesia: 96% Thailand: 106%

YoY change (Volume basis)		Q1 Results
Residential		120%
Commercial	SKY	116%
	VRV	109%
Applied		137%

*Applied is based on total net sales in local currency.

Business / Regional Overview – Chemicals

Sales were impacted by the slow recovery in demand for semiconductor manufacturing processes and the automotive sector and the subsequent adjustments in distribution inventory. Nevertheless, net sales were on par with the previous fiscal year due to the sales expansion for repellent agents and the effect of foreign exchange rates.

- ✓ Fluorocarbon Gas:
Was affected by falling demand and market softening.
- ✓ Polymers and Fluoroelastomers
 - Fluoropolymers:
The slow recovery in demand for LAN cables and decline in demand for semiconductor manufacturing equipment affected results.
 - Fluoroelastomers:
Sales decreased due to adjustments in distribution inventory in the automotive segment.
- ✓ Fine Chemicals, etc.:
Sales of antifouling surface coating agents along with water and oil repellents expanded as distribution inventory decreased.

	YoY change (Net sales basis)	Q1 Results
Total		101%
	Fluorocarbon Gas	97%
	Fluoropolymers & Fluoroelastomers	102%
	Fine Chemicals, etc.	101%

Business / Regional Overview – Filters

Although the slow recovery of the semiconductor market had an impact, overall demand remained strong, and when taking in account the effect of foreign exchange rates, net sales exceeded the previous fiscal year.

✓ Air Filter:

In the United States, sales grew due to increased demand for filter replacements caused by the heat wave. In Japan, sales of high-performance filters for the semiconductor market decreased due to the impact of inventory adjustments.

✓ P&I*:

Sales of special filters used at oil fields were strong. Efforts including shifting resources to the After Sales Service business were made to improve the business structure.

*P&I: commercial-use dust collection systems such as for gas turbines and large-scale plants

Capex, Depreciation and R&D Cost

(billion yen)	FY2023		FY2024	
	Q1 Results	Full-year Forecast	Q1 Results	Full-year Forecast
Capex	79.0	315.0	95.4	290.0
Depreciation	39.2	170.0	48.3	190.0
R&D Cost	30.2	115.0	34.8	135.0



Notes on forecast

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