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Brief Report on the Settlement of Accounts (Consolidated) for the Business Year Ended March 31, 2024 (J-GAAP)

May 9, 2024

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, Corporate Communication Department

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Planned date of Ordinary General Meeting of Shareholders: June 27, 2024

Planned date of start of dividend payment: June 28, 2024

Planned date of the filing of securities report: June 27, 2024

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, 2024

(From April 1, 2023, to March 31, 2024)

(1) Consolidated Business Results

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

Fiscal Year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	4,395,317	10.4	392,137	4.0	354,492	-3.2	260,311	1.0
March 31, 2023	3,981,578	28.1	377,032	19.2	366,245	11.8	257,754	18.4

Note: Comprehensive income was ¥493,114 million (39.2%) for the fiscal year ended March 31, 2024, and ¥354,228 million (-3.3%) for the fiscal year ended March 31, 2023.

Fiscal Year ended	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
	Yen	Yen	%	%	%
March 31, 2024	889.22	888.64	10.7	7.7	8.9
March 31, 2023	880.59	880.05	12.3	9.0	9.5

(Reference) Equity in earnings of affiliates was ¥1,605 million for the fiscal year ended March 31, 2024, and ¥1,697 million for the fiscal year ended March 31, 2023.

(2) Consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	4,880,230	2,687,302	54.0	9,009.19
As of March 31, 2023	4,303,682	2,279,095	51.9	7,635.27

(Reference) Equity capital was ¥2,637,536 million as of March 31, 2024, and ¥2,235,030 million as of March 31, 2023.

(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, 2024	399,567	(227,188)	(129,623)	634,008
March 31, 2023	158,896	(229,793)	(113,088)	548,242

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, 2023	—	100.00	—	140.00	240.00	70,254	27.3	3.3
March 31, 2024	—	120.00	—	130.00	250.00	73,190	28.1	3.0
Fiscal Year ending March 31, 2025 (forecast)	—	185.00	—	135.00	320.00		35.1	

Note: Dividend per share for the 2Q-end of the fiscal year ending March 31, 2025 (forecast) consists of an ordinary dividend of ¥135 and a commemorative dividend of ¥50 for the Company's 100th anniversary.

3. Consolidated Business Forecast for the Fiscal Year Ending March 31, 2025

(From April 1, 2024, to March 31, 2025)

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	2,300,000	3.4	243,000	3.1	222,000	0.4	153,000	-0.0	522.61
Full year	4,540,000	3.3	425,000	8.4	390,000	10.0	267,000	2.6	912.01

*Notes

(1) Changes in Significant Subsidiaries during the Period: 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.: None
- (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, 2024 293,113,973 shares
 - As of March 31, 2023 293,113,973 shares
- (ii) Number of treasury shares at end of period
 - As of March 31, 2024 353,293 shares
 - As of March 31, 2023 389,416 shares
- (iii) Average number of shares outstanding during the period
 - Fiscal Year Ended March 31, 2024 292,743,273 shares
 - Fiscal Year Ended March 31, 2023 292,708,118 shares

(Reference) Summary of Non-Consolidated Business Results for the Fiscal Year Ended March 31, 2024
(From April 1, 2023, to March 31, 2024)

(1) Non-Consolidated Business Results

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

Fiscal Year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	733,157	-4.0	18,685	-60.6	115,996	-21.0	144,242	1.0
March 31, 2023	763,994	12.0	47,382	-21.1	146,822	-14.0	142,775	-7.2

Fiscal Year ended	Earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	492.72	492.40
March 31, 2023	487.77	487.47

(2) Non-Consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	1,776,881	1,177,875	66.1	4,010.39
As of March 31, 2023	1,728,916	1,094,842	63.1	3,729.47

(Reference) Equity capital was ¥1,174,103 million as of March 31, 2024, and ¥1,091,725 million as of March 31, 2023.

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 Company plans to hold a briefing on business results for institutional investors and analysts on Friday, May 10, 2024. Documents and materials distributed in this briefing are posted on the Company's website (https://www.daikin.com/investor/library/results_materials).

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	617,663	737,961
Notes and accounts receivable – trade, and contract assets	706,315	815,305
Merchandise and finished goods	668,310	696,363
Work in process	65,518	75,932
Raw materials and supplies	259,555	275,446
Other	128,901	148,126
Allowance for doubtful accounts	(19,180)	(22,536)
Total current assets	2,427,082	2,726,598
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	350,102	422,744
Machinery, equipment and vehicles, net	277,460	347,884
Land	71,309	85,135
Leased assets, net	4,692	5,476
Construction in progress	139,715	202,520
Other, net	57,664	71,220
Total property, plant and equipment	900,944	1,134,982
Intangible assets		
Goodwill	304,331	306,627
Customer-related intangible assets	237,220	246,186
Other	116,901	130,912
Total intangible assets	658,454	683,726
Investments and other assets		
Investment securities	169,602	171,857
Long-term loans receivable	744	1,381
Deferred tax assets	41,011	52,249
Retirement benefit asset	23,189	27,419
Other	83,168	82,564
Allowance for doubtful accounts	(516)	(550)
Total investments and other assets	317,200	334,922
Total non-current assets	1,876,599	2,153,631
Total assets	4,303,682	4,880,230

	(Millions of yen)	
	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	352,647	326,033
Short-term borrowings	293,541	363,205
Commercial papers	79,000	50,419
Current portion of bonds payable	20,000	10,000
Current portion of long-term borrowings	53,900	63,446
Lease liabilities	30,442	40,087
Income taxes payable	37,726	41,261
Provision for bonuses for directors (and other officers)	377	353
Provision for product warranties	85,528	104,616
Accrued expenses	247,491	273,044
Other	248,663	294,521
Total current liabilities	1,449,321	1,566,990
Non-current liabilities		
Bonds payable	140,000	130,000
Long-term borrowings	174,148	194,918
Lease liabilities	96,597	116,110
Deferred tax liabilities	103,554	110,193
Retirement benefit liability	18,176	19,910
Other	42,789	54,804
Total non-current liabilities	575,266	625,936
Total liabilities	2,024,587	2,192,927
Net assets		
Shareholders' equity		
Share capital	85,032	85,032
Capital surplus	79,478	78,014
Retained earnings	1,712,165	1,896,173
Treasury shares	(1,676)	(1,525)
Total shareholders' equity	1,874,999	2,057,695
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	51,980	65,729
Deferred gains or losses on hedges	459	358
Foreign currency translation adjustment	315,392	524,273
Remeasurements of defined benefit plans	(7,801)	(10,520)
Total accumulated other comprehensive income	360,031	579,840
Share acquisition rights	3,116	3,771
Non-controlling interests	40,947	45,994
Total net assets	2,279,095	2,687,302
Total liabilities and net assets	4,303,682	4,880,230

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

	(Millions of yen)	
	FY2022 (April 1, 2022, to March 31, 2023)	FY2023 (April 1, 2023, to March 31, 2024)
Net sales	3,981,578	4,395,317
Cost of sales	2,650,102	2,885,644
Gross profit	1,331,476	1,509,673
Selling, general and administrative expenses	954,443	1,117,536
Operating profit	377,032	392,137
Non-operating income		
Interest income	11,563	16,108
Dividend income	5,417	5,015
Share of profit of entities accounted for using equity method	1,697	1,605
Foreign exchange gains	3,795	—
Subsidy income	3,212	1,936
Other	3,373	5,289
Total non-operating income	29,061	29,955
Non-operating expenses		
Interest expenses	20,293	44,900
Settlement payments	4,240	2,570
Inflation accounting adjustment	8,541	12,501
Foreign exchange losses	—	1,112
Other	6,773	6,515
Total non-operating expenses	39,849	67,600
Ordinary profit	366,245	354,492
Extraordinary income		
Gain on sale of land	—	37
Gain on sale of investment securities	16,085	46,259
Gain on liquidation of subsidiaries and associates	475	—
Gain on reversal of share acquisition rights	5	—
Gain on insurance claims	933	—
Total extraordinary income	17,500	46,297
Extraordinary losses		
Loss on disposal of non-current assets	1,036	2,839
Loss on sale of land	10	—
Loss on valuation of investment securities	343	409
Loss on sale of shares of subsidiaries and associates	1	0
Loss on liquidation of subsidiaries and associates	93	—
Loss on restructuring of subsidiaries and associates	293	—
Impairment loss	8,582	12,244
Other	—	0
Total extraordinary losses	10,361	15,494
Profit before income taxes	373,384	385,294
Income taxes – current	128,378	129,010
Income taxes – deferred	(20,436)	(13,550)
Total income taxes	107,941	115,459
Profit	265,443	269,835
Profit attributable to non-controlling interests	7,688	9,523
Profit attributable to owners of parent	257,754	260,311

(Consolidated Statement of Comprehensive Income)

	(Millions of yen)	
	FY2022 (April 1, 2022, to March 31, 2023)	FY2023 (April 1, 2023, to March 31, 2024)
Profit	265,443	269,835
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,555)	13,748
Deferred gains or losses on hedges	(2,976)	(100)
Foreign currency translation adjustment	103,267	210,866
Remeasurements of defined benefit plans	(5,123)	(2,710)
Share of other comprehensive income of entities accounted for using equity method	1,174	1,475
Total other comprehensive income	88,785	223,278
Comprehensive income	354,228	493,114
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	345,227	480,121
Comprehensive income attributable to non-controlling interests	9,001	12,992

(3) Consolidated Statement of Changes in Equity

FY2022 (April 1, 2022, to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,032	83,834	1,529,147	(1,846)	1,696,167
Hyperinflation adjustment			(13,070)		(13,070)
Restated balance	85,032	83,834	1,516,076	(1,846)	1,683,097
Changes in items during period					
Dividends of surplus			(61,468)		(61,468)
Profit attributable to owners of parent			257,754		257,754
Effect of changes in accounting period of subsidiaries			(197)		(197)
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		317		175	492
Change in ownership interest of parent due to transactions with non-controlling interests		(4,673)			(4,673)
Net changes in items other than shareholders' equity					
Total changes in items during period	—	(4,356)	196,089	170	191,902
Balance at end of current period	85,032	79,478	1,712,165	(1,676)	1,874,999

	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	59,534	3,436	212,278	(2,691)	272,558	2,546	35,876	2,007,149
Hyperinflation adjustment								(13,070)
Restated balance	59,534	3,436	212,278	(2,691)	272,558	2,546	35,876	1,994,078
Changes in items during period								
Dividends of surplus								(61,468)
Profit attributable to owners of parent								257,754
Effect of changes in accounting period of subsidiaries								(197)
Purchase of treasury shares								(5)
Disposal of treasury shares								492
Change in ownership interest of parent due to transactions with non-controlling interests								(4,673)
Net changes in items other than shareholders' equity	(7,554)	(2,976)	103,114	(5,110)	87,472	569	5,071	93,113
Total changes in items during period	(7,554)	(2,976)	103,114	(5,110)	87,472	569	5,071	285,016
Balance at end of current period	51,980	459	315,392	(7,801)	360,031	3,116	40,947	2,279,095

FY2023 (April 1, 2023, to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,032	79,478	1,712,165	(1,676)	1,874,999
Changes in items during period					
Dividends of surplus			(76,112)		(76,112)
Profit attributable to owners of parent			260,311		260,311
Effect of changes in accounting period of subsidiaries			(191)		(191)
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		399		158	557
Capital increase of consolidated subsidiaries		(858)			(858)
Change in ownership interest of parent due to transactions with non-controlling interests		(1,003)			(1,003)
Net changes in items other than shareholders' equity					
Total changes in items during period	—	(1,463)	184,007	151	182,695
Balance at end of current period	85,032	78,014	1,896,173	(1,525)	2,057,695

	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	51,980	459	315,392	(7,801)	360,031	3,116	40,947	2,279,095
Changes in items during period								
Dividends of surplus								(76,112)
Profit attributable to owners of parent								260,311
Effect of changes in accounting period of subsidiaries								(191)
Purchase of treasury shares								(6)
Disposal of treasury shares								557
Capital increase of consolidated subsidiaries								(858)
Change in ownership interest of parent due to transactions with non-controlling interests								(1,003)
Net changes in items other than shareholders' equity	13,749	(100)	208,880	(2,719)	219,809	655	5,046	225,512
Total changes in items during period	13,749	(100)	208,880	(2,719)	219,809	655	5,046	408,207
Balance at end of current period	65,729	358	524,273	(10,520)	579,840	3,771	45,994	2,687,302

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2022 (April 1, 2022, to March 31, 2023)	FY2023 (April 1, 2023, to March 31, 2024)
I. Cash flows from operating activities		
Profit before income taxes	373,384	385,294
Depreciation	142,728	169,979
Impairment loss	8,582	12,244
Amortization of goodwill	39,496	45,585
Increase (decrease) in allowance for doubtful accounts	391	1,446
Interest and dividend income	(16,981)	(21,123)
Interest expenses	20,293	44,900
Share of loss (profit) of entities accounted for using equity method	(1,697)	(1,605)
Loss (gain) on disposal of non-current assets	1,036	2,839
Loss (gain) on sale of investment securities	(16,085)	(46,259)
Loss (gain) on valuation of investment securities	343	409
Decrease (increase) in trade receivables	(61,814)	(36,092)
Decrease (increase) in inventories	(267,554)	36,528
Increase (decrease) in trade payables	24,178	(56,770)
Increase (decrease) in accounts payable - other	1,434	6,103
Increase (decrease) in accrued expenses	25,279	(2,180)
Increase (decrease) in retirement benefit liability	858	371
Decrease (increase) in retirement benefit asset	3,265	(3,925)
Other, net	11,693	21,653
Subtotal	288,831	559,398
Interest and dividends received	18,257	23,708
Interest paid	(20,483)	(44,624)
Income taxes paid	(127,708)	(138,915)
Net cash provided by (used in) operating activities	158,896	399,567
II. Cash flows from investing activities		
Purchase of property, plant and equipment	(175,076)	(242,633)
Proceeds from sale of property, plant and equipment	6,857	3,141
Purchase of investment securities	(2,776)	(1,450)
Proceeds from sale of investment securities	40,592	68,654
Purchase of shares of subsidiaries and associates	(909)	(1,548)
Payments for acquisition of businesses	(5,496)	(10,461)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(63,993)	(9,968)
Payments for investments in capital of subsidiaries resulting in change in scope of consolidation	(41,162)	—
Decrease (increase) in time deposits	31,967	(28,592)
Other, net	(19,797)	(4,330)
Net cash provided by (used in) investing activities	(229,793)	(227,188)

	(Millions of yen)	
	FY2022 (April 1, 2022, to March 31, 2023)	FY2023 (April 1, 2023, to March 31, 2024)
III. Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	270,217	17,867
Proceeds from long-term borrowings	76,116	60,479
Repayments of long-term borrowings	(357,476)	(58,294)
Proceeds from issuance of bonds	39,837	—
Redemption of bonds	(30,000)	(20,000)
Dividends paid	(61,468)	(76,083)
Proceeds from share issuance to non-controlling shareholders	5,602	464
Dividends paid to non-controlling interests	(8,145)	(5,235)
Repayments of lease liabilities	(40,953)	(47,189)
Other, net	(6,818)	(1,631)
Net cash provided by (used in) financing activities	(113,088)	(129,623)
IV. Effect of exchange rate change on cash and cash equivalents	14,996	42,752
V. Net increase (decrease) in cash and cash equivalents	(168,989)	85,508
VI. Cash and cash equivalents at beginning of period	717,802	548,242
VII. Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	(570)	257
VIII. Cash and cash equivalents at end of period	548,242	634,008