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Member, Financial Accounting Standards Foundation

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
(Tel.: +81-6-6147-9925)
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.

	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, 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.

	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, 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

	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.

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal Year ended	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

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

(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, 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 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 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).

Content of Attachment

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2024

In the fiscal year ended March 31, 2024 (fiscal 2023), the world economy remained sluggish as a whole as Europe and China experienced economic stagnation, whereas the United States maintained its strong performance. The U.S. economy was supported by an improved employment environment and a wealth effect from rising stock prices, leading to strong personal consumption that drove economic growth despite stagnant housing investment from rising interest rates. The European economy slowed due to a decline in personal consumption and housing investment, both affected by inflation and rising interest rates, along with a decline in exports to China. The Chinese economy saw a real estate recession and sluggish exports to Europe and the United States. Economies in Asia and emerging countries remained strong, supported by the recovery of inbound demand and vigorous personal consumption. Although the Japanese economy saw robust performance in the service sector, the economic recovery remained slow, weighed down by stagnant personal consumption due to inflation.

Under this business environment, the Daikin Group formulated and began implementing the latter-half three-year plan (fiscal 2023 to fiscal 2025) of the strategic management plan "Fusion 25," with fiscal 2025 as the final year. We worked on creating economic, environmental, and social value by promoting measures under 11 key strategic themes, including the three growth strategy themes of "Challenge to achieve carbon neutrality," "Promotion of Solutions business connected with customers," and "Creating value with air," and adding "Establishment of a major base in India" and "Entry into Chemicals: high-performance and environmental materials businesses" to the nine key strategic themes initially proposed at the time "Fusion 25" was formulated.

During the fiscal year under review, we addressed the following themes, viewing environmental changes as opportunities to expand our business and increase market share, and aiming to reconsolidate profitability.

- Increase the Company's market share in commercial and residential applications through products and services that are carbon neutral and energy-saving
- Expand profits in the solutions business by providing added value for each application and market
- Build a robust supply chain that can respond quickly and flexibly to changes in the market environment
- Promote sales price policies by introducing differentiated products that meet the needs of the market and customers
- Strengthen cost competitiveness across the globe by reducing variable and logistics costs, replacing materials, improving productivity, etc.
- Reduce fixed costs through the streamlining of back-office operation, etc., using digital technology in order to improve profitability while making aggressive investments
- Achieve results from acquisitions and investments in production capacity expansion that have been carried out

In pursuing these initiatives, we closely followed the progress of each region and business and responded to changes in our environment proactively and flexibly, using them to drive our performance.

The Daikin Group's net sales increased by 10.4% year over year to ¥4,395,317 million for the fiscal year under review. As for profits, while operating profit increased by 4.0% to ¥392,137 million, ordinary profit decreased by 3.2% to ¥354,492 million mainly due to higher interest expenses from higher interest rates. Profit attributable to owners of parent increased by 1.0% to ¥260,311 million, mainly due to the sale of cross-shareholdings.

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 11.0% year over year to ¥4,028,823 million. Operating profit increased by 2.7% to ¥333,303 million.

In the Japanese air-conditioning equipment market, commercial market demand decreased year over year due to a delayed recovery in demand for stores and offices, which are large markets, while demand recovered for buildings, facilities, factories, and other applications. Despite a heat wave that boosted demand, residential market demand decreased year over year due to the cooling of consumer confidence toward durable consumer goods and a rebound from the high demand of the past several years. Against this backdrop, the Group strengthened user proposals to the commercial air-conditioning equipment market, focusing on high value-added products such as the "FIVE STAR ZEAS," which combines high energy-saving performance and ease of installation, "machi Multi," which meets individual operation needs, and the "VRV Q" series replacement type multi-split type air conditioner for buildings, which uses existing refrigerant piping to enable smooth replacement of air conditioning systems. Accordingly, net sales increased year over year. Meanwhile, amid declining demand in the residential air-conditioning equipment market, we worked to confront rising electricity prices and expanding needs for energy-saving performance in housing equipment by strengthening user appeal, mainly for "Urusara X," which has high energy-saving performance. As a result, net sales remained at the same level year over year.

In the Americas, sales of residential air-conditioning systems continued to face difficult conditions as industry demand growth stagnated due mainly to prolonged inflation and continuation of high interest rates for home loans. Under such circumstances, net sales increased year over year thanks to a tailwind from the effect of a heat wave in the first half of the fiscal year, improved sales from steady demand for light commercial air-conditioning systems for medium-sized office buildings, strengthened sales networks utilizing companies acquired in the previous fiscal year, and efforts to implement pricing policies. In the market for large buildings (Applied Systems), sales of air-conditioning systems increased due to production capacity expansion and the effect of pricing policies, in addition to the uptake of market growth. Furthermore, sales expansion through acquired companies, sales agents, and custom air handling unit manufacturers proficient in growth markets, such as the manufacturing industry and data centers, and sales expansion through the solutions business, which utilizes instrumentation and engineering companies, contributed to a significant increase in net sales year over year.

In China, the zero-COVID policy was lifted, and we were able to fully implement production and sales activities for the first time in three years. Despite a slow recovery in the real estate market, sales grew mainly in the residential market, and overall net sales were up year over year. Profits maintained a high level comparable with past results due to measures that included increasing sales of high value-added products and reducing costs. In the residential air-conditioning equipment market where there was a slowdown in the economy, the Group's unique sales activities combining online-based activities, such as live broadcasts utilizing showrooms, web strategies, and social media, together with user-direct offline retail sales, contributed to sales expansion. We also introduced and expanded sales of a new residential multi-split type air conditioner series named "Daikin CARE Central Air System," which combines air-conditioning, ventilation, and heat pump floor heating systems with solutions services such as energy-saving and indoor air quality (IAQ) proposals. In the commercial air-conditioning equipment market, the markets for government projects, factories, and green buildings (buildings designed with consideration for enhanced environmental performance) have been growing due to the promotion of carbon neutral policies, and new products were launched with energy savings as an inducement. In the Applied Systems air-conditioning equipment market, the Group invested resources to growth fields such as infrastructure and semiconductor-related and also strengthened the repair and maintenance business.

In Asia and Oceania, strong sales in India drove overall net sales higher year over year. In ASEAN and Oceania, amid sluggish consumption and slowing demand due to the persistent high inflation rate, sales promotion measures and visits to dealers among other activities helped sales of residential air-conditioning systems increase year over year. Meanwhile, despite project delays as a result of a deterioration in cash flow for clients and contractors due to the impact of monetary tightening, sales of commercial air-conditioning systems increased year over year due to the promotion of development and training of dealers. In India, net sales of both residential and commercial air-conditioning systems were significantly higher year over year on the back of continued economic growth.

In Europe, demand fell sharply due to high interest rates as a result of monetary tightening policies and stagnant consumption caused by inflation. Although the Group endeavored to maximize shipments in each country against this headwind, a slowdown in demand for air conditioning systems, particularly in the residential market, had a significant impact, and overall net sales in local currency decreased year over year. On the other hand, overall net sales after conversion to Japanese yen were higher year over year due to the positive effect of exchange rates. Sales of residential air-conditioning systems increased in France, Spain, and other countries in the summer due to a heat wave. However, due to the decline in housing starts caused by high interest rates and inflation and a significant impact on consumer confidence from economic slowdown, net sales declined year over year. With regard to residential heat pump hot water heating systems, we worked to strengthen our sales capabilities, including dealer development and support for subsidy applications, and expand our product lineup. However, factors including the reduction of government subsidy programs in major markets such as Italy, Germany, and France, in addition to the decline in European gas prices, brought about a stagnation in replacement demand from gas and oil boilers in many countries, resulting in lower net sales year over year. For commercial air-conditioning systems, pent-up demand due to the easing of COVID-19 activity restrictions had run its course, but net sales increased year over year as a result of attentive sales activities to steadily capture demand from hotels and restaurants recovering from the COVID-19 pandemic and the energy-saving needs of offices, stores, and the like. For the Applied Systems air-conditioning equipment, net sales were higher year over year, mainly due to sales expansion to data centers.

In the Middle and Near East and Africa, net sales were significantly higher year over year. Increased orders for commercial projects in the UAE, Nigeria, and other countries drove sales. In Turkey, sales expanded driven by the strength of quick delivery in commercial air-conditioning systems, for which local production started in the previous fiscal year. In addition, sales of residential air-conditioning systems also increased significantly due to capturing demand caused by a heat wave and disaster reconstruction demand.

In the filter business, overall demand remained firm in Japan, Europe, and Asia, led by the robust U.S. economy and despite the impact of an economic slowdown in China. In the United States, we expanded sales in high-end markets such as hospitals, pharmaceuticals, and data centers by sales through distributors, including a company acquired in the previous fiscal year. However, net sales declined partly due to our withdrawal from low-profit businesses in order to improve profitability. In Europe, awareness and needs for energy-saving and air quality improvement remained firm, and sales remained stable, especially in the general building and OEM markets. In Asia and the Middle East, sales in the semiconductor market in Southeast Asia slowed and the market in China slowed due to the economic downturn. Nevertheless, overall sales in the Asia region including the Middle East and India remained at the same level year over year. In Japan, sales of high-performance filters and general equipment remained strong as we captured demand from electronics, semiconductor, and pharmaceutical manufacturers. Furthermore, the gas turbine and dust collection systems business continued to see robust sales of special filters for oil field applications. Despite these strong sales in some regions and businesses, net sales of the filter business overall declined year over year as the withdrawal from low-profit businesses in the United States led to a decline in sales.

In the marine vessels business, although sales of marine vessel air conditioners and refrigeration units grew, net sales of the marine vessels business overall declined year over year as a result of a decline in the number of marine container refrigeration units sold due to a slow demand.

(ii) Chemicals

Overall sales of the Chemicals segment increased by 0.2% year over year to ¥263,895 million. Operating profit increased by 13.3% to ¥51,470 million.

Although there was a delay in the recovery of demand in a wide range of fields, particularly semiconductors and automobiles, accompanying movements to adjust distribution inventories, overall sales of fluorochemical products remained at the same level year over year due to the positive effects of exchange rates.

Fluoropolymers saw sluggish sales due to factors including a delay in the recovery of demand in the LAN cable field and distribution inventory adjustments in the automotive field. Even so, net sales increased year over year due in part to improved supply capacity from increased production of materials for semiconductor equipment. Meanwhile, net sales of fluoroelastomers were lower year over year due to lower sales in fields such as automobiles.

In specialty chemicals, net sales declined year over year due to a decline in demand for anti-fouling surface coating agents, oil and water repellents, and semiconductor etching agents and other products.

As for fluorocarbon gas, net sales rose considerably higher year over year due to the implementation of pricing policies in response to soaring raw material prices.

(iii) Other Divisions

Overall sales of the "Others" segment increased by 16.1% year over year to ¥102,598 million. Operating profit increased by 2.1% to ¥7,335 million.

In the oil hydraulic equipment business, demand for oil hydraulic equipment for industrial machinery decreased in the Japanese market, especially for machine tools. However, a Europe-based company we acquired in the previous fiscal year contributed to increased sales in Europe and the United States, resulting in an increase in net sales year over year. On the other hand, sales of oil hydraulic equipment for construction machinery and vehicles decreased in both the Japanese and the U.S. markets, resulting in a decrease in net sales year over year.

In the defense systems business, net sales increased year over year mainly due to increased orders from the Ministry of Defense. This was despite a decrease in sales of oxygen concentrators and pulse oximeters (medical devices that can easily measure blood oxygen saturation without blood collection).

In the electronics business, sales increased for "Smart Innovator," 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, in addition to increased sales for data science software, and net sales increased year over year.

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2024

Total assets increased by ¥576,547 million from the end of the previous fiscal year to ¥4,880,230 million.

Current assets increased by ¥299,515 million from the end of the previous fiscal year to ¥2,726,598 million, mainly due to an increase in cash and deposits.

Non-current assets increased by ¥277,031 million from the end of the previous fiscal year to ¥2,153,631 million, primarily due to an increase in buildings and structures.

Liabilities increased by ¥168,339 million from the end of the previous fiscal year to ¥2,192,927 million, mainly due to an increase in short-term borrowings.

Net assets increased by ¥408,207 million from the end of the previous fiscal year to ¥2,687,302 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, 2024

During the fiscal year under review, net cash provided by operating activities was ¥399,567 million, an increase of ¥240,671 million from the previous fiscal year, principally due to a decrease in inventories. Net cash used in investing activities was ¥227,188 million, a decrease of ¥2,605 million from the previous fiscal year, primarily due to a decrease in purchase of shares of subsidiaries resulting in change in scope of consolidation. Net cash used in financing activities was ¥129,623million, an increase of ¥16,534 million from the previous fiscal year, mainly due to a reduction in the rate of increase of short-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 ¥85,508 million, an increase of ¥254,498 million from the previous fiscal year.

(Reference) Trends in Cash Flow Indicators

	Fiscal Year ended March 31, 2020	Fiscal Year ended March 31, 2021	Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2024
Equity ratio (%)	53.8	51.4	51.5	51.9	54.0
Market value equity ratio (%)	144.5	201.7	171.6	160.9	123.6
Cash flows/Interest-bearing debt ratio (years)	1.8	2.0	3.4	5.6	2.4
Interest coverage ratio (times)	25.6	39.3	27.7	7.8	9.0

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.
6. Due to changes in accounting policies, figures for the fiscal year ended March 31, 2021, were adjusted retrospectively.

(4) Business Forecast for the Future

In the business environment surrounding the Group, the outlook for the residential market in each region around the world remains severe. This is due to factors such as a decline in housing investment due to monetary tightening in the United States, lower consumption due to inflation in Europe, and a protracted real estate recession in China. In the heat pump heating market in Europe, it is also hard to see a recovery under these circumstances. Inflation is expected to continue driving increases in costs, such as high prices for procured parts and rising labor costs.

In this business environment, we will follow the Group’s slogan for our Annual Group Policy for this year (2024), “With the Strengths we have Built and New Challenges, Let’s Break Open the Next 100 Years.” We will refine the Group’s accumulated strengths—our production and sales systems of local production and local consumption, our solid sales networks, and our environmental and energy-saving technologies—and strengthen profitability. Specifically, we will tackle a range of priority issues including launching new differentiated products; strengthening our sales and marketing capabilities to balance sales expansion with sales price policies that absorb cost increases through environmental and energy-saving proposals tailored to market and customer needs; reducing costs of the base model; standardizing key components; reducing variable costs through global horizontal efforts such as replacing copper materials with aluminum; and streamlining existing fixed costs. In the Applied Systems air-conditioning business, for which demand is growing, we will use our expanded sales network to further increase sales and grow our circular solutions business. At the same time, targeting the next phase of medium- to long-term growth, we will continue to invest in increasing production, strengthening our product lineup, and expanding our sales and service network, while strengthening our corporate structure and reinforcing our management structure.

For the fiscal year ending March 31, 2025, we forecast a 3.3% increase in consolidated net sales to ¥4,540,000 million, with operating profit increasing 8.4% to ¥425,000 million, ordinary profit increasing 10.0% to ¥390,000 million, and profit attributable to owners of parent increasing 2.6% to ¥267,000 million.

The estimated exchange rate for the fiscal year ending March 31, 2025, is based on the assumption that US$1 equals ¥138 and 1 euro equals ¥150.

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, 2024, and the Fiscal Year Ending March 31, 2025

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, 2024, the Company has proposed an annual cash dividend of ¥250 (¥120 for the interim dividend and ¥130 for the year-end dividend).

For the fiscal year ending March 31, 2025, including a commemorative dividend of ¥50 to mark the 100th anniversary of the Company’s founding in an interim dividend, the Company proposes an annual cash dividend of ¥320 (¥185 for the interim dividend and ¥135 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)

	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

(5) Notes to Consolidated Financial Statements

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

None applicable

Additional Information

[Application of hyperinflationary accounting to Turkish subsidiaries]

As Turkey's cumulative inflation rate over the previous three years had exceeded 100% in the fiscal year ended March 31, 2023, from the beginning of the fiscal year ended March 31, 2023, the Group has consolidated the financial statements of Turkish subsidiaries upon adjustment in accordance with International Accounting Standard 29 (IAS 29) "Financial Reporting in Hyperinflationary Economies." As a result, the cumulative impact of the application of this accounting standard has been reflected as a decrease of ¥13,070 million in the balance of retained earnings at the beginning of the fiscal year ended March 31, 2023. Additionally, the effect of inflation on the net monetary position of the Group for the fiscal year ended March 31, 2023, and the fiscal year ended March 31, 2024, is presented as "inflation accounting adjustment" under "non-operating expenses."

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, 2022, to March 31, 2023)

(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	553,043	70,086	623,130	60,999	684,129	—	684,129
U.S.	1,204,711	58,218	1,262,930	12,087	1,275,018	—	1,275,018
Europe	657,425	42,363	699,788	8,962	708,751	—	708,751
Asia and Oceania	543,353	34,569	577,923	2,475	580,398	—	580,398
China	430,063	55,817	485,881	2,655	488,536	—	488,536
Other	241,167	2,362	243,529	1,214	244,744	—	244,744
Revenue from contracts with customers	3,629,766	263,416	3,893,183	88,395	3,981,578	—	3,981,578
Other revenue	—	—	—	—	—	—	—
Sales to outside customers	3,629,766	263,416	3,893,183	88,395	3,981,578	—	3,981,578
Intersegment sales	2,156	21,529	23,686	1,604	25,290	(25,290)	—
Total	3,631,923	284,946	3,916,869	89,999	4,006,869	(25,290)	3,981,578
Segment profit	324,452	45,411	369,863	7,182	377,045	(12)	377,032
Segment asset	3,669,676	402,215	4,071,892	90,168	4,162,061	141,621	4,303,682
Other items							
Depreciation	118,915	21,050	139,965	2,756	142,722	—	142,722
Amortization of goodwill	38,328	216	38,544	951	39,496	—	39,496
Investments in entities accounted for using equity method	19,109	7,648	26,757	42	26,800	—	26,800
Increase in property, plant and equipment, and intangible assets	205,593	41,486	247,080	3,206	250,286	—	250,286

Notes: 1. The “Others” segment is a business segment not included in reported segments. It includes the oil hydraulic equipment business, the defense systems business, and the electronics business.
2. The breakdown of adjustment is as follows:
(1) The adjustment of ¥(12) million to segment profit comprises the elimination of intersegment transactions.
(2) The adjustment of ¥141,621 million to segment assets includes corporate assets not allocated to each reported segment of ¥196,263 million and ¥(54,641) million of intersegment transaction elimination. Corporate assets mainly consist of long-term investment funds (investment securities) and surplus funds for management (cash and deposits) of the Company.
3. Segment profit is adjusted with operating profit in the Consolidated Statement of Income.

Current fiscal year (From April 1, 2023, to March 31, 2024)

(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	588,697	72,630	661,327	61,557	722,885	—	722,885
U.S.	1,413,575	47,542	1,461,118	13,292	1,474,410	—	1,474,410
Europe	666,585	49,920	716,505	18,785	735,290	—	735,290
Asia and Oceania	589,944	36,443	626,387	4,152	630,540	—	630,540
China	458,797	55,380	514,177	2,916	517,093	—	517,093
Other	311,223	1,978	313,201	1,895	315,097	—	315,097
Revenue from contracts with customers	4,028,823	263,895	4,292,718	102,598	4,395,317	—	4,395,317
Other revenue	—	—	—	—	—	—	—
Sales to outside customers	4,028,823	263,895	4,292,718	102,598	4,395,317	—	4,395,317
Intersegment sales	2,005	27,822	29,828	1,053	30,881	(30,881)	—
Total	4,030,828	291,718	4,322,547	103,652	4,426,199	(30,881)	4,395,317
Segment profit	333,303	51,470	384,773	7,335	392,109	28	392,137
Segment asset	4,201,075	470,662	4,671,738	97,643	4,769,381	110,848	4,880,230
Other items							
Depreciation	141,819	24,310	166,130	3,843	169,973	—	169,973
Amortization of goodwill	43,249	240	43,490	2,094	45,585	—	45,585
Investments in entities accounted for using equity method	20,456	8,349	28,805	47	28,852	—	28,852
Increase in property, plant and equipment, and intangible assets	259,884	47,675	307,559	3,903	311,462	—	311,462

Notes: 1. The “Others” segment is a business segment not included in reported segments. It includes the oil hydraulic equipment business, the defense systems business, and the electronics business.
2. The breakdown of adjustment is as follows:
(1) The adjustment of ¥28 million to segment profit comprises the elimination of intersegment transactions.
(2) The adjustment of ¥110,848 million to segment assets includes corporate assets not allocated to each reported segment of ¥188,989 million and ¥(78,141) million of intersegment transaction elimination. Corporate assets mainly consist of long-term investment funds (investment securities) and surplus funds for management (cash and deposits) 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, 2022, to March 31, 2023)

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
193,851	272,525	150,294	138,607	107,934	37,730	900,944

3. Information by principal customers
This information is not stated, as there are no outside customers to which sales account for 10% or more of net sales in the consolidated statement of income.

Current fiscal year (From April 1, 2023, to March 31, 2024)

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
208,944	322,353	189,328	184,227	158,646	71,481	1,134,982

3. Information by principal customers
This information is not stated, as there are no outside customers to which sales account for 10% or more of net sales in the consolidated statement of income.

[Information Related to Impairment Loss of Non-current Assets by Reported Segment]
Previous fiscal year (From April 1, 2022, to March 31, 2023)

(Millions of yen)

	Air-Conditioning and Refrigeration Equipment	Chemicals	Others	Corporate or eliminations	Total
Impairment loss	8,582	—	—	—	8,582

Current fiscal year (From April 1, 2023, to March 31, 2024)

(Millions of yen)

	Air-Conditioning and Refrigeration Equipment	Chemicals	Others	Corporate or eliminations	Total
Impairment loss	12,244	—	—	—	12,244

[Information Related to Amount of Amortization of Goodwill and Unamortized Balance by Reported Segment]
Previous fiscal year (From April 1, 2022, to March 31, 2023)

(Millions of yen)

	Air-Conditioning and Refrigeration Equipment	Chemicals	Others	Corporate or eliminations	Total
Balance at end of current period	287,404	353	16,573	—	304,331

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

Current fiscal year (From April 1, 2023, to March 31, 2024)

(Millions of yen)

	Air-Conditioning and Refrigeration Equipment	Chemicals	Others	Corporate or eliminations	Total
Balance at end of current period	290,239	146	16,241	—	306,627

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, 2022, to March 31, 2023)
No important items applicable.

Current fiscal year (From April 1, 2023, to March 31, 2024)
No important items applicable.

[Impairment Loss]
In the fiscal year ended March 31, 2023, the Company recorded an impairment loss of ¥8,582 million on goodwill and customer-related intangible assets of the group of AHT Cooling Systems GmbH, its consolidated subsidiaries.

The group, which manufactures and sells commercial freezing and refrigeration showcases, etc., underperformed 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 was reduced to the recoverable value.

In the fiscal year ended March 31, 2024, the Company recorded an impairment loss of ¥12,244 million on customer-related intangible assets and trademark right of the group of AHT Cooling Systems GmbH, its consolidated subsidiaries.

The group, which manufactures and sells commercial freezing and refrigeration showcases, etc., saw a reduction in sales due to greater-than-expected investment restraint by customers, and underperformed the business plan revaluated in the previous fiscal year. Accordingly, as a result of reviewing the medium-term business plan again while aiming to expand sales channels and strengthen the production and sales systems, and also reflecting the rise in discount rates due to increasing interest rates, the book value has been reduced to the recoverable value.

Per Share Information

(Yen)

Item	Previous fiscal year (April 1, 2022, to March 31, 2023)	Current fiscal year (April 1, 2023, to March 31, 2024)
Net assets per share	7,635.27	9,009.19
Earnings per share	880.59	889.22
Diluted earnings per share	880.05	888.64

Notes:

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

Item	Previous fiscal year (April 1, 2022, to March 31, 2023)	Current fiscal year (April 1, 2023, to March 31, 2024)
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	257,754	260,311
Amount not belonging to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common stock (Millions of yen)	257,754	260,311
Average number of shares of common stock during the year (Thousands of shares)	292,708	292,743
Diluted earnings per share		
Increase in the number of shares of common stock (Thousands of shares)	177	189
[Of the above, stock options by exercising share acquisition rights] (Thousands of shares)	[177]	[189]
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, 2023)	Current fiscal year (As of March 31, 2024)
Total net assets (Millions of yen)	2,279,095	2,687,302
Deduction from total net assets (Millions of yen)	44,064	49,766
[Of the above, share acquisition rights] (Millions of yen)	[3,116]	[3,771]
[Of the above, non-controlling interests] (Millions of yen)	[40,947]	[45,994]
Shareholders’ equity pertaining to common stock at the end of the fiscal year (Millions of yen)	2,235,030	2,637,536
Number of shares of common stock used to calculate net assets per share (Thousands of shares)	292,724	292,760

Significant Subsequent Events

None applicable