

Consolidated Financial Results for the First Quarter Ended June 30, 2021 (International Financial Reporting Standards)

Company Name:	LIXIL CORPORATION	Stock Listings:	Tokyo, Nagoya
Code Number:	5938	URL:	https://www.lixil.com/en/investor/
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Scheduled date of issue of quarterly financial report:	August 6, 2021		
Preparation of supplementary materials for quarterly financial results:	Yes		
Information meeting for quarterly financial results to be held:	Yes (For investment analysts and institutional investors)		

(Amounts less than one million yen are rounded)

1. Consolidated Financial Results for the Q1 of FY Ending March, 2022 (April 1 through June 30, 2021)

(1) Consolidated Operating Results (% indicate changes from the figures of corresponding period of the previous fiscal year)

	From Continuing Operations									
	Revenue		Core earnings		Operating profit		Profit before tax		Profit for the quarter	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 2022 Q1	345,761	11.4	23,076	—	23,933	—	22,926	—	16,869	—
FYE 2021 Q1	310,458	-14.6	-2,633	—	-3,079	—	-2,915	—	-3,978	—

	Including Discontinued Operations							
	Profit for the quarter		Profit for the quarter attributable to owners of the parent		Total comprehensive income for the quarter		Basic earnings per share	Diluted earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
FYE 2022 Q1	16,843	—	16,825	—	16,908	205.6	57.91	54.96
FYE 2021 Q1	-2,446	—	-3,719	—	5,532	199.8	-12.82	-12.82

Note: Core earnings is calculated by deducting the cost of sales and selling, general and administrative expenses (SGA) from revenue.

(2) Consolidated Financial Position

	Total assets		Total equity		Equity attributable to owners of the parent		Ratio of equity attributable to owners of the parent to total assets
	Million yen	Million yen	Million yen	Million yen	Million yen	Million yen	%
FYE 2022 Q1	1,739,605	561,377	558,887	558,887	558,887	558,887	32.1
FYE 2021	1,741,814	554,767	552,271	552,271	552,271	552,271	31.7

2. Cash Dividends

	Dividends per share						
	End of Q1		End of Q2		End of Q3	End of period	For the year
	Yen	Yen	Yen	Yen	Yen	Yen	Yen
FYE 2021	—	—	35.00	—	—	40.00	75.00
FYE 2022	—	—	—	—	—	—	—
FYE 2022 (forecast)	—	—	40.00	—	—	40.00	80.00

Note: Revision of dividends forecast after the recent announcement: None

3. Consolidated Forecast for the FY Ending March, 2022 (April 1, 2021 through March 31, 2022)

(% indicate changes from the figures of corresponding period of the previous fiscal year)

	From Continuing Operations									
	Revenue		Core earnings		Operating profit		Profit before tax		Profit for the year	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 2022	1,440,000	4.5	80,000	39.6	78,000	117.6	75,500	123.3	49,000	199.4

	Including Discontinued Operations				
	Profit for the year		Profit for the year attributable to owners of the parent		Basic earnings per share Yen
	Million yen	%	Million yen	%	
FYE 2022	47,000	25.0	47,000	42.2	161.94

Note: Revision of consolidated operating performance forecast after the recent announcement: None

* Notes

(1) Changes in significant subsidiaries, which affected the scope of consolidation during this period: None

Newly consolidated company: None

Excluded company: None

(2) Changes in accounting policies and accounting estimate

(i) Changes in accounting policies required by IFRS: None

(ii) Other changes: None

(iii) Changes in accounting estimate: None

(3) Outstanding stocks (Common stocks)

(i) Outstanding stocks including treasury stocks (June 30, 2021) 313,319,159 shares (FY ended March 31, 2021) 313,319,159 shares

(ii) Treasury stocks (June 30, 2021) 22,614,240 shares (FY ended March 31, 2021) 23,091,924 shares

(iii) Average stocks during three months (Apr - Jun) (June 30, 2021) 290,538,540 shares (June 30, 2020) 290,102,787 shares

* This financial results report is exempt from review procedures under Japan's Financial Instruments and Exchange Law.

*Appropriate use of business forecasts, other special items

(Cautionary statements with respect to forward-looking statements)

Performance forecast and other forward-looking statements contained in this report are based on information currently available and on certain assumptions deemed rational at the time of this report's release. Due to various circumstances, however, actual results may differ significantly from such statements.

Note: Regarding presentation material to supplement the financial results announcement has been posted on TDnet and the Company's website.

4. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Unit: millions of yen)

	As of March 31, 2021		End of Q1 (As of June 30, 2021)	
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	Y	111,061	Y	109,548
Trade and other receivables		284,369		276,469
Inventories		180,417		193,129
Contract assets		17,650		22,656
Income taxes receivable		9,776		9,919
Other financial assets		13,880		11,407
Other current assets		19,262		19,651
Subtotal		636,415		642,779
Assets held for sale		1,358		637
Total current assets		637,773		643,416
NON-CURRENT ASSETS:				
Property, plant and equipment		402,669		398,074
Right of use assets		62,417		60,939
Goodwill and other intangible assets		453,456		454,443
Investment property		4,931		4,513
Investments accounted for using the equity method		10,871		10,046
Other financial assets		83,080		80,825
Deferred tax assets		77,939		78,722
Other non-current assets		8,678		8,627
Total non-current assets		1,104,041		1,096,189
Total assets	Y	1,741,814	Y	1,739,605

(Unit: millions of yen)

	As of March 31, 2021	End of Q1 (As of June 30, 2021)
LIABILITIES AND EQUITY		
LIABILITIES		
CURRENT LIABILITIES:		
Trade and other payables	299,363	276,080
Bonds and borrowings	164,204	155,562
Lease liabilities	17,339	16,916
Contract liabilities	9,738	11,338
Income taxes payable	5,220	6,113
Other financial liabilities	5,408	6,246
Provisions	1,313	865
Other current liabilities	84,343	94,365
Total current liabilities	586,928	567,485
NON-CURRENT LIABILITIES:		
Bonds and borrowings	366,923	375,199
Lease liabilities	47,039	45,264
Other financial liabilities	25,757	26,974
Net defined benefit liabilities	80,939	82,354
Provisions	7,860	7,830
Deferred tax liabilities	56,468	57,708
Other non-current liabilities	15,133	15,414
Total non-current liabilities	600,119	610,743
Total liabilities	1,187,047	1,178,228
EQUITY		
Share capital	68,418	68,418
Capital reserves	278,240	278,774
Treasury shares	-48,610	-47,606
Other components of equity	20,415	19,816
Retained earnings	233,808	239,485
Equity attributable to owners of the parent	552,271	558,887
Non-controlling interests	2,496	2,490
Total equity	554,767	561,377
Total liabilities and equity	Y 1,741,814	Y 1,739,605

(2) Consolidated Statements of Profit or Loss and Comprehensive Income
Consolidated Statement of Profit or Loss

(Unit: millions of yen)

	Three months ended June 30, 2020		Three months ended June 30, 2021	
Continuing operations				
Revenue	Y	310,458	Y	345,761
Cost of sales		-213,771		-220,745
GROSS PROFIT		96,687		125,016
Selling, general and administrative expenses		-99,320		-101,940
Other income		792		3,143
Other expenses		-1,238		-2,286
OPERATING PROFIT (LOSS)		-3,079		23,933
Finance income		5,910		2,044
Finance costs		-5,652		-2,329
Share of loss of associates and joint ventures accounted for using the equity method		-94		-722
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		-2,915		22,926
Income tax expenses		-1,063		-6,057
PROFIT (LOSS) FOR THE QUARTER FROM CONTINUING OPERATIONS		-3,978		16,869
Discontinued operations				
PROFIT (LOSS) FOR THE QUARTER FROM DISCONTINUED OPERATIONS		1,532		-26
Profit (loss) for the quarter		-2,446		16,843
Profit (loss) for the year attributable to:				
Owners of the parent				
Continuing operations		-3,829		16,851
Discontinued operations		110		-26
Total		-3,719		16,825
Non-controlling interests				
Continuing operations		-149		18
Discontinued operations		1,422		—
Total		1,273		18
Profit (loss) for the quarter		-2,446		16,843

(Unit: millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Earnings (loss) per share		
Basic (yen per share)		
Continuing operations	-13.20	58.00
Discontinued operations	0.38	-0.09
Total	-12.82	57.91
Diluted (yen per share)		
Continuing operations	-13.20	55.04
Discontinued operations	0.38	-0.08
Total	-12.82	54.96

Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
PROFIT (LOSS) FOR THE QUARTER	Y -2,446	Y 16,843
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss		
Net fair value gain (loss) on equity instruments measured through other comprehensive income	2,508	-791
Remeasurements of defined benefit pension plans	-877	—
Total items that will not be reclassified subsequently to profit or loss	1,631	-791
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	4,533	1,158
Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	1,815	-310
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	-1	8
Total items that may be reclassified subsequently to profit or loss	6,347	856
Other comprehensive income, net of tax	7,978	65
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	5,532	16,908
Total comprehensive income for the quarter attributable to:		
Owners of the parent	4,201	16,914
Non-controlling interests	1,331	-6
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	Y 5,532	Y 16,908

(3) Consolidated Statement of Changes in Equity

(Unit: millions of yen)

	Equity attributable to owners of the parent						
	Share capital	Capital reserves	Treasury shares	Other components of equity			
				Net fair value gain (loss) on equity instrument measured through other comprehensive income	Remeasurements of defined benefit pension plans	Exchange differences on translation of foreign operations	Net fair value gain (loss) on hedging instruments entered into for cash flow hedges
BALANCE AS OF APRIL 1, 2020	68,418	278,120	-48,870	6,256	—	-23,757	-2,686
Profit (loss) for the quarter	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	2,508	-877	4,031	1,679
Total comprehensive income for the quarter	—	—	—	2,508	-877	4,031	1,679
Purchase of treasury shares	—	—	-1	—	—	—	—
Disposal of treasury shares	—	-0	0	—	—	—	—
Share-based payment transactions	—	26	—	—	—	—	—
Dividends	—	—	—	—	—	—	—
Reclassification to disposal group classified as held for sale	—	—	—	—	—	—	-10
Changes associated with obtaining control of subsidiaries	—	1	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	—	877	—	—
Total transactions with owners	—	27	-1	—	877	—	-10
BALANCE AS OF JUNE 30, 2020	68,418	278,147	-48,871	8,764	—	-19,726	-1,017
BALANCE AS OF APRIL 1, 2021	68,418	278,240	-48,610	16,558	—	372	1,071
Profit (loss) for the quarter	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	-791	—	1,182	-310
Total comprehensive income for the quarter	—	—	—	-791	—	1,182	-310
Purchase of treasury shares	—	—	-6	—	—	—	—
Disposal of treasury shares	—	0	0	—	—	—	—
Share-based payment transactions	—	534	1,010	—	—	—	—
Dividends	—	—	—	—	—	—	—
Reclassification to disposal group classified as held for sale	—	—	—	—	—	—	—
Changes associated with obtaining control of subsidiaries	—	—	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	94	—	—	—
Total transactions with owners	—	534	1,004	94	—	—	—
BALANCE AS OF JUNE 30, 2021	68,418	278,774	-47,606	15,861	—	1,554	761

(Unit: millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Other components of equity			Retained earnings (losses)	Total			
	Accumulated other comprehensive income relating to non-current assets or disposal group classified as held for sale	Other	Total					
BALANCE AS OF APRIL 1, 2020	3,879	3,599	-12,709	217,206	502,165	32,972	535,137	
Profit (loss) for the quarter	—	—	—	-3,719	-3,719	1,273	-2,446	
Other comprehensive income	580	-1	7,920	—	7,920	58	7,978	
Total comprehensive income for the quarter	580	-1	7,920	-3,719	4,201	1,331	5,532	
Purchase of treasury shares	—	—	—	—	-1	—	-1	
Disposal of treasury shares	—	—	—	—	0	—	0	
Share-based payment transactions	—	-1,109	-1,109	983	-100	—	-100	
Dividends	—	—	—	-10,154	-10,154	-518	-10,672	
Reclassification to disposal group classified as held for sale	10	—	—	—	—	—	—	
Changes associated with obtaining control of subsidiaries	—	—	—	—	1	-5	-4	
Transfers from other components of equity to retained earnings	—	—	877	-877	—	—	—	
Total transactions with owners	10	-1,109	-232	-10,048	-10,254	-523	-10,777	
BALANCE AS OF JUNE 30, 2020	4,469	2,489	-5,021	203,439	496,112	33,780	529,892	
BALANCE AS OF APRIL 1, 2021	—	2,414	20,415	233,808	552,271	2,496	554,767	
Profit (loss) for the quarter	—	—	—	16,825	16,825	18	16,843	
Other comprehensive income	—	8	89	—	89	-24	65	
Total comprehensive income for the quarter	—	8	89	16,825	16,914	-6	16,908	
Purchase of treasury shares	—	—	—	—	-6	—	-6	
Disposal of treasury shares	—	—	—	—	0	—	0	
Share-based payment transactions	—	-782	-782	555	1,317	—	1,317	
Dividends	—	—	—	-11,609	-11,609	—	-11,609	
Reclassification to disposal group classified as held for sale	—	—	—	—	—	—	—	
Changes associated with obtaining control of subsidiaries	—	—	—	—	—	—	—	
Transfers from other components of equity to retained earnings	—	—	94	-94	—	—	—	
Total transactions with owners	—	-782	-688	-11,148	-10,298	—	-10,298	
BALANCE AS OF JUNE 30, 2021	—	1,640	19,816	239,485	558,887	2,490	561,377	

(4) Consolidated Statement of Cash Flows

(Unit: millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
OPERATING ACTIVITIES:		
Profit (loss) before tax from continuing operations	Y -2,915	Y 22,926
Profit (loss) before tax from discontinued operations	4,025	-37
Profit before tax	1,110	22,889
Depreciation and amortization	24,493	20,021
Impairment losses	190	831
Interest and dividend income	-1,167	-1,309
Interest expense	1,612	1,121
Share of loss (profit) of associates and joint ventures accounted for using the equity method	94	722
Loss (profit) on sale and disposal of property, plant and equipment	176	420
Decrease (increase) in trade and other receivables	39,556	8,331
Decrease (increase) in inventories	-6,939	-12,449
Increase (decrease) in trade and other payables	-28,069	-22,775
Increase (decrease) in net defined benefit liabilities	5,366	665
Other	9,757	3,636
Subtotal	46,179	22,103
Interest received	304	323
Dividends received	925	1,066
Interest paid	-1,551	-1,062
Income taxes paid	-6,357	-3,125
Net cash flows from operating activities	Y 39,500	19,305

(Unit: millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
INVESTING ACTIVITIES:		
(Increase) decrease in time deposits	Y -524	Y 755
Purchase of property, plant and equipment	-16,752	-7,747
Proceeds from disposal of property, plant and equipment	35	3,458
Purchase of intangible assets	-2,497	-2,616
Proceeds from sale of subsidiaries	1,830	—
Decrease (increase) in short-term loans receivable	814	787
Payments for acquisition of other investments	-16,008	-20,001
Proceeds from sale and redemption of investments	16,009	20,000
Other	-415	-110
Net cash flows from investing activities	Y -17,508	Y -5,474
FINANCING ACTIVITIES:		
Dividends paid	Y -10,154	Y -11,609
Dividends paid to non-controlling interests	-518	—
Increase (decrease) in short-term borrowings and commercial paper	67,695	10,497
Proceeds from long-term borrowings	30,028	9,884
Repayment of long-term borrowings	-23,937	-20,912
Lease liabilities paid	-10,053	-4,904
Other	-47	1,400
Net cash flows from financing activities	Y 53,014	Y -15,644
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	75,006	-1,813
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	95,862	111,061
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	1,627	300
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS INCLUDED IN ASSETS CLASSIFIED HELD FOR SALE	-11,745	—
CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	Y 160,750	109,548

(5) Notes related to Financial Statements

(Notes related to Going Concern Assumptions)

Not applicable.

(Segment Information)

Information about Revenue, Income (Loss) and Other Items by Business Segment
For the three months ended June 30, 2020 (April 1 through June 30, 2020)

(Unit: millions of yen)

	Reportable Segments			
	Water Technology Business (Note 5)	Housing Technology Business (Note 5)	Building Technology Business	Housing & Services Business (Note 5)
Revenue				
Revenue from external customers (Note 4)	Y 162,162	Y 116,162	Y 21,282	Y 10,852
Intersegment revenue or transfers	3,302	1,162	13	410
Total	165,464	117,324	21,295	11,262
Segment profit (loss) (Note 1)	3,001	5,227	-896	435
Other income				
Other expenses				
Operating profit (loss)				
Finance income				
Finance costs				
Share of loss of associates and joint ventures accounted for using the equity method				
Profit (loss) before tax from continuing operations				

(Unit: millions of yen)

	Total	Reconciliations (Note 2)	Consolidated
Revenue			
Revenue from external customers (Note 4)	Y 310,458	—	Y 310,458
Intersegment revenue or transfers	4,887	-4,887	—
Total	315,345	-4,887	310,458
Segment profit (loss) (Note 1)	7,767	-10,400	-2,633
Other income			792
Other expenses			-1,238
Operating profit (loss)			-3,079
Finance income			5,910
Finance costs			-5,652
Share of loss of associates and joint ventures accounted for using the equity method			-94
Profit (loss) before tax from continuing operations			-2,915

Information about Revenue, Income (Loss) and Other Items by Business Segment
For the three months ended June 30, 2021 (April 1 through June 30, 2021)

(Unit: millions of yen)

	Reportable Segments			
	Water Technology Business (Note 5)	Housing Technology Business (Note 5)	Building Technology Business	Housing & Services Business (Note 5)
Revenue				
Revenue from external customers	Y 207,784	Y 113,178	Y 18,007	Y 6,792
Intersegment revenue or transfers	2,786	1,575	—	359
Total	210,570	114,753	18,007	7,151
Segment profit (loss) (Note 1)	23,667	10,353	-774	70
Other income				
Other expenses				
Operating profit (loss)				
Finance income				
Finance costs				
Share of loss of associates and joint ventures accounted for using the equity method				
Profit (loss) before tax from continuing operations				

(Unit: millions of yen)

	Total	Reconciliations (Note 3)	Consolidated
Revenue			
Revenue from external customers	Y 345,761	—	Y 345,761
Intersegment revenue or transfers	4,720	-4,720	—
Total	350,481	-4,720	345,761
Segment profit (loss) (Note 1)	33,316	-10,240	23,076
Other income			3,143
Other expenses			-2,286
Operating profit (loss)			23,933
Finance income			2,044
Finance costs			-2,329
Share of loss of associates and joint ventures accounted for using the equity method			-722
Profit (loss) before tax from continuing operations			22,926

Notes:

1. Segment profit (loss) is core earnings by segment which are defined as revenue less the cost of sales and selling, general and administrative expenses.
2. A process of Segment profit (loss) reconciliations takes place for Company expenses that are not allocated to reportable segments. These expenses primarily represent costs associated with administrative departments, including Human Resources, General Affairs, Accounting and other departments of the Company and LIXIL Corporation which the Company merged and became an absorbed company on December 1, 2020.
3. A process of Segment profit (loss) reconciliations takes place for Company expenses that are not allocated to reportable segments. These expenses primarily represent costs associated with administrative departments, including Human Resources, General Affairs, Accounting and other departments of the Company.

4. Regarding revenue attributable to LIXIL VIVA

Consolidated financial results for the first quarter of the fiscal year ended March 2021 (April 1 through June 30, 2020)

Revenue attributable to LIXIL VIVA, a former subsidiary of the Company, which was previously included in "Intersegment revenue or transfers" is now included in "Revenue from external customers" and is removed from profit (loss) from discontinued operations to reflect the impact on continuing operations in the future. Revenue for LIXIL VIVA included in "Revenue from external customers" was JPY 363 million for the Water Technology Business and JPY 480 million for the Housing Technology Business.

5. The online business for housing-related products ("LIXIL Online Business") operated by our consolidated subsidiary was classified in the Housing and Services business until the third quarter of the fiscal year ended March 2021. However, due to an organizational restructuring implemented on January 1, 2021, LIXIL Online Business was subsequently transitioned to and classified in the Water Technology business and the Housing Technology business from the fourth quarter of the year ended March 31, 2021.

LIXIL Online Business's products mainly handled in the Water Technology business were sold through the Housing and Services business. Therefore the revenue related to LIXIL Online Business was included in "Intersegment revenue or transfers" within the Water Technology business and "Revenue from external customers" in the Housing and Services business in the first quarter of the fiscal year ended March 2021. And in the first quarter of the fiscal year ending March 2022, it was included in "Revenue from external customers" within the Water Technology business and the Housing Technology business.

Reflecting the change in aggregation for revenue and segment profit related to LIXIL Online Business for the consolidated cumulative period for the first quarter of the fiscal year ended March 2021, "Revenue from external customers" and "Segment profit" of the Water Technology business increased by JPY 928 million and JPY 105 million, respectively. "Intersegment revenue or transfers" of the Water Technology business decreased by JPY 594 million under the above model.

In addition, "Revenue from external customers" and "Segment profit" of the Housing Technology business increased by JPY 82 million and JPY 3 million, respectively. "Revenue from external customers" and "Segment profit" of the Housing and Services business decreased by JPY 1,010 million and JPY 108 million, respectively.

6. Business operations classified as discontinued operations are not included.