



Presentation of Financial Results for FY2022

May 9, 2023

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«Reference»

I . Financial Results for FY2022 Companywide Results

Exceeding our plan, we achieved record highs in financial results.

This was despite the challenging business environment that we faced of soaring market prices for raw materials, high logistics costs, and rising energy costs. To overcome these, we systematically executed measures for our key themes in fiscal year 2022. By quickly responding to changes in the management environment, including the COVID-19 lockdown in China, we worked to offset negative impacts to achieve results of higher revenue and profits.

- ✓ In the Air Conditioning business, both revenue and profits increased. In addition to sales expansion in the Americas and Asia, we also focused on sales activities in China following the subsiding of the COVID-19 pandemic. In Europe, sales of heat pump water heaters, which are in strong demand, also increased.
- ✓ In the Chemicals business, we captured steady demand in the semiconductor and automotive markets to increase both revenue and profits.

(billion yen)	FY2021	FY2022		Y/Y
	Results	Forecast	Results	
Sales	3,109.1	3,910.0	3,981.6	128%
Operating Profit	316.4	372.0	377.0	119%
(Percentage of Profit to net sales)	(10.2%)	(9.5%)	(9.5%)	
Ordinary Profit	327.5	358.0	366.2	112%
(Percentage of Profit to net sales)	(10.5%)	(9.2%)	(9.2%)	
Profit Attributable to Owners of Parent	217.7	235.0	257.8	118%
(Percentage of income to net sales)	(7.0%)	(6.0%)	(6.5%)	

USD/JPY

¥112

¥135

EUR/JPY

¥131

¥141

RMB/JPY

¥17.5

¥19.8

FX Effect (Y/Y)

Sales	+344 billion yen
Operating Profit	+34 billion yen

Y/Y Results Excluding FX Effect

Sales	117%
Operating Profit	108%

Financial Results by Segments

		FY2021	FY2022		
		Results	Forecast	Results	Y/Y
(billion yen)					
Total	Sales	3,109.1	3,910.0	3,981.6	128%
	Operating Profit	316.4	372.0	377.0	119%
	(Percentage of Profit to net sales)	(10.2%)	(9.5%)	(9.5%)	
Air Conditioning	Sales	2,828.5	3,567.0	3,629.8	128%
	Operating Profit	282.4	322.5	324.5	115%
	(Percentage of Profit to net sales)	(10.0%)	(9.0%)	(8.9%)	
Chemicals	Sales	212.4	260.0	263.4	124%
	Operating Profit	27.3	43.0	45.4	166%
	(Percentage of Profit to net sales)	(12.9%)	(16.5%)	(17.2%)	
Others	Sales	68.2	83.0	88.4	130%
	Operating Profit	6.6	6.5	7.2	108%
	(Percentage of Profit to net sales)	(9.8%)	(7.8%)	(8.1%)	

Profit and Loss Statement

(billion yen)	FY2021	FY2022	Impact on profitability
	125	128	
Net sales	3,109.1	3,981.6	+872.5
Cost of sales	2,051.8 (66.0%)	2,650.1 (66.6%)	-598.3
Gross profit	1,057.3 (34.0%)	1,331.5 (33.4%)	+274.1
Selling general and administrative expenses	741.0 (23.8%)	954.4 (24.0%)	*1 -213.5
Operating profit	316.4 (10.2%)	377.0 (9.5%)	+60.7
Non-operating gains or losses	11.1	-10.8	*2 -21.9
Ordinary profit	327.5 (10.5%)	366.2 (9.2%)	+38.7
Extraordinary gains or losses	0.6	7.1	*3 +6.6
Profit before income taxes	328.1 (10.6%)	373.4 (9.4%)	+45.3
Corporate taxes, etc.	102.8	107.9	-5.2
Tax burden ratio	31.3%	28.9%	
Profit attributable to non-controlling interests	7.6	7.7	-0.1
Profit attributable to owners of parent	217.7 (7.0%)	257.8 (6.5%)	+40.0

() parentheses indicate percentage to net sales

※1 Changes in selling, general and administrative expense

Product shipping costs	-18.3
R&D expense	-18.5
Sales promotion / advertising expenses	-11.5

※2 Changes in non-operating gains or losses

Inflation accounting adjustments	-8.5
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(Adjustments due to the application of inflation accounting in Turkey.)

※3 Changes in extraordinary gains or losses

Loss (gain) on sale of investment securities	+10.3 (5.7 → 16.1)
Impairment loss	-4.9 (-3.7 → -8.6)

(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 formulated at the time of the acquisition.)

Balance Sheet

(billion yen)	2022/3E	2023/3E	Y/Y
Cash and cash equivalents	817.6	617.7	-200.0
Receivables	<u>70 days</u> 595.1	<u>65 days</u> 706.3	+111.2
Inventories	<u>79 days</u> 671.5	<u>91 days</u> 993.4	+321.9
Fixed assets	1,320.4	1,559.4	+239.0
Investment and others	200.2	169.6	-30.6
Others	218.3	257.3	+39.0
Total Assets	3,823.0	4,303.7	+480.6

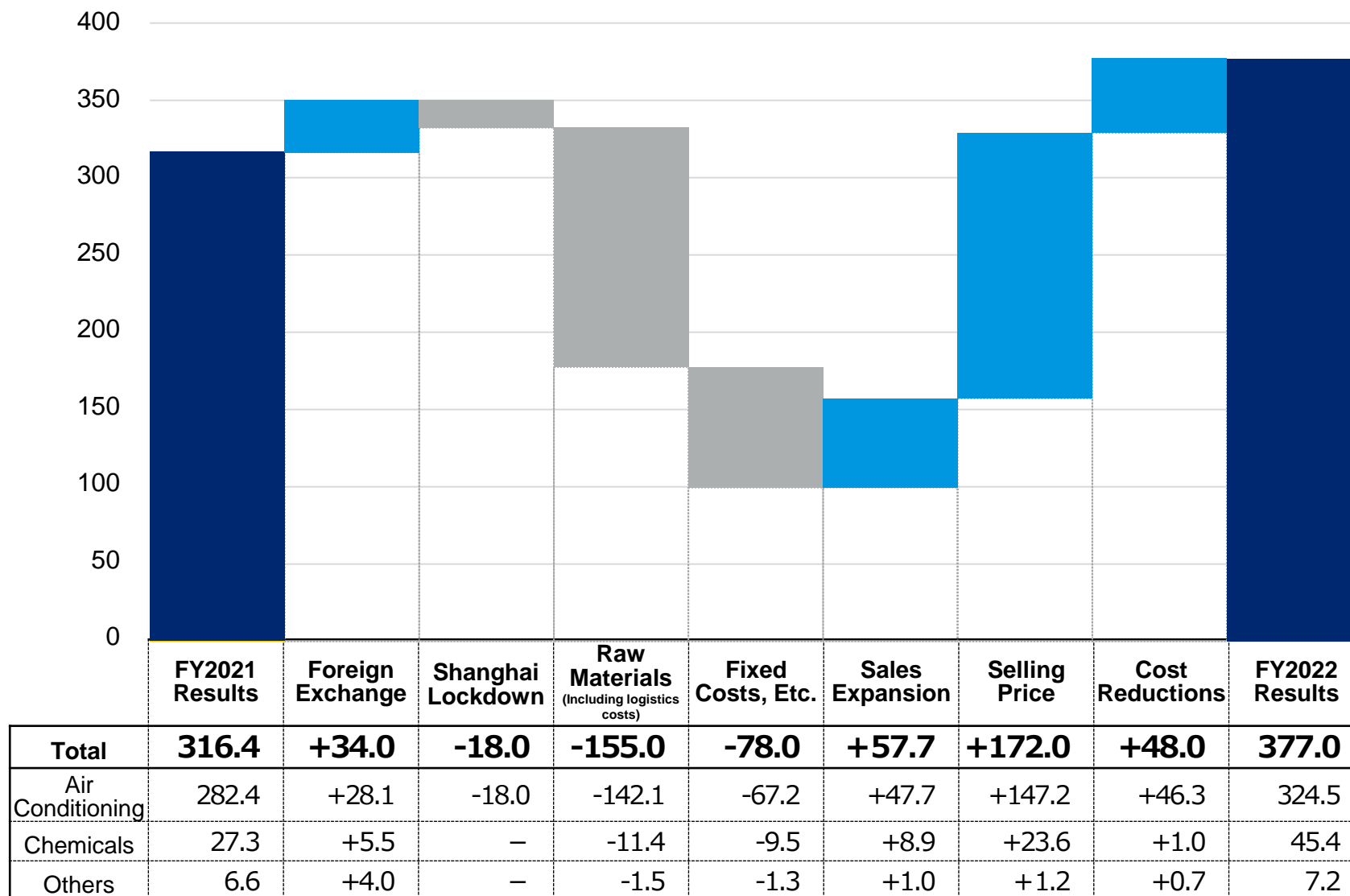
	2022/3E	2023/3E	Y/Y
Trade payables	302.6	352.6	+50.0
Interest bearing	824.8	887.6	+62.8
(Interest-bearing ratio)	(21.6%)	(20.6%)	
Others	688.5	784.3	+95.9
Total liabilities	1,815.9	2,024.6	+208.7
Total equity	1,968.7	2,235.0	+266.3
(Equity ratio)	(51.5%)	(51.9%)	
Share Warrant	2.5	3.1	+0.6
Non-controlling interests	35.9	40.9	+5.1
Total net assets	2,007.1	2,279.1	+271.9
Total liabilities and net assets	3,823.0	4,303.7	+480.6

Breakdown of interest-bearing debt

	2022/3E	2023/3E	Y/Y
Short-term borrowings	97.4	293.5	+196.2
CP	0.0	79	+79.0
Bonds	150.0	160.0	+10.0
Long-term borrowings	475.1	228.0	-247.0
Lease debt	102.4	127.0	+24.7
Total	824.8	887.6	+62.8

Breakdown of Changes in Operating Profit

(billion yen)



II . Business Forecast for FY2023 Companywide Business Forecast

On a real basis that excludes the foreign exchange effect, we will aim to substantially increase revenue and profits and achieve new record highs in financial results.

In addition to growing uncertainty in the management environment, such as stagnant consumption from high global inflation and rising concerns about a recession in the United States, we anticipate a negative impact from increased costs (rising parts procurement costs, rising labor costs, etc.).

Daikin will further refine its strengths cultivated until now that include solid sales network, product development that meets local needs, and a robust supply chain. Together with expanding business by capitalizing on changes in the management environment, such as carbon neutrality and rapid economic growth in India, we will strengthen profitability through strategic selling price measures and drastic total cost reductions.

To achieve the Fusion 25 Latter-Half 3-Year Plan, we will accelerate growth investments, such as for new factories and expanding capacity.

(billion yen)	FY2022 Results			FY2023 Forecast					
	H1	H2	Total	H1	Y/Y	H2	Y/Y	Total	Y/Y
Net sales	2,019.8	1,961.8	3,981.6	2,090.0	103%	2,010.0	102%	4,100.0	103%
Operating Profit (Percentage of Profit to net sales)	221.7 (11.0%)	155.4 (7.9%)	377.0 (9.5%)	227.0 (10.9%)	102%	173.0 (8.6%)	111%	400.0 (9.8%)	106%
Ordinary Profit (Percentage of Profit to net sales)	222.7 (11.0%)	143.6 (7.3%)	366.2 (9.2%)	218.0 (10.4%)	98%	162.0 (8.1%)	113%	380.0 (9.3%)	104%
Profit Attributable to Owners of Parent (Percentage of Profit to net sales)	156.4 (7.7%)	101.4 (5.2%)	257.8 (6.5%)	150.0 (7.2%)	96%	114.0 (5.7%)	112%	264.0 (6.4%)	102%
USD/JPY	¥134	¥137	¥135					¥126	
EUR/JPY	¥139	¥143	¥141					¥133	
RMB/JPY	¥19.9	¥19.6	¥19.8					¥19.0	

FX Effect (Y/Y)

Sales	-210 billion yen
Operating Profit	-30 billion yen

Y/Y Comparison Excluding FX Effect

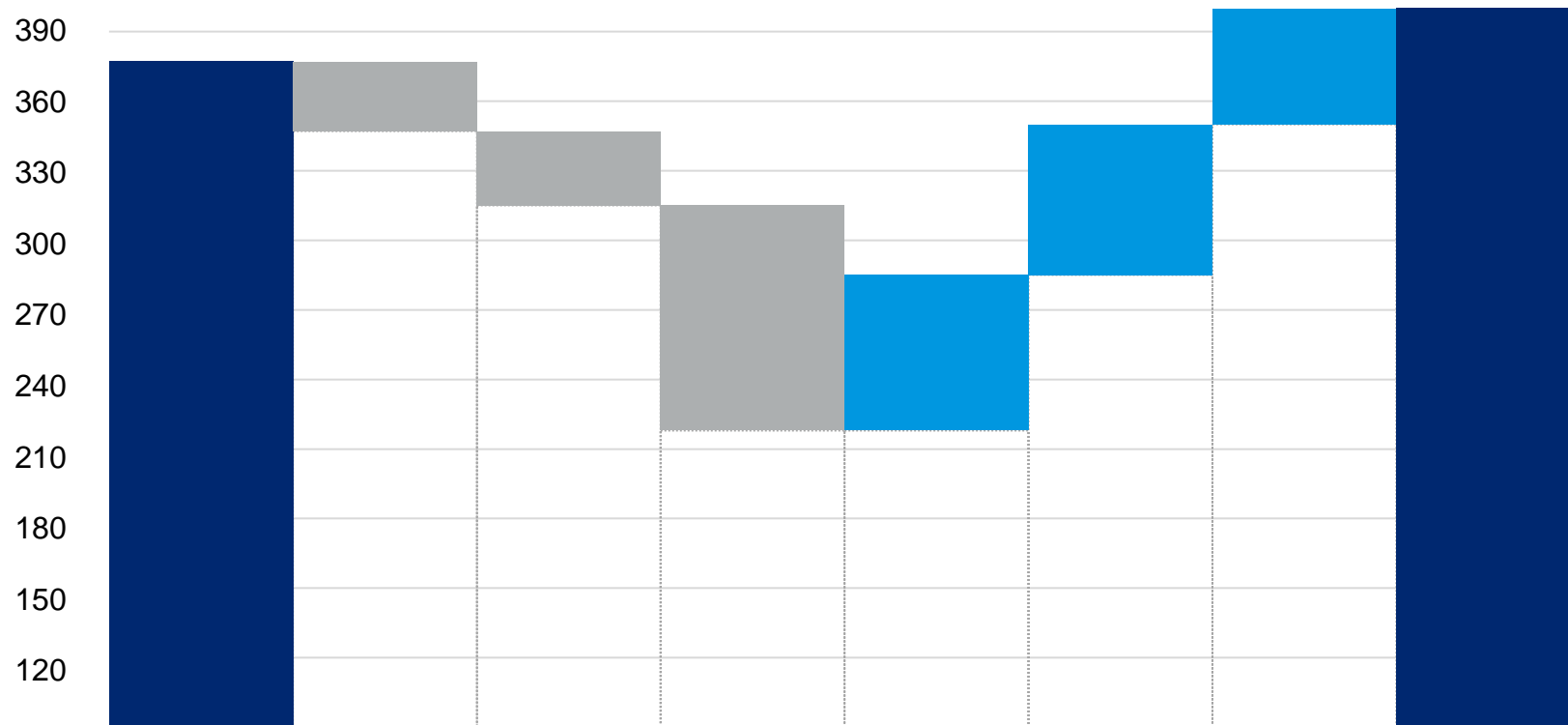
Sales	108%
Operating Profit	114%

Business Forecast by Segments

(billion yen)		FY2022 Results	FY2023	
			Forecast	Y/Y
Total	Sales	3,981.6	4,100.0	103%
	Operating Profit	377.0	400.0	106%
	(Percentage of Profit to net sales)	(9.5%)	(9.8%)	
Air Conditioning	Sales	3,629.8	3,732.0	103%
	Operating Profit	324.5	347.0	107%
	(Percentage of Profit to net sales)	(8.9%)	(9.3%)	
Chemicals	Sales	263.4	275.5	105%
	Operating Profit	45.4	46.0	101%
	(Percentage of Profit to net sales)	(17.2%)	(16.7%)	
Others	Sales	88.4	92.5	105%
	Operating Profit	7.2	7.0	97%
	(Percentage of Profit to net sales)	(8.1%)	(7.6%)	

Breakdown of Changes in Operating Profit

(billion yen)



	FY2022 Results	Foreign Exchange	Raw Materials (including logistics costs)	Fixed Costs, Etc.	Sales Expansion	Selling Price	Cost Reductions	FY2023 Forecast
Total	377.0	-30.0	-32.0	-97.0	+67.0	+65.0	+50.0	400.0
Air Conditioning	324.5	-26.7	-32.7	-85.6	+60.7	+58.6	+48.2	347.0
Chemicals	45.4	-3.0	+2.0	-10.0	+5.4	+5.0	+1.2	46.0
Others	7.2	-0.3	-1.3	-1.4	+0.8	+1.4	+0.6	7.0

Sales by Region - AC Business

* Includes refrigerator, freezer and filter businesses

※Percentage expresses year on year comparison

(billion yen)	FY2018		FY2019		FY2020		FY2021		FY2022		FY2023 Forecast	
	Japan	107%	481.7	103%	494.4	100%	496.0	106%	523.9	106%	553.0	107%
Europe	110%	332.2	114%	379.9	104%	394.5	131%	518.7	127%	657.4	105%	690.0
China	100%	342.2	89%	306.1	107%	327.7	130%	424.7	101%	430.1	98%	420.0
Americas	113%	645.6	109%	704.0	96%	674.8	132%	889.8	150%	1,334.6	103%	1,380.0
Asia	111%	280.2	105%	294.9	84%	247.8	118%	293.5	141%	414.7	104%	430.0
Oceania	106%	78.2	94%	73.6	108%	79.5	131%	104.5	123%	128.6	93%	120.0
Middle East	93%	53.1	90%	47.8	94%	44.8	135%	60.7	160%	97.0	93%	90.0
Africa	99%	9.0	93%	8.3	105%	8.7	145%	12.6	113%	14.3	84%	12.0
Total	108%	2,222.2	104%	2,309.1	98%	2,273.8	124%	2,828.5	128%	3,629.8	103%	3,732.0
Overseas Sales ratio		78%		79%		78%		81%		85%		84%
USD/JPY		¥111		¥109		¥106		¥112		¥135		¥126
EUR/JPY		¥128		¥121		¥124		¥131		¥141		¥133
RMB/JPY		¥16.5		¥15.6		¥15.7		¥17.5		¥19.8		¥19.0

Sales by Region - Chemicals Business

※Percentage expresses year on year comparison

(billion yen)	FY2018		FY2019		FY2020		FY2021		FY2022		FY2023 Forecast	
	YoY %	Sales	YoY %	Sales	YoY %	Sales	YoY %	Sales	YoY %	Sales	YoY %	Sales
Japan	118%	55.2	91%	50.2	84%	42.3	138%	58.4	120%	70.1	104%	73.0
Americas	110%	46.9	94%	44.1	81%	35.6	116%	41.2	144%	59.3	110%	65.0
China	94%	36.3	93%	33.7	120%	40.5	126%	51.2	109%	55.8	102%	57.0
Asia	119%	27.0	95%	25.6	90%	23.0	118%	27.0	128%	34.6	109%	37.5
Europe	108%	33.7	74%	25.0	88%	22.0	152%	33.5	126%	42.4	102%	43.0
Others	124%	1.7	75%	1.3	66%	0.8	130%	1.1	118%	1.3	-	-
Total	110%	200.8	90%	179.9	91%	164.2	129%	212.4	124%	263.4	105%	275.5
Overseas Sales ratio		72%		72%		74%		72%		73%		74%
USD/JPY		¥111		¥109		¥106		¥112		¥135		¥126
EUR/JPY		¥128		¥121		¥124		¥131		¥141		¥133
RMB/JPY		¥16.5		¥15.6		¥15.7		¥17.5		¥19.8		¥19.0

III. Business and Regional Overview AC Business - Japan

FY2022 Results

Industry demand for Residential Air Conditioning declined against the previous year due to supply shortages from the Shanghai lockdown and consumer restraint from the soaring prices. Daikin strengthened sales of differentiated products, including **Urusara X**, which switches between supply and exhaust air ventilation. With electricity rates skyrocketing, we capitalized on the growing need for energy savings to expand sales and increase market share. Demand for air purifiers has abated from their peak during the COVID-19 pandemic.

Industry demand for Commercial Air Conditioning experienced an upturn in capital investment with signs of a recovery, and sales exceeded the previous fiscal year. For this reason, we focused on system proposals that combined SKY/VRV, which excel in energy savings and ease of installation, with ventilation and disinfection products, including heat reclamation ventilators and **UV Streamer** units.

In Applied, sales expanded for environmentally-conscious equipment such as R32 chillers.

FY2023 Forecast

With energy prices soaring, we will promote proposals to reduce electricity costs for all product groups.

In Residential, we will promote sales of high value-added products with ventilation and air purification functions, high energy savings, and stylish design. Our aim will be to further increase market share by strengthening sales activities in cold regions where strong demand is expected.

In Commercial, we will accelerate new dealer development as we aim to increase market share by enhancing energy-saving and ventilation proposal sales and expanding our product lineup for cold climates.

We will also focus on a subscription business that provides air conditioners at flat rates.

Y/Y change (Volume basis)	FY2022		FY2023	
	Market	Daikin	Market	Daikin
Residential	98%	103%	98%	101%
Commercial	101%	97%	102%	107%
Applied	103%	111%	110%	120%

*Applied is based on total sales.

AC Business - Americas

FY2022 Results

With the significant changes in the business environment, such as stagnant demand from inflation and higher interest rates, and supply issues from parts shortages, Daikin worked to ensure a stable supply of products, and sales trended favorably. Besides the steady implementation of selling price measures, acquisition of sales companies had a positive effect, and sales greatly exceeded the previous fiscal year.

- ✓ In Ducted Unitary for Houses, industry demand declined, whereas Daikin increased market share by bolstering supply and enhancing the sales network. Sales also grew for our environmental premium product **FIT**, for which local production has begun.
- ✓ In Ductless, we worked to boost supply capacity for RA/SKY and increase market share. Sales for VRV systems greatly expanded by utilizing a sales network enhanced by the acquisition of sales companies.
- ✓ In Applied, in addition to expanding equipment sales including air handling units and chillers, sales also increased in the After Sales Service business, resulting in sales exceeding the previous fiscal year.

FY2023 Forecast

In Ducted Unitary for Houses, we aim to increase market share by developing and training dealers. In response to the needs for electrification for heaters and energy savings, we are enhancing our lineup of **FIT** system products and promoting inverter use in the market.

In Ductless, we will promote mainstream use of RA/SKY units equipped with R32 refrigerant. For VRV systems, we aim to increase market share by improving supply capabilities and expanding sales channels.

In Applied, we will strive for sales expansion of equipment for data centers and factories, where demand is expected to grow, and expand our Solutions business.

Y/Y change (Volume basis)		FY2022	FY2023	
		Daikin	Market	Daikin
Ducted unitary for houses		102%	96%	104%
Ductless	RA/SKY	92%	98%	124%
	VRV	111%	104%	125%
Applied		131%	116%	128%

*Applied is based on total sales in local currency.

FY2022 Results

Product supply delays due to the Shanghai lockdown in April and May shrank sales, but production and sales quickly recovered once the lockdown was lifted, and first half sales were on par with the previous fiscal year. In the second half, the strict movement restrictions to prevent virus spread caused a sales decline. but sales activities resumed aggressively even before the outbreak was under control. Consequently, full-year sales exceeded the previous fiscal year, partly due to the positive effect of exchange rates. Operating profit remained high from the sales expansion of high-value-added products, cost reductions, and lowering of fixed costs.

- ✓ In the Residential market, despite the restrictions on customer contact, we strengthened sales utilizing online activities such as developing new sales routes using live commerce, web advertising, and SNS that centered on our **PROSHOP** specialty stores. We also used customer data to obtain replacement demand. Capitalizing on growing customer interest in air quality and regulations on energy savings and combustion heating due to carbon neutrality policies, we enhanced Solutions proposals through sales of our unique system products that combine air conditioning, IAQ, heat reclamation ventilators, and heat pump floor heating.
- ✓ In the Commercial market, we focused on infrastructure-related, government projects, and capital investment projects of major companies where there is strong demand due to economic stimulus measures. In response to the promotion of carbon neutrality policies, we strengthened sales from the perspective of power reduction through energy solutions and air visualization for large buildings along with energy-saving equipment for factories.
- ✓ In the Applied market, we shifted resources to growth fields that include infrastructure and semiconductors and strengthened our maintenance and servicing business.

FY2023 Forecast

With the lifting of the zero-corona policy, the market is moving towards reopening. For this reason, we will actively develop offline sales such as direct proposals to customers and large-scale events that have been our strengths as we aim to expand sales by boosting our offline sales activities and focusing on identifying new customers.

- ✓ In the Residential market, we will quickly launch new products at an early stage to quickly respond to the changing market. In this way, we will look to expand our unique Housing Solutions business that combines such areas as air conditioning, ventilation, heating, and controls.
- ✓ In the Commercial market, not only will we launch new products exhibiting the industry's highest level of energy-saving performance, but we will also focus on developing systems and controllers to realize optimal energy management. Both hardware and software will be strengthened in the development of energy solutions.

Y/Y change (Local currency basis)	FY2022	FY2023	
	Daikin	Market	Daikin
Residential	91%	106%	110%
Commercial	89%	107%	113%
Applied	97%	103%	105%

AC Business - Europe, Middle East, and Africa

FY2022 Results

The business environment continued to be difficult due to the tight supply from the Shanghai lockdown, disruptions in logistics networks, and soaring energy costs. Nevertheless, we achieved a significant year-on-year increase for the overall region by maintaining supply through the integration of manufacturing and sales, focusing on sales expansion of heat pump hot water heaters, and implementing selling price measures.

- ✓ In the Residential market, sales not only grew in Italy and Spain because of the favorable summer weather, but also in Germany and France, where we capitalized on heating needs, resulting in the expansion of sales.
- ✓ In the Commercial market, 'spec-in' activities were thoroughly implemented, and we capitalized on pent-up demand to expand sales to stores and offices.
- ✓ In the Heating business, green deal policies of governments around the world resulted in a steady demand for heat pump water heaters, leading to substantial growth in each country, particularly in Italy, France, and Germany.
- ✓ In the Applied market, sales grew for environmentally-conscious products such as R32 chillers.
- ✓ In the Freezer and Refrigerator business, the business environment saw weak supermarket investment.

FY2023 Forecast

In Residential, we will work to expand sales of high value-added products in response to greater interest in energy efficiency due to rising energy costs.

In Commercial, we will bolster proposal sales to offices and hotels by emphasizing environmental protection and energy conservation to capitalize on the recovery in demand.

In the Heating business, we will accelerate system improvement for manufacturing, sales, and after sales service as we continue to capture strong demand and aim for increased market share.

In Applied, we will capitalize on the need to replace gas boilers with heat pump chillers.

In the Freezer and Refrigerator business, we will accelerate one-stop solution proposals to stores by expanding the product lineup and strengthening the sales system.

Y/Y change (Volume basis)		FY2022		FY2023	
		Daikin	Market	Daikin	Market
Residential		107%	101%	105%	
Commercial	SKY	106%	101%	104%	
	VRV	103%	103%	106%	
Heat Pump Heating		153%	134%	160%	
Applied		123%	105%	112%	
Refrigerator and Freezer		88%	102%	115%	

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

*Applied is based on total sales in local currency.

AC Business - Asia and Oceania

FY2022 Results

Steady sales returned to Commercial Air Conditioning with the easing of restrictions on movement from COVID-19. In India, sales greatly expanded in tandem with economic growth. Sales for the region overall exceeded the previous fiscal year and were partially boosted by selling price measures in each country.

- ✓ In the Residential market, sales declined in countries including Thailand, Vietnam, and Indonesia from stagnant consumption due to higher inflation and unseasonable weather. In India, we worked to strengthen relationships with dealers, and sales expanded.
- ✓ In the Commercial market, as delays and postponements improved for construction starts, we ensured that the strong demand led to received orders through meticulous support for dealers, resulting in a significant sales expansion.
- ✓ In the Applied market, in addition to expanding equipment sales, we focused on the After Sales Service business including maintenance and servicing.

Year-on-year sales of main countries (local currency basis)
Australia: 111%, India: 145%, Malaysia: 123%,
Vietnam: 109%, Indonesia: 106%, Thailand: 115%

FY2023 Forecast

For Residential, we will promote the widespread use of inverters by launching extremely cost-competitive inverter units centering on Thailand, Vietnam, and Indonesia. In India, we are accelerating expansion of the sales network in regional cities and will strengthen our supply capabilities with a new factory (scheduled to start operations in August 2023).

For Commercial, we will focus on sales to the markets where growth is anticipated such as for hospitals and schools. To capture a recovery in demand, we will introduce new products with improved energy savings and ease of installation as we strengthen spec-in activities.

Y/Y change (Volume basis)		FY2022	2023年度	
		Daikin	Market	Daikin
Residential		105%	116%	125%
Commercial	SKY	120%	109%	112%
	VRV	122%	116%	118%
Applied		160%	109%	114%

*Applied is based on total sales in local currency.

Chemicals Business

FY2022 Results

Sales expanded mainly in the semiconductor and automotive markets. There was also an effect from selling price measures as sales significantly exceeded the previous year.

- ✓ For Fluorocarbon Gas, strong demand led to sales expansion mainly in Europe and Japan.
- ✓ Polymers and Fluoroelastomers
 - Fluoropolymers showed a sales increase in the information and communications technology market, including those for semiconductors, automobiles, and LAN cables. Sales in all regions bested the previous fiscal year.
 - Fluoroelastomers saw sales grow in the automotive market, where demand is strong as sales in all regions surpassed the previous fiscal year.
- ✓ Fine Chemicals, Etc.
 - Sales of etching gases expanded, mainly in Japan and Asia, as demand recovered in the semiconductor market.
 - Sales expanded for anti-smudge surface coating agents in the Americas and Asia.

FY2023 Forecast

With slower growth expected for the semiconductor and automobile markets, we will work to expand sales and increase market share by bolstering supply of high-performance materials at our production bases in the United States and China.

In the automotive market, we are strengthening application development for positive electrode binders and sealing materials for lithium-ion batteries in response to the rising demand for EVs.

For repellent materials, we have introduced environmentally advanced products for the food and textile markets.

Y/Y change (Sales basis)	FY2022	FY2023	
	Daikin	Market	Daikin
For all fluorochemical products	124%	103%	105%
Fluorocarbon Gas	147%	101%	97%
Fluoropolymers & Fluoroelastomers	130%	105%	109%
Fine Chemicals, etc.	107%	101%	98%

Filter Business

FY2022 Results

As demand gradually recovered, sales significantly increased from the previous fiscal year due to the sales promotion of high value-added products that pursue measures for control of infectious diseases and air quality improvements and the steady implementation of selling price measures.

- ✓ Sales of air filters to industrial markets such as factories increased significantly in the United States. In Japan, in addition to the sales expansion for products that control and prevent the spread of infectious disease, we expanded sales to the thriving semiconductor market.
- ✓ In P&I*, we focused on sales for commercial-use dust collectors, for which demand was strong, and worked to improve our business structure by shifting resources to the After Sales Service business.

FY2023 Forecast

In the Air Filter segment, we will work to expand sales and increase market share of high value-added products for the semiconductor and pharmaceutical markets while also improving profitability by reducing costs and increasing selling prices.

In P&I, we will concentrate resources on strong businesses such as dust collection systems and the after sales service as we aim to expand sales by strengthening product appeal.

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

Other Businesses

FY2022 Results

In the Oil Hydraulics business, sales in Japan expanded mainly for industrial equipment. Sales for construction equipment in Japan and the United States also expanded. A new consolidation effect from an acquisition partially contributed to sales exceeding the previous fiscal year.

In the Defense Systems business, sales of oxygen concentrators expanded in China due to the spread of COVID-19, but in Japan sales for both pulse oximeters (medical devices that can easily measure blood oxygen saturation) and oxygen concentrators decreased in a reversal of higher demand due to the COVID-19 pandemic, and sales fell below the previous fiscal year.

In the Electronics business, sales of database systems for the design and development fields increased from greater corporate IT investment, but sales declined against the previous fiscal year due to reduced sales of CG production software.

FY2023 Forecast

In the Oil Hydraulics business, we will aim to increase market share by strengthening 'spec-in' activities to machine equipment manufacturers. In the field of industrial equipment, we will work together with Duplomatic MS, which we acquired, to contribute to the environment and expand our business.

In the Defense Systems business, we will work to expand sales of oxygen concentrators and launch a new model of pulse oximeter for medical institutions in Japan as we aim to increase market share exhibiting products with enhanced functionality and cost competitiveness.

In the Electronics business, we will strive to expand sales of database systems for the design and development fields.

IV. Dividends Plan

- ◆ Daikin plans an annual dividend per share amount of 240 yen (interim of 100 yen; term-end of 140 yen), marking a 40-yen increase over the previous fiscal year. This is an increase of 20 yen from the previously announced amount.
- ◆ The dividend for the next term is planned for annual dividend per share amount of 240 yen (interim of 120 yen; term-end of 120 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.

		FY2018	FY2019	FY2020	FY2021	FY2022 (Proposed)	FY2023 (Forecast)
Dividend per share	Interim	¥70	¥80	¥80	¥90	¥100	¥120
	Annual	¥160	¥160	¥160	¥200	¥240	¥240
Earning per share	H1	¥385.8	¥405.1	¥289.2	¥475.3	¥534.3	¥519.3
	Annual	¥646.4	¥583.6	¥534.0	¥743.9	¥880.6	¥901.9
(Reference) DOE Trend		3.5%	3.3%	3.0%	3.2%	3.3%	

Exchange Rate

	FY2021 Results			FY2022 Results			FY2023 Forecast
	H1	H2	Total	H1	H2	Total	
USD	¥110	¥115	¥112	¥134	¥137	¥135	¥126
EUR	¥131	¥130	¥131	¥139	¥143	¥141	¥133
RMB	¥17.0	¥18.0	¥17.5	¥19.9	¥19.6	¥19.8	¥19.0
THB	¥3.4	¥3.5	¥3.4	¥3.8	¥3.9	¥3.9	¥3.6
AUD	¥83	¥83	¥83	¥94	¥92	¥93	¥87

Sensitivity of Foreign Exchange

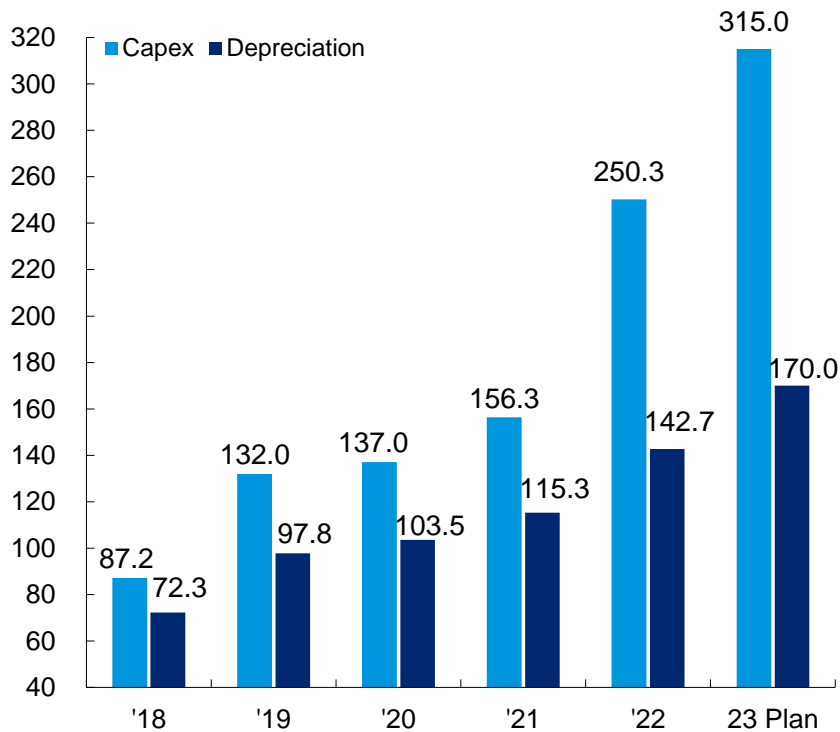
(Impact of change by 1 yen to operating profit)

	FY2023 Forecast
USD	2.2 billion yen *
EUR	0.9 billion yen

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

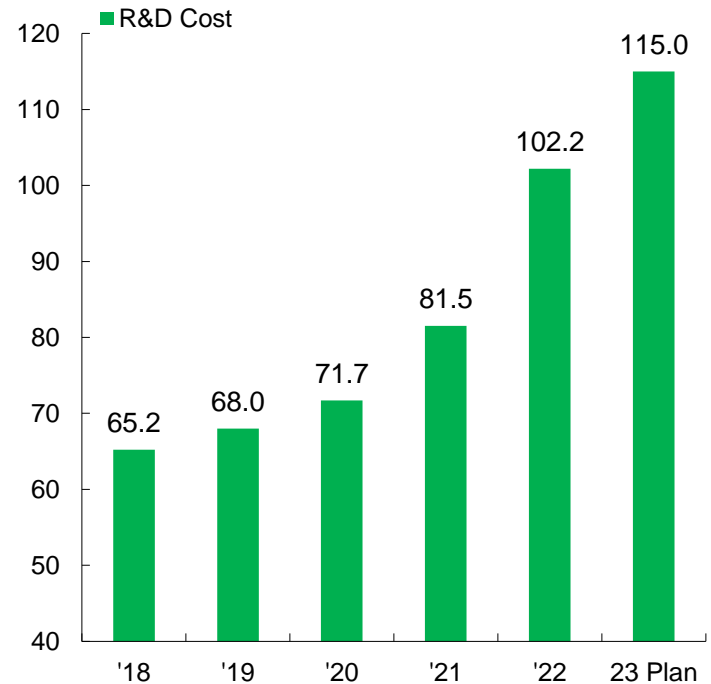
Capex and Depreciation

(billion yen)



R&D Cost

(billion yen)





Notes on forecast

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