



Presentation of Financial Results for FY2025

May 12, 2026

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I . Summary of Financial Results

Both net sales and operating profit rose year over year in **setting new record highs**.

In the 4Q (January-March), **profits increased**, enabling us to **achieve our full-term plan**.

With the greater-than-expected drop in demand, we **accelerated efforts to generate results under the “Project Directly under Top Management: Six Group-wide Themes”** (see page 5). Initiatives included **strengthening sales and marketing capabilities, implementing strategic selling price measures, and reducing costs**.

(billion yen)	FY2024	FY2025		YoY
	Results	Forecast	Results	
Net sales	4,752.3	4,920.0	5,015.0	106%
Operating Profit (%)	401.7 (8.5%)	413.0 (8.4%)	415.0 (8.3%)	103%
Ordinary Profit (%)	366.4 (7.7%)	398.0 (8.1%)	408.2 (8.1%)	111%
Profit Attributable to Owners of Parent (%)	264.8 (5.6%)	268.0 (5.4%)	275.2 (5.5%)	104%

FX Effect (YoY)

Net Sales	+26.0 billion yen
Operating Profit	-11.5 billion yen

YoY Results Excluding FX Effect

Net Sales	105%
Operating Profit	106%

USD/JPY	¥153
EUR/JPY	¥164
RMB/JPY	¥21.1

¥151
¥175
¥21.2

I . Financial Results by Segment

- ✓ **Air-Conditioning and Refrigeration Equipment Business: Revenue and profits increased together with an improved operating profit margin.** Despite declining Residential demand in the Americas and China and the impact of a stagnant economy and unseasonable weather in Asia, **sales expanded in businesses with strong demand, such as Applied and Commercial Air Conditioning.** In addition to a major recovery in market share for Residential Ducted Unitary for Houses in the Americas, sales of high value-added products in Japan and Europe also expanded. In China, we focused resources on sales of residential multi-split air conditioners. The direct impact of U.S. tariff measures (operating profit of approximately ¥41 billion) was absorbed by utilizing pass-through pricing and implementing cost reductions.
- ✓ **Chemicals Business: Profits declined while revenues increased.** Sales of high-performance fluoropolymers decreased due to the slow recovery in demand in the semiconductor sector and the subsequent adjustments in distribution inventory.

		FY2024	FY2025		
		Results	Forecast	Results	YoY
(billion yen)					
Total	Net sales	4,752.3	4,920.0	5,015.0	106%
	Operating Profit (%)	401.7 (8.5%)	413.0 (8.4%)	415.0 (8.3%)	103%
Air-Conditioning and Refrigeration Equipment	Net sales	4,384.5	4,535.0	4,621.1	105%
	Operating Profit (%)	351.0 (8.0%)	373.5 (8.2%)	377.0 (8.2%)	107%
Chemicals	Net sales	263.0	275.0	281.5	107%
	Operating Profit (%)	46.1 (17.5%)	35.0 (12.7%)	33.1 (11.8%)	72%
Others	Net sales	104.8	110.0	112.4	107%
	Operating Profit (%)	4.5 (4.3%)	4.5 (4.1%)	4.9 (4.4%)	108%

FX Effect (YoY)

	Air Conditioning and Refrigeration Equipment	Chemicals
Net Sales	+20.5 billion yen	+3.5 billion yen
Operating Profit	-12.7 billion yen	+1.5 billion yen

YoY Results Excluding FX Effect

	Air Conditioning and Refrigeration Equipment	Chemicals
Net Sales	105%	106%
Operating Profit	111%	69%

*Air-Conditioning and Refrigeration Equipment includes filter businesses.

I . [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**

I . Profit and Loss Statement

(billion yen)	FY2024	FY2025	vs PY
	108	106	
Net sales	4,752.3	5,015.0	+262.7
Cost of sales	3,125.6	3,282.5	-156.9
	(65.8%)	(65.5%)	
Gross profit	1,626.7	1,732.5	+105.8
	(34.2%)	(34.5%)	
Selling general and administrative expenses	1,225.0	1,317.5	*1 -92.5
	(25.8%)	(26.3%)	
Operating profit	401.7	415.0	+13.3
	(8.5%)	(8.3%)	
Non-operating income and expenses	-35.2	-6.8	*2 +28.4
Ordinary profit	366.4	408.2	+41.7
	(7.7%)	(8.1%)	
Extraordinary income and losses	9.6	-4.5	*3 -14.2
Profit before income taxes	376.1	403.6	+27.5
	(7.9%)	(8.0%)	
Income taxes	100.6	117.3	-16.6
Tax burden ratio	26.8%	29.1%	
Profit attributable to non-controlling interests	10.7	11.1	-0.4
Profit attributable to owners of parent	264.8	275.2	+10.5
	(5.6%)	(5.5%)	

*The parentheses above indicate percentages to net sales.

*1 Changes in selling, general and administrative expense

R&D expense	-13.5
Sales promotion / advertising expenses	-4.0
Product shipping costs	-2.3

*2 Changes in non-operating gains or losses

Foreign exchange gains or losses	+7.7 (-9.2 → -1.4)
Interest income	-1.3 (20.1 → 18.7)
Interest expenses	+4.1 (-43.0 → -39.0)
Inflation accounting adjustment	+23.5 (-9.0 → 14.5)

[Adjustments due to the application of inflation accounting in Turkey.]

*3 Changes in extraordinary gains or losses

Loss (gain) on sale of investment securities	+1.7 (12.2 → 13.8)
Impairment loss	-11.8 (0 → -11.8)

[Impairment loss: There was an impairment loss on some intangible fixed assets for the AHT Group, a subsidiary that manufactures and sells refrigerating and freezing showcases. The business fell short of the business plan reassessed in the previous year.]

I . Balance Sheet

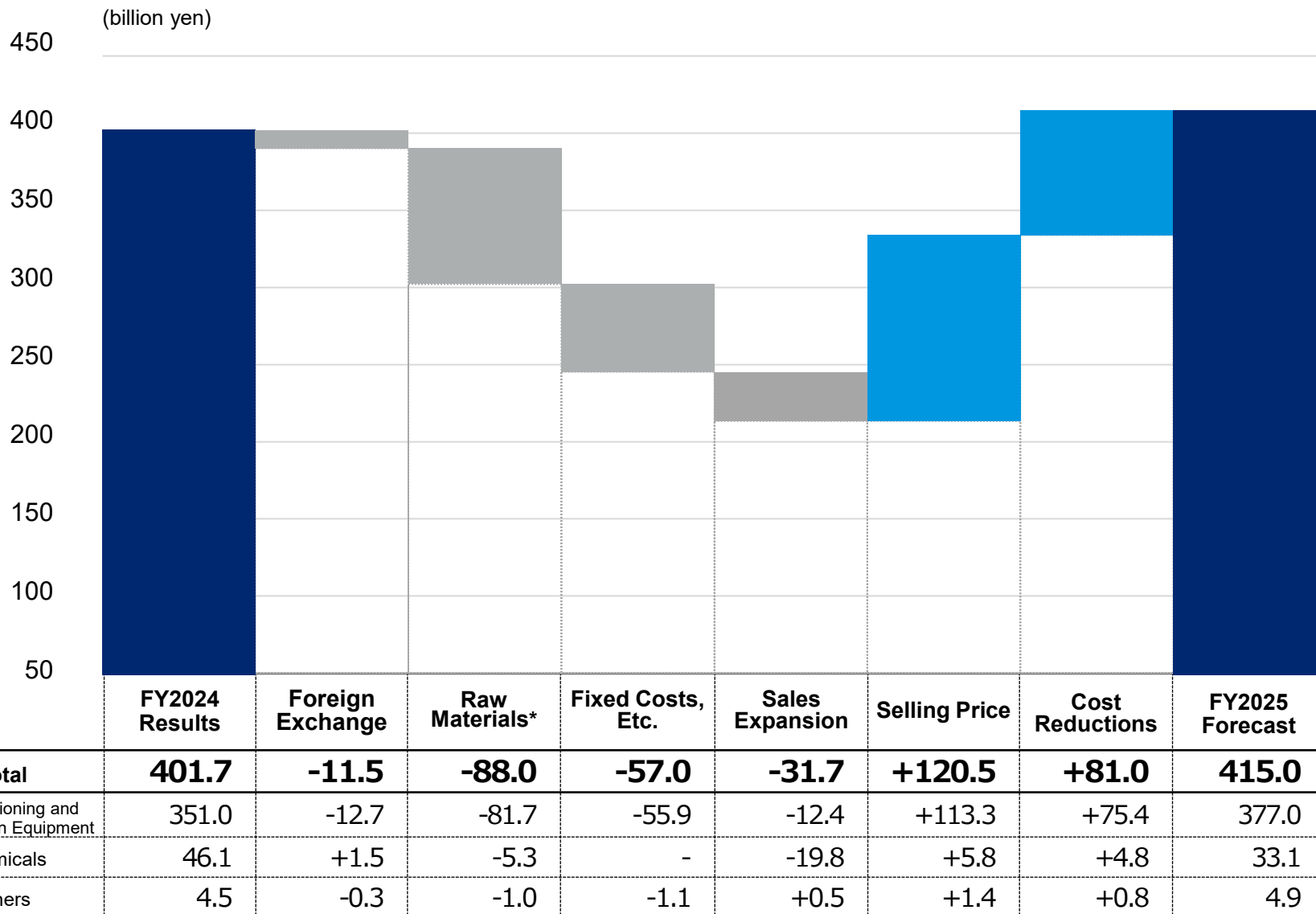
(billion yen)	2025/3E	2026/3E	vs PY
Cash and deposits	802.7	933.5	+130.8
Notes and accounts receivable – trade, and contract assets	<u>66 days</u> 856.5	<u>74 days</u> 1,011.1	+154.6
Inventories	<u>81 days</u> 1,052.9	<u>83 days</u> 1,137.9	+85.0
Fixed assets	1,917.2	2,134.0	+216.8
Investment securities	160.0	199.0	+39.0
Others	344.1	393.7	+49.6
Total Assets	5,133.4	5,809.2	+675.8

	2025/3E	2026/3E	vs PY
Notes and accounts payable – trade	362.2	420.0	+57.8
Interest bearing debt	986.9	1,094.6	+107.7
(Interest bearing debt ratio)	(19.2%)	(18.8%)	
Others	917.7	978.1	+60.4
Total liabilities	2,266.7	2,492.7	+226.0
Total equity	2,801.3	3,249.8	+448.6
(Equity ratio)	(54.6%)	(55.9%)	
Share acquisition rights	4.2	4.8	+0.6
Non-controlling interests	61.2	61.9	+0.7
Total net assets	2,866.7	3,316.5	+449.8
Total liabilities and net assets	5,133.4	5,809.2	+675.8

Breakdown of interest bearing debt

	2025/3E	2026/3E	vs PY
Short-term borrowings	294.6	286.1	-8.5
Commercial papers	29.6	28.4	-1.2
Bonds	190.0	225.0	+35.0
Long-term borrowings	298.1	343.7	+45.6
Lease debt	174.6	211.4	+36.9
Total	986.9	1,094.6	+107.7

I . Analysis of Changes in Operating Profit - YoY



*Air Conditioning and Refrigeration Equipment business includes filter business.

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

II . FY2026 Business Forecast

We formulated our strategic management plan “Fusion 30” to **strengthen our earning capacity even further**. Our targets for the fiscal year 2028 are for an **operating profit margin of 10%** and a **return on equity (ROE) of 12%**.

Despite the uncertainty in the business environment for this fiscal year, we will promote measures worldwide to strengthen our competitiveness and profitability, strive to **improve profit margins**, and **achieve new record highs in performance**.

- ✓ In the Air Conditioning Business, we will work to expand our **Applied and Commercial Solutions businesses** and focus on strengthening sales capabilities in each region while also **promoting strategic selling price measures and increasing market share**.
- ✓ By globally reducing total costs, we will look to **minimize the negative impact of cost increases** (such as soaring raw material prices, higher logistical costs, and U.S. tariff measures).
- ✓ **With the impacts of the Middle East situation already apparent** (business stagnation in the Middle East region, rising component prices, higher logistical costs, etc.), **we have already taken steps to incorporate these circumstances into our plans for this fiscal year**. Despite the uncertain outlook, we are prepared for all possible scenarios and will implement measures, such as pricing measures, cost reductions, and sales expansion of energy-saving equipment (See page 12).

Billion yen)	FY2025 Results			FY2026 Forecast					
	H1	H2	Total	H1	YoY	H2	YoY	Total	YoY
Net sales	2,478.8	2,536.2	5,015.0	2,610.0	105%	2,540.0	100%	5,150.0	103%
Operating Profit (%)	246.6 (9.9%)	168.4 (6.6%)	415.0 (8.3%)	258.0 (9.9%)	105%	178.0 (7.0%)	106%	436.0 (8.5%)	105%
Ordinary Profit (%)	241.9 (9.8%)	166.3 (6.6%)	408.2 (8.1%)	244.0 (9.3%)	101%	170.0 (6.7%)	102%	414.0 (8.0%)	101%
Profit Attributable to Owners of Parent (%)	160.9 (6.5%)	114.3 (4.5%)	275.2 (5.5%)	163.0 (6.2%)	101%	115.0 (4.5%)	101%	278.0 (5.4%)	101%
USD/JPY	¥146	¥156	¥151					¥145	
EUR/JPY	¥168	¥182	¥175					¥170	
RMB/JPY	¥20.3	¥22.1	¥21.2					¥21.0	

FX Effect (YoY)

Net Sales	-120.0billion yen
Operating Profit	- 20.0billion yen

YoY Comparison Excluding FX Effect

Net Sales	105%
Operating Profit	110%

II . Business Forecast by Segments

(billion yen)		FY2025 Results	FY2026	
			Forecast	YoY
Total	Net sales	5,015.0	5,150.0	103%
	Operating Profit (%)	415.0 (8.3%)	436.0 (8.5%)	105%
Air-Conditioning and Refrigeration Equipment	Net sales	4,621.1	4,741.0	103%
	Operating Profit (%)	377.0 (8.2%)	393.0 (8.3%)	104%
Chemicals	Net sales	281.5	300.0	107%
	Operating Profit (%)	33.1 (11.8%)	39.0 (13.0%)	118%
Others	Net sales	112.4	109.0	97%
	Operating Profit (%)	4.9 (4.4%)	4.0 (3.7%)	81%

*Air-Conditioning and Refrigeration Equipment includes filter businesses.

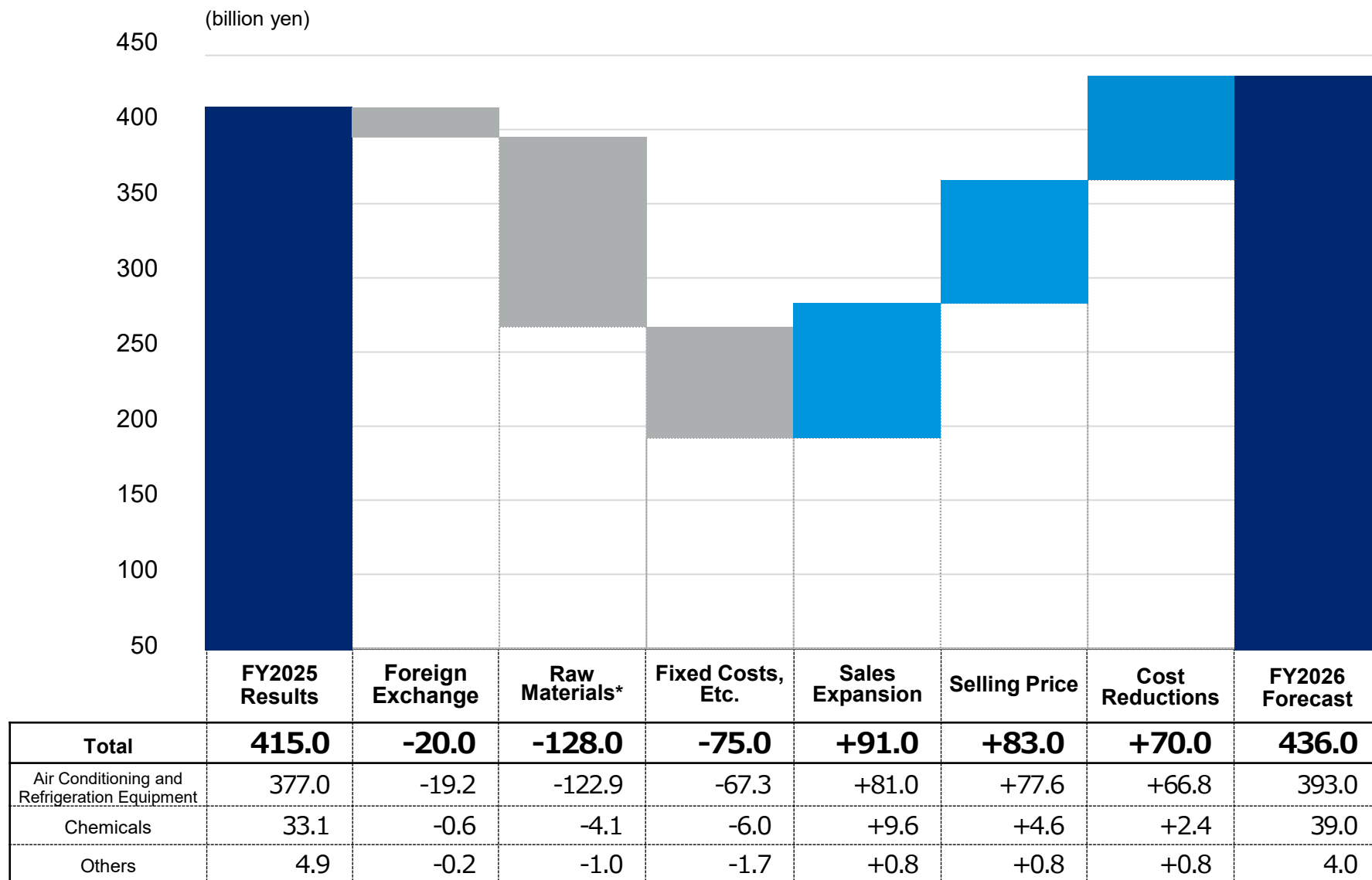
FX Effect (YoY)

	Air Conditioning and Refrigeration Equipment	Chemicals
Net Sales	-119.5 billion yen	-2.5 billion yen
Operating Profit	-19.2 billion yen	-0.6 billion yen

YoY Results Excluding FX Effect

	Air Conditioning and Refrigeration Equipment	Chemicals
Net Sales	105%	107%
Operating Profit	109%	120%

II . Analysis of Changes in Operating Profit - Forecast



*Air Conditioning and Refrigeration Equipment business includes filter business.

*Includes direct tariff impact (-2 billion yen) and logistic costs.

II . <Reference> Our Position on Risks from the Worsening Middle East Situation

To minimize the impact on future production and product supply, we will strive to secure raw materials and components, including by switching to alternative parts. We have estimated the impact based on multiple scenarios (settling in Q1, the first half, or by year-end). We will implement countermeasures such as raising selling prices, expanding sales of energy-efficient equipment, and strengthening our system proposals.

Furthermore, should the business environment change significantly—such as due to an economic downturn exceeding expectations or a sharp drop in demand—we will flexibly revise our management plan.

Assumed Risks

- ✓ Decline in net sales and profits from businesses operating in the Middle East region
- ✓ Rising energy prices and transportation costs due to high crude oil prices
- ✓ Procurement difficulties for fluoropolymers and other crude oil-related products
- ✓ Delays and bottlenecks in logistics
- ✓ Curtailment of corporate investment and slow consumption due to the ripple effect on the real economy

Position on Risks

- ✓ Search for alternative parts and suppliers to ensure stable product supply
- ✓ Increase prices to absorb cost increases
- ✓ Expanding sales of energy-efficient equipment and strengthening system proposals
- ✓ Further cost reductions
- ✓ Urgent cost-cutting measures

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

*Percentage expresses year on year comparison

*Includes filter businesses

(billion yen)	FY2021		FY2022		FY2023		FY2024		FY2025		FY2026 Forecast	
	Japan	106%	523.9	106%	553.0	106%	588.7	110%	646.5	105%	675.8	103%
Europe	131%	518.7	127%	657.4	101%	666.6	107%	714.6	110%	784.2	103%	810.0
China	130%	424.7	101%	430.1	107%	458.8	93%	428.1	94%	403.5	94%	380.0
Americas	132%	889.8	150%	1,334.6	118%	1,575.9	111%	1,743.4	109%	1,898.6	105%	1,990.0
Asia	118%	293.5	141%	414.7	110%	455.2	118%	537.1	94%	506.5	105%	530.0
Oceania	131%	104.5	123%	128.6	105%	134.8	109%	147.0	107%	156.6	102%	160.0
Middle East	135%	60.7	160%	97.0	138%	133.9	113%	151.3	117%	176.8	88%	156.0
Africa	145%	12.6	113%	14.3	105%	15.0	111%	16.7	115%	19.2	104%	20.0
Total	124%	2,828.5	128%	3,629.8	111%	4,028.8	109%	4,384.5	105%	4,621.1	103%	4,741.0
Overseas Net Sales ratio		81%		85%		85%		85%		85%		85%
USD/JPY		¥112		¥135		¥145		¥153		¥151		¥145
EUR/JPY		¥131		¥141		¥157		¥164		¥175		¥170
RMB/JPY		¥17.5		¥19.8		¥20.1		¥21.1		¥21.2		¥21.0

Year-on-year in local currency basis

FY2025 Results

Europe:103%, China:94%, Americas:110%, Asia: 94%

FY2026 Plan

Europe:106%, China:95%, Americas:109%, Asia: 107%

II . Net Sales by Region – Chemicals

*Percentage expresses year on year comparison

*Others: Oceania, Middle East, Africa etc.

(billion yen)	FY2021		FY2022		FY2023		FY2024		FY2025		FY2026 Forecast	
	Japan	138%	58.4	120%	70.1	104%	72.6	99%	71.8	88%	63.2	114%
Americas	116%	41.2	144%	59.3	82%	48.4	85%	41.3	127%	52.4	103%	54.0
China	126%	51.2	109%	55.8	99%	55.4	115%	63.7	104%	66.1	108%	71.5
Asia	118%	27.0	128%	34.6	105%	36.4	96%	34.9	126%	43.8	118%	51.5
Europe	152%	33.5	126%	42.4	118%	49.9	100%	50.0	110%	55.0	91%	50.0
Others	130%	1.1	118%	1.3	88%	1.1	120%	1.4	69%	1.0	105%	1.0
Total	129%	212.4	124%	263.4	100%	263.9	100%	263.0	107%	281.5	107%	300.0
Overseas Net Sales ratio		72%		73%		72%		73%		78%		76%
USD/JPY		¥112		¥135		¥145		¥153		¥151		¥145
EUR/JPY		¥131		¥141		¥157		¥164		¥175		¥170
RMB/JPY		¥17.5		¥19.8		¥20.1		¥21.1		¥21.2		¥21.0

Year-on-year in local currency basis

FY2025 Results

Europe:103%, China:103%, Americas:129%

FY2026 Plan

Europe: 93%, China:109%, Americas:107%

III. Air Conditioning and Refrigeration Equipment – Japan

FY2025 Results

Net sales were 105% year over year. This was attributable to our strengthening of sales and marketing capabilities, sales expansion of high value-added products, and the effectiveness of our selling price measures.

- ✓ Residential: Industry demand exceeded that of the previous fiscal year and was driven by rising electricity prices, higher energy-saving awareness, a record-breaking heatwave, and local government subsidies. Our company strengthened its user proposals with a focus on high value-added products such as **Urusara X**.
- ✓ Commercial: Industry demand exceeded that of the previous year and was driven by increased construction starts for retail and store buildings that were fueled by overseas tourism to Japan. We strengthened user proposals centered on high value-added products such as **FIVE STAR ZEAS**, which combines high energy efficiency and ease of installation, and **VRV 7**, which uses R32 refrigerant for high energy efficiency.

FY2026 Forecast

Residential: Industry demand is expected to remain strong, owing to the higher energy-saving standards and subsidies from local governments. Daikin will focus on user proposals for high value-added products such as **Urusara X**. We intend to strengthen our “spec-in” activities for residential equipment systems for home builders and construction companies. We will aim to increase market share by responding to the market needs stemming from the higher energy efficiency standards.

Commercial: Industry demand is seen as remaining robust, despite a projected decrease in construction starts, due to growing investments in heat countermeasures and equipment replacement at factories. Daikin will work to expand sales of high value-added products such as **FIVESTAR ZEAS** and **VRV 7**. At the same time, we will also be strengthening our Solutions business, including energy-saving proposals for factories and buildings.

YoY change (Volume basis)	FY2025 Results		FY2026 Forecast	
	Market	Daikin	Market	Daikin
Residential	107%	103%	103%	107%
Commercial	101%	101%	98%	104%
Applied	95%	85%	102%	115%

*Applied is based on total net sales.

III. Air Conditioning and Refrigeration Equipment – Americas

FY2025 Results

Net sales were 109% year over year. Industry demand for Residential remained sluggish due to prolonged inflation, persistently high mortgage interest rates, and the impact of distribution inventory adjustments. We expanded sales by increasing market share in Ducted Unitary for Houses and implementing selling price measures. Applied demand remained strong—particularly for the data center sector—and sales expanded accordingly.

- ✓ Ducted Unitary for Houses: Amid fallen demand following a rush to purchase before changes in refrigerant GWP regulations took effect, we focused on enticing customers back, supporting dealers, and developing new dealers to expand sales, mainly of R32 units, and we significantly increased market share. Improved dealer development and support also led to sales growth for **Fit systems**, our environment premium product.
- ✓ Ductless: **RA/SKY** models were impacted by lower demand due to changes in refrigerant GWP regulations and stagnant Residential demand. **VRV system** sales were affected by project postponements and companies holding off on investments.
- ✓ Applied: In addition to expanding equipment sales through increased production capacity at the new factory in Mexico and existing factories in the United States, we strengthened our solutions business through the utilization of its instrumentation and engineering companies. In the data center sector, sales grew by capturing strong demand through increased production capacity and an expanded product lineup.

FY2026 Forecast

Ducted Unitary for Houses: Through support of existing dealers and the development of new dealers, we promote the advantages of R32 units throughout the distribution network, aiming to expand sales and increase market share. We will focus on expanding sales of the environmental premium product **Fit systems** by developing and supporting dealers, along with establishing an installation support system.

Ductless: We will strengthen the R32 unit lineup and expand the sales network capable of handling R32 units by developing new customers and nurturing existing dealers in working to increase sales.

Applied: We will expand equipment sales in the data center sector, where demand remains strong. By leveraging the technology and products of companies, we will build a system that provides one-stop Solutions. In the building market, we will focus on proposing high value-added Solutions such as energy management.

YoY change (Volume basis)		FY2025 Results	FY2026 Forecast	
			Market	Daikin
Ducted unitary for houses		97%	98%	102%
Ductless	RA/SKY	89%	104%	126%
	VRV	83%	97%	119%
Applied		115%	113%	117%

*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

FY2025 Results

Net sales were 94% year over year. The business environment remained challenging due to the deteriorating real estate market and sluggish consumer spending. In response, we focused resources on user-direct sales, including support for PROSHOP specialty shops, while also enhancing customer centers and live commerce. The operating profit margin remained high by expanding sales of high value-added products, strengthening the Solutions business, and implementing cost reduction measures.

- ✓ Residential: In addition to offline retail sales, we focused on our own unique sales activities that combine with online activities such as live streaming, web advertising, and social media to expand system product sales. We also bolstered Residential Solutions that utilize IoT and data analysis in proposing optimal air quality crafted to the individual lifestyle of each customer.
- ✓ Commercial: Against the backdrop of carbon neutrality policies, we concentrated on government facilities, factories, and green buildings with relatively firm demand. We also enhanced our Solutions proposals with an emphasis on energy savings.
- ✓ Applied: Sales efforts were strengthened in proposing energy-saving equipment along with repair and maintenance.

FY2026 Forecast

Residential: In addition to the new housing market, we will be focusing on the home renovation and existing home markets. By strengthening Residential Solutions, we will aim to maintain high profitability. We will be offering new air value to customers with system products that integrate hardware and software in providing optimal air for each living situation through our unique expertise in air conditioning, ventilation, heat pump floor heating, air quality sensors, and airflow.

Commercial: By utilizing operational data, we will strengthen Solution proposals and seek to capture replacement demand.

Applied: We will work to expand sales of energy-saving equipment by proposing customized solutions in response to customer needs.

YoY change (Local currency basis)	FY2025 Results	FY2026 Forecast	
		Market	Daikin
Residential	96%	95%	98%
Commercial	85%	95%	98%
Applied	82%	95%	102%

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

FY2025 Results

Net Sales in Europe were 110% year over year. Within a challenging business environment, we focused on Residential and Commercial sales. Net sales in the Middle East were 117% year over year. Residential sales in Turkey also expanded. Sales for Commercial and Applied expanded in Saudi Arabia and the UAE.

- ✓ Residential: In addition to expanding sales in Germany and the UK, where air conditioning penetration rates are low, sales of differentiated products expanded in France through strengthened sales capabilities.
- ✓ Commercial: Sales of products using R32 were significantly increased by strengthening proposal sales focusing on being eco-friendly and energy efficient.
- ✓ H/P Heating: The challenging business environment continues. We are focused on developing sales partners and strengthening the after-sales service system. Sales expanded in Germany by capturing the rapidly increasing demand for R290 units.
- ✓ Applied: Sales of medium-to-large chillers to data centers expanded. Sales also expanded in the After-Sales Service business.
- ✓ Freezer and Refrigerator: Lower capital investment and project delays among major customers affected results.

FY2026 Forecast

Residential: We will enhance sales of mid-range to high-end models and system proposal capabilities.

Commercial: Sales of mid-range and high-end models will expand to commercial facilities and hotels where demand is expected. We will strengthen direct proposals to owners and aim to expand our Solutions business by expanding the service menu and providing energy management support.

H/P Heating: Utilization of air conditioning sales channels will be accelerated. In Germany, we aim to increase market share by capturing demand for R290 units through the launch of new products. In the UK, we will strive to expand sales by developing certified participating retailers.

Applied: We will expand sales in markets with steady demand, such as Northern Europe and Italy, as we strengthen product development and the Solutions business. We will also focus on the data center sector.

Freezer and Refrigerator: Solutions proposals for eco-friendly products, such as showcases that use CO₂ refrigerant, will be further enhanced.

YoY change (Volume basis)		FY2025	FY2026 Forecast	
		Results	Market	Daikin
Residential		103%	100%	106%
Commercial	SKY	105%	103%	103%
	VRV	109%	100%	102%
Heat Pump Heating		94%	106%	121%
Applied		113%	104%	111%
Refrigerator and Freezer		99%	105%	115%

*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

FY2025 Results

Net sales for Asia were 94% year over year. In addition to an economic slowdown across ASEAN countries, unseasonable weather in India impacted the results.

Net sales for Oceania were 107% year over year. Commercial sales expanded in Australia.

- ✓ Residential: Initiatives were implemented to develop dealers and strengthen sales promotion to consumers. In the ASEAN region, demand remained sluggish due to inflation, the impact of U.S. tariffs, and natural disasters. Distribution inventory remained high, leading to intensifying price competition. In India, the consumption tax reduction (implemented on September 22, 2025) had a positive effect, but was greatly affected by unseasonable weather conditions.
- ✓ Commercial: With the uncertainty in the future economic prospects, project delays and cancelations have increased. We developed dealers and strengthened training as sales expanded in India and Australia.
- ✓ Applied: Sales to factories and data centers were enhanced. We also focused on the After Sales Service business, including repair and maintenance.

Year-on-year net sales of main countries (local currency basis)

Australia: 105%, India: 100%, Vietnam: 96%,
Malaysia: 94%, Indonesia: 89%, Thailand: 88%

FY2026 Forecast

Residential: In India, we aim to expand sales of high value-added products by launching new products that comply with the new energy-efficiency standards effective January 1, 2026. We will also focus on expanding our sales network in regional cities. In the ASEAN region, we will not only strengthen our sales capabilities, but we will also develop products and sales strategies that meet the needs of the affluent and younger generations.

Commercial: We aim to strengthen our proposal and sales capabilities through the development and support of distributors while expanding sales towards small and medium-sized projects. We will also focus on the Service Solutions business to capture replacement demand.

Applied: We will expand sales by increasing equipment sales to data centers and focusing on After-Sales Service business, including repair and maintenance.

YoY change (Volume basis)		FY2025 Results	FY2026 Forecast	
			Market	Daikin
Residential		85%	111%	125%
Commercial	SKY	104%	108%	111%
	VRV	102%	111%	120%
Applied		100%	109%	116%

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

III. Air Conditioning and Refrigeration Equipment – Filter Business

FY2025 Results

Net sales were 101% year over year. While demand remained strong, company results were affected by reduced investment in Japan and intensifying price competition in China.

- ✓ Air Filter: In the United States, sales expanded in the pharmaceutical market. In Japan, sales declined due to postponed investment in the semiconductor sector.
- ✓ P&I*: Sales of special filters for oil fields decreased, but sales for dust collection systems remained solid.

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

FY2026 Forecast

Air Filter: We will focus on high-end markets, such as data centers and hospitals, primarily in the United States and Europe. In Japan, we will focus on sales of semiconductor manufacturing equipment where demand is expected to recover. We are also working to improve profitability by focusing on productivity improvements and cost reductions.

P&I: Resources will be shifted to thriving businesses, such as After-Sales Service, as we aim to improve the overall business structure.

III. Chemicals

FY2025 Results

Net sales were 107% year over year. Despite the slow recovery in demand of major markets, such as the semiconductor sector, we worked to expand sales of fluoropolymers in the gas and information and communication technology (ICT) sectors.

- ✓ Fluorocarbon Gas: We worked to maintain selling prices and expanded sales in Europe, the U.S., and Asia.
- ✓ Polymers and Fluoroelastomers
 - Fluoropolymers: We developed applications adopting FEP for LAN cables for use in data centers. Increasing production led to a significant increase in sales. Sales of high-performance polymers for semiconductor manufacturing equipment continued to be affected by distribution inventory adjustments.
 - Fluoroelastomers: Sales expanded to automotive markets in Europe, the U.S., China, and Japan.
- ✓ Fine Chemicals, Etc.: Sales of environmentally advanced products for textiles expanded against the backdrop of stricter environmental regulations in China. New consolidation effects in the field of etching agents for semiconductor manufacturing processes contributed to the growth.

FY2026 Forecast

Demand is recovering in the semiconductor and automotive sectors, but distribution inventory adjustments in the automotive sector continue.

We will strive to improve profitability through the sale of high value-added products and the development of applications in growth markets.

We are focusing on the sale of high value-added materials for semiconductor manufacturing and FEP for data center wiring applications.

We will be strengthening sales of packing materials for lithium batteries for the EV market and will also develop products to meet the increasing capacity requirements of lithium batteries. With the move away from plastics, Daikin is expanding sales of environmentally advanced repellent materials for paper applications.

YoY change (Net sales basis)	FY2025 Results	FY2026 Forecast	
		Market	Daikin
Total	107%	103%	107%
Fluorocarbon Gas	119%	90%	93%
Fluoropolymers & Fluoroelastomers	102%	105%	107%
Fine Chemicals, etc.	116%	104%	112%

III. Other Businesses

FY2025 Results

Oil Hydraulics Business: Net sales were 105% year over year. Sales of construction machinery and vehicle-related products decreased in Japan, whereas sales of industrial machinery-related products increased in Japan and the United States.

Defense Systems Business: Net sales were 114% year over year. Sales of oxygen concentrators and hypoxic systems (devices that provide a high exercise effect by controlling oxygen concentration) increased.

Electronics Business: Net sales were 99% year over year. Sales of database systems for design and development fields and equipment CAD systems increased, but sales of CG production software decreased.

FY2026 Forecast

Oil Hydraulics Business: For construction machinery and vehicles, efforts will be made to expand sales of new energy-efficient products. For industrial machinery, in addition to expanding sales of high value-added products, we will also work to focus on the After Sales Service business.

Defense Systems Business: Aiming for sales expansion, we will launch new oxygen concentrators and strengthen proposals for hypoxic systems.

Electronics Business: R&D support will be enhanced for the manufacturing industry and Solutions proposals for the construction industry.

V. Shareholder Return

- ✓ The dividend policy has been revised as follows.

(Before revision)

Together with making every effort to maintain a ratio of dividends to shareholder equity (DOE) of 3.0% based on the principle of always providing stable dividends to shareholders, we will continue striving in our mission to provide shareholders with an even greater return by aiming for an increasingly higher level of dividend payout ratio.

(After revision)

Based on past dividend performance, we will strive for the realization of **continuous dividend increases** while placing importance on stability and maintaining awareness of **the level of the dividend payout ratio**.

- ✓ Due to record highs in net sales and operating profit, the year-end dividend is planned to be ¥175, an increase of ¥10 from the previously announced amount. Combined with the interim dividend of ¥165 already paid, the annual dividend is planned to be ¥340.
- ✓ For the next fiscal year, the annual dividend is planned to be ¥360 (¥180 interim and ¥180 year-end).

		FY2021	FY2022	FY2023	FY2024	FY2025 (Proposed)	FY2026 (Forecast)
Dividend per share	Interim	¥90	¥100	¥120	¥185 *	¥165	¥180
	Annual	¥200	¥240	¥250	¥330	¥340	¥360
Earnings per share	H1	¥475.3	¥534.3	¥522.7	¥518.0	¥549.6	¥556.6
	Annual	¥743.9	¥880.6	¥889.2	¥904.3	¥939.9	¥949.3

(Reference) DOE Trend 3.2% 3.3% 3.0% 3.6% 3.3% 3.2%

*The interim dividend for fiscal year 2024 includes a 50-yen commemorative dividend for the 100th anniversary of the company's founding.

V. Foreign Exchange

Exchange Rate

	FY2024 Results			FY2025 Results			FY2026 Forecast
	H1	H2	Total	H1	H2	Total	
USD	¥153	¥152	¥153	¥146	¥156	¥151	¥145
EUR	¥166	¥162	¥164	¥168	¥181	¥175	¥170
RMB	¥21.2	¥21.1	¥21.1	¥20.3	¥22.2	¥21.2	¥21.0
THB	¥4.3	¥4.5	¥4.4	¥4.5	¥4.9	¥4.7	¥4.8
AUD	¥101	¥98	¥99	¥95	¥105	¥100	¥99

Sensitivity of Foreign Exchange

(Impact of change by 1 yen to operating profit)

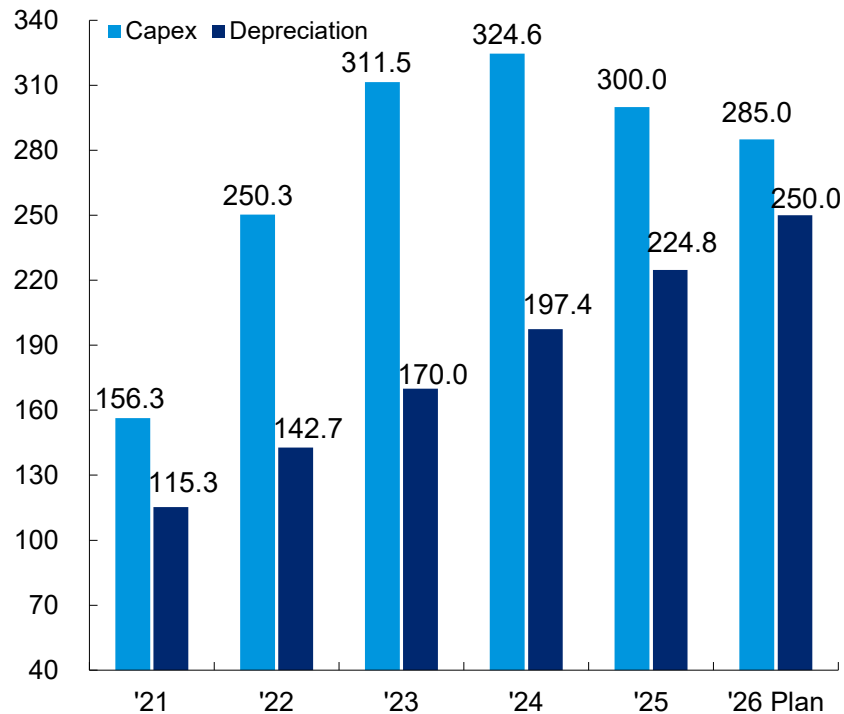
	FY2026 Forecast
USD	2.1 billion yen *
EUR	0.6 billion yen

*Changes for the THB, RMB, AUD, etc., are assumed to be linked to the USD.

Capex, Depreciation and R&D Cost

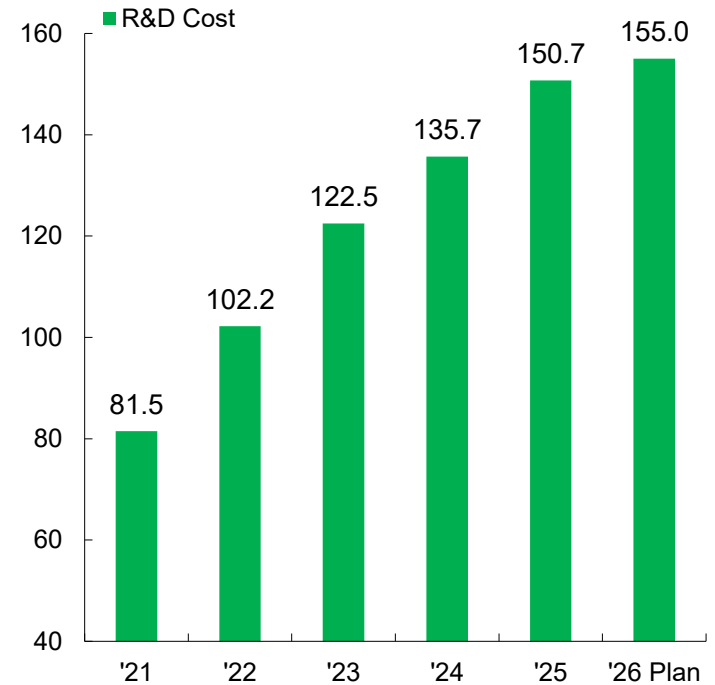
Capex and Depreciation

(billion yen)



R&D Cost

(billion yen)





Notes on forecast

This data is compiled for informational purposes and is not to be construed as a solicitation of any action. This data (includes management plan) was compiled by Daikin Industries, Ltd. (the Company) based on reliable information available at the time of compilation. It may include some risks and uncertainties. The Company is not responsible for its accuracy or completeness.

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