



Presentation of Financial Results for the Third Quarter in December 2025

February 4, 2026

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I . Summary of Financial Results

The third quarter saw **higher revenue as profits fell.**

Despite working to **strengthen our sales and marketing capabilities, implement strategic selling price measures, and promote cost reductions, the impact of lower demand was greater than anticipated.**

The direct impact of U.S. tariffs (operating profit of approximately 29 billion yen) was absorbed by utilizing pass-through pricing and cost reductions.

(billion yen)	Q1-3 Results		
	FY2024	FY2025	YoY
Net sales	3,593.2	3,666.3	102%
Operating profit (%)	318.7 (8.9%)	307.9 (8.4%)	97%
Ordinary profit (%)	292.5 (8.1%)	305.7 (8.3%)	105%
Profit attributable to owners of parent (%)	186.7 (5.2%)	195.4 (5.3%)	105%

USD/JPY	¥153	¥149
EUR/JPY	¥165	¥172
RMB/JPY	¥21.2	¥20.8

FX Effect (YoY)

Net Sales	-38.5 billion yen
Operating Profit	-14.0 billion yen

YoY Results Excluding FX Effect

Net Sales	103%
Operating Profit	101%

I . Financial Results by Segment

- ✓ **Air Conditioning and Refrigeration Equipment business: Both revenue and profits increased.** Despite the impact of declining residential demand in the Americas and China, along with the economic downturn and unseasonable weather in Asia, Daikin expanded sales in businesses with strong demand such as Applied and Commercial. Together with significantly regaining market share for Ducted Unitary for Houses in the Americas, sales in Japan expanded with high value-added products. In China, we concentrated resources on sales of residential multi-split air conditioners.
- ✓ **Chemicals business: Revenue rose, whereas profits fell.** This was the result of slow semiconductor demand accompanied by a subsequent adjustment in distribution inventory.

(billion yen)		Q1-3 Results		
		FY2024	FY2025	YoY
Total	Net sales	3,593.2	3,666.3	102%
	Operating profit (%)	318.7 (8.9%)	307.9 (8.4%)	97%
Air-Conditioning and Refrigeration Equipment	Net sales	3,335.8	3,401.2	102%
	Operating profit (%)	284.3 (8.5%)	288.3 (8.5%)	101%
Chemicals	Net sales	188.8	193.0	102%
	Operating profit (%)	32.7 (17.3%)	18.1 (9.4%)	55%
Others	Net sales	68.6	72.1	105%
	Operating profit (%)	1.8 (2.6%)	1.6 (2.2%)	87%

FX Effect (YoY)

	Air Conditioning and Refrigeration Equipment	Chemicals
Net Sales	-37.0 billion yen	-2.5 billion yen
Operating Profit	-13.0 billion yen	-0.8 billion yen

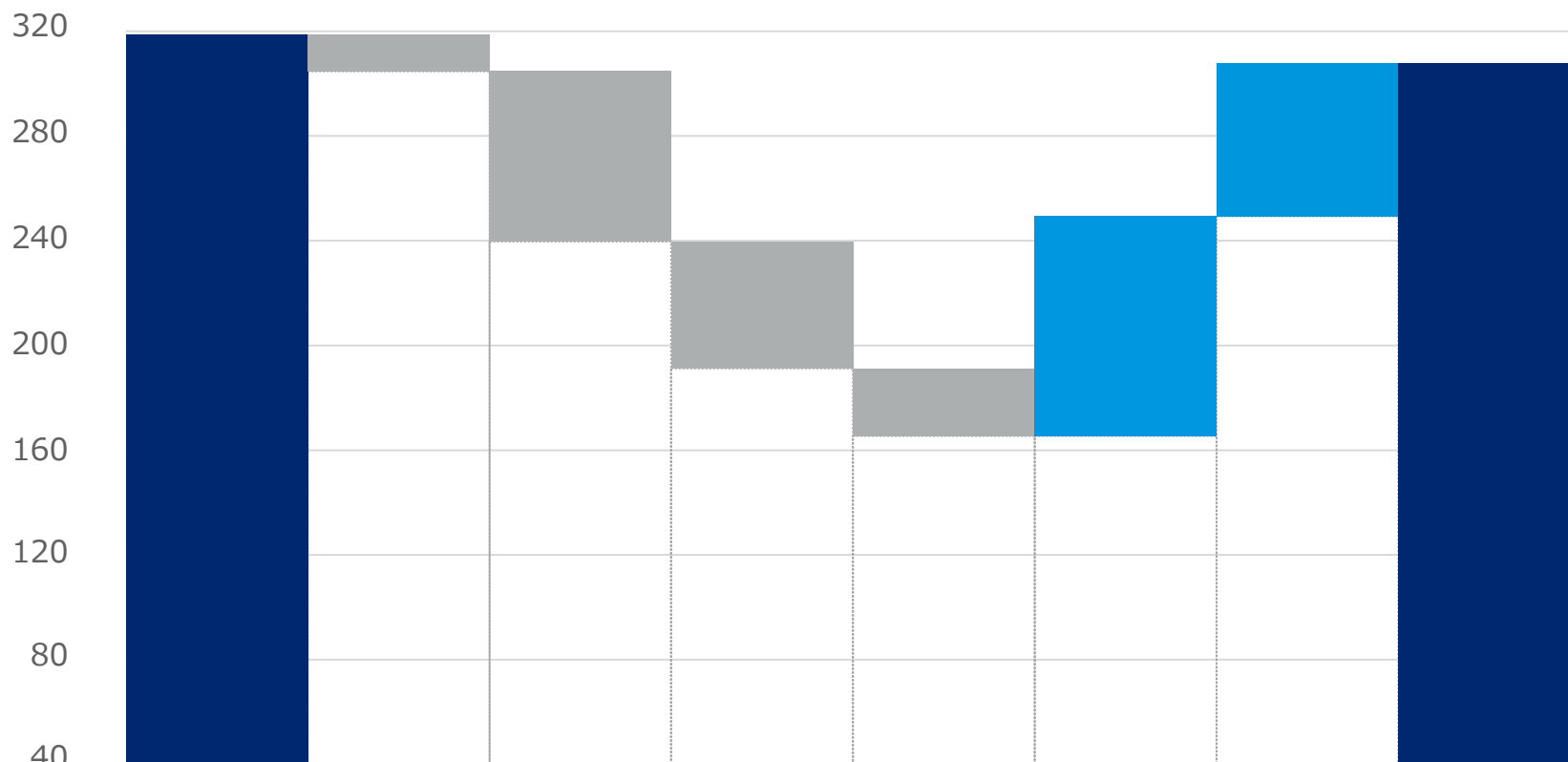
YoY Results Excluding FX Effect

	Air Conditioning and Refrigeration Equipment	Chemicals
Net Sales	103%	104%
Operating Profit	106%	58%

*Air-Conditioning and Refrigeration Equipment includes filter businesses.

I . Analysis of Changes in Operating Profit - YoY

(billion yen)



	FY2024 1-3Q Results	Foreign Exchange	Raw Materials*	Fixed Costs, etc.	Sales Expansion	Selling Price	Cost Reductions	FY2025 1-3Q Results
Total	318.7	-14.0	-65.0	-48.5	-25.8	+84.0	+58.5	307.9
Air Conditioning and Refrigeration Equipment	284.3	-13.0	-61.1	-47.7	-8.4	+79.4	+54.8	288.3
Chemicals	32.7	-0.8	-3.2	-	-17.4	+3.6	+3.2	18.1
Others	1.8	-0.2	-0.7	-0.8	-	+1.0	+0.5	1.6

*Includes direct tariff impact (-29 billion yen) and logistic costs.

*Air Conditioning and Refrigeration Equipment business includes filter businesses.

II . FY2025 Business Forecast

- ✓ Based on the 3Q results, operating profit forecast for the full year has been revised to 413 billion yen. Daikin aim to secure increased profits in the fourth quarter and achieve overall annual profit growth.
- ✓ While the current business environment remains challenging, recent signs indicate that the **decline in demand is bottoming out**. We are **accelerating efforts to generate results through the Six Group-wide Themes** (see next page) **project directly under top management supervision**.
- ✓ Together with striving to expand the Applied and Commercial Solutions businesses, we will increase sales of high value-added products, increase both selling prices and market share while promoting incremental cost reductions, lower fixed costs, and inventory optimization. We will work to **improve the business structure in terms of both profitability and efficiency in the lead up to FY2026 (which begins the first year for the next strategic management plan)**.

(billion yen)	FY2025 (Previously announced)	FY2025			
	Total Forecast	Q1-3 Results	YoY	Total Forecast	YoY
Net sales	4,840.0	3,666.3	102%	4,920.0	104%
Operating Profit (%)	435.0 (9.0%)	307.9 (8.4%)	97%	413.0 (8.4%)	103%
Ordinary Profit (%)	415.0 (8.6%)	305.7 (8.3%)	105%	398.0 (8.1%)	109%
Profit attributable to owners of parent (%)	280.0 (5.8%)	195.4 (5.3%)	105%	268.0 (5.4%)	101%

FX Effect (YoY)

Net Sales	-10.0 billion yen
Operating Profit	- 13.5 billion yen

YoY Comparison Excluding FX Effect

Net Sales	104%
Operating Profit	106%

USD/JPY

¥149

¥150

EUR/JPY

¥172

¥174

RMB/JPY

¥20.8

¥21.0

II . [Reference] Project Directly under Top Management: Six Group-wide Themes

1. **Strengthening sales and marketing capabilities**

- Enhance profit margin-focused sales strategies and accelerate the launch of differentiated products

2. **Accelerating the launch of new and differentiated products**

- Aim to expand sales and maintain or increase selling prices in a challenging business environment

3. **Bolstering the supply chain, including responses to U.S. tariff measures**

4. **Maximizing cost reductions**

- Reduce costs of base models
- Switch material from copper to aluminum, stainless steel, etc.
- Respond to U.S. tariff measures

5. **Expanding the Service Solutions business globally**

- Develop solutions for each market and segment
- Generate revenue from maintenance, repair services, and parts sales

6. **Achieving results through digital investment and process innovation**

II. Business Forecast by Segment

		FY2025 (Previously announced)	FY2025			
		Total Forecast	Q1-3 Results	YoY	Total Forecast	YoY
(billion yen)						
Total	Net Sales	4,840.0	3,666.3	102%	4,920.0	104%
	Operating Profit (%)	435.0 (9.0%)	307.9 (8.4%)	97%	413.0 (8.4%)	103%
Air-Conditioning and Refrigeration Equipment	Net Sales	4,453.0	3,401.2	102%	4,535.0	103%
	Operating Profit (%)	392.5 (8.8%)	288.3 (8.5%)	101%	373.5 (8.2%)	106%
Chemicals	Net Sales	285.0	193.0	102%	275.0	105%
	Operating Profit (%)	38.0 (13.3%)	18.1 (9.4%)	55%	35.0 (12.7%)	76%
Others	Net Sales	102.0	72.1	105%	110.0	105%
	Operating Profit (%)	4.5 (4.4%)	1.6 (2.2%)	87%	4.5 (4.1%)	99%

*Air-Conditioning and Refrigeration Equipment includes filter businesses.

FX Effect (YoY)

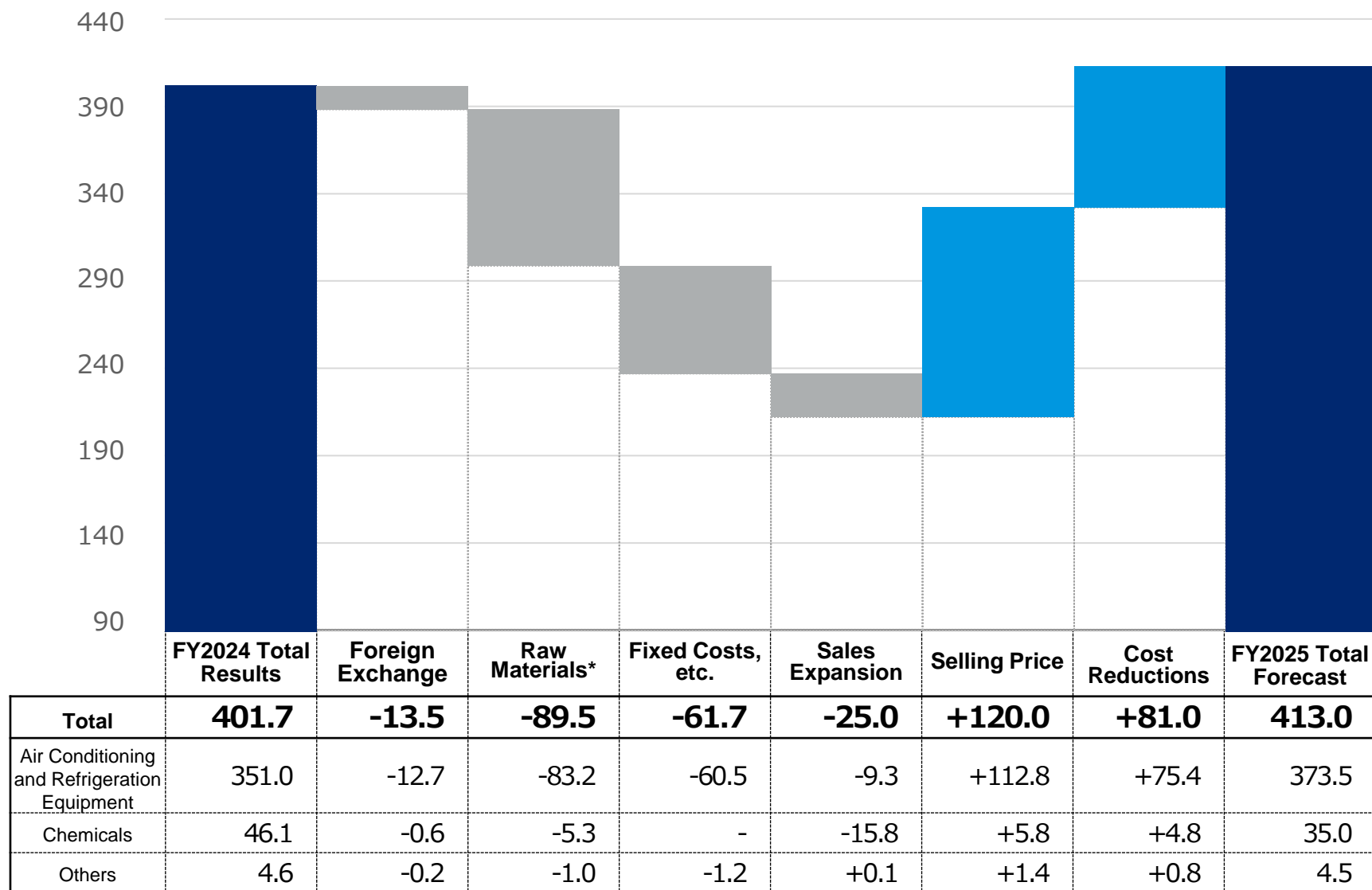
	Air Conditioning and Refrigeration Equipment	Chemicals
Net Sales	-10.0 billion yen	-2.0 billion yen
Operating Profit	-12.7 billion yen	-0.6 billion yen

YoY Results Excluding FX Effect

	Air Conditioning and Refrigeration Equipment	Chemicals
Net Sales	104%	105%
Operating Profit	110%	77%

II . Analysis of Changes in Operating Profit - Forecast

(billion yen)



*Includes direct tariff impact (-41 billion yen) and logistic costs.

*Air Conditioning and Refrigeration Equipment business includes filter businesses.

II . [Reference] Effect of U.S. Tariff Measures ① Direct Impact

The impact of the U.S. tariff measures on our financial plan for the fiscal year ending March 2026 has been recalculated in light of recent changes.

The impact on operating profit is expected to be approximately 41 billion yen.

This impact will be absorbed by utilizing pass-through pricing and cost reductions.

*Reflecting the following tariffs

- ✓ Tariffs on China (20%), Mexico (30%), and Canada (35%), and tariffs on steel, aluminum (including derivatives), and copper (50%)
- ✓ A flat 10% reciprocal tariff on all imports and mutual tariffs between countries
- ✓ Retaliatory tariffs imposed by China and Canada

Currently incorporated into the plan

(1) DNA

- ✓ Impact on imported finished products: Imported products (**FIT system, RA, SKY, and VRV system**) from Japan, Asia, Europe and Mexico.
- ✓ Impact on U.S. products: Parts imported from China and Asia. However, there will be no impact on R32 since the purchased refrigerant is produced in the U.S.

(2) DAA

- ✓ Impact of imported finished products: Applied equipment imported from Europe. Imports from Mexico are exempt since they meet USMCA standards.
- ✓ Impact on U.S. products: Parts imported from Asia

(3) Chemicals business, Oil Hydraulics business: Products imported from Japan, China, Europe and Asia

II . [Reference] Effect of U.S. Tariff Measures ② Indirect Impact

We will tackle the risk of an economic slowdown from the indirect impact of tariff measures by preparing for multiple scenarios and taking prompt action in response to changes in the business environment.

Possible risks

- ✓ Changes occur in tariff policy, including retaliatory tariffs.
- ✓ Economic growth slows due to disruption of global supply chains.
- ✓ Consumer purchasing power weakens due to rising product prices.
- ✓ Companies postpone capital investments.

Planning for the risk of a global economic slowdown

- ✓ Accelerate and move product development forward; improve leading products
- ✓ Further increase sales of differentiated products
- ✓ Shift resources by identifying growth areas such as high-performing regions/businesses
- ✓ Create results through six group-wide themes
- ✓ Perform a sweeping review of upfront investments
- ✓ Implement urgent cost reductions

II. Net Sales by Region – Air Conditioning and Refrigeration Equipment Business

*Percentage expresses year on year comparison

*Includes filter businesses

(billion yen)	FY2021 Q1-3		FY2022 Q1-3		FY2023 Q1-3		FY2024 Q1-3		FY2025 Q1-3		FY2025 Forecast (February)	
	YoY %	Value	YoY %	Value	YoY %	Value	YoY %	Value	YoY %	Value	YoY %	Value
Japan	105%	390.8	105%	410.8	107%	437.7	109%	478.3	106%	505.1	104%	670.0
Europe	135%	372.5	124%	462.7	103%	475.3	107%	510.0	106%	542.8	108%	775.0
China	131%	359.7	103%	369.9	105%	389.5	94%	365.2	92%	335.3	92%	395.0
Americas	130%	650.2	156%	1,011.4	116%	1,172.6	116%	1,360.9	103%	1,406.7	106%	1,840.0
Asia	117%	204.8	151%	308.9	106%	327.4	121%	397.2	91%	361.6	95%	510.0
Oceania	131%	75.3	127%	95.4	102%	97.4	112%	108.9	101%	110.1	102%	150.0
Middle East	141%	42.8	151%	64.6	140%	90.7	115%	104.6	121%	126.3	116%	175.0
Africa	140%	7.7	122%	9.4	114%	10.7	102%	10.9	121%	13.2	120%	20.0
Total	124%	2,103.8	130%	2,733.2	110%	3,001.4	111%	3,335.8	102%	3,401.2	103%	4,535.0
Overseas Net Sales ratio		81%		85%		85%		86%		85%		85%
USD/JPY		¥111		¥137		¥143		¥153		¥149		¥150
EUR/JPY		¥131		¥141		¥155		¥165		¥172		¥174
RMB/JPY		¥17.3		¥19.9		¥20.0		¥21.2		¥20.8		¥21.0

II . Net Sales by Region – Chemicals

*Percentage expresses year on year comparison

*Others: Oceania, Middle East, Africa etc.

(billion yen)	FY2021 Q1-3		FY2022 Q1-3		FY2023 Q1-3		FY2024 Q1-3		FY2025 Q1-3		FY2025 Forecast (February)	
Japan	135%	41.8	123%	51.5	97%	49.8	102%	51.0	86%	44.0	88%	63.5
Americas	123%	30.0	144%	43.3	80%	34.6	78%	26.9	130%	35.0	124%	51.0
China	131%	39.2	109%	42.9	98%	42.0	115%	48.4	99%	47.7	100%	63.5
Asia	120%	19.0	132%	25.2	99%	24.8	97%	24.2	114%	27.6	129%	45.0
Europe	160%	23.9	126%	30.1	125%	37.7	99%	37.4	101%	37.8	102%	51.0
Others	123%	0.8	128%	1.0	85%	0.8	120%	1.0	73%	0.7	71%	1.0
Total	133%	154.8	125%	193.9	98%	189.7	100%	188.8	102%	193.0	105%	275.0

Overseas Net Sales ratio	73%	73%	74%	73%	77%	77%
USD/JPY	¥111	¥137	¥143	¥153	¥149	¥150
EUR/JPY	¥131	¥141	¥155	¥165	¥172	¥174
RMB/JPY	¥17.3	¥19.9	¥20.0	¥21.2	¥20.8	¥21.0

III. Air Conditioning and Refrigeration Equipment – Japan

Net sales were 106% year over year. In addition to strengthening sales and marketing capabilities and expanding sales of high value-added products, the effectiveness of selling price measures also contributed to results.

- ✓ Residential: Industry demand benefited from a record high heatwave and subsidies provided by local governments. With higher electricity rates and growing awareness of energy savings, we enhanced our user proposals, focusing on high value-added products such as **Urusara X**.
- ✓ Commercial: Industry demand exceeded the previous fiscal year due to increased construction starts for small shops and retail stores driven by inbound tourist demand. We enhanced user proposals to focus on high value-added products including **FIVE STAR ZEAS**, which combines high energy-saving performance and exceptional ease of installation and **VRV 7**, which employs R32 refrigerant and is highly energy efficient.

YoY change (Volume basis)		Q1-3 Results
Residential	Market	104%
	Daikin	101%
Commercial	Market	103%
	Daikin	103%
Applied	Market	96%
	Daikin	93%

*Applied is based on total net sales.

III. Air Conditioning and Refrigeration Equipment – Americas

Net sales were 103% year over year. Industry demand for Residential remained stagnant due to persistent inflation and high mortgage interest rates. However, Daikin expanded sales in Applied and promoted selling price measures for Residential.

- ✓ Ducted Unitary for Houses: Amid fallen demand following a rush to purchase before changes in refrigerant GWP regulations took effect, we significantly increased market share by focusing on enticing customers back, supporting dealers, and developing new dealers to expand sales, mainly of R32 units. By improving dealer development and support, sales grew for our environmental premium product **FIT system**.
- ✓ Ductless: **RA/SKY** was affected by the demand downturn following the pre-regulation rush related to refrigerant GWP changes and by stagnant residential demand. **VRV system** sales were also affected by project postponements and companies holding off on investments.
- ✓ Applied: Capitalizing on solid data center demand, Daikin increased equipment sales by expanding production capacity at its new factory in Mexico and existing U.S. factories. Sales also grew in the Solutions business by leveraging the support of instrumentation and engineering companies.

YoY change (Volume basis)		Q1-3 Results
Ducted unitary for houses		90%
Ductless	RA/SKY	94%
	VRV	85%
Applied		111%

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

*Ducted Unitary for houses and Ductless products are manufactured and sold by DNA (Daikin Comfort Technologies North America, Inc). Applied products are manufactured and sold by DAA (Daikin Applied Americas, L.L.C.).

III. Air Conditioning and Refrigeration Equipment – China

Net sales were 92% year over year. The business environment continues to be severe from the worsening real estate market and slowing consumption. To contend with this, Daikin concentrated resources on direct sales to users, such as supporting **PROSHOP** specialty stores and the strengthening of customer centers and live commerce. We also maintain a high level of operating profit margins by expanding sales of high value-added products, enhancing our Solutions business, and implementing cost reductions.

- ✓ Residential: we focused on unique sales activities combining offline retail sales with online channels such as live broadcasts, web advertising, and SNS. Sales expanded for system products such as air conditioning, ventilation, heat pump floor heating, and air quality sensors. We also strengthened our Residential Solutions that leverage IoT and data analysis to propose optimal air quality tailored to each customer's lifestyle.
- ✓ Commercial: In light of carbon neutrality policies, we concentrated on markets where demand is relatively strong, such as government projects, factories, and green buildings, and bolstered our Solutions proposals focusing on energy savings.
- ✓ Applied: Efforts were made to improve sales for the maintenance and servicing business and energy-saving replacement proposals.

YoY change (Local currency basis)	Q1-3 Results
Residential	96%
Commercial	84%
Applied	80%

III. Air Conditioning and Refrigeration Equipment – Europe, Middle East, and Africa

Net sales were 106% year over year. Despite the challenging business environment, we focused on Residential and Commercial sales.

Net sales for the Middle East were 121% year over year. We expanded Residential sales in Turkey, as well as Commercial and Applied sales in Saudi Arabia and the UAE.

- ✓ Residential: Even though sales fell in Italy, sales of differentiated products expanded in France. Sales also expanded in Germany and the UK, where AC equipment penetration rates are low.
- ✓ Commercial: Sales of products using R32 increased significantly after bolstering proposal sales focused on the environment and energy efficiency.
- ✓ H/P Heating: The business environment continued to be demanding as we focused on dealer development and strengthening of our sales capabilities. Sales expanded in Germany by capitalizing on the rapidly growing demand for R290 units.
- ✓ Applied: Sales of medium-to-large chillers to data centers expanded. Sales in the After Sales Service business also grew.
- ✓ Freezer and Refrigerator: Results were affected by lower capital investment among major customers.

YoY change (Volume basis)		Q1-3 Results
Residential		102%
Commercial	SKY	105%
	VRV	109%
Heat Pump Heaters		93%
Applied		114%
Refrigerator and Freezer		99%

*Residential, commercial, and heat-pump heaters are only for Europe.

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

III. Air Conditioning and Refrigeration Equipment – Asia and Oceania

Net sales in Asia were 91% year over year. In addition to the economic slowdown in ASEAN countries, sales in India were affected by unseasonable weather.

Net sales in Oceania were 101% year over year with Commercial sales expanding in Australia.

- ✓ Residential: Daikin tried to develop dealers and strengthen sales promotion measures to consumers. However, the ASEAN region experienced sluggish demand from the impact of U.S. tariff measures and distribution inventories remained high, leading to intense price competition. In India, the consumption tax cut (implemented on September 22, 2025) was effective, but the company was significantly affected by the unseasonal weather.
- ✓ Commercial: Future uncertainty has resulted in projects delays and cancellations. Daikin focused on bolstering dealer development and training while expanding sales in India and Australia.
- ✓ Applied: Along with strengthening sales to factories and data centers, we also focused on the After Sales Service business, including maintenance and servicing.

YoY net sales of main countries (local currency basis)

Australia: 104% India: 99% Vietnam: 95%
 Malaysia: 95% Indonesia: 88% Thailand: 86%

YoY change (Volume basis)		Q1-3 Results
Residential		83%
Commercial	SKY	103%
	VRV	101%
Applied		100%

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

III. Air Conditioning and Refrigeration Equipment – Filter Business

Net sales were 100% year over year. Although demand remained strong, results were negatively impacted by exchange rates.

- ✓ Air Filter: Sales of high-margin products expanded in the United States. In Europe, sales expanded from replacement demand in Northern Europe. Sales decreased in China due to severe price competition caused by a slow recovery in the semiconductor market.
- ✓ P&I* : Sales of specialty filters for oil fields decreased, but sales of dust collection equipment remained strong.

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

III. Chemicals

Net sales were 102% year over year. Amid the impact of lackluster demand in the semiconductor sector and slow demand recovery in the automotive sector, Daikin worked to expand sales of fluorocarbon gas and fluoropolymers in the Information and Communications Technology sector.

- ✓ Fluorocarbon gas: In a challenging environment with declining demand, we thoroughly maintained selling prices and expanding sales in the United States and Asia.
- ✓ Polymers and Fluoroelastomers
 - Fluoropolymers: Sales grew significantly due to increased production of FEP for electrical cables used in data centers. High-performance fluoropolymers for semiconductor manufacturing equipment continued to be affected by a decline in demand.
 - Fluoroelastomers: Sales expanded to the automotive markets in Japan, Europe, and the United States.
- ✓ Fine Chemicals, Etc.: Results were affected by a stagnant demand for surface anti-fouling coating agents along with water and oil repellents.
New consolidation in etching agents for semiconductor processes contributed to net sales.

YoY change (Net sales basis)	Q1-3 Results
Total	102%
Fluorocarbon Gas	105%
Fluoropolymers & Fluoroelastomers	98%
Fine Chemicals, etc.	110%

IV. CAPEX, Depreciation and R&D Cost

(billion yen)	FY2024		FY2025	
	Q1-3 Results	Total Results	Q1-3 Results	Total Forecast
CAPEX	248.6	324.6	209.8	290.0
Depreciation	144.2	197.4	163.2	225.0
R&D Cost	100.0	135.7	110.2	150.0



Notes on forecast

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