<Translation>

Member, Financial Accounting Standards Foundation

Brief Report on the Settlement of Accounts (Consolidated) for the Business Year Ended March 31, 2022 (J-GAAP)

May 10, 2022

Name of Listed Company: **Daikin Industries, Ltd.** Listed on TSE
Code No.: 6367
(URL: https://www.daikin.co.jp/)
Representative: Masanori Togawa, President and CEO
Contact: Motoshi Hosomi,
General Manager of the Corporate Communication Department of the Head Office
(Tel.: +81-6-6373-4320)
Planned date of Ordinary General Meeting of Shareholders: June 29, 2022
Planned date of start of dividend payment: June 30, 2022
Planned date of the filing of securities report: June 29, 2022
Preparation of supplementary explanatory materials for the settlement of accounts: Yes
Holding briefings on the settlement of accounts: Yes (for institutional investors and analysts)

1. Consolidated Business Results for the Fiscal Year Ended March 31, 2022
(From April 1, 2021, to March 31, 2022)

(1) Consolidated Business Results

Note: Amounts less than one million yen are truncated.
Percentages indicate year-over-year increases/decreases.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	3,109,106	24.7	316,350	32.6	327,496	36.3	217,709	39.3
March 31, 2021	2,493,386	-2.2	238,623	-10.1	240,248	-10.7	156,249	-8.5

Note: Comprehensive income was ¥366,141 million (28.5%) for the fiscal year ended March 31, 2022, and ¥284,851 million (288.5%) for the fiscal year ended March 31, 2021.

	Earnings per share	Diluted earnings per share	Ratio of earnings for the fiscal year to shareholders' equity	Ratio of ordinary profit to total assets	Operating margin
Fiscal Year ended	Yen	Yen	%	%	%
March 31, 2022	743.88	743.46	12.0	9.3	10.2
March 31, 2021	533.97	533.66	10.1	8.1	9.6

(Reference) Equity in earnings of affiliates was ¥1,401 million for the fiscal year ended March 31, 2022, and ¥7 million for the fiscal year ended March 31, 2021.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	3,823,998	2,008,109	51.5	6,729.73
As of March 31, 2021	3,239,662	1,698,495	51.4	5,691.85

(Reference) Equity capital was ¥1,969,686 million as of March 31, 2022, and ¥1,665,688 million as of March 31, 2021.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	245,071	(180,789)	(48,698)	717,802
March 31, 2021	374,691	(159,666)	98,942	662,267

2. Dividends

	(Annual) Dividend per share					Total cash dividends for the fiscal year (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal Year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2021	—	80.00	—	80.00	160.00	46,822	30.0	3.0
March 31, 2022	—	90.00	—	110.00	200.00	58,536	26.9	3.2
Fiscal Year ending March 31, 2023 (forecast)	—	100.00	—	100.00	200.00		25.7	

3. Consolidated Business Forecast for the Fiscal Year Ending March 31, 2023

(From April 1, 2022, to March 31, 2023)

Note: Percentages indicate year-over-year increases/decreases.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	1,710,000	9.7	200,000	3.8	203,000	3.1	140,000	0.6	478.33
Full year	3,380,000	8.7	340,000	7.5	345,000	5.3	228,000	4.7	779.00

*Notes

(1) Changes in Significant Subsidiaries during the Period (Changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement

- (i) Changes in accounting policies relating to revisions to accounting standards, etc.: Yes
- (ii) Changes in accounting policies other than (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Retrospective restatement: None

(3) Number of Shares Issued (common stock)

(i) Number of shares issued at end of period (including treasury shares)

As of March 31, 2022	293,113,973 shares
As of March 31, 2021	293,113,973 shares

(ii) Number of treasury shares at end of period

As of March 31, 2022	429,774 shares
As of March 31, 2021	469,595 shares

(iii) Average number of shares outstanding during the period

Fiscal Year Ended March 31, 2022	292,666,743 shares
Fiscal Year Ended March 31, 2021	292,620,665 shares

(Reference) Summary of Non-Consolidated Business Results for the Fiscal Year Ended March 31, 2022
(From April 1, 2021, to March 31, 2022)

(1) Non-Consolidated Business Results

Note: Percentages indicate year-over-year increases/decreases.

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	681,899	21.1	60,048	68.3	170,705	69.6	153,800	75.3
March 31, 2021	563,243	-4.3	35,675	-33.8	100,673	-34.3	87,720	-38.4

	Earnings per share	Diluted earnings per share
Fiscal Year ended	Yen	Yen
March 31, 2022	525.51	525.20
March 31, 2021	299.77	299.60

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	1,814,520	1,021,203	56.1	3,480.34
As of March 31, 2021	1,683,011	924,161	54.8	3,151.01

(Reference) Equity capital was ¥1,018,656 million as of March 31, 2022, and ¥922,141 million as of March 31, 2021.

The Brief Report on the Settlement of Accounts is outside the scope of audit by a certified public accountant or an audit corporation.

Explanation about the Appropriate Use of the Business Forecast and Other Noteworthy Points

- The business forecasts are based on information currently available to Daikin Industries, Ltd. (the "Company") and certain assumptions that are deemed reasonable. Actual results may differ significantly from these forecasts. For the basis of presumption of the business forecast and the notes on its use, please refer to "(4) Business Forecast for the Future" of "1. Overview of Operating Results, etc."
- The Company plans to hold a briefing on business results for institutional investors and analysts on Wednesday, May 11, 2022. Documents and materials distributed in this briefing will be posted on the Company's website by the time that the briefing starts.

Content of Attachment

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2022

In the fiscal year ended March 31, 2022 (fiscal 2021), economic activities continued to resume in various countries in conjunction with rising vaccination rates, but the overall world economy grew slowly due to resurgences of the coronavirus (COVID-19), disruptions to logistics networks, and the rising prices of goods, including energy prices. In the U.S. economy, despite the resurgence of infections and growing inflationary pressure, economic policies proved successful, and the economic climate was strong. In the European economy, household demand rapidly recovered due to the resumption of economic activities following vaccination progress. However, from autumn onward, the number of infections rose again, and the prices of goods climbed, slowing the pace of demand growth. The economies of Asia and emerging countries were affected by infection trends and activity restriction measures, and while economic conditions varied from country to country, the regional economies saw only a gradual recovery overall. The Chinese economy saw an increase in exports and new infrastructure investment by the government during the first half of the fiscal year, but a resurgence of COVID-19 in the second half of the fiscal year resulted in the government putting severe activity restrictions in place that exerted downward pressure on personal consumption, and the economy experienced a slowdown. The growth of the Japanese economy stagnated due to sluggish service consumption caused by the spread of infections as well as the decrease in production due to supply constraints.

In such a business environment, the Daikin Group responded flexibly and speedily to changes in the environment and strove to improve profitability with an “aggressive” and “challenging” mindset that anticipates future changes and is grounded in a lean, robust management structure. Specifically, we worked to build a flexible production and supply system that can respond to changes in demand, increase market shares by expanding sales of new products that meet new needs, implement total cost reductions such as material substitution from copper to aluminum in response to soaring raw material prices, promote sales price policies by introducing differentiated products that are recognized for their value by the market and customers, reduce fixed costs, and improve logistics efficiency.

In addition, we formulated the strategic management plan “Fusion 25” with a target year of the fiscal year ending March 31, 2026, and implemented initiatives based on nine key themes, including the three growth strategy themes of the “Challenge to achieve carbon neutrality,” “Promotion of solutions business connected with customers,” and “Creating value with air.”

The Daikin Group’s net sales increased by 24.7% year over year to ¥3,109,106 million for the fiscal year under review. As for profits, operating profit increased by 32.6% to ¥316,350 million, ordinary profit increased by 36.3% to ¥327,496 million, and profit attributable to owners of parent increased by 39.3% to ¥217,709 million.

Operating results by business segment are as follows:

(i) Air-Conditioning and Refrigeration Equipment

Overall sales of the Air-Conditioning and Refrigeration Equipment segment increased by 24.4% year over year to ¥2,828,499 million. Operating profit increased by 26.6% to ¥282,404 million.

In the Japanese commercial air-conditioning equipment market, while the impact of COVID-19 remained, industry demand recovered in comparison to the previous fiscal year, when the market suffered a major drop, and resulted in year-over-year growth. The Group reinforced product appeal by launching new products, such as the “VRV” and “SkyAir” series, that respond to the air conditioning industry’s issue of a shortage of installation engineers by simplifying construction work and ensuring consistent construction quality. We also issued proposals for improving environments to tackle customers’ air-related problems by combining the Group’s ventilation and disinfection products, such as the “Heat Reclaim Ventilator” total heat exchanger unit and the “Commercial Streamer Air Purifier,” with air-conditioning systems. As a result of the product lineup reinforcement and proposal expansion, net sales of commercial air-conditioning systems increased year over year.

In the Japanese residential air-conditioning equipment market, industry demand declined year over year due to the effects of the long rains and cool temperatures during the summer season, together with the subsiding of pent-up demand from people staying at home. The Group enhanced product appeal by launching a new model of the room air conditioner “Urusara X,” which is equipped with proprietary functions such as waterless humidification, air supply ventilation, and exhaust ventilation, and by performing a model change for the room air conditioner “risora” with close attention paid to design. Air purifiers continued to enjoy solid demand, and we reinforced our product lineup with the launch of a new “UV Streamer Air Purifier,” which combines the Daikin Group’s proprietary Streamer air purification technologies with deep ultraviolet (UVC) LEDs and whose high wavelengths are effective at controlling viruses and bacteria. As a result of these efforts, net sales of residential air-conditioning systems increased year over year.

In the Americas, there was a period in the previous fiscal year when supply capacity was affected due to the spread of COVID-19 and partial shutdown of factories. In the fiscal year under review, however, despite the labor shortages and parts supply problems across North America, the Group steadily increased both production and sales as a result of efforts to improve its supply capacity. Market share of residential air-conditioning systems improved due to the increase in sales, and net sales increased significantly year over year as a result of efforts to strengthen our sales network through acquisitions and steadily implement pricing policies. In the market for large buildings (Applied Systems), net sales increased year over year against the backdrop of a recovery in the market, which had been stagnant due to the impact of COVID-19, as a result of efforts for sales expansion of Applied Systems equipment, expansion of the after sales service business, and sales increase contributed by the companies acquired at the end of the previous fiscal year and the fiscal year under review.

In China, personal consumption was strong during the fiscal year although the economy slowed in the second half of the fiscal year. The Group strengthened its product lineup of residential system products, indoor air quality (IAQ) and ventilation products, and environmentally appealing products, while reinforcing online sales in addition to sales at its “PROSHOP” specialty shops, which has been its strength to date. Consequently, net sales significantly increased year over year. In terms of profits, the Group maintained high levels by expanding sales of high value added products and working to reduce costs and curb fixed costs, despite being affected by the sharp rise in raw material prices and a shortage of semiconductors. In the residential-use market, the Group promoted sales activities that combined traditional in-store sales and online sales and focused on searching for new customers and capturing demand for replacements. In addition, consistent with its promotion of carbon neutrality policies, the Group strengthened proposals of systems combined with heat pump hot water heating systems and other equipment, and greatly expanded sales of residential multi-split type air conditioners. In the commercial-use market, the Group expanded customer contact points by leveraging ventilation and cleaning for stores and offices and captured demand for replacement and additional purchase of equipment. In the large-scale projects market, the Group strengthened its proposals for air, energy, and other solutions. In the factory market, the Group captured demand for replacement to energy-saving equipment in response to environmental measures. In the Applied Systems air-conditioning equipment market, the Group shifted management resources to growth fields such as semiconductors-related and also strengthened the repair and maintenance business.

In Asia and Oceania, the market environment remained difficult due to lockdowns and tighter restrictions on business activities from May onward in India, Malaysia, Thailand, Vietnam, and other Asian countries and from July onward in Australia as a result of the renewed spread of COVID-19. Especially in commercial air-conditioning systems, a difficult situation continued that included delays in construction starts and suspension or postponement of construction across the market due to the shortage of workers and mandatory COVID-19 testing at construction sites. In the second half of the fiscal year, activity restrictions gradually eased and economic activities slowly resumed. The Group undertook initiatives that included capturing recovery demand in every country, especially India, achieving strong sales in Oceania, and steadily implementing pricing policies. As a result, overall net sales for both commercial use and residential use increased year over year.

In Europe, from the beginning of the fiscal year, the Group continued to face various business risks, such as logistical disruptions due to the stranded ship accident in the Suez Canal, soaring raw material prices and logistics costs, tight supply of parts, and the worsening of the Russia-Ukraine situation, and the business environment remained harsh. Nevertheless, overall net sales significantly exceeded the previous fiscal year’s record high, thanks to a stable production and supply system based on strengthened cooperation among divisions as well as enhanced sales and marketing capabilities. In residential air-conditioning systems, while sales declined in France, Spain, Germany, and other countries due to the cool summer, sales expanded as a result of capturing increased demand from the intense heat wave in Greece, Bulgaria, and other southeastern parts of Europe and demand backed by subsidies for energy-saving equipment in Italy. In residential heat pump hot water heating systems, subsidy programs implemented by the governments of various countries with a view to driving economic recovery from the pandemic and reducing CO_2 emissions helped drive sales. As demand for replacements of gas and oil boilers expanded dramatically, the Group worked to capture as much demand as possible by strengthening its sales capabilities through support for subsidy applications and by strengthening its production and supply capabilities at nearest factories. As a result of these factors, net sales of residential air-conditioning and heating systems were significantly higher year over year. In commercial air-conditioning systems, although lockdowns and other tighter restrictions imposed once again from November onward affected the recovery of demand from offices and hotels, sales increased through our efforts to capture as much demand as possible from projects that were suspended as a result of the pandemic. As a result, net sales of commercial air-conditioning systems were higher year over year. In the refrigeration business, despite the impact of parts shortages, the Group strengthened sales mainly to the food supermarket industry, and net sales significantly increased year over year.

In the Middle and Near East and Africa, net sales increased year over year, led by strengthened sales in Saudi Arabia, Egypt, and Qatar. In Turkey, sales of residential air-conditioning systems increased substantially due to the intense heat wave and a surge in demand prior to price revisions. We also maximized the capture of strong demand for commercial air-conditioning systems for use in factories and hospitals. Yen-equivalent net sales also significantly grew year over year due to pricing policies, despite the impact of the depreciation of the Turkish lira.

In the filter business, despite the prolonged impact of COVID-19, demand was on a gradual recovery trend with the resumption of global economic activities. In the United States, sales increased in the commercial-use market, which includes equipment for use in factories. In Europe, sales were strong in high-end markets such as the pharmaceutical market. In Asia, sales of high-performance filters used in semiconductor factories were strong, driven by the brisk semiconductor market, and in Japan, sales of infection control products increased, backed partly by the subsidy program. In the gas turbine and dust collection systems business, the oil and gas industry's appetite for investment recovered as crude oil prices rose, and demand was strong for industrial dust collection systems due to growing environmental awareness. As a result, net sales of the filter business overall increased year over year.

In the marine vessels business, net sales significantly increased year over year due to an increase in unit sales of marine container refrigeration units.

(ii) Chemicals

Overall sales of the Chemicals segment increased by 29.4% year over year to ¥212,424 million. Operating profit increased by 140.1% to ¥27,301 million.

Compared to the previous fiscal year when sales fell sharply due to the global outbreak of COVID-19, overall sales of fluorochemical products were significantly higher year over year due to the development of aggressive sales expansion measures and a recovery in demand in a wide range of fields, particularly semiconductors and automobiles.

Net sales of fluoropolymers were significantly higher year over year due to the development of sales expansion measures capturing a recovery in global demand for semiconductor and automotive-related applications. Net sales of fluoroelastomers also significantly increased year over year with a marked recovery in demand, especially in the automotive field, due to the development of sales expansion measures and the implementation of pricing policies.

Among specialty chemicals, there was a recovery in demand for oil and water repellents and semiconductor etching agents, despite stagnant demand for anti-fouling surface coating agents. As a result, overall net sales of specialty chemicals increased year over year.

As for fluorocarbon gas, net sales significantly increased year over year due to efforts such as sales expansion measures and the steady implementation of pricing policies.

(iii) Other Divisions

Overall sales of the "Others" segment increased by 23.1% year over year to ¥68,182 million. Operating profit increased by 60.9% to ¥6,647 million.

In the oil hydraulic equipment business, net sales of oil hydraulic equipment for industrial machinery significantly increased year over year due to increased sales in the Japanese market, especially to machine tools, as well as increased sales to Asia, Europe, and the United States. In addition, net sales of oil hydraulic equipment for construction machinery and vehicles significantly increased year over year due to increased sales to major customers in Japan and the United States.

In the defense systems-related product business, net sales increased year over year due to increased orders for ammunition to the Ministry of Defense and the capture of increased demand for oxygen concentrators and pulse oximeters (medical devices that can easily measure blood oxygen saturation without blood collection) in response to the spread of COVID-19.

In the electronics business, customer demand for IT investment increased, boosted by the promotion of digital transformation (DX), primarily by large companies. Net sales increased year over year, as a result of the strong sales of "SpaceFinder," a database system for design and development sectors in line with customer needs such as solutions for quality issues, shortened design and development periods, and support for cost reductions, as well as the strong sales of the related system, "Smart Innovator."

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2022

Total assets increased by ¥584,335 million from the end of the previous fiscal year to ¥3,823,998 million.

Current assets increased by ¥432,262 million from the end of the previous fiscal year to ¥2,165,623 million, mainly due to an increase in notes and accounts receivable – trade, and contract assets.

Non-current assets increased by ¥152,073 million from the end of the previous fiscal year to ¥1,658,374 million, primarily due to an increase in buildings and structures and the effect of foreign exchange rates resulting from yen depreciation.

Liabilities increased by ¥274,720 million from the end of the previous fiscal year to ¥1,815,888 million, mainly due to an increase in notes and accounts payable – trade. Interest bearing debt ratio fell to 21.6% from 23.2%.

Net assets increased by ¥309,614 million from the end of the previous fiscal year to ¥2,008,109 million, primarily due to the recording of profit attributable to owners of parent and an increase in accumulated other comprehensive income resulting from exchange rate fluctuations.

(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2022

During the fiscal year under review, net cash provided by operating activities was ¥245,071 million, a decrease of ¥129,619 million from the previous fiscal year, principally due to an increase in inventories. Net cash used in investing activities was ¥180,789 million, an increase of ¥21,123 million from the previous fiscal year, primarily due to an increase in payments for investments in capital of subsidiaries. Net cash used in financing activities was ¥48,698 million, a decrease in cash provided by financing activities of ¥147,640 million from the previous fiscal year, mainly due to a decrease in proceeds from long-term borrowings. After including the effect of foreign exchange rate change to these results, net increase in cash and cash equivalents for the fiscal year under review, amounted to ¥57,122 million, a decrease of ¥284,051 million from the previous fiscal year.

(Reference) Trends in Cash Flow Indicators

	Fiscal Year ended March 31, 2018	Fiscal Year ended March 31, 2019	Fiscal Year ended March 31, 2020	Fiscal Year ended March 31, 2021	Fiscal Year ended March 31, 2022
Equity ratio (%)	52.4	52.4	53.8	51.4	51.5
Market value equity ratio (%)	138.6	140.5	144.5	201.6	171.5
Cash flows/Interest-bearing debt ratio (years)	2.5	2.3	1.8	2.0	3.4
Interest coverage ratio (times)	20.9	21.2	25.6	39.3	27.7

Notes:

1. Equity ratio = Equity capital/Total assets
   Market value equity ratio = Aggregate market value of shares/Total assets
   Cash flows/Interest-bearing debt ratio = Interest-bearing debt/Operating cash flow
   Interest coverage ratio = Operating cash flow/Interest payment
2. Each indicator is calculated based on the consolidated financial values.
3. Aggregate market value of shares is calculated as follows: (term-end closing stock price) × (term-end number of shares issued [after deducting shares of treasury shares])
4. Operating cash flow represents the “Net cash provided by (used in) operating activities” in the consolidated statement of cash flows.
5. Interest-bearing debt indicates the liabilities for which interest is paid on all the liabilities posted in the consolidated balance sheet. Interest payment corresponds to the amount of “Interest paid” in the consolidated statement of cash flows.

(4) Business Forecast for the Future

While the world economy in the fiscal year ending March 31, 2023, is expected to see a gradual normalization of economic activity around the world as a result of the widespread use of COVID-19 vaccines, supply chain disruptions, and rising inflation, combined with Russia’s military invasion of Ukraine and the effects of a strict lockdown in various Chinese cities, are creating unprecedented uncertainty.

In this business environment, under the Group’s slogan for its Annual Group Policy for this year (2022), “Let’s anticipate changes of the times and build a new future,” the Group will refine its accumulated strengths, including sales, product development, and procurement capabilities, and respond flexibly and proactively to changes that occur one after another. We will take the opportunity of strengthening our environmental and energy-saving initiatives to expand sales, aggressively introduce differentiated products, and maximize variable cost reductions by replacing materials and standardizing key components, aiming to offset cost increases never experienced in the past and further increase sales and profit. In addition, we will strive to efficiently manage fixed costs and make further leaps forward while making the largest-ever investments that will lead to future business expansion and enhanced profitability, such as strengthening our technological development capabilities, increasing production capacity, and promoting digitalization.

For the fiscal year ending March 31, 2023, we forecast an 8.7% increase in consolidated net sales to ¥3,380,000 million, with operating profit increasing 7.5% to ¥340,000 million, ordinary profit increasing 5.3% to ¥345,000 million, and profit attributable to owners of parent increasing 4.7% to ¥228,000 million.

The estimated exchange rate for the fiscal year ending March 31, 2023, is based on the assumption that US$1 equals ¥116 and 1 euro equals ¥126.

The business forecasts are based on information currently available to the Company and certain assumptions that are deemed reasonable. A number of factors, some major ones of which are explained below, could cause actual results to differ significantly from these forecasts.

- Changes in the market environment including political conditions, the economy, unseasonable weather, and product demand
- Fluctuations in the exchange rates, fund-raising environment, and market value of securities
- Emergence of new products, services, and competitors

- Progress after acquisitions and alliances with other companies
- Quality issues of products and services, changes in the procurement environment for parts, and laws and regulations
- Information leaks due to unauthorized access or cyber attacks
- Strengthening of environment-related regulations and the occurrence of environmental problems
- Impairment of non-current assets, natural disasters, and epidemics of new infectious diseases

(5) Basic Policy on Profit Distribution and Dividends for the Fiscal Year Ended March 31, 2022, and the Fiscal Year Ending March 31, 2023

The Company will continue to focus on expanding its businesses while investing its assets strategically and improving its financial structure by such means as proceeding with the reduction of overall costs and enhancing its fiscal position. Through these initiatives, we are committed to being a truly global and excellent company while at the same time further improving our corporate value and enhancing profit returns to our shareholders.

Specifically, by striving to maintain a consolidated ratio of dividend to net assets (Dividend on Equity, DOE) of 3.0% while at the same time aiming for an even higher consolidated dividend payout ratio, we will introduce initiatives to further increase returns to our shareholders with the core goal of stable and continuous dividends.

Internal reserves will be applied to strategic investments in order to expand business and increase competitiveness such as reinforcing management practices, promoting global businesses, and accelerating eco-conscious product development.

For the fiscal year ended March 31, 2022, the Company has proposed an annual cash dividend of ¥200 (¥90 for the interim dividend and ¥110 for the year-end dividend).

For the fiscal year ending March 31, 2023, the Company proposes an annual cash dividend of ¥200 (¥100 for the interim dividend and ¥100 for the year-end dividend).

2. Basic Stance Regarding Choice of Accounting Standards

The Daikin Group applies Japanese general accepted accounting principle (J-GAAP).

In terms of the International Financial Reporting Standards (IFRS), the difference between IFRS and J-GAAP, its potential impact on the Daikin Group and other effects are currently being studied. We will address the application of the IFRS appropriately upon taking into account various circumstances both in Japan and abroad.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	736,098	817,619
Notes and accounts receivable – trade	468,330	—
Notes and accounts receivable – trade, and contract assets	—	595,076
Merchandise and finished goods	326,591	450,974
Work in process	34,766	44,931
Raw materials and supplies	108,039	175,556
Other	72,608	98,392
Allowance for doubtful accounts	(13,074)	(16,928)
Total current assets	1,733,361	2,165,623
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	270,455	302,601
Machinery, equipment and vehicles, net	198,184	225,064
Land	58,879	64,665
Leased assets, net	2,336	3,832
Construction in progress	68,857	94,706
Other, net	48,697	52,493
Total property, plant and equipment	647,410	743,364
Intangible assets		
Goodwill	268,684	270,467
Customer relationship	177,967	202,223
Other	96,109	105,596
Total intangible assets	542,761	578,288
Investments and other assets		
Investment securities	213,909	200,187
Long-term loans receivable	1,151	668
Deferred tax assets	31,692	41,345
Retirement benefit asset	19,959	26,332
Other	50,633	69,465
Allowance for doubtful accounts	(1,216)	(1,275)
Total investments and other assets	316,129	336,722
Total non-current assets	1,506,301	1,658,374
Total assets	3,239,662	3,823,998

(Millions of yen)

	FY2020 (As of March 31, 2021)	FY2021 (As of March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	229,746	302,621
Short-term borrowings	40,754	97,376
Current portion of bonds payable	10,000	30,000
Current portion of long-term borrowings	66,278	334,528
Lease obligations	20,639	25,876
Income taxes payable	20,756	36,745
Provision for bonuses for directors (and other officers)	315	354
Provision for product warranties	62,255	72,443
Accrued expenses	153,898	206,002
Other	161,339	200,290
Total current liabilities	765,984	1,306,239
Non-current liabilities		
Bonds payable	130,000	120,000
Long-term borrowings	418,803	140,526
Lease obligations	64,736	76,508
Deferred tax liabilities	118,605	121,353
Retirement benefit liability	14,539	16,116
Other	28,496	35,144
Total non-current liabilities	775,182	509,649
Total liabilities	1,541,167	1,815,888
Net assets		
Shareholders' equity		
Share capital	85,032	85,032
Capital surplus	84,214	83,834
Retained earnings	1,363,505	1,530,107
Treasury shares	(2,012)	(1,846)
Total shareholders' equity	1,530,740	1,697,128
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	68,699	59,534
Deferred gains or losses on hedges	1,292	3,436
Foreign currency translation adjustment	69,470	212,278
Remeasurements of defined benefit plans	(4,513)	(2,691)
Total accumulated other comprehensive income	134,948	272,558
Share acquisition rights	2,019	2,546
Non-controlling interests	30,787	35,876
Total net assets	1,698,495	2,008,109
Total liabilities and net assets	3,239,662	3,823,998

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

(Consolidated Statement of Income)

(Millions of yen)

	FY2020 (April 1, 2020, to March 31, 2021)	FY2021 (April 1, 2021, to March 31, 2022)
Net sales	2,493,386	3,109,106
Cost of sales	1,629,250	2,051,767
Gross profit	864,136	1,057,338
Selling, general and administrative expenses	625,513	740,987
Operating profit	238,623	316,350
Non-operating income		
Interest income	6,482	8,186
Dividend income	4,214	4,702
Share of profit of entities accounted for using equity method	7	1,401
Foreign exchange gains	547	4,492
Subsidy income	1,392	2,192
Other	2,416	2,387
Total non-operating income	15,060	22,363
Non-operating expenses		
Interest expenses	8,791	8,824
Other	4,642	3,392
Total non-operating expenses	13,434	12,216
Ordinary profit	240,248	327,496
Extraordinary income		
Gain on sale of land	—	311
Gain on sale of investment securities	325	5,749
Gain on sale of investments in capital of subsidiaries and associates	—	226
Gain on liquidation of subsidiaries and associates	0	18
Gain on reversal of share acquisition rights	7	—
Total extraordinary income	334	6,306
Extraordinary losses		
Loss on disposal of non-current assets	1,207	581
Loss on sale of land	115	65
Loss on sale of investment securities	12	—
Loss on sale of shares of subsidiaries and associates	—	32
Loss on valuation of investment securities	472	307
Loss on liquidation of subsidiaries and associates	5	—
Impairment loss	225	3,667
Loss on disaster	—	1,091
Other	1	0
Total extraordinary losses	2,039	5,746
Profit before income taxes	238,543	328,056
Income taxes – current	72,054	110,657
Income taxes – deferred	3,743	(7,870)
Total income taxes	75,797	102,786
Profit	162,746	225,269
Profit attributable to non-controlling interests	6,496	7,560
Profit attributable to owners of parent	156,249	217,709

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	FY2020 (April 1, 2020, to March 31, 2021)	FY2021 (April 1, 2021, to March 31, 2022)
Profit	162,746	225,269
Other comprehensive income		
Valuation difference on available-for-sale securities	38,934	(9,165)
Deferred gains or losses on hedges	4,089	2,143
Foreign currency translation adjustment	75,637	143,222
Remeasurements of defined benefit plans	3,183	1,825
Share of other comprehensive income of entities accounted for using equity method	259	2,844
Total other comprehensive income	122,104	140,871
Comprehensive income	284,851	366,141
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	276,969	355,319
Comprehensive income attributable to non-controlling interests	7,882	10,821

(3) Consolidated Statement of Changes in Equity

FY2020 (April 1, 2020, to March 31, 2021) (Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,032	83,898	1,254,072	(2,264)	1,420,739
Changes in items during period					
Dividends of surplus			(46,818)		(46,818)
Profit attributable to owners of parent			156,249		156,249
Effect of changes in accounting period of subsidiaries			0		0
Purchase of treasury shares				(9)	(9)
Disposal of treasury shares		316		261	577
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes in items other than shareholders' equity					
Total changes in items during period	—	316	109,432	251	110,000
Balance at end of current period	85,032	84,214	1,363,505	(2,012)	1,530,740

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	29,764	(2,797)	(5,051)	(7,687)	14,228	1,886	25,736	1,462,591
Changes in items during period								
Dividends of surplus								(46,818)
Profit attributable to owners of parent								156,249
Effect of changes in accounting period of subsidiaries								0
Purchase of treasury shares								(9)
Disposal of treasury shares								577
Change in ownership interest of parent due to transactions with non-controlling interests								—
Net changes in items other than shareholders' equity	38,934	4,089	74,521	3,173	120,719	132	5,050	125,903
Total changes in items during period	38,934	4,089	74,521	3,173	120,719	132	5,050	235,903
Balance at end of current period	68,699	1,292	69,470	(4,513)	134,948	2,019	30,787	1,698,495

FY2021 (April 1, 2021, to March 31, 2022) (Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,032	84,214	1,363,505	(2,012)	1,530,740
Changes in items during period					
Dividends of surplus			(49,752)		(49,752)
Profit attributable to owners of parent			217,709		217,709
Effect of changes in accounting period of subsidiaries			(1,354)		(1,354)
Purchase of treasury shares				(7)	(7)
Disposal of treasury shares		265		172	438
Change in ownership interest of parent due to transactions with non-controlling interests		(646)			(646)
Net changes in items other than shareholders' equity					
Total changes in items during period	—	(380)	166,602	165	166,388
Balance at end of current period	85,032	83,834	1,530,107	(1,846)	1,697,128

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	68,699	1,292	69,470	(4,513)	134,948	2,019	30,787	1,698,495
Changes in items during period								
Dividends of surplus								(49,752)
Profit attributable to owners of parent								217,709
Effect of changes in accounting period of subsidiaries								(1,354)
Purchase of treasury shares								(7)
Disposal of treasury shares								438
Change in ownership interest of parent due to transactions with non-controlling interests								(646)
Net changes in items other than shareholders' equity	(9,164)	2,143	142,808	1,822	137,610	527	5,089	143,226
Total changes in items during period	(9,164)	2,143	142,808	1,822	137,610	527	5,089	309,614
Balance at end of current period	59,534	3,436	212,278	(2,691)	272,558	2,546	35,876	2,008,109

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2020 (April 1, 2020, to March 31, 2021)	FY2021 (April 1, 2021, to March 31, 2022)
I. Cash flows from operating activities		
Profit before income taxes	238,543	328,056
Depreciation	103,543	115,378
Impairment loss	225	3,667
Amortization of goodwill	30,050	32,684
Increase (decrease) in allowance for doubtful accounts	1,536	2,003
Interest and dividend income	(10,696)	(12,888)
Interest expenses	8,791	8,824
Share of loss (profit) of entities accounted for using equity method	(7)	(1,401)
Loss (gain) on disposal of non-current assets	1,207	581
Loss (gain) on sale of investment securities	(313)	(5,749)
Loss (gain) on valuation of investment securities	472	307
Decrease (increase) in trade receivables	(1,025)	(76,684)
Decrease (increase) in inventories	(7,747)	(151,026)
Increase (decrease) in trade payables	25,036	45,539
Increase (decrease) in accounts payable - other	19,617	10,097
Increase (decrease) in accrued expenses	6,448	34,086
Increase (decrease) in retirement benefit liability	468	822
Decrease (increase) in retirement benefit asset	(7,064)	(6,316)
Other, net	31,969	9,662
Subtotal	441,057	337,646
Interest and dividends received	10,759	12,998
Interest paid	(9,537)	(8,837)
Income taxes paid	(67,588)	(96,736)
Net cash provided by (used in) operating activities	374,691	245,071
II. Cash flows from investing activities		
Purchase of property, plant and equipment	(104,971)	(114,106)
Proceeds from sale of property, plant and equipment	4,723	5,345
Purchase of investment securities	(1,828)	(1,593)
Proceeds from sale of investment securities	606	8,883
Proceeds from sale of businesses	—	437
Payments for acquisition of businesses	(345)	(2,379)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(15,263)	(14,500)
Payments for investments in capital of subsidiaries resulting in change in scope of consolidation	(13,307)	(28,229)
Decrease (increase) in time deposits	(17,957)	(14,185)
Other, net	(11,322)	(20,461)
Net cash provided by (used in) investing activities	(159,666)	(180,789)

(Millions of yen)

	FY2020 (April 1, 2020, to March 31, 2021)	FY2021 (April 1, 2021, to March 31, 2022)
III. Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(9,252)	57,048
Proceeds from long-term borrowings	243,392	48,460
Repayments of long-term borrowings	(105,903)	(79,575)
Proceeds from issuance of bonds	49,824	19,909
Redemption of bonds	―	(10,000)
Dividends paid	(46,721)	(49,746)
Dividends paid to non-controlling interests	(4,356)	(7,806)
Repayments of lease obligations	(28,085)	(27,507)
Other, net	44	520
Net cash provided by (used in) financing activities	98,942	(48,698)
IV. Effect of exchange rate change on cash and cash equivalents	27,207	41,538
V. Net increase (decrease) in cash and cash equivalents	341,173	57,122
VI. Cash and cash equivalents at beginning of period	321,151	662,267
VII. Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	(58)	(1,586)
VIII. Cash and cash equivalents at end of period	662,267	717,802

(5) Notes to Consolidated Financial Statements

Notes on the Premises of the Company as a "Going Concern"

None applicable

Changes in Accounting Policies

[Application of the Accounting Standard for Revenue Recognition, etc.]
The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter "Revenue Recognition Standard"), etc., from the beginning of the fiscal year ended March 31, 2022, and has recognized revenue in the amount expected to be received in exchange for promised goods or services at the time when the control of these goods or services is transferred to the customer.

The impact of the application of the Revenue Recognition Standard, etc. on the consolidated financial statements for the fiscal year ended March 31, 2022 is minimal.

The application of the Revenue Recognition Standard, etc., is subject to the transitional treatment provided for in the proviso of Paragraph 84 of the Standard. However, it has no impact on the balance of retained earnings at the beginning of the fiscal year ended March 31, 2022, and per share information.

As a result of this application of the Revenue Recognition Standard, etc., "notes and accounts receivable – trade," which had been presented under "current assets" in the consolidated balance sheet of the fiscal year ended March 31, 2021, are included in "notes and accounts receivable – trade, and contract assets" from the fiscal year ended March 31, 2022. In accordance with the transitional treatment provided for in Paragraph 89-2 of the Revenue Recognition Standard, the Company has not reclassified consolidated financial statements for the fiscal year ended March 31, 2021 by using the new presentation method. Furthermore, in accordance with the transitional treatment provided for in Paragraph 89-3 of the Revenue Recognition Standard, information on disaggregate revenue from contracts with customers for the fiscal year ended March 31, 2021, is not presented.

[Application of the Accounting Standard for Fair Value Measurement, etc.]
The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter "Fair Value Measurement Accounting Standard"), etc., from the beginning of the fiscal year ended March 31, 2022, and in accordance with the transitional treatment provided for in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company will continue to apply the new accounting policy prescribed by the Fair Value Measurement Accounting Standard, etc., into the future. This has no impact on the consolidated financial statements.

Additional Information

[Application of tax effect accounting for transition from consolidated taxation system to group tax sharing system]
The Company and some domestic consolidated subsidiaries will transition from the consolidated taxation system to the group tax sharing system from the fiscal year ending March 31, 2023. However, with regard to the items for which a review of the non-consolidated taxation system was made in accordance with the transition to the group tax sharing system established under the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 8 of 2020) and the transition to the group tax sharing system, pursuant to the treatment of Paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39, March 31, 2020), the provisions of Paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) do not apply to the Company and some domestic consolidated subsidiaries, and the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax law before amendment.

From the beginning of the fiscal year ending March 31, 2023, the Company and some domestic consolidated subsidiaries will apply the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021), which provides for accounting treatment and disclosure of corporate and local income taxes and tax effect accounting in the case of applying the group tax sharing system.

[Accounting estimates related to the impact of COVID-19]
With regard to COVID-19, while it is difficult to predict when the situation will return to normal, the Daikin Group has made accounting estimates such as impairment of non-current assets, based on the assumption that socio-economic activities will recover gradually due to the broad-based vaccination and the economic measures adopted by governments.

Segment Information, etc.

[Segment Information]

1. Summary of reported segments

Reported segments of the Company are constituent units of the Company, for which separate financial statements are available and are subject to periodic review by the Board of Directors when deciding the allocation of management resources and evaluating business results.

The Company designates “Air-Conditioning and Refrigeration Equipment” and “Chemicals,” which are segmented based on similarities among products and services, as reported segments.

“Air-Conditioning and Refrigeration Equipment” is engaged in the manufacture (including installation work) and sale of air-conditioning and refrigeration equipment. “Chemicals” is engaged in the manufacture and sale of chemicals.

2. Method of calculating net sales, profit or loss, assets, liabilities and other items by reported segment

Methods of accounting procedures for reported business segments are in accordance with the accounting policies used to prepare consolidated financial statements.

Profit of reported segments is the figure based on operating profit. Intersegment profit is based on market prices.

3. Information on net sales, profit or loss, assets, liabilities and other items by reported segment and information on disaggregate revenue

Previous fiscal year (From April 1, 2020, to March 31, 2021)

(Millions of yen)

	Reported segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded on the Consolidated Financial Statements (Note 3)
	Air-Conditioning and Refrigeration Equipment	Chemicals	Subtotal				
Net sales							
Sales to outside customers	2,273,821	164,165	2,437,987	55,399	2,493,386	—	2,493,386
Intersegment sales	1,676	9,617	11,294	882	12,177	(12,177)	—
Total	2,275,498	173,783	2,449,281	56,282	2,505,563	(12,177)	2,493,386
Segment profit	223,110	11,371	234,481	4,132	238,613	9	238,623
Segment asset	2,477,852	272,005	2,749,857	39,746	2,789,604	450,058	3,239,662
Other items							
Depreciation	86,603	15,199	101,802	1,733	103,536	—	103,536
Amortization of goodwill	29,863	186	30,050	—	30,050	—	30,050
Investments in entities accounted for using equity method	14,535	8,847	23,383	—	23,383	—	23,383
Increase in property, plant and equipment, and intangible assets	92,855	42,295	135,151	1,833	136,985	—	136,985

Notes: 1. The “Others” segment is a business segment not included in reported segments. It includes the oil hydraulic equipment business, the defense systems-related product business, and the electronics business.

2. The breakdown of adjustment is as follows:
   (1) The adjustment of ¥9 million to segment profit comprises the elimination of intersegment transactions.
   (2) The adjustment of ¥450,058 million to segment assets includes corporate assets not allocated to each reported segment of ¥475,777 million and ¥(25,718) million of intersegment transaction elimination. Corporate assets mainly consist of surplus funds for management (cash and deposits) and long-term investment funds (investment securities) of the Company.

3. Segment profit is adjusted with operating profit in the Consolidated Statement of Income.

Current fiscal year (From April 1, 2021, to March 31, 2022)

(Millions of yen)

	Reported segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded on the Consolidated Financial Statements (Note 3)
	Air-Conditioning and Refrigeration Equipment	Chemicals	Subtotal				
Net sales							
Japan	523,927	58,439	582,367	56,080	638,447	—	638,447
U.S.	792,956	39,912	832,869	7,586	840,455	—	840,455
Europe	518,740	33,530	552,270	943	553,214	—	553,214
China	424,744	51,187	475,932	2,189	478,121	—	478,121
Asia and Oceania	397,956	27,067	425,024	1,083	426,107	—	426,107
Other	170,172	2,286	172,459	299	172,758	—	172,758
Revenue from contracts with customers	2,828,499	212,424	3,040,923	68,182	3,109,106	—	3,109,106
Other revenue	—	—	—	—	—	—	—
Sales to outside customers	2,828,499	212,424	3,040,923	68,182	3,109,106	—	3,109,106
Intersegment sales	2,167	12,222	14,389	1,177	15,567	(15,567)	—
Total	2,830,666	224,647	3,055,313	69,360	3,124,673	(15,567)	3,109,106
Segment profit	282,404	27,301	309,706	6,647	316,354	(3)	316,350
Segment asset	2,999,996	343,554	3,343,550	44,268	3,387,818	436,179	3,823,998
Other items							
Depreciation	96,734	16,475	113,209	2,162	115,371	—	115,371
Amortization of goodwill	32,484	199	32,684	—	32,684	—	32,684
Investments in entities accounted for using equity method	17,179	7,091	24,271	—	24,271	—	24,271
Increase in property, plant and equipment, and intangible assets	119,824	34,516	154,341	2,030	156,371	—	156,371

Notes: 1. The “Others” segment is a business segment not included in reported segments. It includes the oil hydraulic equipment business, the defense systems-related product business, and the electronics business.
2. The breakdown of adjustment is as follows:
(1) The adjustment of ¥(3) million to segment profit comprises the elimination of intersegment transactions.
(2) The adjustment of ¥436,179 million to segment assets includes corporate assets not allocated to each reported segment of ¥482,469 million and ¥(46,289) million of intersegment transaction elimination. Corporate assets mainly consist of surplus funds for management (cash and deposits) and long-term investment funds (investment securities) of the Company.
3. Segment profit is adjusted with operating profit in the Consolidated Statement of Income.

[Relevant Information]
Previous fiscal year (From April 1, 2020, to March 31, 2021)

1. Information by product and by service
This information is omitted, as similar information is disclosed in segment information.

2. Information by geographical segment
(1) Net sales

(Millions of yen)

Japan	U.S.	Europe	China	Asia and Oceania	Other	Total
585,573	641,295	417,225	369,818	351,044	128,429	2,493,386

Note: Net sales are classified based on countries or regions where respective customers are located.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	China	Asia and Oceania	Europe	Other	Total
168,476	194,494	105,942	93,241	66,598	18,657	647,410

3. Information by principal customers
None applicable

Current fiscal year (From April 1, 2021, to March 31, 2022)

1. Information by product and by service
This information is omitted, as similar information is disclosed in segment information.

2. Information by geographical segment
(1) Net sales
This information is omitted, as similar information is disclosed in segment information.

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	China	Asia and Oceania	Europe	Other	Total
177,139	225,149	132,496	105,005	80,999	22,573	743,364

3. Information by principal customers
None applicable

[Information Related to Impairment Loss of Non-current Assets by Reported Segment]
Previous fiscal year (From April 1, 2020, to March 31, 2021)

(Millions of yen)

	Air-Conditioning and Refrigeration Equipment	Chemicals	Others	Corporate or eliminations	Total
Impairment loss	—	225	—	—	225

Current fiscal year (From April 1, 2021, to March 31, 2022)

(Millions of yen)

	Air-Conditioning and Refrigeration Equipment	Chemicals	Others	Corporate or eliminations	Total
Impairment loss	3,667	—	—	—	3,667

[Information Related to Amount of Amortization of Goodwill and Unamortized Balance by Reported Segment]
Previous fiscal year (From April 1, 2020, to March 31, 2021)

(Millions of yen)

	Air-Conditioning and Refrigeration Equipment	Chemicals	Others	Corporate or eliminations	Total
Balance at end of current period	267,937	746	—	—	268,684

Note: Amount of amortization of goodwill is omitted, as similar information is disclosed in segment information.

Current fiscal year (From April 1, 2021, to March 31, 2022)

(Millions of yen)

	Air-Conditioning and Refrigeration Equipment	Chemicals	Others	Corporate or eliminations	Total
Balance at end of current period	269,873	594	—	—	270,467

Note: Amount of amortization of goodwill is omitted, as similar information is disclosed in segment information.

[Information Related to Gain on Bargain Purchase by Reported Segment]
Previous fiscal year (From April 1, 2020, to March 31, 2021)
No important items applicable.

Current fiscal year (From April 1, 2021, to March 31, 2022)
No important items applicable.

[Impairment Loss]
In the fiscal year ended March 31, 2021, the Company recorded an impairment loss of ¥225 million on business assets of Daikin Refrigerants Frankfurt GmbH, etc., its consolidated subsidiaries.

In consideration of the scheduled production suspension associated with the changes in business environment caused by the F-gas regulations, etc., in Europe, the book value has been reduced to the recoverable value.

In the fiscal year ended March 31, 2022, the Company recorded an impairment loss of ¥3,667 million on goodwill of the group of Zanotti S.p.A., its consolidated subsidiaries.

The group, which manufactures and sells commercial freezing and refrigeration equipment, etc., has been underperforming the business plan initially formulated at the time of acquisition. As a result of strengthening its production and sales systems and conservatively reviewing its medium-term business plan, the book value has been reduced to the recoverable value.

Per Share Information

(Yen)

Item	Previous fiscal year (April 1, 2020, to March 31, 2021)	Current fiscal year (April 1, 2021, to March 31, 2022)
Net assets per share	5,691.85	6,729.73
Earnings per share	533.97	743.88
Diluted earnings per share	533.66	743.46

Notes:

1. The basis for calculations of earnings per share and diluted earnings per share is provided below.

Item	Previous fiscal year (April 1, 2020, to March 31, 2021)	Current fiscal year (April 1, 2021, to March 31, 2022)
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	156,249	217,709
Amount not belonging to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common stock (Millions of yen)	156,249	217,709
Average number of shares of common stock during the year (Thousands of shares)	292,620	292,666
Diluted earnings per share		
Increase in the number of shares of common stock (Thousands of shares)	168	167
[Of the above, stock options by exercising share acquisition rights] (Thousands of shares)	[168]	[167]
Overview of residual securities excluded from the calculation of diluted earnings per share, as they have no dilutive effect	—	—

2. The basis for calculations of net assets per share is provided below.

Item	Previous fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Total net assets (Millions of yen)	1,698,495	2,008,109
Deduction from total net assets (Millions of yen)	32,806	38,423
[Of the above, share acquisition rights] (Millions of yen)	[2,019]	[2,546]
[Of the above, non-controlling interests] (Millions of yen)	[30,787]	[35,876]
Shareholders' equity pertaining to common stock at the end of the fiscal year (Millions of yen)	1,665,688	1,969,686
Number of shares of common stock used to calculate net assets per share (Thousands of shares)	292,644	292,684

Significant Subsequent Events

None applicable