



Presentation of Financial Results for the Third Quarter in December 2023

February 6, 2024

Summary of Financial Results

Both net sales and operating profit exceeded the previous fiscal year for new record highs in the cumulative results for the year.

To ensure an increase in revenue and profits, we improved proposals for products and services promoting carbon neutrality and energy solutions while thoroughly implementing strategic selling price measures and total cost reductions.

However, demand fell lower than expected due to a slow recovery in heat pump heating demand for Europe and the impact of distribution inventory adjustments from reduced housing investment in the United States. This led to third quarter results showing higher revenue but lower profits than the previous third quarter.

- ✓ Air-Conditioning and Refrigeration Equipment: Net sales expanded in China and Asia despite sluggish demand in each region. In Japan, the Americas, and Europe, the focus was on proposal-based sales in markets identified as robust.
- ✓ Chemicals: Despite the significant impact of stagnant demand, a rising trend in profits was sustained by expanding net sales and implementing selling price measures for high-performance materials for semiconductor manufacturing equipment, in which demand was strong.

We intend to achieve our annual plan (net sales of 4.24 trillion yen and operating profit of 400 billion yen) while also steadily implementing upfront investments for future growth.

Although the current business environment is difficult, we will aim to increase revenue and profits in the fourth quarter by accelerating initiatives for key themes and expanding measures in response to the business environment, such as strengthening sales capabilities in Europe and the United States.

(billion yen)	Q1-3 Results		
	FY2022	FY2023	YoY
Net sales	2,985.7	3,263.7	109%
Operating profit	303.8	306.5	101%
(Percentage of profit to net sales)	(10.2%)	(9.4%)	
Ordinary profit	299.3	282.1	94%
(Percentage of profit to net sales)	(10.0%)	(8.6%)	
Profit attributable to owners of parent	209.0	193.9	93%
(Percentage of profit to net sales)	(7.0%)	(5.9%)	

USD/JPY	¥137	¥143
EUR/JPY	¥141	¥155
RMB/JPY	¥19.9	¥20.0

FX Effect (YoY)

Net Sales	+116.0 billion yen
Operating Profit	+12.0 billion yen

YoY Results Excluding FX Effect

Net Sales	105%
Operating Profit	97%

Financial Results by Segment

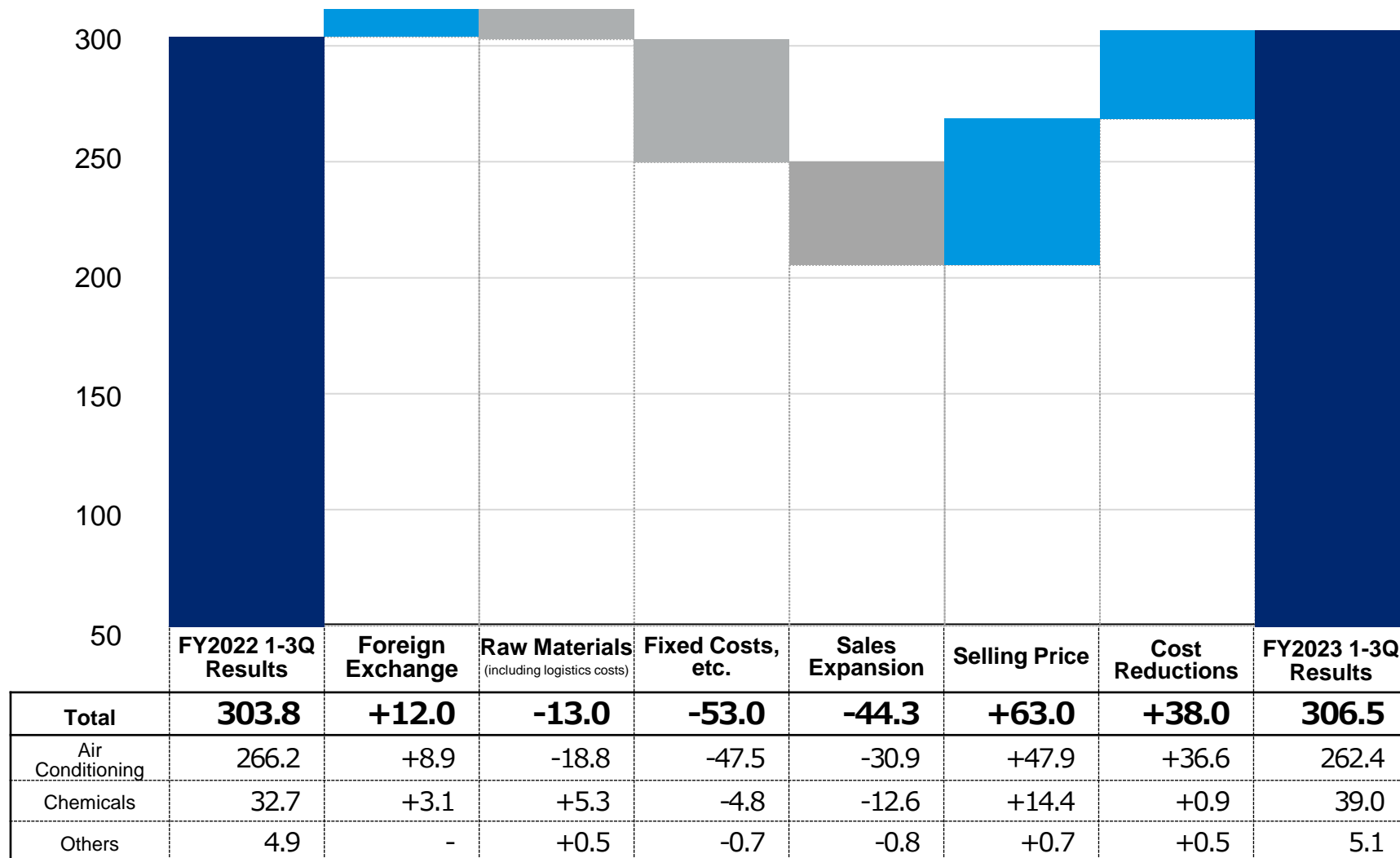
(billion yen)		Q1-3 Results		
		FY2022	FY2023	YoY
Total	Net sales	2,985.7	3,263.7	109%
	Operating profit (Percentage of profit to net sales)	303.8 (10.2%)	306.5 (9.4%)	101%
Air-Conditioning and Refrigeration Equipment	Net sales	2,733.2	3,001.4	110%
	Operating profit (Percentage of profit to net sales)	266.2 (9.7%)	262.4 (8.7%)	99%
Chemicals	Net sales	193.9	189.7	98%
	Operating profit (Percentage of profit to net sales)	32.7 (16.9%)	39.0 (20.6%)	119%
Others	Net sales	58.5	72.6	124%
	Operating profit (Percentage of profit to net sales)	4.9 (8.4%)	5.0 (7.0%)	103%

*Air-Conditioning and Refrigeration Equipment includes filter, refrigerator and freezer businesses.

Breakdown of Changes in Operating Profit - YoY

*Air-Conditioning business includes filter, refrigerator and freezer businesses.

(billion yen)



Net Sales by Region – Air-Conditioning and Refrigeration Equipment

*Percentage expresses year on year comparison

*Includes refrigerator, freezer and filter businesses

(billion yen)	FY2019 Q1-3		FY2020 Q1-3		FY2021 Q1-3		FY2022 Q1-3		FY2023 Q1-3	
	Japan	104%	379.7	98%	371.2	105%	390.8	105%	410.8	107%
Europe	116%	278.9	99%	276.6	135%	372.5	124%	462.7	103%	475.3
China	97%	283.4	97%	275.1	131%	359.7	103%	369.9	105%	389.5
Americas	108%	524.2	95%	499.4	130%	650.2	156%	1,011.4	116%	1,172.6
Asia	107%	217.3	81%	175.1	117%	204.8	151%	308.9	106%	327.4
Oceania	93%	53.7	107%	57.6	131%	75.3	127%	95.4	102%	97.4
Middle East	93%	33.6	91%	30.5	141%	42.8	151%	64.6	140%	90.7
Africa	88%	5.7	96%	5.5	140%	7.7	122%	9.4	114%	10.7
Total	105%	1,776.6	95%	1,691.1	124%	2,103.8	130%	2,733.2	110%	3,001.4

Overseas Net Sales ratio	79%	78%	81%	85%
USD/JPY	¥109	¥106	¥111	¥137
EUR/JPY	¥121	¥122	¥131	¥141
RMB/JPY	¥15.6	¥15.4	¥17.3	¥19.9

Net Sales by Region – Chemicals

*Percentage expresses year on year comparison

*Others: Oceania, Middle East, Africa etc.

(billion yen)	FY2019 Q1-3		FY2020 Q1-3		FY2021 Q1-3		FY2022 Q1-3		FY2023 Q1-3	
	Japan	94%	37.7	82%	31.0	135%	41.8	123%	51.5	97%
Americas	92%	31.4	78%	24.4	123%	30.0	144%	43.3	80%	34.6
China	92%	27.1	110%	29.9	131%	39.2	109%	42.9	98%	42.0
Asia	91%	17.5	90%	15.8	120%	19.0	132%	25.2	99%	24.8
Europe	71%	17.8	84%	14.9	160%	23.9	126%	30.1	125%	37.7
Others	82%	1.1	58%	0.6	123%	0.8	128%	1.0	85%	0.8
Total	89%	132.6	88%	116.6	133%	154.8	125%	193.9	98%	189.7

Overseas Net Sales ratio	72%	73%	73%	73%	74%
USD/JPY	¥109	¥106	¥111	¥137	¥143
EUR/JPY	¥121	¥122	¥131	¥141	¥155
RMB/JPY	¥15.6	¥15.4	¥17.3	¥19.9	¥20.0

Business / Regional Overview – Air-Conditioning and Refrigeration Equipment

Japan

Industrial demand for Residential experienced a year-on-year decline due to consumer reluctance to purchase durable goods. Demand for Commercial fell over the previous fiscal year because of the slow recovery in demand for large-scale stores and offices.

Faced with severely decreased demand, we strengthened user proposals centered on high value-added products. Due in part to the effects of selling price measures, net sales exceeded the previous fiscal year.

✓ Residential:

With rising electricity rates and the growing need for energy savings, we increased market share by bolstering user proposals centered on **Urusara X** as well as strong sales in cold regions.

✓ Commercial:

User proposals were enhanced to focus on high value-added products such as **FIVE STAR ZEAS** and **machi Multi** because of their high energy savings and ease of workability.

YoY change (Volume basis)		Q1-3 Results
Residential	Market	95%
	Daikin	98%
Commercial	Market	97%
	Daikin	96%
Applied	Market	110%
	Daikin	135%

*Applied is based on total net sales.

Americas

Industry demand for Residential fell significantly due to prolonged inflation and high interest rates for home loans, and this created an adverse market environment. We worked to expand sales in Commercial and Applied products, where demand is strong, and improved sales by leveraging the capabilities of acquired sales companies. Net sales exceeded the previous fiscal year.

✓ Ducted Unitary for Houses:

Sales were lower than the previous year due to distribution inventory suppression. Progress was made in the development of stores that can handle products equipped with inverters, and sales greatly increased for our environment premium product **Fit system**.

✓ Ductless:

We expanded sales and increased market share for **VRV systems** by strengthening the sales network. Sluggish demand for Residential resulted in **RA/SKY** sales fell from the previous fiscal year.

✓ Applied:

Equipment sales expanded for the growing markets of the manufacturing industry and data centers, and sales in the Solutions business also increased, utilizing the capabilities of acquired instrumentation and engineering companies. Net sales increased significantly from the previous fiscal year.

YoY change (Volume basis)		Q1-3 Results
Ducted unitary for houses		76%
Ductless	RA/SKY	84%
	VRV	102%
Applied		151%

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

China

With the lifting of the zero-corona policy, manufacturing and sales activities returned to full-scale operation for the first time in three years. Despite the severe business environment caused by the slow recovery in the real estate market and reduced consumption, We increased sales, mainly in Residential, and net sales exceeded the previous fiscal year. Operating profit maintained a high level from an increase in sales of high value-added products and efforts to reduce costs.

✓ Residential:

Sales expanded through our unique sales activities that combine user-direct offline retail sales with online activities, such as live broadcasting using showrooms, web advertising, and SNS. We responded to customer needs with the **Daikin Care Central Air System**, a new series of residential multi-split air conditioners integrating air conditioning, ventilation, and heat pump floor heating with Solutions services featuring energy-saving and air quality proposals.

✓ Commercial:

In the background of steady demand from the promotion of a carbon neutrality policy, we strengthened Solutions proposals and expanded sales for government properties, factories, green buildings, etc.

✓ Applied:

In addition to investing resources in growth sectors related to areas of infrastructure and semiconductors, we strengthened our maintenance and servicing business.

YoY change (Local currency basis)	Q1-3 Results
Residential	109%
Commercial	100%
Applied	99%

Europe, Middle East, and Africa

Continued tight monetary policy in response to inflation has resulted in weak economy and a challenging environment. With a decline in demand for Residential and Heat Pump Heating, we endeavored to sell high value-added products and implement thorough selling price measures. Sales for Applied expanded, and net sales for the entire regions exceeded the previous fiscal year by incorporating the foreign exchange rate effect.

✓ Residential:

A summer heat wave helped boost sales in Spain, which surpassed the previous fiscal year, but a decline in demand resulting from lower consumer confidence significantly affected results in each region, leading to a year-on-year decline in sales.

✓ Commercial:

Sales focused on markets with strong demand, such as hotels and restaurants.

✓ H/P Heating:

Sales decreased due to falling gas prices and changes in subsidy systems of countries such as Italy.

✓ Applied:

Sales of medium and large chillers expanded for data centers. Similarly, sales to small businesses also expanded for small INV chillers using R32 and exhibiting high environmental performance.

✓ Freezer and Refrigerator:

Sales were stagnant because of the slow recovery in demand by food retail chains.

YoY change (Volume basis)		Q1-3 Results
Residential		82%
Commercial	SKY	97%
	VRV	99%
Heat Pump Heaters		65%
Applied		134%
Refrigerator and Freezer		67%

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

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

Business / Regional Overview – Air-Conditioning and Refrigeration Equipment

Asia and Oceania

In a difficult business environment of low demand due to persistently high inflation rates, regional net sales increased year over year due to efforts to develop and support dealers and strong sales in India.

✓ Residential:

Despite a decline in demand, regional net sales were higher than the previous year. In India, we worked to capitalize on the greater supply capacity of our new factory to capture growing demand and significantly expanded sales. We also expanded sales in Indonesia and Thailand by leveraging the sales network that we have built over the years.

✓ Commercial:

As construction starts for projects continued to be postponed or cancelled, dealer development and support resulted in the steady conversion of demand into orders to expand sales.

✓ Applied:

Equipment sales increased by capturing growing demand for factories and data centers. In addition, we also expanded sales by focusing on the After Sales Service business, such as maintenance and servicing.

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

Australia: 102% India: 119% Vietnam: 93%
Malaysia: 103% Indonesia: 117% Thailand: 122%

YoY change (Volume basis)		Q1-3 Results
Residential		103%
Commercial	SKY	106%
	VRV	113%
Applied		141%

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

Business / Regional Overview – Chemicals

Net sales fell year on year due to declines in demand for products in semiconductor manufacturing processes, the automotive sector, and fine chemicals, along with the impact of distribution inventory adjustments. Nevertheless, profits increased from the expansion of sales of high-performance materials and selling price measures.

✓ Fluorocarbon Gas:

Along with relatively strong demand, the beneficial effects of selling price measures led to results that significantly exceeded the previous fiscal year.

✓ Polymers and Fluoroelastomers

- Fluoropolymers:

Sales declined due to a slowdown in demand in the LAN electric wire sector and to distribution inventory adjustments in the automobile sector, but sales expanded by strengthening the supply capacity of materials for semiconductor manufacturing equipment. Results exceeded the previous fiscal year.

- Fluoroelastomers:

Sales fell year on year due to distribution inventory adjustments in the automotive sector.

✓ Fine Chemicals, etc.:

Sales were significantly lower than the previous year due to lower demand for anti-smudge surface coating agents, water and oil repellents, and etching agents for semiconductor manufacturing processes.

	YoY change (Net sales basis)	Q1-3 Results
Total		98%
Fluorocarbon Gas		129%
Fluoropolymers & Fluoroelastomers		100%
Fine Chemicals, etc.		81%

Business / Regional Overview – Filters

Despite efforts to strengthen sales of high-performance filters, net sales decreased year on year because of the significant impact of lower sales due to the withdrawal from low-profit businesses in the United States.

✓ Air Filter:

In the United States, we strengthened sales of high-performance filters for the hospital, pharmaceutical, and data center markets. In Japan, sales to the pharmaceutical market are also strong. In Europe, sales for buildings continue to be strong due to rising awareness of energy savings and air quality.

✓ P&I (※):

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

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

Capex, Depreciation and R&D Cost

	FY2022		FY2023	
	Q1-3 Results	Total Forecast	Q1-3 Results	Total Forecast
(billion yen)				
Capex	162.2	210.0	228.3	315.0
Depreciation	105.7	125.0	124.4	170.0
R&D Cost	73.1	85.0	90.0	115.0



Notes on forecast

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