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## Brief Report on the Settlement of Accounts (Consolidated) for the Nine Months Ended December 31, 2022 (J-GAAP)

February 7, 2023

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.: +81-6-6147-9925)

Planned date of the filing of quarterly report: February 8, 2023

Planned date of start of dividend payment: —

Preparation of supplementary explanatory materials for the settlement of accounts for the third quarter: Yes

Holding briefings on the settlement of accounts for the third quarter: Yes (for institutional investors and analysts)

### 1. Consolidated Business Results for the Nine Months Ended December 31, 2022

(From April 1, 2022, to December 31, 2022)

#### (1) Consolidated Business Results (Accumulated)

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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2022	2,985,667	29.7	303,757	17.1	299,255	12.3	208,952	16.9
December 31, 2021	2,301,939	25.0	259,501	33.4	266,435	36.1	178,723	38.8

Note: Comprehensive income was ¥271,319 million (14.9%) for the nine months ended December 31, 2022, and ¥236,071 million (37.8%) for the nine months ended December 31, 2021.

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2022	713.87	713.44
December 31, 2021	610.68	610.33

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	4,174,178	2,196,809	51.6
As of March 31, 2022	3,823,998	2,008,109	51.5

(Reference) Equity capital was ¥2,154,566 million as of December 31, 2022, and ¥1,969,686 million as of March 31, 2022.

## 2. Dividends

	(Annual) Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2022	—	90.00	—	110.00	200.00
Fiscal Year ending March 31, 2023	—	100.00	—		
Fiscal Year ending March 31, 2023 (forecast)				120.00	220.00

Note: Revisions to the dividend forecast announced most recently: None

## 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
Full year	3,910,000	25.8	372,000	17.6	358,000	9.3	235,000	7.9	802.91

Note: Revisions to the consolidated business forecast announced most recently: Yes

### \*Notes

- (1) Changes in Significant Subsidiaries during the Nine Months Ended December 31, 2022: Yes  
(Changes in specified subsidiaries resulting in change in scope of consolidation)  
Newly included: 1 company (Daikin Air conditioning (Huizhou) Co., Ltd.)
- (2) Adoption of Accounting Treatment Specific to Quarterly Consolidated Financial Statement Preparation: Yes
- (3) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement
  - (i) Changes in accounting policies relating to revisions to accounting standards, etc.: None
  - (ii) Changes in accounting policies other than (i) above: None
  - (iii) Changes in accounting estimates: None
  - (iv) Retrospective restatement: None
- (4) Number of Shares Issued (common stock)
  - (i) Number of shares issued at end of period (including treasury shares)
 

As of December 31, 2022	293,113,973 shares
As of March 31, 2022	293,113,973 shares
  - (ii) Number of treasury shares at end of period
 

As of December 31, 2022	392,644 shares
As of March 31, 2022	429,774 shares
  - (iii) Average number of shares outstanding during the nine months
 

Nine Months Ended December 31, 2022	292,703,477 shares
Nine Months Ended December 31, 2021	292,661,855 shares

**The Brief Report on the Settlement of Accounts is outside the scope of quarterly review 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.
- The Company plans to hold a briefing on business results for institutional investors and analysts on Tuesday, February 7, 2023. Documents and materials distributed in this briefing will be posted on the Company’s website by the time that the briefing starts.

## 2. Consolidated Financial Statements and Primary Notes

### (1) Consolidated Balance Sheet

(Millions of yen)

	FY2021 (As of March 31, 2022)	Third Quarter of FY2022 (As of December 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	817,619	668,379
Notes and accounts receivable – trade, and contract assets	595,076	639,674
Merchandise and finished goods	450,974	615,896
Work in process	44,931	72,138
Raw materials and supplies	175,556	241,351
Other	98,392	138,155
Allowance for doubtful accounts	(16,928)	(18,311)
Total current assets	2,165,623	2,357,285
Non-current assets		
Property, plant and equipment	743,364	833,951
Intangible assets		
Goodwill	270,467	306,578
Other	307,820	346,758
Total intangible assets	578,288	653,337
Investments and other assets		
Investment securities	200,187	182,820
Other	137,811	148,123
Allowance for doubtful accounts	(1,275)	(1,339)
Total investments and other assets	336,722	329,603
Total non-current assets	1,658,374	1,816,892
Total assets	3,823,998	4,174,178
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	302,621	327,375
Short-term borrowings	97,376	290,050
Commercial papers	—	140,000
Current portion of bonds payable	30,000	20,000
Current portion of long-term borrowings	334,528	46,620
Income taxes payable	36,745	30,046
Provision for product warranties	72,443	79,818
Other	432,523	491,170
Total current liabilities	1,306,239	1,425,081
Non-current liabilities		
Bonds payable	120,000	140,000
Long-term borrowings	140,526	142,292
Retirement benefit liability	16,116	18,066
Other	233,006	251,928
Total non-current liabilities	509,649	552,287
Total liabilities	1,815,888	1,977,369

	(Millions of yen)	
	FY2021 (As of March 31, 2022)	Third Quarter of FY2022 (As of December 31, 2022)
<b>Net assets</b>		
Shareholders' equity		
Share capital	85,032	85,032
Capital surplus	83,834	79,265
Retained earnings	1,530,107	1,664,322
Treasury shares	(1,846)	(1,689)
Total shareholders' equity	1,697,128	1,826,931
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	59,534	51,803
Deferred gains or losses on hedges	3,436	(2,137)
Foreign currency translation adjustment	212,278	281,958
Remeasurements of defined benefit plans	(2,691)	(3,988)
Total accumulated other comprehensive income	272,558	327,635
Share acquisition rights	2,546	3,138
Non-controlling interests	35,876	39,103
Total net assets	2,008,109	2,196,809
Total liabilities and net assets	3,823,998	4,174,178

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

For the Nine Months Ended December 31	(Millions of yen)	
	First Nine Months of FY2021 (April 1, 2021, to December 31, 2021)	First Nine Months of FY2022 (April 1, 2022, to December 31, 2022)
Net sales	2,301,939	2,985,667
Cost of sales	1,503,355	1,986,786
Gross profit	798,583	998,881
Selling, general and administrative expenses	539,082	695,123
Operating profit	259,501	303,757
Non-operating income		
Interest income	5,951	8,480
Dividend income	4,435	5,109
Share of profit of entities accounted for using equity method	1,280	1,436
Foreign exchange gains	—	2,423
Other	5,131	5,874
Total non-operating income	16,798	23,324
Non-operating expenses		
Interest expenses	6,574	13,170
Settlement payments	—	4,228
Inflation accounting adjustment	—	6,347
Foreign exchange losses	1,198	—
Other	2,092	4,079
Total non-operating expenses	9,864	27,826
Ordinary profit	266,435	299,255
Extraordinary income		
Gain on sale of land	302	—
Gain on sale of investment securities	180	7,490
Gain on sale of investments in capital of subsidiaries and associates	201	—
Gain on liquidation of subsidiaries and associates	18	101
Gain on reversal of share acquisition rights	—	5
Total extraordinary income	703	7,597
Extraordinary losses		
Loss on disposal of non-current assets	365	774
Loss on sale of land	65	10
Loss on valuation of investment securities	334	343
Loss on liquidation of subsidiaries and associates	—	93
Loss on restructuring of subsidiaries and associates	—	190
Loss on disaster	912	—
Other	—	0
Total extraordinary losses	1,677	1,413
Profit before income taxes	265,460	305,439
Income taxes	80,560	89,872
Profit	184,899	215,567
Profit attributable to non-controlling interests	6,176	6,614
Profit attributable to owners of parent	178,723	208,952

**(Consolidated Statement of Comprehensive Income)**

For the Nine Months Ended December 31

(Millions of yen)

	First Nine Months of FY2021 (April 1, 2021, to December 31, 2021)	First Nine Months of FY2022 (April 1, 2022, to December 31, 2022)
Profit	184,899	215,567
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,357)	(7,732)
Deferred gains or losses on hedges	1,186	(5,574)
Foreign currency translation adjustment	47,722	67,754
Remeasurements of defined benefit plans	1,770	(1,302)
Share of other comprehensive income of entities accounted for using equity method	1,851	2,607
Total other comprehensive income	51,172	55,752
Comprehensive income	236,071	271,319
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	228,557	264,029
Comprehensive income attributable to non-controlling interests	7,514	7,289

**(3) Consolidated Statement of Cash Flows**

(Millions of yen)

	First Nine Months of FY2021 (April 1, 2021, to December 31, 2021)	First Nine Months of FY2022 (April 1, 2022, to December 31, 2022)
<b>I. Cash flows from operating activities</b>		
Profit before income taxes	265,460	305,439
Depreciation	85,206	105,688
Amortization of goodwill	24,163	29,087
Increase (decrease) in allowance for doubtful accounts	2,273	822
Interest and dividend income	(10,387)	(13,590)
Interest expenses	6,574	13,170
Share of loss (profit) of entities accounted for using equity method	(1,280)	(1,436)
Loss (gain) on disposal of non-current assets	365	774
Loss (gain) on sale of investment securities	(180)	(7,490)
Loss (gain) on valuation of investment securities	334	343
Decrease (increase) in trade receivables	(20,652)	(8,240)
Decrease (increase) in inventories	(106,912)	(219,539)
Increase (decrease) in trade payables	21,393	6,123
Increase (decrease) in accounts payable - other	(6,694)	(16,647)
Increase (decrease) in accrued expenses	36,020	39,759
Increase (decrease) in retirement benefit liability	138	1,078
Decrease (increase) in retirement benefit asset	(4,574)	(794)
Other, net	(881)	(7,583)
Subtotal	290,366	226,965
Interest and dividends received	10,491	14,830
Interest paid	(6,733)	(13,021)
Income taxes paid	(75,310)	(104,175)
Net cash provided by (used in) operating activities	218,814	124,598
<b>II. Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(83,479)	(118,200)
Proceeds from sale of property, plant and equipment	4,182	6,073
Purchase of investment securities	(1,056)	(1,481)
Proceeds from sale of investment securities	218	16,300
Proceeds from sale of investments in capital of subsidiaries and associates	2,021	—
Purchase of shares of subsidiaries and associates	—	(909)
Proceeds from sale of businesses	437	—
Payments for acquisition of businesses	(2,029)	(5,496)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(14,552)	(63,987)
Payments for investments in capital of subsidiaries resulting in change in scope of consolidation	(15,164)	(14,388)
Decrease (increase) in time deposits	(11,456)	17,191
Other, net	(21,280)	(18,512)
Net cash provided by (used in) investing activities	(142,159)	(183,411)



	(Millions of yen)	
	First Nine Months of FY2021 (April 1, 2021, to December 31, 2021)	First Nine Months of FY2022 (April 1, 2022, to December 31, 2022)
<b>III. Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	47,693	331,435
Proceeds from long-term borrowings	15,216	62,612
Repayments of long-term borrowings	(70,881)	(381,599)
Proceeds from issuance of bonds	—	39,837
Redemption of bonds	(10,000)	(30,000)
Dividends paid	(49,767)	(61,485)
Proceeds from share issuance to non-controlling shareholders	1,585	1,652
Dividends paid to non-controlling interests	(2,546)	(1,476)
Repayments of lease liabilities	(20,793)	(30,257)
Other, net	(1,063)	(5,801)
Net cash provided by (used in) financing activities	(90,555)	(75,082)
<b>IV. Effect of exchange rate change on cash and cash equivalents</b>	18,086	2,722
<b>V. Net increase (decrease) in cash and cash equivalents</b>	4,185	(131,172)
<b>VI. Cash and cash equivalents at beginning of period</b>	662,267	717,802
<b>VII. Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries</b>	(1,586)	(570)
<b>VIII. Cash and cash equivalents at end of period</b>	664,866	586,059