

Consolidated Financial Results for the First Half Ended September 30, 2021 (International Financial Reporting Standards)

Company Name:	LIXIL CORPORATION	Stock Listings:	Tokyo, Nagoya
Code Number:	5938	URL:	https://www.lixil.com/en/investor/
Representative:	Kinya Seto, President & CEO	Telephone:	+81-3-6706-7001
Contact:	Kayo Hirano, Senior Vice President, Leader, Investor Relations Office		
Scheduled date of issue of quarterly financial report:	November 11, 2021		
Schedule date of payment of interim dividends:	November 26, 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 H1 of FY Ending March, 2022 (April 1 through September 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 H1	696,213	5.4	37,271	142.5	37,161	210.3	35,593	233.3	25,971	311.7
FYE 2021 H1	660,476	-13.0	15,371	-54.8	11,976	-64.3	10,678	-75.6	6,308	-79.1

	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 H1	25,780	76.1	25,707	136.5	24,685	20.7	88.46	84.02
FYE 2021 H1	14,640	-41.9	10,869	-53.0	20,459	271.8	37.47	35.75

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	%
FYE 2022 H1	1,711,580	568,929	566,535	33.1
FYE 2021	1,741,814	554,767	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
FYE 2021	—	35.00	—	40.00	75.00
FYE 2022	—	40.00	—	—	—
FYE 2022 (forecast)	—	—	—	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 (September 30, 2021) 313,319,159 shares (FY ended March 31, 2021) 313,319,159 shares

(ii) Treasury stocks (September 30, 2021) 22,616,761 shares (FY ended March 31, 2021) 23,091,924 shares

(iii) Average stocks during the first half (September 30, 2021) 290,609,099 shares (September 30, 2020) 290,102,188 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 H1 (As of September 30, 2021)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	Y 111,061	Y 98,905
Trade and other receivables	284,369	269,129
Inventories	180,417	201,119
Contract assets	17,650	24,477
Income taxes receivable	9,776	1,062
Other financial assets	13,880	18,720
Other current assets	19,262	17,567
Subtotal	636,415	630,979
Assets held for sale	1,358	375
Total current assets	637,773	631,354
NON-CURRENT ASSETS:		
Property, plant and equipment	402,669	393,006
Right of use assets	62,417	59,021
Goodwill and other intangible assets	453,456	449,021
Investment property	4,931	5,213
Investments accounted for using the equity method	10,871	10,327
Other financial assets	83,080	74,954
Deferred tax assets	77,939	78,578
Other non-current assets	8,678	10,106
Total non-current assets	1,104,041	1,080,226
Total assets	Y 1,741,814	Y 1,711,580

	(Unit: millions of yen)	
	As of March 31, 2021	End of H1 (As of September 30, 2021)
LIABILITIES AND EQUITY		
LIABILITIES		
CURRENT LIABILITIES:		
Trade and other payables	299,363	272,075
Bonds and borrowings	164,204	138,800
Lease liabilities	17,339	16,606
Contract liabilities	9,738	12,590
Income taxes payable	5,220	7,209
Other financial liabilities	5,408	4,795
Provisions	1,313	1,101
Other current liabilities	84,343	84,445
Total current liabilities	586,928	537,621
NON-CURRENT LIABILITIES:		
Bonds and borrowings	366,923	373,969
Lease liabilities	47,039	43,829
Other financial liabilities	25,757	27,084
Net defined benefit liabilities	80,939	81,427
Provisions	7,860	7,780
Deferred tax liabilities	56,468	56,310
Other non-current liabilities	15,133	14,631
Total non-current liabilities	600,119	605,030
Total liabilities	1,187,047	1,142,651
EQUITY		
Share capital	68,418	68,418
Capital reserves	278,240	278,593
Treasury shares	-48,610	-47,614
Other components of equity	20,415	18,686
Retained earnings	233,808	248,452
Equity attributable to owners of the parent	552,271	566,535
Non-controlling interests	2,496	2,394
Total equity	554,767	568,929
Total liabilities and equity	Y 1,741,814	Y 1,711,580

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

(Unit: millions of yen)

	Six months ended September 30, 2020		Six months ended September 30, 2021	
Continuing operations				
Revenue	Y	660,476	Y	696,213
Cost of sales		-442,805		-452,009
GROSS PROFIT		217,671		244,204
Selling, general and administrative expenses		-202,300		-206,933
Other income		2,495		4,812
Other expenses		-5,890		-4,922
OPERATING PROFIT		11,976		37,161
Finance income		6,574		2,634
Finance costs		-7,771		-3,702
Share of loss of associates and joint ventures accounted for using the equity method		-101		-500
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		10,678		35,593
Income tax expenses		-4,370		-9,622
PROFIT FOR THE QUARTER FROM CONTINUING OPERATIONS		6,308		25,971
Discontinued operations				
PROFIT (LOSS) FOR THE QUARTER FROM DISCONTINUED OPERATIONS		8,332		-191
PROFIT FOR THE QUARTER		14,640		25,780
Profit (loss) for the year attributable to:				
Owners of the parent				
Continuing operations		6,283		25,898
Discontinued operations		4,586		-191
Total		10,869		25,707
Non-controlling interests				
Continuing operations		25		73
Discontinued operations		3,746		—
Total		3,771		73
PROFIT FOR THE QUARTER		14,640		25,780

(Unit: millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Earnings (loss) per share		
Basic (yen per share)		
Continuing operations	21.66	89.12
Discontinued operations	15.81	-0.66
Total	37.47	88.46
Diluted (yen per share)		
Continuing operations	20.77	84.64
Discontinued operations	14.98	-0.62
Total	35.75	84.02

Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
PROFIT FOR THE QUARTER	Y 14,640	Y 25,780
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss		
Net gain (loss) on revaluation of equity instruments measured through other comprehensive income	3,844	1,241
Remeasurements of defined benefit pension plans	-608	—
Total items that will not be reclassified subsequently to profit or loss	3,236	1,241
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	64	-1,163
Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	2,520	-1,190
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	-1	17
Total items that may be reclassified subsequently to profit or loss	2,583	-2,336
Other comprehensive income, net of tax	5,819	-1,095
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	20,459	24,685
Total comprehensive income for the quarter attributable to:		
Owners of the parent	16,670	24,751
Non-controlling interests	3,789	-66
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	Y 20,459	Y 24,685

(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 for the quarter	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	3,844	-608	4,041	2,428
Total comprehensive income for the quarter	—	—	—	3,844	-608	4,041	2,428
Purchase of treasury shares	—	—	-3	—	—	—	—
Disposal of treasury shares	—	-0	0	—	—	—	—
Share-based payment transactions	—	32	—	—	—	—	—
Dividends	—	—	—	—	—	—	—
Reclassification to disposal group classified as held for sale	—	—	—	—	—	—	-10
Changes associated with obtaining control of subsidiaries	—	1	—	—	—	—	—
Changes associated with loss of control of subsidiaries	—	—	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	—	608	—	—
Total transactions with owners	—	33	-3	—	608	—	-10
BALANCE AS OF SEPTEMBER 30, 2020	68,418	278,153	-48,873	10,100	—	-19,716	-268
BALANCE AS OF APRIL 1, 2021	68,418	278,240	-48,610	16,558	—	372	1,071
Profit for the quarter	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	1,241	—	-1,023	-1,191
Total comprehensive income for the quarter	—	—	—	1,241	—	-1,023	-1,191
Purchase of treasury shares	—	—	-14	—	—	—	—
Disposal of treasury shares	—	0	0	—	—	—	—
Share-based payment transactions	—	536	1,010	—	—	—	—
Dividends	—	—	—	—	—	—	—
Reclassification to disposal group classified as held for sale	—	—	—	—	—	—	—
Changes associated with obtaining control of subsidiaries	—	-183	—	—	—	—	—
Changes associated with loss of control of subsidiaries	—	—	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	9	—	—	—
Total transactions with owners	—	353	996	9	—	—	—
BALANCE AS OF SEPTEMBER 30, 2021	68,418	278,593	-47,614	17,808	—	-651	-120

(Unit: millions of yen)

	Equity attributable to owners of the parent						
	Other components of equity			Retained earnings (losses)	Total	Non-controlling interests	Total equity
	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 for the quarter	—	—	—	10,869	10,869	3,771	14,640
Other comprehensive income	-3,903	-1	5,801	—	5,801	18	5,819
Total comprehensive income for the quarter	-3,903	-1	5,801	10,869	16,670	3,789	20,459
Purchase of treasury shares	—	—	—	—	-3	—	-3
Disposal of treasury shares	—	—	—	—	0	—	0
Share-based payment transactions	—	-1,127	-1,127	1,000	-95	—	-95
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	-7	-6
Changes associated with loss of control of subsidiaries	—	—	—	—	—	-796	-796
Transfers from other components of equity to retained earnings	—	—	608	-608	—	—	—
Total transactions with owners	10	-1,127	-519	-9,762	-10,251	-1,321	-11,572
BALANCE AS OF SEPTEMBER 30, 2020	-14	2,471	-7,427	218,313	508,584	35,440	544,024
BALANCE AS OF APRIL 1, 2021	—	2,414	20,415	233,808	552,271	2,496	554,767
Profit for the quarter	—	—	—	25,707	25,707	73	25,780
Other comprehensive income	—	17	-956	—	-956	-139	-1,095
Total comprehensive income for the quarter	—	17	-956	25,707	24,751	-66	24,685
Purchase of treasury shares	—	—	—	—	-14	—	-14
Disposal of treasury shares	—	—	—	—	0	—	0
Share-based payment transactions	—	-782	-782	555	1,319	—	1,319
Dividends	—	—	—	-11,609	-11,609	—	-11,609
Reclassification to disposal group classified as held for sale	—	—	—	—	—	—	—
Changes associated with obtaining control of subsidiaries	—	—	—	—	-183	-36	-219
Changes associated with loss of control of subsidiaries	—	—	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	9	-9	—	—	—
Total transactions with owners	—	-782	-773	-11,063	-10,487	-36	-10,523
BALANCE AS OF SEPTEMBER 30, 2021	—	1,649	18,686	248,452	566,535	2,394	568,929

(4) Consolidated Statement of Cash Flows

(Unit: millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
OPERATING ACTIVITIES:		
Profit before tax from continuing operations	Y 10,678	Y 35,593
Profit (loss) before tax from discontinued operations	14,688	-275
Profit before tax	25,366	35,318
Depreciation and amortization	44,746	40,121
Impairment losses	2,809	1,352
Interest and dividend income	-1,575	-1,723
Interest expense	3,196	2,281
Share of loss (profit) of associates and joint ventures accounted for using the equity method	101	500
Loss (profit) on sale and disposal of property, plant and equipment	600	732
Decrease (increase) in trade and other receivables	29,270	15,230
Decrease (increase) in inventories	2,812	-20,807
Increase (decrease) in trade and other payables	-32,567	-26,127
Increase (decrease) in net defined benefit liabilities	7,083	665
Other	-5,690	-5,334
Subtotal	76,151	42,208
Interest received	645	668
Dividends received	965	1,116
Interest paid	-2,872	-2,020
Income taxes paid	-10,469	-360
Net cash flows from operating activities	Y 64,420	41,612

(Unit: millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
INVESTING ACTIVITIES:		
(Increase) decrease in time deposits	Y -1,953	Y 156
Purchase of property, plant and equipment	-30,581	-15,649
Proceeds from disposal of property, plant and equipment	69	3,753
Purchase of intangible assets	-5,755	-5,198
Payments for sale of subsidiaries	-49,252	—
Proceeds from sale of subsidiaries	1,830	—
Decrease (increase) in short-term loans receivable	1,085	789
Payments for acquisition of other investments	-70,014	-37,118
Proceeds from sale and redemption of investments	70,010	37,360
Other	-1,468	-122
Net cash flows from investing activities	Y -86,029	Y -16,029
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	43,482	3,605
Proceeds from long-term borrowings	40,028	9,823
Repayment of long-term borrowings	-24,343	-21,300
Proceeds from issuance of bonds	49,775	—
Payments for redemption of bonds	—	-10,000
Lease liabilities paid	-20,590	-9,706
Other	60	1,172
Net cash flows from financing activities	Y 77,740	Y -38,015
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	56,131	-12,432
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	483	276
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS INCLUDED IN ASSETS CLASSIFIED HELD FOR SALE	-2,519	—
CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	Y 149,957	98,905

(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 six months ended September 30, 2020 (April 1 through September 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 358,973	Y 233,234	Y 46,255	Y 22,014
Intersegment revenue or transfers	6,664	2,330	28	891
Total	365,637	235,564	46,283	22,905
Segment profit (Note 1)	19,868	13,593	429	985
Other income				
Other expenses				
Operating profit				
Finance income				
Finance costs				
Share of loss of associates and joint ventures accounted for using the equity method				
Profit before tax from continuing operations				

(Unit: millions of yen)

	Total	Reconciliations (Note 2)	Consolidated
Revenue			
Revenue from external customers (Note 4)	Y 660,476	—	Y 660,476
Intersegment revenue or transfers	9,913	-9,913	—
Total	670,389	-9,913	660,476
Segment profit (Note 1)	34,875	-19,504	15,371
Other income			2,495
Other expenses			-5,890
Operating profit			11,976
Finance income			6,574
Finance costs			-7,771
Share of loss of associates and joint ventures accounted for using the equity method			-101
Profit before tax from continuing operations			10,678

Information about Revenue, Income (Loss) and Other Items by Business Segment
For the six months ended September 30, 2021 (April 1 through September 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 414,868	Y 226,338	Y 40,637	Y 14,370
Intersegment revenue or transfers	5,612	3,396	—	599
Total	420,480	229,734	40,637	14,969
Segment profit (loss) (Note 1)	40,804	18,249	1,066	-742
Other income				
Other expenses				
Operating profit				
Finance income				
Finance costs				
Share of loss of associates and joint ventures accounted for using the equity method				
Profit before tax from continuing operations				

(Unit: millions of yen)

	Total	Reconciliations (Note 3)	Consolidated
Revenue			
Revenue from external customers	Y 696,213	—	Y 696,213
Intersegment revenue or transfers	9,607	-9,607	—
Total	705,820	-9,607	696,213
Segment profit (loss) (Note 1)	59,377	-22,106	37,271
Other income			4,812
Other expenses			-4,922
Operating profit			37,161
Finance income			2,634
Finance costs			-3,702
Share of loss of associates and joint ventures accounted for using the equity method			-500
Profit before tax from continuing operations			35,593

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 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 cumulative period for the second quarter of the fiscal year ended March 2021 (April 1 through September 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 846 million for the Water Technology Business and JPY 1,075 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 & 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 & 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 & Services business for the consolidated cumulative period for the second quarter of the fiscal year ended March 2021. And for the consolidated cumulative period for the second 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 second quarter of the fiscal year ended March 2021, "Revenue from external customers" and "Segment profit" of the Water Technology business increased by JPY 1,857 million and JPY 209 million, respectively. "Intersegment revenue or transfers" of the Water Technology business decreased by JPY 1,216 million under the above model.

In addition, "Revenue from external customers" and "Segment profit" of the Housing Technology business increased by JPY 191 million and JPY 6 million, respectively. "Revenue from external customers" and "Segment profit" of the Housing & Services business decreased by JPY 2,048 million and JPY 215 million, respectively.

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