



# Presentation of Financial Results for FY2021

May 11, 2022

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# I . Financial Results for FY2021 ■ Companywide Results

Daikin achieved record highs to reach 3 trillion yen in sales for the first time. Despite the reemergence and continued spread of COVID-19 and soaring prices for raw materials and logistics, Daikin absorbed the negative impact of these and improved profitability by generating results from its 7 key themes for FY2021 (strategic selling price measures, sales expansion/market share increase, cost reductions, etc.). The second half also saw soaring prices for raw materials, disruptions in logistics, and heightened geopolitical risks, but even within the increasingly harsh business environment, we implemented measures in rapid succession to achieve results exceeding our plan.

- ✓ In the Air Conditioning business, we increased market share by launching new differentiated products for indoor air quality (IAQ) and ventilation and strengthening sales and marketing capabilities. In addition to expanding sales centered on Residential Air Conditioning in the Americas, China, and Europe, we captured strong demand in Europe for heat-pump type heaters.
- ✓ In the Chemicals business, we expanded sales by capitalizing on a recovery in demand in the semiconductor and automotive markets. Despite the soaring prices for raw materials, we increased revenue and profits due to the effectiveness of selling price measures.

(billion yen)	FY2020	FY2021		Y/Y
	Result	Forecast	Result	
Sales	2,493.4	3,050.0	3,109.1	125%
Operating Profit	238.6	310.0	316.4	133%
(Percentage of Profit to net sales)	(9.6%)	(10.2%)	(10.2%)	
Ordinary Profit	240.2	315.0	327.5	136%
(Percentage of Profit to net sales)	(9.6%)	(10.3%)	(10.5%)	
Profit Attributable to Owners of Parent	156.2	210.0	217.7	139%
(Percentage of income to net sales)	(6.3%)	(6.9%)	(7.0%)	

USD/JPY	¥106	¥112
EUR/JPY	¥124	¥131
RMB/JPY	¥15.7	¥17.5

FX Effect (Y/Y)

Sales	+123.5 billion yen
Operating Profit	+22.0 billion yen

# ■ Financial Results by Segments

		FY2020	FY2021		
		Result	Forecast	Result	Y/Y
(billion yen)					
Total	Sales	2,493.4	3,050.0	3,109.1	125%
	Operating Profit	238.6	310.0	316.4	133%
	(Percentage of Profit to net sales)	(9.6%)	(10.2%)	(10.2%)	
Air Conditioning	Sales	2,273.8	2,772.0	2,828.5	124%
	Operating Profit	223.1	277.5	282.4	127%
	(Percentage of Profit to net sales)	(9.8%)	(10.0%)	(10.0%)	
Chemicals	Sales	164.2	213.5	212.4	129%
	Operating Profit	11.4	26.5	27.3	240%
	(Percentage of Profit to net sales)	(6.9%)	(12.4%)	(12.9%)	
Others	Sales	55.4	64.5	68.2	123%
	Operating Profit	4.1	6.0	6.6	161%
	(Percentage of Profit to net sales)	(7.5%)	(9.3%)	(9.8%)	

# ■ Profit and Loss Statement

(billion yen)	FY2020	FY2021	Impact on profitability
	103	125	
<b>Net sales</b>	2,493.4	<b>3,109.1</b>	+615.7
<b>Cost of sales</b>	1,629.3	<b>2,051.8</b>	-422.5
	(65.3%)	(66.0%)	
<b>Gross profit</b>	864.1	<b>1,057.3</b>	+193.2
	(34.7%)	(34.0%)	
<b>Selling general and administrative expenses</b>	625.5	<b>741.0</b>	※1 -115.5
	(25.1%)	(23.8%)	
<b>Operating profit</b>	238.6	<b>316.4</b>	+77.7
	(9.6%)	(10.2%)	
<b>Non-operating gains or losses</b>	1.6	<b>11.1</b>	※2 +9.5
<b>Ordinary profit</b>	240.2	<b>327.5</b>	+87.2
	(9.6%)	(10.5%)	
<b>Extraordinary gains or losses</b>	-1.7	<b>0.6</b>	※3 +2.3
<b>Profit before income taxes</b>	238.5	<b>328.1</b>	+89.5
	(9.6%)	(10.6%)	
<b>Corporate taxes, etc.</b>	75.8	<b>102.8</b>	-27.0
Tax burden ratio	31.8%	31.3%	
<b>Profit attributable to non-controlling interests</b>	6.5	<b>7.6</b>	-1.1
<b>Profit attributable to owners of parent</b>	156.2	<b>217.7</b>	+61.5
	(6.3%)	(7.0%)	

( ) parentheses indicate percentage to net sales

## ※1 Changes in selling, general and administrative expense

Product shipping costs	-13.9
R&D expense	-10.9
Sales promotion / advertising expenses	-9.5

## ※2 Changes in non-operating gains or losses

Exchange gain or loss	+3.9 (0.5→4.5)
Interest income	+1.7 (6.5→8.2)
Share of profit of entities accounted for using equity method	-1.4 (0→1.4)

## ※3 Changes in extraordinary gains or losses

Securities valuation loss	+5.4 (0.3→5.7)
Impairment loss	-3.4 (-0.2→-3.7)

Impairment loss: This is an impairment of intangible fixed assets resulting from the Zanotti Group, a Daikin subsidiary for the manufacture and sale of commercial-use refrigerators and freezers, failing to perform to the level of the business plan formulated at the time of its acquisition

# ■ Balance Sheet

(billion yen)	2021/3E		2022/3E		Y/Y
Cash and cash equivalents		736.1		<b>817.6</b>	+81.5
Receivables	<u>69 days</u>	468.3	<u>70 days</u>	<b>595.1</b>	+126.7
Inventories	<u>69 days</u>	469.4	<u>79 days</u>	<b>671.5</b>	+202.1
Fixed assets		1,190.2		<b>1,321.7</b>	+131.5
Investment and others		213.9		<b>200.2</b>	-13.7
Others		161.8		<b>218.0</b>	+56.2
<b>Total Assets</b>		<b>3,239.7</b>		<b>3,824.0</b>	+584.3

	2021/3E	2022/3E	Y/Y
Trade payables	229.7	<b>302.6</b>	+72.9
Interest bearing	751.2	<b>824.8</b>	+73.6
(Interest-bearing ratio)	(23.2%)	<b>(21.6%)</b>	
Others	560.2	<b>688.5</b>	+128.2
<b>Total liabilities</b>	<b>1,541.2</b>	<b>1,815.9</b>	+274.7
Total equity	1,665.7	<b>1,969.7</b>	+304.0
(Equity ratio)	(51.4%)	<b>(51.5%)</b>	
Share Warrant	2.0	<b>2.5</b>	+0.5
Non-controlling interests	30.8	<b>35.9</b>	+5.1
<b>Total net assets</b>	<b>1,698.5</b>	<b>2,008.1</b>	+309.6
<b>Total liabilities and net assets</b>	<b>3,239.7</b>	<b>3,824.0</b>	+584.3

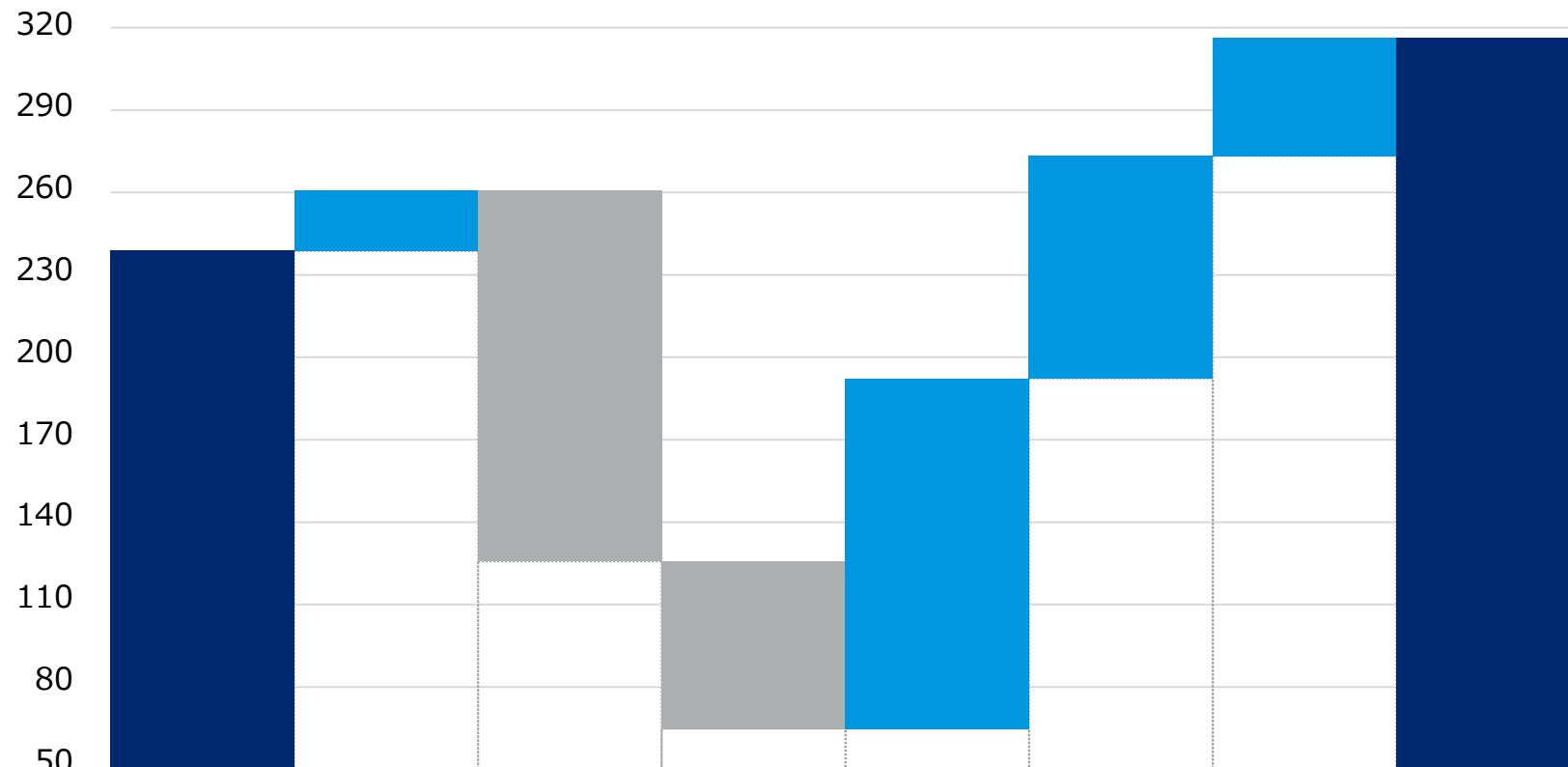
## Breakdown of interest-bearing debt

	2021/3E	2022/3E	Y/Y
Short-term borrowings	40.8	<b>97.4</b>	+56.6
Bonds	140.0	<b>150.0</b>	+10.0
Long-term borrowings	485.1	<b>475.1</b>	-10.0
Lease debt	85.4	<b>102.4</b>	+17.0
<b>Total</b>	<b>751.2</b>	<b>824.8</b>	+73.6

# ■ Breakdown of Changes in Operating Profit

## [Year-on-Year Comparison of Results]

(billion yen)



	FY2020 Result	Foreign Exchange	Raw Materials <small>(Including logistics costs)</small>	Fixed Costs, Etc.	Sales Expansion	Selling Price	Cost Reductions	FY2021 Result
<b>Total</b>	<b>238.6</b>	<b>+22.0</b>	<b>-135.0</b>	<b>-60.8</b>	<b>+127.5</b>	<b>+81.0</b>	<b>+43.0</b>	<b>316.4</b>
Air Conditioning	223.1	+20.0	-120.2	-53.4	+107.1	+64.5	+41.3	282.4
Chemicals	11.4	+2.0	-14.0	-6.6	+17.3	+16.2	+1.0	27.3
Others	4.1	-	-0.8	-0.8	+3.1	+0.3	+0.7	6.6

## II . Business Forecast for FY2021 ■ Companywide Business Forecast

The management environment remains uncertain due to COVID-19 and growing geopolitical risks in addition to cost-increasing factors (such as rising inflation that includes higher costs for raw materials, logistics, and labor). are also expected to deteriorate to a new level never seen before.

Utilizing our strengths of sales, marketing, procurement, and supply capabilities, we will thoroughly execute our 8 key themes while accounting for the factors of higher costs as we aim to strengthen profitability, promote innovation, and establish new record highs in financial results.

We will take a management stance that anticipates further changes in the management environment and ensures business expansion.

(billion yen)	FY2021 Result			FY2022 Forecast					
	H1	H2	Total	H1	Y/Y	H2	Y/Y	Total	Y/Y
<b>Net sales</b>	1,558.9	1,550.2	3,109.1	1,710.0	110%	1,670.0	108%	3,380.0	109%
<b>Operating Profit</b> (Percentage of Profit to net sales)	192.7 (12.4%)	123.6 (8.0%)	316.4 (10.2%)	200.0 (11.7%)	104%	140.0 (8.4%)	113%	340.0 (10.1%)	107%
<b>Ordinary Profit</b> (Percentage of Profit to net sales)	196.8 (12.6%)	130.6 (8.4%)	327.5 (10.5%)	203.0 (11.9%)	103%	142.0 (8.5%)	109%	345.0 (10.2%)	105%
<b>Profit Attributable to Owners of Parent</b> (Percentage of Profit to net sales)	139.1 (8.9%)	78.6 (5.1%)	217.7 (7.0%)	140.0 (8.2%)	101%	88.0 (5.3%)	112%	228.0 (6.7%)	105%
USD/JPY	¥110	¥115	¥112					¥116	
EUR/JPY	¥131	¥130	¥131					¥126	
RMB/JPY	¥17.0	¥18.0	¥17.5					¥18.3	

FX Effect (Y/Y)

Sales +20.0 billion yen  
Operating Profit ±0 billion yen



# (Reference) Eight Key Themes for FY2022

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- 1 . Formulate strategic selling price measures
- 2 . Further strengthen sales capabilities such as measures to reinforce commercial-use air conditioning
- 3 . Maximize reductions in variable costs
- 4 . Execute streamlining measures to offset higher logistics costs
- 5 . Streamline existing fixed costs
- 6 . Strengthen procurement and supply capabilities in anticipation of fiscal year 2023 and beyond
- 7 . Maximize profitability by accelerating F25 key themes
- 8 . Create results and maximize profitability for acquired companies and large-scale capital investments
  - + 1 . Capitalize on the changes occurring in the world by utilizing our strengths and taking on the challenge and innovation themes (such as carbon neutrality and digital) that will lead to our next great leap forward.

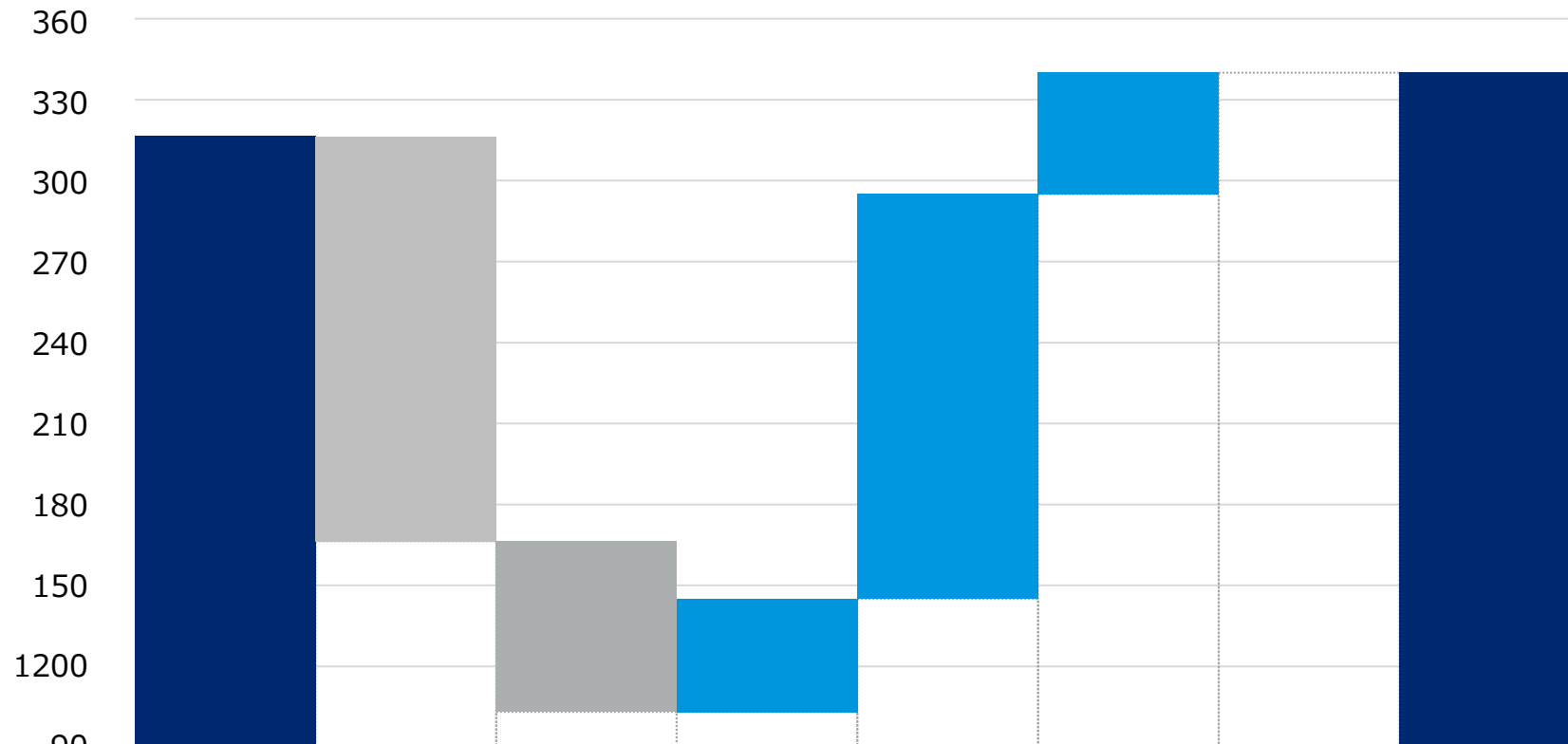
# ■ Business Forecast by Segments

(billion yen)		FY2021	FY2022	
		Result	Forecast	Y/Y
Total	Sales	3,109.1	3,380.0	109%
	Operating Profit <small>(Percentage of Profit to net sales)</small>	316.4 (10.2%)	340.0 (10.1%)	107%
Air Conditioning	Sales	2,828.5	3,047.0	108%
	Operating Profit <small>(Percentage of Profit to net sales)</small>	282.4 (10.0%)	302.0 (9.9%)	107%
Chemicals	Sales	212.4	255.0	120%
	Operating Profit <small>(Percentage of Profit to net sales)</small>	27.3 (12.9%)	32.0 (12.5%)	117%
Others	Sales	68.2	78.0	114%
	Operating Profit <small>(Percentage of Profit to net sales)</small>	6.6 (9.8%)	6.0 (7.7%)	91%

# ■ Breakdown of Changes in Operating Profit

## [Year-on-Year Comparison of Forecast]

(billion yen)



	FY2021 Result	Raw Materials (Including logistics costs)	Fixed Costs, Etc.	Sales Expansion	Selling Price	Cost Reductions	Foreign Exchange	FY2022 Forecast
<b>Total</b>	<b>316.4</b>	<b>-150.0</b>	<b>-63.3</b>	<b>+41.9</b>	<b>+150.0</b>	<b>+45.0</b>	<b>±0</b>	<b>340.0</b>
Air Conditioning	282.4	-131.0	-51.7	+33.2	+125.8	+43.3	±0	3,02.0
Chemicals	27.3	-17.5	-10.3	+8.5	+23.0	+1.0	±0	32.0
Others	6.6	-1.5	-1.3	+0.3	+1.2	+0.7	±0	6.0

# ■ Sales by Region - AC Business

\* Includes refrigerator, freezer and filter businesses

※Percentage expresses year on year comparison

(billion yen)	FY2017		FY2018		FY2019		FY2020		FY2021		FY2022 Forecast	
	<b>Japan</b>	104%	449.3	107%	481.7	103%	494.4	100%	496.0	<b>106%</b>	<b>523.9</b>	<b>105%</b>
<b>Europe</b>	120%	301.1	110%	332.2	114%	379.9	104%	394.5	<b>131%</b>	<b>518.7</b>	<b>106%</b>	<b>550.0</b>
<b>China</b>	115%	342.0	100%	342.2	89%	306.1	107%	327.7	<b>130%</b>	<b>424.7</b>	<b>106%</b>	<b>450.0</b>
<b>Americas</b>	111%	569.5	113%	645.6	109%	704.0	96%	674.8	<b>132%</b>	<b>889.8</b>	<b>112%</b>	<b>1,000.0</b>
<b>Asia</b>	108%	251.4	111%	280.2	105%	294.9	84%	247.8	<b>118%</b>	<b>293.5</b>	<b>109%</b>	<b>320.0</b>
<b>Oceania</b>	144%	73.7	106%	78.2	94%	73.6	108%	79.5	<b>131%</b>	<b>104.5</b>	<b>101%</b>	<b>105.0</b>
<b>Middle East</b>	114%	56.9	93%	53.1	90%	47.8	94%	44.8	<b>135%</b>	<b>60.7</b>	<b>99%</b>	<b>60.0</b>
<b>Africa</b>	104%	9.1	99%	9.0	93%	8.3	105%	8.7	<b>145%</b>	<b>12.6</b>	<b>95%</b>	<b>12.0</b>
<b>Total</b>	<b>112%</b>	<b>2,052.9</b>	<b>108%</b>	<b>2,222.2</b>	<b>104%</b>	<b>2,309.1</b>	<b>98%</b>	<b>2,273.8</b>	<b>124%</b>	<b>2,828.5</b>	<b>108%</b>	<b>3,047.0</b>
Overseas Sales ratio		78%		78%		79%		78%		81%		82%
USD/JPY		¥111		¥111		¥109		¥106		¥112		¥116
EUR/JPY		¥130		¥128		¥121		¥124		¥131		¥126
RMB/JPY		¥16.8		¥16.5		¥15.6		¥15.7		¥17.5		¥18.3

# ■ Sales by Region - Chemicals Business

※Percentage expresses year on year comparison

(billion yen)	FY2017		FY2018		FY2019		FY2020		FY2021		FY2022 Forecast	
	<b>Japan</b>	112%	46.8	118%	55.2	91%	50.2	84%	42.3	<b>138%</b>	<b>58.4</b>	<b>116%</b>
<b>Americas</b>	101%	42.6	110%	46.9	94%	44.1	81%	35.6	<b>116%</b>	<b>41.2</b>	<b>131%</b>	<b>54.0</b>
<b>China</b>	124%	38.5	94%	36.3	93%	33.7	120%	40.5	<b>126%</b>	<b>51.2</b>	<b>119%</b>	<b>61.0</b>
<b>Asia</b>	127%	22.6	119%	27.0	95%	25.6	90%	23.0	<b>118%</b>	<b>27.0</b>	<b>133%</b>	<b>36.0</b>
<b>Europe</b>	136%	31.2	108%	33.7	74%	25.0	88%	22.0	<b>152%</b>	<b>33.5</b>	<b>107%</b>	<b>36.0</b>
<b>Others</b>	134%	1.4	124%	1.7	75%	1.3	66%	0.8	<b>130%</b>	<b>1.1</b>	-	-
<b>Total</b>	<b>117%</b>	<b>183.1</b>	<b>110%</b>	<b>200.8</b>	<b>90%</b>	<b>179.9</b>	<b>91%</b>	<b>164.2</b>	<b>129%</b>	<b>212.4</b>	<b>120%</b>	<b>255.0</b>
<b>Overseas Sales ratio</b>		74%		72%		72%		74%		72%		73%
<b>USD/JPY</b>		¥111		¥111		¥109		¥106		¥112		¥116
<b>EUR/JPY</b>		¥130		¥128		¥121		¥124		¥131		¥126
<b>RMB/JPY</b>		¥16.8		¥16.5		¥15.6		¥15.7		¥17.5		¥18.3

## FY2021 Results

Industry demand for Residential Air Conditioning declined from the previous year due to the impact of unseasonable weather in the summer and the end of pent-up demand. Daikin launched a new product called **Urusara X**, which switches between air supply and air exhaust ventilation. Sales and market share expanded by leveraging the growing interest in energy savings and the need for IAQ due to more time spent indoors.

Industry demand for Commercial Air Conditioning exceeded the previous year in a gradual renewal of economic activities. Daikin enhanced system proposals that combine air conditioners and ventilation products, such as heat reclamation ventilators, and both sales and market share expanded.

In Applied, sales of R32 chillers grew.

While air purifiers were affected from the second quarter by a reversal of the increased demand seen in the previous fiscal year from the special cash payment for COVID-19, market share increased due to expansion of the product lineup.

## FY2022 Forecast

In Residential Use, we will work to expand sales of high value-added products by promoting ventilation and air purification functions. Sales activities will be strengthened, even in cold regions where strong demand is expected, as we aim to further increase market share.

In Commercial Use, we will expand our lineups of heat reclamation ventilators that can easily be retrofitted and of UV Streamer units that are highly effective in suppressing viruses and bacteria as we strengthen our proposal business.

For Air Purifiers, we will continue to expand sales in Residential Use while aiming to expand sales for Commercial Use, including for hospitals and stores, where demand is strong.

Y/Y change (Volume basis)	FY2021		FY2022	
	Market	Daikin	Market	Daikin
Residential	92%	106%	101%	102%
Commercial	101%	112%	103%	103%
Applied	101%	91%	103%	118%
Air purifiers	71%	84%	94%	119%

\*Applied is based on total sales.

# ■ AC Business - Americas

## FY2021 Results

Against the backdrop of strong personal consumption, Daikin expanded sales centered on the Residential Air Conditioning market and maximized the effectiveness of selling price measures. Acquisitions of sales companies also contributed to a substantial increase in sales over the previous fiscal year.

- ✓ In Ducted Unitary for Houses, we focused on strengthening supply capabilities by promoting initiatives to increase the number of manufacturing personnel and reduce employee turnover. Sales increased due to the launch of new products equipped with inverters.
- ✓ In Ductless, we captured the rising demand for **RA/SKY** in the Residential Air Conditioning market and expanded sales. Sales for **VRV systems** were steady in Residential and also expanded in Commercial Use Air Conditioning.
- ✓ In Applied, we strengthened our Solutions business by market and capitalized on market recovery to increase chiller sales. Sales also grew for the After Sales Service business.

## FY2022 Forecast

In Ducted Unitary for Houses, we will focus on expanding sales of products equipped with inverters by expanding the product lineup to comply with energy efficiency regulations and strengthen support for dealers.

In Ductless, support for acquired dealers will be strengthened as we promote sales in the Northeast and Northwest.

In Applied, we will work to increase equipment sales to data centers, factories, and schools where demand is strong and expand our Solutions business by increasing service personnel and enlarging our after sales service network.

Y/Y change (Volume basis)		FY2021	FY2022	
		Daikin	Market	Daikin
Ducted unitary for houses		110%	95%	114%
Ductless	RA/SKY	143%	109%	115%
	VRV	118%	108%	117%
Applied		112%	106%	121%

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

# ■ AC Business - China

## FY2021 Results

Despite strong personal consumption, the economy slowed in the second half, and we conducted sales activities combining offline and online, and promoted sales of an expanded lineup of high value-added products corresponding to IAQ / ventilation products and environmental policies. This resulted in sales greatly exceeding the previous fiscal year. Despite soaring prices for raw materials and semiconductor shortages, we maintained a high profit margin by cost reductions and curtailing fixed costs.

- ✓ In the Residential Air Conditioning market, we promoted sales activities combining online sales with conventional sales at our **PROSHOP** specialty stores and focused on identifying new customers and capturing replacement demand. System proposals that combine products, such as heat pump hot water heaters, were strengthened, and sales of residential multi-split air conditioners greatly expanded.
- ✓ In the Commercial Air Conditioning market, customer contact points were expanded by leveraging interest at stores and offices in ventilation and air purification. We incorporated demand for equipment replacements and additional purchases. For large projects, such as factories, we reinforced sales through Solutions proposals. Against the backdrop of environmental regulations, we capitalized on replacement demand that is expanding for energy-saving equipment.
- ✓ In the Applied market, in addition to shifting resources to growth fields that include infrastructure and semiconductors, we strengthened our maintenance and servicing business.

## FY2022 Forecast

While being significantly impacted by the lockdown in Shanghai, we have performed agile production and shipping along with dealer support and are preparing sales expansion measures ahead of the lifting of lockdown restrictions.

Together with accelerating user-direct proposal sales, we are expanding our product and after sales service lineup in response to the growing interest in improving ventilation, IAQ, and energy savings.

In Residential Use, we will accelerate sales using online tools and focus on expanding sales of residential multi-split air conditioners. In Commercial Use, we will aim to expand sales by providing full total solutions for each market and customer.

Y/Y change (Local currency basis)	FY2021	FY2022	
	Daikin	Market	Daikin
Residential	117%	102%	104%
Commercial	108%	103%	105%
Applied	104%	101%	101%



# ■ AC Business - Europe, Middle East, and Africa

## FY2021 Results

In Europe, despite restrictions of economic activities since November due to the reemergence of COVID-19, sales for residential-use air conditioners and heat pump hot water heaters expanded. In the Middle East, sales expanded in every country, particularly Turkey. Sales for the region overall greatly exceeded the previous fiscal year.

- ✓ In Residential Use, unseasonable summer weather impacted results in countries such as France and Spain, but sales expanded on strong demand in Italy due to the subsidy system and the intense heat wave in southeastern Europe such as in Greece.
- ✓ In Commercial Use, sales to hospitals and food retailers were strengthened. Sales expanded by capitalizing on customer needs with proposals for IAQ improvement.
- ✓ In the Heating business, we utilized a wide product lineup of heat pump hot water heaters to substantially increase sales in each country, especially in France, Italy, and Germany.
- ✓ In Applied, sales of R32 chillers and air handling units expanded in favorable markets such as factories and hospitals.
- ✓ In the Refrigerator and Freezer business, Daikin accelerated development of one-stop solutions and expanded sales to food retailers where demand is strong.

## FY2022 Forecast

In Residential Use, we will capitalize on the growing interest in energy savings in response to rising energy costs and expand sales of high value-added products.

In Commercial Use, we will use the appeal of the environment and energy savings to capture demand recovery for offices and hotels.

In the Heating business, we will capture growing demand for heat pump heating due to decarbonization and aim to further increase our market share.

In Applied, we will enlarge the R32 chiller lineup.

In the Freezer and Refrigerator business, we will continue to increase sales to the food retail industry and build a business foundation for the medical field.

Y/Y change (Volume basis)		FY2021	FY2022	
		Daikin	Market	Daikin
Residential		107%	101%	103%
Commercial	SKY	112%	101%	102%
	VRV	118%	102%	103%
Heat Pump Heating		165%	125%	145%
Applied		117%	105%	113%
Refrigerator and Freezer		127%	109%	121%

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

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

# ■ AC Business - Asia and Oceania

## FY2021 Results

The reemergence of COVID-19 had a significant impact in causing a decline in demand. We worked to expand our own sales network and promote dealer support with the use of online tools. In addition to expanding sales in Asian countries where restrictions on conduct have been relaxed and in Oceania where demand is relatively strong, there has also been a selling price effect as overall sales for the region exceeded the previous year.

- ✓ In the Residential market, sales expanded in Indonesia and Australia. In India, we enlarged the sales network and significantly expanded sales by strengthening the relationship with dealers. In Malaysia, sales have increased since the third quarter due to a relaxation of restrictions on conduct.
- ✓ In the Commercial market, we focused on sales to public facilities where demand is relatively stable and expanded sales despite sluggish capital investment from the economic downturn, delays in start of construction work due to insufficient workers at the building sites, and construction postponements.
- ✓ In Applied, we concentrated on the After Sales Service business such as maintenance and servicing.

## FY2022 Forecast

■ Year-on-year sales of main countries (local currency basis)  
 Australia: 120% India: 137% Vietnam: 95%  
 Malaysia: 104% Indonesia: 128% Thailand: 97%

In Asia where a recovery in demand is anticipated, we will strengthen the manufacturing system and expand sales.

In Residential Use, we will launch a highly cost-competitive inverter unit centered on the markets with low inverter penetration rates such as Malaysia and Indonesia and promote widespread market acceptance.

In Commercial Use, we will strengthen product appeal and proposal business and focus sales on markets where growth is expected such as hospitals and schools.

In Applied, we will enhance the product lineup and aim to expand sales by strengthening the Solutions business.

Y/Y change (Volume basis)		FY2021	2022年度	
		Daikin	Market	Daikin
Residential		109%	109%	115%
Commercial	SKY	114%	110%	113%
	VRV	111%	118%	120%
Applied		114%	113%	141%

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

# ■ Chemicals Business

## FY2021 Results

Centering on the semiconductor and automotive markets where demand is strong, Daikin expanded sales and increased share. Sales substantially exceeded the previous fiscal year.

- ✓ For Fluorocarbon Gas, applications expanded to medical fields in Europe, and sales grew.
- ✓ Polymers and Fluoroelastomers
  - Fluoropolymers showed a sales increase in the semiconductor market and the information and communications technology market, including LAN cables. Sales in all regions bested the previous year.
  - Fluoroelastomers saw sales grow in the automotive market, and sales in all regions surpassed the previous year.
- ✓ In Fine Chemicals, sales for anti-smudge surface coating agents decreased due to lower demand from a reversal of the strong sales in the previous fiscal year for tablet PCs and smartphones. Sales for water and oil repellent agents grew mainly in Europe, China, and Asia. By capitalizing on a recovery in demand in the semiconductor market, we increased sales of etching gas in China and Japan.

## FY2022 Forecast

We aim to expand sales and increase market share by launching differentiated products and strengthening supply capabilities centered on the semiconductor, automotive, and information and communications markets.

In repellent materials, we will launch products using environmentally-conscious, non-fluorine materials for the food product and textile markets.

We will work toward differentiation in ease of processing and performance.

In response to high demand for EVs and 5G, we will strengthen application development in the markets of lithium-ion battery materials and information and communications.

Y/Y change (Sales basis)	FY2021	FY2022	
	Daikin	Market	Daikin
For all fluorochemical products	<b>129%</b>	<b>112%</b>	<b>118%</b>
Fluorocarbon Gas	<b>129%</b>	<b>107%</b>	<b>111%</b>
Polymers & Fluoroelastomers	<b>140%</b>	<b>114%</b>	<b>123%</b>
Fine Chemicals, etc.	<b>113%</b>	<b>109%</b>	<b>110%</b>

# ■ Filter Business

## FY2021 Results

As demand began to recover mainly in Japan, Europe, and the United States, we built a stable supply system, reduced total costs, and promoted sales of high value-added products that seek to mitigate the spread of infectious diseases and improve air quality. Sales exceeded the previous fiscal year.

- ✓ In the Air Filter segment, we responded to the growing need for ventilation and strengthened sales activities for high value-added products that mitigate the spread of infectious diseases such as high-performance filters and negative pressure units. Sales increased in the United States for commercial use markets such as at factories. In Europe, sales expanded for high-end markets such as pharmaceuticals, whereas in Japan we expanded sales in favorable markets including semiconductors.
- ✓ In P&I※, together with expanding sales for industrial-use dust collection equipment where demand is strong, efforts were made to improve the business structure by shifting resources to the After Sales Service business.

## FY2022 Forecast

In the Air Filter segment, we will work to improve profitability by focusing on productivity improvements and cost reductions while also expanding sales and increasing market share of high value-added products that meet customer needs in the semiconductor, pharmaceutical, and food product markets.

In P&I, we will endeavor to further bolster the After Sales Service business and reduce fixed costs to build a stable business foundation.

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

## ■ Other Business

### FY2021 Results

In the Oil Hydraulics business, sales increased by capitalizing on a recovery in demand for hydraulic equipment for industrial and construction equipment, resulting in higher profits.

In the Defense Systems business, sales expanded for pulse oximeters, which measure oxygen saturation in the blood, and oxygen concentrators, resulting in higher profits.

In the Electronics business, sales of database systems for design and development fields increased due to a resumption and strengthening of corporate IT investment.

### FY2022 Forecast

In the Oil Hydraulics business, we will strengthen 'spec-in' activities for industrial and construction equipment manufacturers. We will also work to build a business foundation in the European market that takes advantage of the Diplomatic MS acquisition in Italy and leads to environmental contribution and business expansion in the field of industrial equipment.

In the Defense Systems business, we will strengthen sales of differentiated products in anticipation of a winding down in demand for medical equipment aimed at COVID-19 as we work to increase market share.

In the Electronics business, we will endeavor to expand sales in the manufacturing and construction industries where demand is expected to be strong.

## IV. Dividends Plan

- ◆ Daikin plans a 40-yen increase over the previous fiscal year for an annual dividend per share amount of 200 yen (interim 90 yen, term-end 110 yen). This is an increase of 20 yen from the previously announced amount.
- ◆ The dividend for the next term is planned to be 200 yen on an annual basis. (interim 100 yen and year-end 100 yen).

### 【Daikin Dividend Policy】

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 even greater return by aiming for an increasingly higher level of dividend payout ratio.

		FY2017	FY2018	FY2019	FY2020	FY2021 (Proposed)	FY2022 (Forecast)
Dividend per share	Interim	¥65	¥70	¥80	¥80	¥90	¥100
	Annual	¥140	¥160	¥160	¥160	¥200	¥200
Earning per share	H1	¥347.1	¥385.8	¥405.1	¥289.2	¥475.3	¥478.3
	Annual	¥646.5	¥646.4	¥583.6	¥534.0	¥743.9	¥779.0

(Reference) DOE Trends

3.4%

3.5%

3.3%

3.0%

3.2%

2.9%

## ■ Exchange Rate

	FY2020 Result			FY2021 Result			FY2022 Forecast
	H1	H2	Total	H1	H2	Total	
USD	¥107	¥105	¥106	<b>¥110</b>	<b>¥115</b>	<b>¥112</b>	¥116
EUR	¥121	¥126	¥124	<b>¥131</b>	<b>¥130</b>	<b>¥131</b>	¥126
RMB	¥15.3	¥16.1	¥15.7	<b>¥17.0</b>	<b>¥18.0</b>	<b>¥17.5</b>	¥18.3
THB	¥3.4	¥3.5	¥3.4	<b>¥3.4</b>	<b>¥3.5</b>	<b>¥3.4</b>	¥3.3
AUD	¥73	¥79	¥76	<b>¥83</b>	<b>¥83</b>	<b>¥83</b>	¥80

## ■ Sensitivity of Foreign Exchange (Impact of change by 1 yen to operating profit)

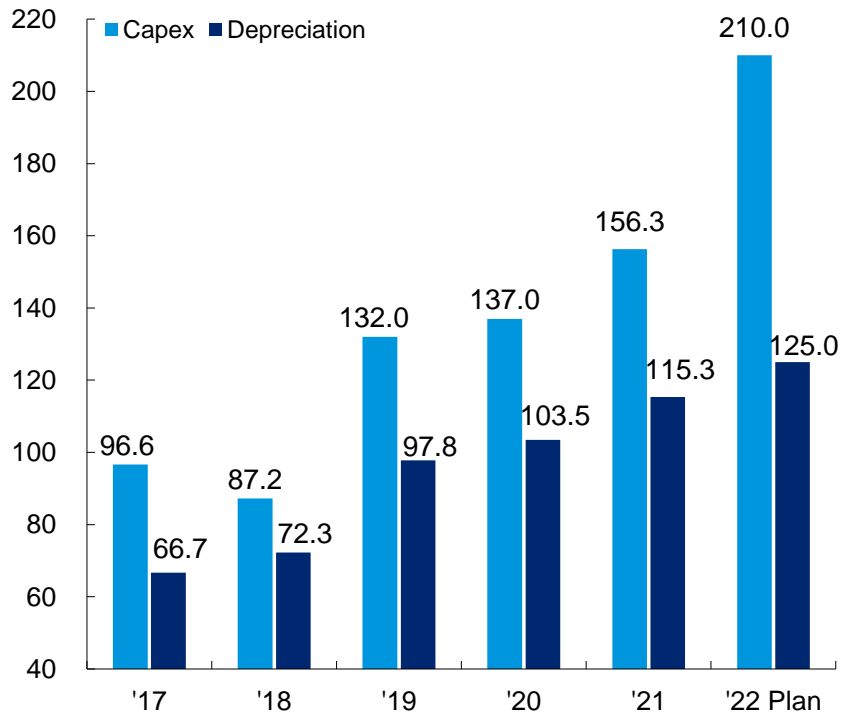
	FY2022 Forecast
USD	1.8 billion yen ※
EUR	0.8 billion yen

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

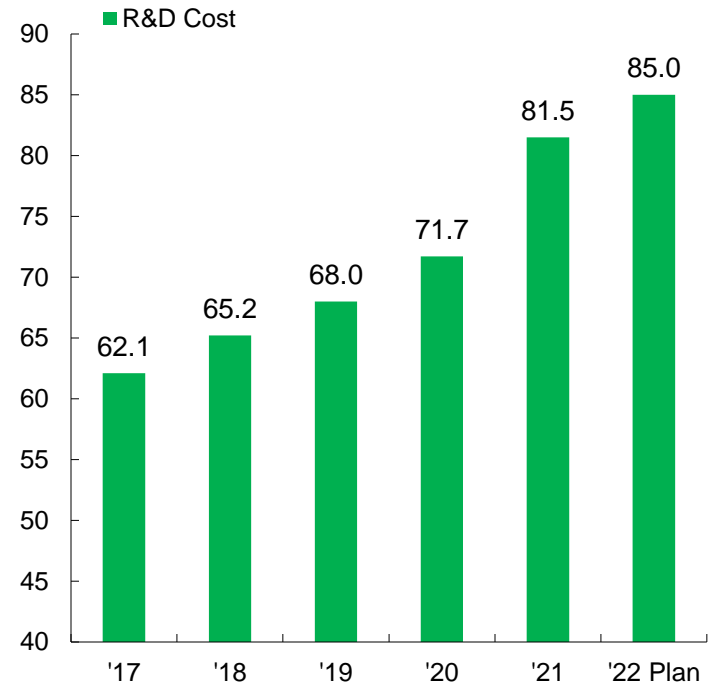
# ■ Capex, Depreciation and R&D Cost

## Capex and Depreciation

(billion yen)



## R&D Cost







### 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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