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Brief Report on the Settlement of Accounts (Consolidated) for the Six Months Ended September 30, 2026 (J-GAAP)

November 5, 2026

Name of Listed Company: **Daikin Industries, Ltd.** Listed on TSE
Code No.: 6367
(URL: https://www.daikin.co.jp/)
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Planned date of the filing of semi-annual securities report: November 6, 2026
Planned date of start of dividend payment: December 2, 2026
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 Six Months Ended September 30, 2026

(From April 1, 2026, to September 30, 2026)

(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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2026	2,910,766	17.4	270,793	9.8	247,188	2.2	172,959	7.5
September 30, 2025	2,478,798	-0.6	246,602	0.0	241,887	7.9	160,933	6.1

Note: Comprehensive income was ¥139,416 million (-38.9%) for the six months ended September 30, 2026, and ¥228,149 million (165.9%) for the six months ended September 30, 2025.

	Earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2026	612.34	611.84
September 30, 2025	549.61	549.18

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2026	5,841,527	3,045,317	51.0
As of March 31, 2026	5,809,240	3,316,538	55.9

(Reference) Equity capital was ¥2,980,043 million as of September 30, 2026, and ¥3,249,840 million as of March 31, 2026.

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, 2026	—	165.00	—	175.00	340.00
Fiscal Year ending March 31, 2027	—	185.00			
Fiscal Year ending March 31, 2027 (forecast)			—	185.00	370.00

Note: Revisions to the dividend forecast announced most recently: Yes

3. Consolidated Business Forecast for the Fiscal Year Ending March 31, 2027

(From April 1, 2026, to March 31, 2027)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	5,440,000	8.5	455,000	9.6	417,000	2.2	280,000	1.7	1,006.45

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

*Notes

(1) Significant Changes in the Scope of Consolidation during the Six Months Ended September 30, 2026: Yes

Newly included: 5 companies (DAIKIN RESEARCH AND DEVELOPMENT INDIA PRIVATE LIMITED and others)

Excluded: 14 companies (DAIKIN FLUORO COATINGS (SHANGHAI) CO., LTD. and others)

(2) Adoption of Accounting Treatment Specific to Semi-annual 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 September 30, 2026 293,113,973 shares
As of March 31, 2026 293,113,973 shares

(ii) Number of treasury shares at end of period
As of September 30, 2026 14,907,286 shares
As of March 31, 2026 272,361 shares

(iii) Average number of shares outstanding during the six months
Six Months Ended September 30, 2026 282,456,798 shares
Six Months Ended September 30, 2025 292,811,724 shares

The Brief Report on the Settlement of Accounts is outside the scope of review by a certified public accountant or an audit corporation in the second quarter.

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 Thursday, November 5, 2026. Documents and materials distributed in this briefing are posted on the Company's website (https://www.daikin.com/investor/library/results_materials).

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1. Qualitative Information Regarding Settlement of Accounts for the Period under Review

(1) Explanation of Operating Results

In the six months ended September 30, 2026 (from April 1, 2026, to September 30, 2026), the world economy was weighed down by rising energy prices driven by escalating tensions in the Middle East as well as rising commodity prices. The U.S. economy performed strongly, backed by AI-related investment. The European economy saw low growth due to rising energy prices. In the Chinese economy, exports were strong, while the real estate market slump continued. The Japanese economy performed strongly due to capital investment, AI-related demand, and a resilient labor market, but rising prices placed downward pressure on the economy. In Asia, the Indian economy performed strongly and the economy of the ASEAN region was supported by electronic device and component exports, but domestic demand was weighed down by high crude oil prices and inflation.

Under this business environment, the Daikin Group, under the strategic management plan “Fusion 30,” which was announced in May and has its final year set to fiscal 2030, has defined its vision as providing “new value for the environment and air” and becoming a highly profitable, sustainable company that continues to be chosen worldwide, and is advancing initiatives to both expand its business and contribute to the environment and society. In particular, we have positioned rebuilding our earning power, such as our growth in solutions and other high-margin businesses, as our highest priority, and we are implementing initiatives for achieving this goal.

Furthermore, in the first fiscal year of “Fusion 30,” despite the ongoing difficult business environment caused by factors such as rising costs, including soaring raw material prices, we set out the following six Group-wide key themes to increase our profit margins and achieve new business records with the entire global Group working to steadily generate results and maximize them.

- Promoting sales price policies while strengthening sales capabilities and accelerating the market launch of differentiated products
- Enhancing cost competitiveness through variable cost reduction
- Expanding revenue from the global service solutions business
- Reducing the fixed cost ratio to net sales through visualization and drastic review of the fixed cost structure
- Maximizing investment results at an early stage by strengthening the profitability of acquired companies
- Strengthening the business structure and generating results by implementing best practices across the global Group

The Daikin Group’s net sales increased by 17.4% year over year to ¥2,910,766 million for the six months ended September 30, 2026. As for profits, operating profit increased by 9.8% to ¥270,793 million, ordinary profit increased by 2.2% to ¥247,188 million, and profit attributable to owners of parent increased by 7.5% to ¥172,959 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 increased by 17.0% year over year to ¥2,699,657 million. Operating profit increased by 5.2% to ¥244,364 million.

In the Japanese air-conditioning equipment market, commercial market demand increased year over year due to factors including demand for heat mitigation measures and strong demand in the market centered on offices and commercial facilities. Residential market demand increased year over year as a result of a prolonged heat wave across Japan and an increase in replacement demand caused by reports that prices are likely to rise in fiscal 2027 due to the energy-saving regulations. Against this backdrop, in the commercial air-conditioning equipment market, the Group strengthened user proposals centered on high value-added products, such as the “FIVE STAR ZEAS,” which offers energy-saving performance and exceptional ease of installation, the “VRV 7” multi-split type air-conditioner for buildings, which uses R32, a refrigerant with low global warming potential, and offers industry-leading energy-saving performance, and the “VRV Q” series, which enables smooth replacement of air-conditioning systems by reusing existing piping. Accordingly, net sales increased year over year. In the residential air-conditioning equipment market, which has benefited from rising interest in energy savings and longer usage hours in summer, we strengthened user proposals for products such as the powerful high-energy-saving model “Urusara X,” which features premium cooling that enhances comfort by controlling humidity while preventing overcooling. This resulted in higher net sales year over year.

In the Americas, the recovery in demand for residential air-conditioning systems was limited due to factors such as inflation pressures resulting from U.S. tariffs, high interest rates for housing loans, and rising economic uncertainty amid instability in the Middle East. Under these circumstances, the Group continued to work to win back customers, support existing dealers, and develop new dealers, and sales for ducted unitary for houses rose. Moreover, the Group

worked to strengthen the sales structure and promote cost reductions for the premium environmental “Fit” system, which has high energy-saving performance. As a result of these initiatives, net sales rose year over year. With regard to the Applied Systems air-conditioning business, the Group captured expanding demand for data centers by strengthening supply capacity and proposal capabilities, and sales in the chiller and custom air handling unit businesses grew significantly. Furthermore, additional revenue from the growth of the after-sales service business and new acquisitions also contributed, resulting in net sales rising year over year.

In China, demand slowed significantly due to the deteriorating real estate market, but owing to the positive effects of strengthened sales strategies and exchange rates, there was a year over year increase 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, reducing costs, and cutting fixed 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, 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 leveraged IoT and data analysis and enhanced our home solutions, which provide indoor air quality and lifestyles optimized for individual customers. In the commercial air-conditioning equipment market, we strengthened energy-saving proposals 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, we expanded sales to the semiconductor and high-tech industries, where demand remained firm, while strengthening our service and maintenance business and enhancing our energy-saving replacement and renovation proposals.

In Asia and Oceania, overall net sales increased year over year due to ongoing sales expansion, primarily in India, and a recovery in demand following the unseasonable weather in the previous year. With respect to the market environment, soaring energy prices caused by the situation in the Middle East, further increases in commodity prices, and other factors caused personal consumption to decline in each country, and there were delays in large-scale projects due to construction material cost increases and shortages. Against this backdrop, we introduced new residential air-conditioning system models and carried out sales promotion measures targeting dealers and consumers to increase sales of mid- and high-end models. As a result, net sales rose year over year. For commercial air-conditioning systems, as project delays began to have a tangible impact, we carried out dealer development and training measures, secured medium- and small-scale projects, and captured regional market demand, resulting in net sales rising year over year. With regard to Applied Systems air-conditioning equipment, we expanded product sales for data centers and other applications where demand remained strong.

In Europe, overall net sales increased significantly year over year. For residential air-conditioning systems, net sales rose significantly year over year due mainly to strong sales of high value-added products in France, the United Kingdom, Germany, and Belgium. Leveraging its supply capacity, the Group steadily captured demand that expanded due to heat waves in late May and late June. For residential heat pump hot water heating systems, demand for heat pump heaters is growing due to soaring gas prices driven by the situation in the Middle East and the announcement of the EU’s Electrification Action Plan, as these systems offer running cost advantages. The Group expanded sales in France, Germany, Spain, Belgium, and other countries, and net sales grew significantly year over year. For commercial air-conditioning systems, sales rose for products using R32, a refrigerant with low global warming potential known for its environmental benefits and energy-saving performance, and net sales rose year over year. With regard to Applied Systems air-conditioning equipment, sales grew due to the expansion of demand for data centers, resulting in net sales rising significantly year over year.

In the Middle and Near East and Africa, net sales increased year over year. In the UAE, although projects were delayed and shipping lead times were extended due to the ongoing instability in the Middle East, net sales increased year over year. In Turkey, sales of commercial air-conditioning systems increased.

In the filter business, demand was solid overall. In the United States, net sales rose year over year due to increased shipments for the commercial air-conditioning market, including data centers. In Europe, net sales remained at the same level year over year with growth in shipments for the OEM business and projects. In the Asian region, including China, demand was on a recovery trend, primarily in the semiconductor market. Furthermore, sales expansion activities were carried out in markets such as the healthcare and the food and beverage markets, causing overall net sales to rise year over year. In Japan, amid cautious moves regarding capital investment, demand recovered, primarily in the semiconductor market, and net sales rose year over year. In the gas turbine and dust collection systems business, although sales of products for dust collection systems were sluggish, sales of replacement filters for gas turbines were strong, resulting in net sales remaining at the same level year over year.

In the marine vessels business, net sales rose year over year, driven by increased sales of marine container refrigeration units and refrigeration units.

(ii) Chemicals

Overall sales of the Chemicals segment increased by 25.2% year over year to ¥158,789 million. Operating profit increased by 77.3% to ¥24,214 million.

Overall net sales of fluorochemical products rose significantly year over year, driven by a recovery in demand, primarily in the semiconductor field, as well as increased sales supported by new products and expanded supply capacity.

Net sales of fluoropolymers rose significantly year over year on a global scale due to factors such as rising demand in the data center field, in addition to the recovery in demand for semiconductors. Net sales of fluoroelastomers also increased year over year due to increased demand from the semiconductor sector and the capture of new demand in the automotive segment in the Americas, China, and Asia.

In specialty chemicals, net sales rose significantly year over year, primarily due to increased sales of etching agents for semiconductor processing.

As for fluorocarbon gas, net sales were higher year over year due to efforts to expand sales mainly in Japan and Asia.

(iii) Other Divisions

Overall sales of the “Others” segment increased by 15.8% year over year to ¥52,319 million. Operating profit increased by 251.3% to ¥2,212 million.

In the oil hydraulic equipment business, sales of oil hydraulic equipment for industrial machinery rose for the Japanese market, resulting in a significant increase in net sales year over year. Net sales of oil hydraulic equipment for construction machinery and vehicles rose year over year due to a rise in sales to overseas customers, despite a decline in sales to major customers in Japan.

In the defense systems business, net sales increased year over year due to a rise in orders from the Ministry of Defense, in addition to strong sales of oxygen concentrators.

In the electronics business, net sales increased year over year due to expanded 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.

(2) Explanation of Financial Position

(i) Assets, Liabilities and Net Assets

Total assets increased by ¥32,287 million from the end of the previous fiscal year to ¥5,841,527 million. Current assets increased by ¥38,796 million from the end of the previous fiscal year to ¥3,301,677 million, mainly due to an increase in work in process. Non-current assets decreased by ¥6,509 million from the end of the previous fiscal year to ¥2,539,850 million, primarily due to a decrease in goodwill.

Liabilities increased by ¥303,508 million from the end of the previous fiscal year to ¥2,796,210 million, mainly due to an increase in commercial papers. Interest bearing debt ratio rose to 22.8% from 18.8% at the end of the previous fiscal year.

Net assets decreased by ¥271,221 million from the end of the previous fiscal year to ¥3,045,317 million, primarily due to the purchase of treasury shares.

(ii) Cash Flows

During the six months ended September 30, 2026, net cash provided by operating activities was ¥341,019 million, an increase of ¥97,602 million from the same period of the previous fiscal year, principally due to an increase in trade payables. Net cash used in investing activities was ¥183,761 million, a decrease of ¥16,148 million from the same period of 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 ¥196,212 million, an increase of ¥160,609 million from the same period of the previous fiscal year, mainly due to an increase in purchase of treasury shares. After including the effect of foreign exchange rate change to these results, net decrease in cash and cash equivalents for the six months ended September 30, 2026, amounted to ¥44,283 million, a decrease of ¥67,118 million from the same period of the previous fiscal year.

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

In light of the business results of the six months ended September 30, 2026, and the changes in the business environment, the business forecast, which was previously announced on May 12, 2026, has been revised as follows.

The business environment surrounding the Group is expected to see steady AI-related investment, mainly in the United States. However, rising energy and commodity prices are expected to weigh on the economy and we expect demand recovery to be delayed in various regions around the world. In addition, the business environment remains highly uncertain due to factors such as rising costs for naphtha-derived materials and logistics stemming from U.S. tariff measures and the escalation of tensions in the Middle East, as well as rising raw material prices, including copper.

Under this business environment, we will prioritize “rebuilding our earning power,” as outlined in the strategic management plan “Fusion 30,” and steadily implement Group-wide key themes that we have been working on, such as promoting sales price policies while strengthening sales capabilities and accelerating the market launch of differentiated products; enhancing cost competitiveness through variable cost reduction; expanding revenue from the global service solutions business; and visualizing and fundamentally reviewing the fixed cost structure, while responding swiftly to changes in the environment. Through these initiatives, the entire global Group will work to increase profit margins in line with the plan and achieve new business records.

The estimated exchange rate from the third quarter onward assumes that US$1 equals ¥150 and 1 euro equals ¥175.

Revisions to Consolidated Business Forecast for the Fiscal Year Ending March 31, 2027
(From April 1, 2026, to March 31, 2027)

	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
Previous forecasts (A)	5,150,000	436,000	414,000	278,000	949.32
Revised forecasts (B)	5,440,000	455,000	417,000	280,000	1,006.45
Increase/decrease (B – A)	290,000	19,000	3,000	2,000	—
Increase/decrease (%)	5.6	4.4	0.7	0.7	—
(Reference) Results for the fiscal year ended March 31, 2026	5,015,036	414,991	408,171	275,229	939.92

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, etc.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2025 (As of March 31, 2026)	Second Quarter of FY2026 (As of September 30, 2026)
Assets		
Current assets		
Cash and deposits	933,484	932,047
Notes and accounts receivable – trade, and contract assets	1,011,104	1,026,333
Merchandise and finished goods	769,715	742,033
Work in process	78,570	109,098
Raw materials and supplies	289,616	312,410
Other	203,907	204,334
Allowance for doubtful accounts	(23,519)	(24,581)
Total current assets	3,262,880	3,301,677
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	585,839	580,627
Other, net	878,635	910,822
Total property, plant and equipment	1,464,475	1,491,450
Intangible assets		
Goodwill	274,767	245,403
Other	394,774	377,544
Total intangible assets	669,541	622,947
Investments and other assets		
Investment securities	199,020	201,249
Other	213,812	224,691
Allowance for doubtful accounts	(490)	(488)
Total investments and other assets	412,342	425,452
Total non-current assets	2,546,359	2,539,850
Total assets	5,809,240	5,841,527
Liabilities		
Current liabilities		
Notes and accounts payable – trade	419,985	454,144
Short-term borrowings	286,097	302,393
Commercial papers	28,393	158,629
Current portion of bonds payable	25,000	15,000
Current portion of long-term borrowings	94,285	79,221
Income taxes payable	50,632	45,076
Provision for product warranties	132,908	137,623
Other	651,567	675,242
Total current liabilities	1,688,870	1,867,331
Non-current liabilities		
Bonds payable	200,000	280,000
Long-term borrowings	249,387	289,742
Retirement benefit liability	23,418	22,578
Other	331,026	336,558
Total non-current liabilities	803,831	928,879
Total liabilities	2,492,702	2,796,210

(Millions of yen)

	FY2025 (As of March 31, 2026)	Second Quarter of FY2026 (As of September 30, 2026)
Net assets		
Shareholders' equity		
Share capital	85,032	85,032
Capital surplus	68,521	66,660
Retained earnings	2,252,762	2,372,540
Treasury shares	(1,178)	(350,512)
Total shareholders' equity	2,405,138	2,173,720
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	82,318	81,935
Deferred gains or losses on hedges	1,737	(193)
Foreign currency translation adjustment	768,278	734,147
Remeasurements of defined benefit plans	(7,632)	(9,566)
Total accumulated other comprehensive income	844,702	806,322
Share acquisition rights	4,813	4,033
Non-controlling interests	61,884	61,239
Total net assets	3,316,538	3,045,317
Total liabilities and net assets	5,809,240	5,841,527

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

(Consolidated Statement of Income)

(Millions of yen)

	First Six Months of FY2025 (April 1, 2025, to September 30, 2025)	First Six Months of FY2026 (April 1, 2026, to September 30, 2026)
Net sales	2,478,798	2,910,766
Cost of sales	1,596,079	1,914,829
Gross profit	882,719	995,936
Selling, general and administrative expenses	636,117	725,143
Operating profit	246,602	270,793
Non-operating income		
Interest income	8,551	9,326
Dividend income	2,488	2,726
Share of profit of entities accounted for using equity method	843	581
Inflation accounting adjustment	5,983	—
Other	4,151	4,379
Total non-operating income	22,018	17,014
Non-operating expenses		
Interest expenses	20,756	23,564
Foreign exchange losses	1,049	7,970
Inflation accounting adjustment	—	2,553
Other	4,926	6,530
Total non-operating expenses	26,732	40,619
Ordinary profit	241,887	247,188
Extraordinary income		
Gain on sale of land	2	—
Gain on sale of investment securities	6	1,981
Gain on sale of shares of subsidiaries and associates	0	—
Gain on liquidation of subsidiaries and associates	25	2,094
Gain on revision of retirement benefit plan	1,345	2,123
Total extraordinary income	1,380	6,199
Extraordinary losses		
Loss on disposal of non-current assets	6,054	923
Loss on valuation of investment securities	11	6
Impairment losses	—	1,239
Total extraordinary losses	6,066	2,169
Profit before income taxes	237,202	251,218
Income taxes	70,397	72,743
Profit	166,804	178,474
Profit attributable to non-controlling interests	5,871	5,515
Profit attributable to owners of parent	160,933	172,959

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	First Six Months of FY2025 (April 1, 2025, to September 30, 2025)	First Six Months of FY2026 (April 1, 2026, to September 30, 2026)
Profit	166,804	178,474
Other comprehensive income		
Valuation difference on available-for-sale securities	15,813	(309)
Deferred gains or losses on hedges	517	(1,930)
Foreign currency translation adjustment	50,065	(35,794)
Remeasurements of defined benefit plans	(3,968)	(2,230)
Share of other comprehensive income of entities accounted for using equity method	(1,082)	1,206
Total other comprehensive income	61,344	(39,058)
Comprehensive income	228,149	139,416
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	221,856	134,579
Comprehensive income attributable to non-controlling interests	6,293	4,836

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	First Six Months of FY2025 (April 1, 2025, to September 30, 2025)	First Six Months of FY2026 (April 1, 2026, to September 30, 2026)
I. Cash flows from operating activities		
Profit before income taxes	237,202	251,218
Depreciation	105,343	122,079
Amortization of goodwill	24,494	27,847
Increase (decrease) in allowance for doubtful accounts	(317)	1,146
Interest and dividend income	(11,039)	(12,053)
Interest expenses	20,756	23,564
Share of loss (profit) of entities accounted for using equity method	(843)	(581)
Loss (gain) on disposal of non-current assets	6,054	923
Loss (gain) on sale of investment securities	(6)	(1,981)
Loss (gain) on valuation of investment securities	11	6
Gain on revision of retirement benefit plan	(1,345)	(2,123)
Decrease (increase) in trade receivables	29,379	(28,156)
Decrease (increase) in inventories	(37,863)	(43,404)
Increase (decrease) in trade payables	(11,015)	38,951
Increase (decrease) in accounts payable - other	(21,047)	(12,520)
Increase (decrease) in accrued expenses	17,577	20,086
Increase (decrease) in retirement benefit liability	(181)	41
Decrease (increase) in retirement benefit asset	(579)	(398)
Other, net	(27,012)	34,271
Subtotal	329,566	418,917
Interest and dividends received	12,177	12,260
Interest paid	(20,698)	(23,172)
Income taxes paid	(77,628)	(66,986)
Net cash provided by (used in) operating activities	243,416	341,019
II. Cash flows from investing activities		
Purchase of property, plant and equipment	(94,121)	(123,494)
Proceeds from sale of property, plant and equipment	2,329	4,663
Purchase of investment securities	(1,500)	(3,158)
Proceeds from sale of investment securities	6	2,425
Purchase of shares of subsidiaries and associates	(250)	—
Payments for acquisition of businesses	(889)	(2,987)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(47,602)	(729)
Purchase of investments in capital of subsidiaries resulting in change in scope of consolidation	(2,006)	—
Decrease (increase) in time deposits	(46,923)	(40,783)
Other, net	(8,952)	(19,697)
Net cash provided by (used in) investing activities	(199,910)	(183,761)

(Millions of yen)

	First Six Months of FY2025 (April 1, 2025, to September 30, 2025)	First Six Months of FY2026 (April 1, 2026, to September 30, 2026)
III. Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(13,964)	151,382
Proceeds from long-term borrowings	67,884	81,878
Repayments of long-term borrowings	(45,303)	(53,754)
Proceeds from issuance of bonds	49,830	79,746
Redemption of bonds	(15,000)	(10,000)
Purchase of treasury shares	(0)	(350,000)
Dividends paid	(42,444)	(51,240)
Proceeds from share issuance to non-controlling shareholders	—	256
Dividends paid to non-controlling interests	(6,122)	(4,197)
Repayments of lease liabilities	(30,322)	(36,818)
Other, net	(160)	(3,466)
Net cash provided by (used in) financing activities	(35,603)	(196,212)
IV. Effect of exchange rate change on cash and cash equivalents	14,932	(5,327)
V. Net increase (decrease) in cash and cash equivalents	22,835	(44,283)
VI. Cash and cash equivalents at beginning of period	658,105	706,523
VII. Increase (decrease) in cash and cash equivalents resulting from change in accounting period of subsidiaries	—	(607)
VIII. Cash and cash equivalents at end of period	680,940	661,632

(4) Notes to Consolidated Financial Statements

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

None applicable

Notes on Significant Changes in Shareholders' Equity

In accordance with a resolution of the Board of Directors on May 12, 2026, the Company acquired 14,516,700 treasury shares on May 13, 2026. In addition, as part of the ex post facto adjustment for the Fully Committed Share Repurchase (FCSR), the Company acquired 26,900 treasury shares on August 6, 2026, 28,100 treasury shares on August 13, 2026, and 96,300 treasury shares on September 7, 2026. As a result, the value of the Company's treasury shares increased by ¥349,997 million.

Adoption of Accounting Treatment Specific to Semi-annual 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, 2027, 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.

[Segment Information]

I. For the six months ended September 30, 2025 (From April 1, 2025, to September 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	340,618	29,215	369,833	25,619	395,452	—	395,452
U.S.	898,817	24,219	923,036	6,953	929,989	—	929,989
Europe	361,370	24,320	385,690	8,601	394,292	—	394,292
Asia and Oceania	305,609	17,758	323,368	2,226	325,595	—	325,595
China	230,415	30,354	260,769	1,026	261,796	—	261,796
Other	170,021	916	170,937	733	171,671	—	171,671
Revenue from contracts with customers	2,306,852	126,784	2,433,637	45,161	2,478,798	—	2,478,798
Other revenue	—	—	—	—	—	—	—
Sales to outside customers	2,306,852	126,784	2,433,637	45,161	2,478,798	—	2,478,798
Intersegment sales	1,131	13,780	14,911	576	15,488	(15,488)	—
Total	2,307,983	140,565	2,448,548	45,738	2,494,287	(15,488)	2,478,798
Segment profit	232,320	13,655	245,976	629	246,606	(3)	246,602

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 ¥(3) 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

II. For the six months ended September 30, 2026 (From April 1, 2026, to September 30, 2026)

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	396,475	32,904	429,380	27,624	457,004	—	457,004
U.S.	1,058,958	29,452	1,088,410	8,660	1,097,071	—	1,097,071
Europe	438,408	23,362	461,770	11,570	473,340	—	473,340
Asia and Oceania	377,063	24,091	401,154	2,261	403,416	—	403,416
China	242,447	47,853	290,300	1,443	291,744	—	291,744
Other	186,304	1,125	187,429	758	188,187	—	188,187
Revenue from contracts with customers	2,699,657	158,789	2,858,447	52,319	2,910,766	—	2,910,766
Other revenue	—	—	—	—	—	—	—
Sales to outside customers	2,699,657	158,789	2,858,447	52,319	2,910,766	—	2,910,766
Intersegment sales	1,443	16,319	17,763	669	18,432	(18,432)	—
Total	2,701,101	175,109	2,876,210	52,988	2,929,199	(18,432)	2,910,766
Segment profit	244,364	24,214	268,579	2,212	270,791	1	270,793

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 ¥1 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)
This information has been omitted due to its lack of material significance.

(Significant change in goodwill amount)
None applicable

(Significant gain on bargain purchase)
None applicable

The above represents a translation, for reference and convenience only, of the original notice issued in Japanese. We did our utmost to ensure accuracy in our translation and believe it to be of the highest standard. However, due to differences of accounting, legal and other systems as well as of language, this English version might contain inaccuracies, and therefore might be inconsistent with the original intent imported from the Japanese. In the event of any discrepancies between the Japanese and English versions, the former shall prevail as the official version.