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Member, Financial Accounting Standards Foundation

Brief Report on the Settlement of Accounts (Consolidated) for the Three Months Ended June 30, 2025 (J-GAAP)

August 5, 2025

Name of Listed Company: **Daikin Industries, Ltd.** Listed on TSE
Code No.: 6367
(URL: https://www.daikin.co.jp/)
Representative: Naofumi Takenaka, President and COO
Contact: Motoshi Hosomi,
General Manager, Corporate Communication Department
(Tel.: +81-6-6147-9925)
Planned date of start of dividend payment: —
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 Three Months Ended June 30, 2025
(From April 1, 2025, to June 30, 2025)

(1) Consolidated Business Results (Accumulated)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	1,213,821	-3.0	121,300	5.1	118,905	13.0	81,526	29.2
June 30, 2024	1,251,029	14.3	115,410	-2.1	105,193	-8.4	63,099	-21.4

Note: Comprehensive income was ¥59,136 million (-70.2%) for the three months ended June 30, 2025, and ¥198,557 million (-7.8%) for the three months ended June 30, 2024.

	Earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2025	278.43	278.25
June 30, 2024	215.53	215.40

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2025	5,143,739	2,881,969	54.8
As of March 31, 2025	5,133,416	2,866,693	54.6

(Reference) Equity capital was ¥2,816,367 million as of June 30, 2025, and ¥2,801,281 million as of March 31, 2025.

2. Dividends

	(Annual) Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2025	—	185.00	—	145.00	330.00
Fiscal Year ending March 31, 2026	—				
Fiscal Year ending March 31, 2026 (forecast)		165.00	—	165.00	330.00

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

3. Consolidated Business Forecast for the Fiscal Year Ending March 31, 2026
(From April 1, 2025, to March 31, 2026)

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	2,470,000	-0.9	247,000	0.2	231,000	3.0	152,000	0.2	519.12
Full year	4,840,000	1.8	435,000	8.3	405,000	10.5	272,000	2.7	928.95

Note: Revisions to the consolidated business forecast announced most recently: None

*Notes

(1) Significant Changes in the Scope of Consolidation during the Three Months Ended June 30, 2025: Yes

Newly included: 2 companies (Hirmer GmbH and others)
Excluded: 29 companies (Goodman Global Holdings, Inc. and others)

(2) Adoption of Accounting Treatment Specific to Quarterly Consolidated Financial Statement Preparation: Yes

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

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

(4) Number of Shares Issued (common stock)

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

As of June 30, 2025	293,113,973 shares
As of March 31, 2025	293,113,973 shares

(ii) Number of treasury shares at end of period

As of June 30, 2025	305,325 shares
As of March 31, 2025	311,521 shares

(iii) Average number of shares outstanding during the three months

Three Months Ended June 30, 2025	292,804,800 shares
Three Months Ended June 30, 2024	292,763,534 shares

Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit corporation: Yes (voluntary)

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 "(3) Explanation of Future Forecast Information Such as Consolidated Business Forecast" of "1. Qualitative Information Regarding Settlement of Accounts for the Period under Review."
- The Company plans to hold a briefing on business results for institutional investors and analysts on Tuesday, August 5, 2025. 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. Qualitative Information Regarding Settlement of Accounts for the Period under Review

(1) Explanation of Operating Results

In the three months ended June 30, 2025 (from April 1, 2025, to June 30, 2025), the world economy was constrained by confusion regarding U.S. tariff policies and future uncertainty. In the U.S. economy, sectors such as the retail and service sectors continued to perform steadily, but persistently high interest rates and concerns about the economic outlook caused housing investment to remain sluggish. The European economy, which continued its recovery course, came under downward pressure due to the reactionary decline in demand resulting from the last-minute demand prior to the imposition of tariffs. The Chinese economy saw strong consumption and exports due to the government's consumption stimulus measures and expedited exports in response to tariff policies, but the real estate market deteriorated further. The Japanese economy, despite lower consumer confidence from rising commodity prices, saw strong AI-related investment and inbound tourism demand. In Asia, economies were supported by a last-minute rush of exports to the United States and by tourism demand.

Under this business environment, the Daikin Group is accelerating its implementation of key strategic themes and striving for medium- and long-term growth and development, centered on growth strategies that include carbon neutrality and the promotion of energy and service solutions. These strategies are set forth in the latter-half three-year plan (fiscal 2023 to fiscal 2025) of the strategic management plan "Fusion 25" with the final year set to fiscal 2025.

Furthermore, despite the ongoing difficult business environment, we have set out the following specific themes to address for fiscal 2025 to overcome negative impacts and are working to generate maximum results.

- Promote sales price policies and increase our market share
- Establish measures to respond to tariff policies of the new U.S. administration and promptly implement them in response to changes in the situation
- Accelerate the launch of new and differentiated products
- Drastically enhance cost and procurement competitiveness for the entire Group
- Actively expand the Applied Systems air-conditioning business globally and increase revenue from the commercial solutions business by providing added value for individual applications and markets
- Drastically improve the efficiency of existing fixed costs and maximize the return on investments of system investments, etc.
- Maximize the utilization of global production bases in an optimum manner Company-wide and generate results from acquisitions that have been carried out

The Daikin Group's net sales decreased by 3.0% year over year to ¥1,213,821 million for the three months ended June 30, 2025. As for profits, operating profit increased by 5.1% to ¥121,300 million, an ordinary profit increased by 13.0% to ¥118,905 million, and profit attributable to owners of parent increased by 29.2% to ¥81,526 million.

Operating results by business segment are as follows:

(i) Air-Conditioning and Refrigeration Equipment

Overall sales of the Air-Conditioning and Refrigeration Equipment segment decreased by 3.1% year over year to ¥1,132,679 million. Operating profit increased by 9.9% to ¥114,680 million.

In the Japanese air-conditioning equipment market, commercial market demand increased year over year due to factors including market expansion for store air conditioning systems stemming from increased construction starts for small shops and retail stores driven by inbound tourism demand. Residential market demand increased year over year. This was due to an increase in advance and replacement demand caused by forecasts of a heat wave from April onwards and record high temperatures for the entire country in June, including the earliest end of the rainy season ever recorded in Western Japan. Against this backdrop, the Group expanded sales of high value-added products in the commercial air-conditioning equipment market, focusing on the "FIVE STAR ZEAS," which combines high energy-saving performance and exceptional ease of installation; the "VRV 7" multi-split type air-conditioner for buildings which uses R32, a low global warming potential refrigerant, and offers industry-leading energy-saving performance; 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. In the residential air-conditioning equipment market, which has benefited from soaring electricity prices and increased decarbonization-oriented designs in new home construction, we strengthened user appeal for such products as "Urusara X," which has high energy-saving performance, and this resulted in higher net sales year over year.

In the Americas, demand for residential air-conditioning systems was stagnant due to the economic climate, which remains severe, and distribution inventories remained high as a result of the last-minute demand associated with the refrigerant regulations that went into effect during the previous fiscal year. Still, the Group worked to win back customers, support existing dealers, and develop new dealers. The Group increased production and sales of models using R32, a low global warming potential refrigerant known for its environmental benefits and energy-saving performance. It also expanded sales of the premium environmental “Fit” system, which has high energy-saving performance, and worked to increase profit margins by advancing sales price policies. As a result, net sales rose year over year in local currency terms, but because of the negative effect of exchange rates, net sales fell year over year after conversion to Japanese yen. With regard to Applied Systems air-conditioning equipment, the Group captured growing demand and expanded sales by utilizing the chiller factory that was put into operation in Mexico last year and by increasing the production capacities of existing factories. Also, in addition to expanding sales to the growing data center market through custom air handling unit manufacturers, new acquisitions also contributed to sales, and net sales rose year over year.

In China, demand slowed significantly due to the deteriorating real estate market, which led to a year over year decrease in overall net sales. Profits maintained a high level comparable with past results due to measures that included increasing sales of high value-added products, strengthening solutions, and reducing costs. In the residential air-conditioning equipment market, where there was a slowdown in the economy, the Group strengthened its unique sales activities combining online-based activities, such as live broadcasts utilizing showrooms, web strategies, and social media, with user-direct offline retail sales. In addition to sales of system products such as air-conditioning, ventilation, heat pump floor heating systems, and indoor air quality sensors, we also utilized the IoT and data analysis to enhance our home solutions, which provide indoor air quality optimized for individual customers and proposals tailored to their lifestyles, and we succeeded in maintaining the same level of sales year over year. In the commercial air-conditioning equipment market, we strengthened proposals with energy savings to appeal to markets for government projects, factories, and green buildings (buildings designed with consideration for enhanced environmental performance) that promote carbon neutrality policies. In the Applied Systems air-conditioning equipment market, in addition to investing resources in fields with firm demand that include the semiconductor and medical-related fields, we also strengthened our service and maintenance business and enhanced our energy-saving replacement and renovation proposals.

In Asia and Oceania, overall net sales fell year over year due to factors such as unseasonable weather in the ASEAN region and India. In residential air-conditioning systems, demand was sluggish due to cooler temperatures and heavy rainfall in the ASEAN region and India compared to last year, resulting in high distribution inventories. Against this backdrop, we made efforts to strengthen sales promotion measures targeting dealers and consumers, but net sales were lower year over year. Meanwhile, although project delays and investment reviews generated an increasingly uncertain economic outlook in the ASEAN region, sales expanded for commercial air-conditioning systems due to sustained sales expansion and dealer development and training in India, resulting in higher net sales year over year. With regard to Applied Systems air-conditioning equipment, we strengthened product sales for data centers, etc.

In Europe, overall net sales increased year over year. For residential air-conditioning systems, net sales rose year over year due to sales growth in Central and Eastern Europe, as well as countries such as Germany and the United Kingdom, where air conditioner penetration levels had typically been low. For residential heat pump hot water heating systems, it appears that the slow demand during the latter half of the previous fiscal year has bottomed out, but sales are flat overall, and the market has yet to make a full recovery. Against this backdrop, the Group has steadily expanded sales primarily in countries such as Germany and the United Kingdom, and net sales grew year over year. For commercial air-conditioning systems, sales of products using the low global warming potential refrigerant R32 grew, backed by a growing environmental awareness.

In the Middle and Near East and Africa, net sales were significantly higher year over year. Increased orders for large-scale projects in Saudi Arabia and the UAE drove sales. In Turkey, net sales increased significantly, driven by rising demand for residential air-conditioning systems caused by a heat wave.

In the filter business, factors such as intensifying price competition in China and Southeast Asia, where the recovery of the semiconductor market has lagged, have had a negative impact. However, demand was solid on the whole. Net sales, however, fell year over year for the overall filter business due in part to the negative effect of exchange rates. In the United States, shipments of high gross-margin products by major retailers increased, and residential sales grew. In Europe, although sales rose primarily in Northern Europe, sales for Europe as a whole, especially for the automotive sector, remained at the same level year over year due to the recession. In Asia and the Middle East, sales fell significantly due to the continued stagnation in demand caused by the prolonged real estate recession in China. However, because of sales growth in Southeast Asia, including the semiconductor market, and our success in capturing the pharmaceutical market in India, overall sales in the Asian region, including the Middle East and India, rose year over year. In Japan, in addition to delays in work periods and the scaling down of projects for the electronics and semiconductor markets due to labor shortages in the construction industry, the sluggish market conditions continued, resulting in a decline in sales. Furthermore, in the gas turbine and dust collection systems business, net sales fell year over year due to slow sales of dust collection systems in Europe.

In the marine vessels business, net sales increased year over year as a result of sales growth for marine container refrigeration units and marine vessel air conditioners and refrigeration units.

(ii) Chemicals

Overall sales of the Chemicals segment decreased by 3.7% year over year to ¥59,946 million. Operating profit decreased by 41.7% to ¥6,525 million.

The Group strove to increase overall sales of fluorochemical products amid sluggish demand, mainly in the semiconductor field, and this was followed by distribution inventory adjustments. There was also caution toward transactions with the United States originating from the future uncertainty over the country’s tariff policies and efforts to reduce inventories. However, due in part to the negative effects of exchange rates, net sales fell year over year.

Net sales of fluoropolymers were lower year over year, despite a recovery and expansion in demand in the fields of LAN cables in the United States and data centers in China, as stagnant demand persisted in the semiconductor field in Japan, China, and Asia. Meanwhile, despite firm demand in the United States and some areas in Japan, net sales of fluoroelastomers remained at the same level year over year due to delays in the recovery demand, mainly in the automotive field in China, Asia, and Europe.

In specialty chemicals, net sales of etching agents rose significantly year over year due to the addition of newly consolidated companies in the field of etching agents for semiconductor processing, but demand was sluggish in the fields of anti-fouling surface coating agents and oil and water repellents, causing lower overall net sales for the specialty chemicals year over year.

As for fluorocarbon gas, net sales were higher year over year amid the challenging demand and market conditions in Europe as a result of sales price policies and efforts to expand sales in the United States.

(iii) Other Divisions

Overall sales of the “Others” segment increased by 6.6% year over year to ¥21,195 million. Operating profit improved from an operating loss in the same period of the previous fiscal year to ¥102 million.

In the oil hydraulic equipment business, sales of oil hydraulic equipment for industrial machinery remained at the same level year over year in the Japanese market, but sales rose for the U.S. market, resulting in an increase in net sales year over year. Net sales of oil hydraulic equipment for construction machinery and vehicles increased year over year due to a rise in sales to major customers in Japan.

In the defense systems business, net sales were higher year over year due to increased orders from the Ministry of Defense and strong sales of oxygen concentrators.

In the electronics business, net sales increased year over year mainly from expanding sales of “SpaceFinder” and “Smart Innovator,” database systems for design and development sectors that meet customer needs by solving quality issues, shortening design and development periods, and supporting cost reductions, and from expanding sales of facility CAD systems.

(2) Explanation of Financial Position

(i) Assets, Liabilities and Net Assets

Total assets increased by ¥10,323 million from the end of the previous fiscal year to ¥5,143,739 million. Current assets increased by ¥28,496 million from the end of the previous fiscal year to ¥2,882,150 million, mainly due to an increase in merchandise and finished goods. Non-current assets decreased by ¥18,172 million from the end of the previous fiscal year to ¥2,261,588 million, primarily due to a decrease in goodwill.

Liabilities decreased by ¥4,953 million from the end of the previous fiscal year to ¥2,261,769 million, mainly due to a decrease in long-term borrowings. Interest bearing debt ratio rose to 19.7% from 19.2% at the end of the previous fiscal year.

Net assets increased by ¥15,276 million from the end of the previous fiscal year to ¥2,881,969 million, primarily due to the recording of profit attributable to owners of parent.

(ii) Cash Flows

During the three months ended June 30, 2025, net cash provided by operating activities was ¥63,778 million, a decrease of ¥85,861 million from the same period of the previous fiscal year, principally due to an increase in inventories. Net cash used in investing activities was ¥85,298 million, a decrease of ¥8,664 million from the same period of the previous fiscal year, primarily due to a decrease in purchase of property, plant and equipment. Net cash used in financing activities was ¥27,740 million, an increase of ¥31,706 million from the same period of the previous fiscal year, mainly due to an increase in repayment of long-term borrowings. After including the effect of foreign exchange rate change to these results, net decrease in cash and cash equivalents for the three months ended June 30, 2025, amounted to ¥54,673 million, a decrease of ¥149,940 million from the same period of the previous fiscal year.

(3) Explanation of Future Forecast Information Such as Consolidated Business Forecast

The consolidated business forecast for the fiscal year ending March 31, 2026, remains unchanged from the previous forecast announced on May 8, 2025. The business environment surrounding the Group saw solid demand for commercial air-conditioning systems, driven by data center needs and greater environmental consciousness, but the confusion created by U.S. tariff policies and uncertainty about the future outlook prompted heightened concerns about the economic outlook in various regions around the world. Nevertheless, we will accelerate our initiatives to improve global profitability and enhance our corporate structure. These initiatives will include our ongoing promotion of sales price policies and market share growth, active expansion of our Applied Systems air-conditioning business on a global scale, and the generation of revenue from our commercial solutions business by providing added value for individual applications and markets, making maximal use of our global production bases in an optimized manner Company-wide, and producing results from completed acquisitions. In addition, we have defined six themes as top management's priorities, which include drastically strengthening our sales and marketing capabilities, accelerating the launching of new and differentiated products, switching to a business model that generates revenue through after-sales service and solutions, and maximizing cost reductions. By using all of our Group strengths to achieve these, we will produce results in a short period of time and better ensure our success in implementing our plans while striving to produce even greater results, despite the increasingly severe business environment, in a bid to achieve new business records. With regard to the direct impact of additional tariffs in the United States, we plan to absorb it primarily by passing on these rising costs and taking changes in tariff rates into consideration.

<Reference> Consolidated Business Forecast for the Fiscal Year Ending March 31, 2026

(Millions of yen)

	First half	Full year
Net sales	2,470,000	4,840,000
Operating profit	247,000	435,000
Ordinary profit	231,000	405,000
Profit attributable to owners of parent	152,000	272,000

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

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2024 (As of March 31, 2025)	First Quarter of FY2025 (As of June 30, 2025)
Assets		
Current assets		
Cash and deposits	802,663	775,525
Notes and accounts receivable – trade, and contract assets	856,542	872,147
Merchandise and finished goods	709,232	737,142
Work in process	72,190	74,621
Raw materials and supplies	271,444	263,109
Other	163,975	182,025
Allowance for doubtful accounts	(22,395)	(22,421)
Total current assets	2,853,654	2,882,150
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	524,369	519,523
Other, net	754,957	767,229
Total property, plant and equipment	1,279,327	1,286,752
Intangible assets		
Goodwill	266,337	251,565
Other	371,529	358,985
Total intangible assets	637,867	610,550
Investments and other assets		
Investment securities	160,032	167,201
Other	203,015	197,563
Allowance for doubtful accounts	(481)	(480)
Total investments and other assets	362,566	364,284
Total non-current assets	2,279,761	2,261,588
Total assets	5,133,416	5,143,739
Liabilities		
Current liabilities		
Notes and accounts payable – trade	362,158	375,133
Short-term borrowings	294,643	333,487
Commercial papers	29,554	48,282
Current portion of bonds payable	15,000	15,000
Current portion of long-term borrowings	58,176	45,077
Income taxes payable	47,193	51,466
Provision for product warranties	112,835	112,952
Other	623,484	570,940
Total current liabilities	1,543,047	1,552,341
Non-current liabilities		
Bonds payable	175,000	175,000
Long-term borrowings	239,920	224,755
Retirement benefit liability	21,760	20,787
Other	286,994	288,885
Total non-current liabilities	723,675	709,428
Total liabilities	2,266,723	2,261,769

(Millions of yen)

	FY2024 (As of March 31, 2025)	First Quarter of FY2025 (As of June 30, 2025)
Net assets		
Shareholders' equity		
Share capital	85,032	85,032
Capital surplus	87,304	87,390
Retained earnings	2,068,308	2,107,377
Treasury shares	(1,348)	(1,321)
Total shareholders' equity	2,239,296	2,278,478
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	53,770	57,848
Deferred gains or losses on hedges	945	1,318
Foreign currency translation adjustment	512,313	487,561
Remeasurements of defined benefit plans	(5,042)	(8,839)
Total accumulated other comprehensive income	561,985	537,888
Share acquisition rights	4,212	4,099
Non-controlling interests	61,199	61,503
Total net assets	2,866,693	2,881,969
Total liabilities and net assets	5,133,416	5,143,739

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

(Consolidated Statement of Income)

For the Three Months Ended June 30 (Millions of yen)

	First Three Months of FY2024 (April 1, 2024, to June 30, 2024)	First Three Months of FY2025 (April 1, 2025, to June 30, 2025)
Net sales	1,251,029	1,213,821
Cost of sales	823,635	780,574
Gross profit	427,394	433,247
Selling, general and administrative expenses	311,984	311,947
Operating profit	115,410	121,300
Non-operating income		
Interest income	4,829	4,716
Dividend income	1,949	2,067
Share of profit of entities accounted for using equity method	398	341
Foreign exchange gains	790	—
Inflation accounting adjustment	—	25
Other	1,071	3,851
Total non-operating income	9,040	11,002
Non-operating expenses		
Interest expenses	12,337	9,961
Foreign exchange losses	—	1,789
Inflation accounting adjustment	2,252	—
Other	4,666	1,646
Total non-operating expenses	19,257	13,397
Ordinary profit	105,193	118,905
Extraordinary income		
Gain on sale of land	14	2
Gain on sale of investment securities	3,063	—
Gain on revision of retirement benefit plan	—	1,345
Total extraordinary income	3,078	1,348
Extraordinary losses		
Loss on disposal of non-current assets	697	57
Loss on valuation of investment securities	1	0
Distinguished service compensation	4,300	—
Total extraordinary losses	4,999	57
Profit before income taxes	103,272	120,197
Income taxes	37,545	35,986
Profit	65,726	84,210
Profit attributable to non-controlling interests	2,627	2,683
Profit attributable to owners of parent	63,099	81,526

(Consolidated Statement of Comprehensive Income)

For the Three Months Ended June 30 (Millions of yen)

	First Three Months of FY2024 (April 1, 2024, to June 30, 2024)	First Three Months of FY2025 (April 1, 2025, to June 30, 2025)
Profit	65,726	84,210
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,352)	4,110
Deferred gains or losses on hedges	896	373
Foreign currency translation adjustment	142,815	(24,895)
Remeasurements of defined benefit plans	(3,651)	(3,800)
Share of other comprehensive income of entities accounted for using equity method	1,123	(861)
Total other comprehensive income	132,831	(25,073)
Comprehensive income	198,557	59,136
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	193,762	57,429
Comprehensive income attributable to non-controlling interests	4,795	1,707

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	First Three Months of FY2024 (April 1, 2024, to June 30, 2024)	First Three Months of FY2025 (April 1, 2025, to June 30, 2025)
I. Cash flows from operating activities		
Profit before income taxes	103,272	120,197
Depreciation	48,326	51,147
Amortization of goodwill	12,171	11,916
Increase (decrease) in allowance for doubtful accounts	734	200
Interest and dividend income	(6,779)	(6,784)
Interest expenses	12,337	9,961
Share of loss (profit) of entities accounted for using equity method	(398)	(341)
Loss (gain) on disposal of non-current assets	697	57
Loss (gain) on sale of investment securities	(3,063)	—
Loss (gain) on valuation of investment securities	1	0
Gain on revision of retirement benefit plan	—	(1,345)
Decrease (increase) in trade receivables	(39,947)	(18,942)
Decrease (increase) in inventories	19,968	(28,022)
Increase (decrease) in trade payables	38,839	13,660
Increase (decrease) in accounts payable - other	(18,204)	(18,999)
Increase (decrease) in accrued expenses	12,342	5,667
Increase (decrease) in retirement benefit liability	255	293
Decrease (increase) in retirement benefit asset	3,798	(449)
Other, net	(2,900)	(42,889)
Subtotal	181,450	95,324
Interest and dividends received	7,039	7,785
Interest paid	(12,189)	(9,319)
Income taxes paid	(26,660)	(30,011)
Net cash provided by (used in) operating activities	149,640	63,778
II. Cash flows from investing activities		
Purchase of property, plant and equipment	(79,895)	(49,760)
Proceeds from sale of property, plant and equipment	491	1,686
Purchase of investment securities	(388)	(1,155)
Proceeds from sale of investment securities	4,108	—
Purchase of shares of subsidiaries and associates	(380)	(247)
Payments for acquisition of businesses	—	(889)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,707)	(799)
Payments for investments in capital of subsidiaries resulting in change in scope of consolidation	—	(1,962)
Decrease (increase) in time deposits	(5,637)	(29,604)
Other, net	(9,553)	(2,565)
Net cash provided by (used in) investing activities	(93,962)	(85,298)

(Millions of yen)

	First Three Months of FY2024 (April 1, 2024, to June 30, 2024)	First Three Months of FY2025 (April 1, 2025, to June 30, 2025)
III. Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	68,232	54,771
Proceeds from long-term borrowings	8,183	12,014
Repayments of long-term borrowings	(14,348)	(35,397)
Dividends paid	(38,069)	(42,482)
Dividends paid to non-controlling interests	(4,564)	(1,383)
Repayments of lease liabilities	(15,143)	(15,262)
Other, net	(324)	0
Net cash provided by (used in) financing activities	3,966	(27,740)
IV. Effect of exchange rate change on cash and cash equivalents	35,622	(5,413)
V. Net increase (decrease) in cash and cash equivalents	95,266	(54,673)
VI. Cash and cash equivalents at beginning of period	634,008	658,105
VII. Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	(1,511)	—
VIII. Cash and cash equivalents at end of period	727,763	603,432

(4) Notes to Consolidated Financial Statements

Significant Matters Serving as the Basis for Quarterly Consolidated Financial Statement Preparation

The quarterly consolidated financial statements were prepared in accordance with Article 4, Paragraph 1 of the Standards for the Preparation of Quarterly Financial Statements, etc., of Tokyo Stock Exchange, Inc. and accounting standards for quarterly financial statements generally accepted as fair and reasonable in Japan (however, the omission of descriptions prescribed in Article 4, Paragraph 2 of the Standards for the Preparation of Quarterly Financial Statements, etc., applies).

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

None applicable

Notes on Significant Changes in Shareholders' Equity

None applicable

Adoption of Accounting Treatment Specific to Quarterly Consolidated Financial Statement Preparation

[Calculation of tax expenses]

The Company and some of its consolidated subsidiaries, reasonably estimate the effective income tax rate after the adoption of tax-effect accounting for profit before income taxes for the consolidated fiscal year ending March 31, 2026, and multiply profit before income taxes for the reporting period by the estimated effective tax rate. However, if as a result of the computation using the estimated effective income tax rate lacks rationality to a remarkable extent, the Company adopts the method of using the legal effective tax rate.

Revenue Recognition

Information on disaggregate revenue from contracts with customers is as stated in "(4) Notes to Consolidated Financial Statements (Segment Information, etc.)" of "2. Consolidated Financial Statements and Primary Notes."

Segment Information, etc.

I. For the three months ended June 30, 2024 (From April 1, 2024, to June 30, 2024)
1. Information on net sales and profit or loss amounts by reported segment and information on disaggregate revenue

(Millions of yen)

	Reported segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded on Consolidated Statement of Income (Note 3)
	Air-Conditioning and Refrigeration Equipment	Chemicals	Subtotal				
Net sales							
Japan	149,858	15,141	165,000	10,354	175,355	—	175,355
U.S.	438,990	10,088	449,079	3,525	452,604	—	452,604
Europe	174,338	12,877	187,215	4,155	191,371	—	191,371
Asia and Oceania	182,403	6,481	188,884	1,168	190,052	—	190,052
China	146,647	16,977	163,625	473	164,099	—	164,099
Other	76,623	714	77,337	209	77,546	—	77,546
Revenue from contracts with customers	1,168,861	62,281	1,231,143	19,886	1,251,029	—	1,251,029
Other revenue	—	—	—	—	—	—	—
Sales to outside customers	1,168,861	62,281	1,231,143	19,886	1,251,029	—	1,251,029
Intersegment sales	436	8,442	8,879	475	9,354	(9,354)	—
Total	1,169,298	70,723	1,240,022	20,361	1,260,383	(9,354)	1,251,029
Segment profit (loss)	104,355	11,201	115,556	(135)	115,421	(11)	115,410

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 adjustment of ¥(11) million to segment profit (loss) comprises the elimination of intersegment transactions.
3. Segment profit (loss) is adjusted with operating profit in the Consolidated Statement of Income.

2. Information related to impairment loss of non-current assets and goodwill by reported segment

(Significant impairment loss of non-current assets)
None applicable

(Significant change in goodwill amount)
None applicable

(Significant gain on bargain purchase)
None applicable

II. For the three months ended June 30, 2025 (From April 1, 2025, to June 30, 2025)

1. Information on net sales and profit or loss amounts by reported segment and information on disaggregate revenue

(Millions of yen)

	Reported segment			Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded on Consolidated Statement of Income (Note 3)
	Air-Conditioning and Refrigeration Equipment	Chemicals	Subtotal				
Net sales							
Japan	163,056	13,797	176,854	11,587	188,441	—	188,441
U.S.	430,777	10,943	441,720	3,509	445,230	—	445,230
Europe	174,069	12,434	186,504	4,157	190,662	—	190,662
Asia and Oceania	158,260	7,310	165,571	1,061	166,633	—	166,633
China	126,653	15,039	141,693	535	142,228	—	142,228
Other	79,862	420	80,282	343	80,625	—	80,625
Revenue from contracts with customers	1,132,679	59,946	1,192,626	21,195	1,213,821	—	1,213,821
Other revenue	—	—	—	—	—	—	—
Sales to outside customers	1,132,679	59,946	1,192,626	21,195	1,213,821	—	1,213,821
Intersegment sales	451	6,877	7,329	300	7,630	(7,630)	—
Total	1,133,131	66,824	1,199,956	21,495	1,221,451	(7,630)	1,213,821
Segment profit	114,680	6,525	121,205	102	121,308	(7)	121,300

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 adjustment of ¥(7) million to segment profit comprises the elimination of intersegment transactions.
3. Segment profit is adjusted with operating profit in the Consolidated Statement of Income.

2. Information related to impairment loss of non-current assets and goodwill by reported segment

(Significant impairment loss of non-current assets)
None applicable

(Significant change in goodwill amount)
None applicable

(Significant gain on bargain purchase)
None applicable