



# Presentation of Financial Results for the First Quarter Ended in June 2025

August 5, 2025

# Summary of Financial Results

Both net sales and operating profits increased in real terms, excluding the effect of foreign exchange rates. Operating Profits achieved a new record high.

Despite the challenging business environment that included a sluggish U.S. housing market and protracted real estate slump in China, we increased profits by strengthening our sales and marketing capabilities, implementing strategic pricing policies, and promoting cost reduction initiatives.

The direct impact of U.S. tariffs (approximately 7.5 billion yen in operation profit) was absorbed by utilizing pass-through pricing and cost reductions.

- ✓ Air Conditioning business: Despite being impacted by declining residential demand in the Americas and China, along with the economic stagnation and unseasonable weather in Asia, Daikin expanded sales in businesses with strong demand, such as Applied and Commercial. In addition to expanding sales of high value-added products in Japan and working to regain market share for residential unitary for houses in the Americas, we also concentrated resources on residential multi-split air conditioners in China. Net Sales and profits increased in real terms, excluding exchange rates.
- ✓ Chemicals business: Net Sales and profits decreased due to the impact of slowing demand for semiconductors and a delayed recovery in automotive-related demand.

Although the current business environment remains challenging, from Q2 onwards, we will accelerate the achievement of six group-wide themes under the direct control of top management, as well as key initiatives we have been working on since last year (strengthening sales and marketing capabilities in Europe and the US, accelerating the development of differentiated new products, and achieving both price increases and increased market share).

(billion yen)	Q1 Results		
	FY2024	FY2025	YoY
<b>Net Sales</b>	1,251.0	<b>1,213.8</b>	97%
<b>Operating Profit</b>	115.4	<b>121.3</b>	105%
(%)	(9.2%)	<b>(10.0%)</b>	
<b>Ordinary Profit</b>	105.2	<b>118.9</b>	113%
(%)	(8.4%)	<b>(9.8%)</b>	
<b>Profit Attributable to Owners of Parent</b>	63.1	<b>81.5</b>	129%
(%)	(5.0%)	<b>(6.7%)</b>	

USD/JPY	¥156	¥145
EUR/JPY	¥168	¥164
RMB/JPY	¥21.5	¥20.0

## FX Effect (YoY)

Net Sales	-68.0 billion yen
Operating Profit	-7.5 billion yen

## YoY Results Excluding FX Effect

Net Sales	102%
Operating Profit	112%

## <Reference> Project Directly under Top Management: Six Group-wide Themes

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1. Strengthening sales and marketing capabilities
  - Enhancing profit margin-focused sales strategies and accelerating the launch of differentiated products
2. Accelerating the launch of new and differentiated products
  - Aim to expand sales and maintain or increase selling prices in a challenging business environment
3. Bolstering the supply chain, including responses to U.S. tariff measures
4. Maximizing cost reductions
  - Reduce costs of base models
  - Switch material from copper to aluminum, stainless steel, etc.
  - Respond to US tariff measures
5. Expanding the Service Solutions business globally
  - Develop solutions for each market and segment
  - Generate revenue from maintenance, repair services, and parts sales
6. Achieving results through digital investment and process innovation

# Financial Results by Segment

(billion yen)		Q1 Results		
		FY2024	FY2025	YoY
<b>Total</b>	<b>Net Sales</b>	1,251.0	<b>1,213.8</b>	97%
	<b>Operating Profit</b> (%)	115.4 (9.2%)	<b>121.3</b> <b>(10.0%)</b>	105%
<b>Air Conditioning and Refrigeration Equipment</b>	<b>Net Sales</b>	1,168.9	<b>1,132.7</b>	97%
	<b>Operating Profit</b> (%)	104.4 (8.9%)	<b>114.7</b> <b>(10.1%)</b>	110%
<b>Chemicals</b>	<b>Net Sales</b>	62.3	<b>59.9</b>	96%
	<b>Operating Profit</b> (%)	11.2 (18.0%)	<b>6.5</b> <b>(10.9%)</b>	58%
<b>Others</b>	<b>Net Sales</b>	19.9	<b>21.2</b>	107%
	<b>Operating Profit</b> (%)	▲ 0.1 —	<b>0.1</b> <b>(0.5%)</b>	—

\*Air Conditioning and Refrigeration Equipment business includes filter business.

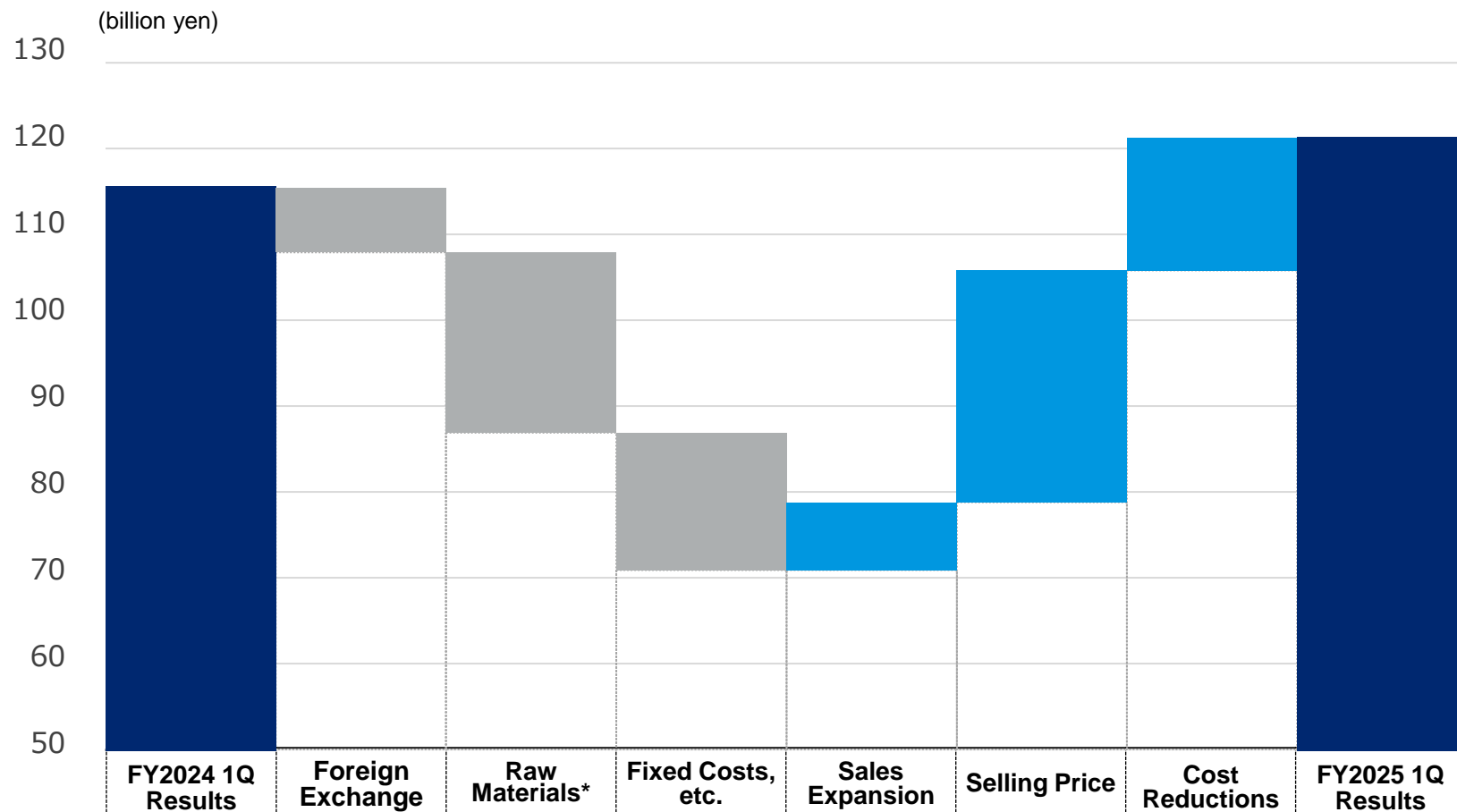
## FX Effect (YoY)

	Air Conditioning and Refrigeration Equipment	Chemicals
Net Sales	-65.4 billion yen	-2.6 billion yen
Operating Profit	-7.1 billion yen	-0.4 billion yen

## YoY Results Excluding FX Effect

	Air Conditioning and Refrigeration Equipment	Chemicals
Net Sales	102%	100%
Operating Profit	117%	62%

# Analysis of Changes in Operating Profit - YoY



\*Air Conditioning and Refrigeration Equipment business includes filter business.

\*Includes direct tariff impact (-7.5 billion yen) and logistic costs

## <Reference> Effect of U.S. Tariff Measures ① Direct Impact

The impact of the U.S. tariff measures on our financial plan for the fiscal year ending March 2026 has been recalculated in light of recent changes.

**The impact on operating profit is expected to be slightly lower than the approximately 47 billion yen announced on May 9th.**

This impact will be absorbed by utilizing pass-through pricing and cost reductions. Because the finished products manufactured at our factories in Mexico meet USMCA standards, they will be exempt from tariffs.

\*Reflecting the following tariffs

- ✓ Tariffs on China (54%), Mexico (30%), and Canada (35%), and tariffs on steel, aluminum, and copper (50%)
- ✓ A flat 10% reciprocal tariff on all imports and mutual tariffs between countries
- ✓ Retaliatory tariffs imposed by China and Canada

### Currently incorporated into the plan

#### (1) DNA

- ✓ Impact on imported finished products: **Fit, RA, SKY, VRV system** products imported from Japan, Asia, and Europe.
- ✓ Impact on U.S. products: Parts imported from China and Asia. However, there will be no impact on R32 since the purchased refrigerant is produced in the U.S.

#### (2) DAA

- ✓ Impact of imported finished products: Applied equipment imported from Europe
- ✓ Impact on U.S. products: Parts imported from Asia

#### (3) Chemicals business, Oil Hydraulics business: Products imported from Japan, China, Europe and Asia

## <Reference> Effect of U.S. Tariff Measures ② Indirect Impact

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**We will tackle the risk of an economic slowdown from the indirect impact of tariff measures by preparing for multiple scenarios and taking prompt action in response to changes in the business environment.**

### **Possible risks**

- ✓ Changes occur in tariff policy, including retaliatory tariffs.
- ✓ Economic growth slows due to disruption of global supply chains.
- ✓ Consumer purchasing power weakens due to rising product prices.
- ✓ Companies postpone capital investments.

### **Planning for the risk of a global economic slowdown**

- ✓ Accelerate and move product development forward; improve leading products
- ✓ Further increase sales of differentiated products
- ✓ Shift resources by identifying growth areas such as high-performing regions/businesses
- ✓ Create results through six group-wide themes
- ✓ Perform a sweeping review of upfront investments
- ✓ Implement urgent cost reductions

# Net Sales by Region – Air Conditioning and Refrigeration Equipment

\*Percentage expresses year on year comparison

\*Includes refrigerator, freezer and filter businesses

(billion yen)	FY2021 Q1		FY2022 Q1		FY2023 Q1		FY2024 Q1		FY2025 Q1	
<b>Japan</b>	117%	136.4	97%	132.3	106%	139.8	107%	149.9	<b>109%</b>	<b>163.1</b>
<b>Europe</b>	157%	137.0	112%	153.8	114%	174.9	100%	174.3	<b>100%</b>	<b>174.1</b>
<b>China</b>	146%	130.0	95%	123.3	118%	146.0	100%	146.6	<b>86%</b>	<b>126.7</b>
<b>Americas</b>	133%	221.6	147%	325.1	116%	378.1	128%	483.6	<b>97%</b>	<b>468.8</b>
<b>Asia</b>	138%	73.5	143%	105.0	112%	117.4	126%	148.4	<b>85%</b>	<b>126.1</b>
<b>Oceania</b>	138%	22.5	129%	29.1	100%	29.0	117%	34.0	<b>95%</b>	<b>32.2</b>
<b>Middle East</b>	186%	13.4	136%	18.2	130%	23.6	123%	29.1	<b>131%</b>	<b>38.1</b>
<b>Africa</b>	115%	1.3	194%	2.5	117%	2.9	101%	3.0	<b>124%</b>	<b>3.7</b>
<b>Total</b>	137%	735.6	121%	889.3	114%	1,011.8	116%	1,168.9	<b>97%</b>	<b>1,132.7</b>

<b>Overseas Net Sales ratio</b>	81%	85%	86%	87%	86%
<b>USD/JPY</b>	¥110	¥130	¥137	¥156	¥145
<b>EUR/JPY</b>	¥132	¥138	¥149	¥168	¥164
<b>RMB/JPY</b>	¥17.0	¥19.6	¥19.6	¥21.5	¥20.0



# Net Sales by Region – Chemicals

\*Percentage expresses year on year comparison

\*Others: Oceania, Middle East, Africa etc.

	FY2021 Q1		FY2022 Q1		FY2023 Q1		FY2024 Q1		FY2025 Q1	
(billion yen)										
<b>Japan</b>	147%	13.2	128%	17.0	94%	15.9	95%	15.1	<b>91%</b>	<b>13.8</b>
<b>Americas</b>	135%	10.3	131%	13.6	78%	10.7	98%	10.4	<b>107%</b>	<b>11.1</b>
<b>China</b>	133%	12.3	123%	15.1	86%	13.0	131%	17.0	<b>89%</b>	<b>15.0</b>
<b>Asia</b>	127%	6.0	132%	7.8	99%	7.7	84%	6.5	<b>113%</b>	<b>7.3</b>
<b>Europe</b>	173%	8.4	121%	10.1	132%	13.4	96%	12.9	<b>97%</b>	<b>12.4</b>
<b>Others</b>	179%	0.2	139%	0.3	55%	0.2	208%	0.4	<b>64%</b>	<b>0.3</b>
<b>Total</b>	142%	50.4	127%	63.9	95%	60.9	102%	62.3	<b>96%</b>	<b>59.9</b>
<b>Overseas Net Sales ratio</b>		74%		73%		74%		76%		77%
<b>USD/JPY</b>		¥110		¥130		¥137		¥156		¥145
<b>EUR/JPY</b>		¥132		¥138		¥149		¥168		¥164
<b>RMB/JPY</b>		¥17.0		¥19.6		¥19.6		¥21.5		¥20.0

# Business / Regional Overview – Air Conditioning and Refrigeration Equipment

## Japan

In addition to expanding sales of high value-added products, we worked to strengthen sales and marketing capabilities. Partly due to the effectiveness of selling price measures, net sales also increased the previous fiscal year.

✓ Residential:

Industry demand for Residential increased from April, accompanying heatwave projections, and exceeded the previous year due to record heat in June. In response to rising electricity prices and growing needs for energy savings for new houses, we improved user proposals for **Urusara X**.

✓ Commercial:

Industry demand for Commercial exceeded the previous fiscal year due to an increase in the number of retail and store construction starts driven by demand of inbound overseas tourists. We enhanced user proposals to focus on high value-added products, including **FIVE STAR ZEAS**, which combines high energy-saving performance and ease of installation; **machi Multi**, which corresponds to the needs of small-capacity individual air conditioning; and the **VRV Q** series, which facilitates smooth replacement of air conditioning equipment by utilizing existing refrigerant piping.

YoY change (Volume basis)		Q1 Results
Residential	Market	109%
	Daikin	101%
Commercial	Market	105%
	Daikin	104%
Applied	Market	107%
	Daikin	113%

\*Applied is based on total net sales.

## Americas

Industry demand for Residential remained stagnant from persistent inflation and high mortgage interest rates. Despite these challenges, sales expanded for Ductless and Applied. Due to the negative impact of foreign exchange, net sales in yen terms fell year over year, whereas net sales in local currency terms exceeded the previous fiscal year.

- ✓ **Ducted Unitary for Houses:**  
With a rebound from the rush in demand from changes to GWP value regulations for refrigerant, we increased market share by focusing on developing new dealers and enticing customers back (Win-Back). Sales grew significantly for our environment premium product **Fit** system, driven by enhanced dealer development and support.
- ✓ **Ductless:**  
**RA/SKY** sales were strong through our own wholesalers and independent wholesalers. **VRV system** sales expanded due to meticulous efforts in following up on orders.
- ✓ **Applied:**  
Capitalizing on strong demand from data centers, equipment sales increased by expanding production capacity at the new factory in Mexico and the existing factories in the U.S. Furthermore, leveraging the support of instrumentation and engineering companies, sales increased even in the Solutions business, resulting in net sales that significantly exceeded the previous fiscal year.

YoY change (Volume basis)		Q1 Results
Ducted unitary for houses		87%
Ductless	RA/SKY	108%
	VRV	113%
Applied		108%

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

## China

As the business environment continues to be severe with a worsening real estate market and lower consumer spending, net sales fell below the previous fiscal year. To contend with this, Daikin concentrated its resources on direct sales to users, such as in the support of PROSHOP specialty stores and the strengthening of customer centers and live commerce. Operating profit remained at a high level due to the sales expansion of high value-added products, strengthening of the Solutions business, and cost reduction efforts.

✓ Residential:

We focused on our own unique sales activities that combine user-direct offline retail sales with online activities such as live broadcasting using showrooms, web advertising, and SNS. In addition to selling system products such as air conditioning, ventilation, heat pump floor heating, and air quality sensors, we strengthened our Residential Solutions that utilize IoT and data analysis to propose optimal air quality that is crafted to the individual lifestyle of each customer.

✓ Commercial:

In response to the growth markets for government projects, factories, green buildings, and other areas due to the promotion of carbon neutrality policies, we are enhancing Solutions proposals by focusing on energy savings.

✓ Applied:

Efforts were made to strengthen the After Sales Service business, including Maintenance and Servicing, but it suffered from the impact of lower investment, especially in the manufacturing industry.

YoY change (Local currency basis)	Q1 Results
Residential	98%
Commercial	81%
Applied	82%

## Europe, Middle East, and Africa

Net sales for the region overall exceeded the previous fiscal year.

In Europe, recovery in demand for Heat Pump Heating lacked momentum, but by focusing on Residential and Commercial sales, we achieved net sales on par with the previous fiscal year. In the Middle East, Residential sales in Turkey increased, and Commercial sales expanded in Saudi Arabia, resulting in higher year-on-year net sales.

✓ Residential:

The unseasonable weather leading up to mid-June led to a sales drop in Italy and France. However, sales expanded in Central Europe, Germany, and the UK, where air conditioning market penetration is low.

✓ Commercial:

Product sales using R32 increased with the growing environmental awareness.

✓ H/P heating:

Although there were signs of having bottomed out during the latter half of last year, a complete recovery hasn't been realized. Daikin focused on strengthening sales capabilities, including dealer development and subsidy application support. Sales expanded in the UK and Germany, where demand is relatively strong.

✓ Applied:

Sales of medium-to-large chillers expanded for data centers, along with expansion in the After Sales Service business.

✓ Freezer and Refrigerator:

Sales were affected by major customers exercising restraint in capital investments.

YoY change (Volume basis)		Q1 Results
Residential		105%
Commercial	SKY	103%
	VRV	102%
Heat Pump Heaters		110%
Applied		117%
Refrigerator and Freezer		83%

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

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

## Asia and Oceania

The economic slowdown in the ASEAN region and unseasonable weather in India resulted in net sales for the entire region to fall below the previous fiscal year.

- ✓ **Residential:**  
Although efforts were made to strengthen dealer development and promotional measures for consumers, the ASEAN region saw sluggish demand due to the U.S. tariffs, and price competition intensified. In India, demand temporarily slowed due to a cool summer and the early onset of the rainy season. Consequently, sales fell significantly throughout the region.
- ✓ **Commercial:**  
Faced with project delays and investment reviews, Daikin focused on developing and supporting dealers. In India, sales continued to expand.
- ✓ **Applied:**  
Along with strengthening sales to factories and data centers, we also focused on the After Sales Service business, including Maintenance and Servicing.

### YoY net sales of main countries (local currency basis)

Australia: 105%   India: 87%   Vietnam: 86%  
Malaysia: 90%   Indonesia: 89%   Thailand: 71%

YoY change (Volume basis)		Q1 Results
Residential		73%
Commercial	SKY	98%
	VRV	101%
Applied		83%

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

## Business / Regional Overview – Chemicals

Net sales fell below the previous fiscal year due to the impact of lackluster demand in the semiconductor industry, a slow recovery in demand in the automotive sector, subsequent adjustments in distribution inventory, and the negative impact of foreign exchange rates.

- ✓ **Fluorocarbon Gas:**  
While being impacted by falling demand and a softening market, net sales increased by maintaining selling prices and expanding sales in the United States.
- ✓ **Polymers and Fluoroelastomers**
  - Fluoropolymers:  
While sales of coating materials for LAN cables and data center cables expanded, sales for the semiconductor manufacturing equipment segment were affected by lower demand.
  - Fluoroelastomers:  
Sales decreased due to distribution inventory adjustments in the automotive sector.
- ✓ **Fine Chemicals, etc.:**  
Sales were affected by a decrease in demand for surface anti-fouling coating agents along with water and oil repellents for textiles.

YoY change (Net sales basis)		Q1 Results
Total		96%
Fluorocarbon Gas		107%
Fluoropolymers & Fluoroelastomers		93%
Fine Chemicals, etc.		96%

Although overall demand remained steady, a slow recovery in the semiconductor sector and the negative impact of exchange rates led to a year-over-year decline in net sales.

✓ Air Filter:

In the United States, sales grew at major retail stores. In Europe, sales expanded in Northern Europe, while in Asia, sales expanded to the pharmaceutical market.

✓ P&I\* :

Sales fell due to the economic downturn in Europe, which saw a decrease in large-scale projects and construction delays, and this resulted in net sales falling below the previous fiscal year.

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



## Capex, Depreciation and R&D Cost

	FY2024		FY2025	
	Q1 Results	Full-year Forecast	Q1 Results	Full-year Forecast
(billion yen)				
Capex	95.4	290.0	61.3	290.0
Depreciation	48.3	190.0	51.1	225.0
R&D Cost	34.8	135.0	36.4	150.0



### Notes on forecast

This data is compiled for informational purposes and is not to be construed as a solicitation of any action.

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