

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022
(International Financial Reporting Standards)

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Scheduled date of ordinary general meeting of shareholders: June 21, 2022
 Scheduled date of issue of Security report: June 22, 2022
 Schedule date of payment of dividends: June 6, 2022
 Preparation of supplementary materials for the financial results for FYE 2022: Yes
 Information meeting for the financial results for FYE 2022 to be held: Yes (For investment analysts and institutional investors)

(Amounts less than one million yen are rounded)

1. Consolidated Financial Results for the FY Ended March, 2022 (April 1, 2021 through March 31, 2022)

(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 year	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 2022	1,428,578	3.7	64,875	13.2	69,471	93.8	67,262	99.0	50,540	208.8
FYE 2021	1,378,255	-9.0	57,288	9.6	35,842	12.0	33,804	-17.4	16,368	-41.0

	Including Discontinued Operations							
	Profit for the year		Profit for the year attributable to owners of the parent		Total comprehensive income for the year		Basic earnings per share	Diluted earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
FYE 2022	48,730	29.6	48,603	47.1	82,401	10.0	167.21	158.83
FYE 2021	37,587	174.9	33,048	164.0	74,893	—	113.92	108.44

	Including Discontinued Operations			From Continuing Operations	
	Ratio of equity attributable to owners of the parent	Total assets	Earning Ratio before tax	Revenue Core earnings ratio	Revenue Operating profit ratio
	%	%	%	%	%
FYE 2022	8.3	3.7	3.7	4.5	4.9
FYE 2021	6.3	3.1	3.1	4.2	2.6

Reference: Share of profit (loss) of associates and joint ventures accounted for using the equity method

FYE 2022 -151 million yen FYE 2021 489 million yen

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	Equity attributable to owners of the parent per share
	Million yen	Million yen	Million yen	%	Yen
FYE 2022	1,782,882	614,968	612,385	34.3	2,106.30
FYE 2021	1,741,814	554,767	552,271	31.7	1,902.89

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FYE 2022	118,296	-24,805	-108,094	100,404
FYE 2021	151,043	-54,151	-93,425	111,061

2. Cash Dividends

	Dividends per share					Total amount of cash dividends (annual)	Dividend payout ratio (consolidated)	Ratio of total dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	End of period	For the year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FYE 2021	—	35.00	—	40.00	75.00	21,763	65.8	4.1
FYE 2022	—	40.00	—	45.00	85.00	24,711	50.8	4.2
FYE 2023 (forecast)	—	45.00	—	45.00	90.00		51.3	

3. Consolidated Forecast for the FY Ending March, 2023 (April 1, 2022 through March 31, 2023)

(% 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 2023	1,520,000	6.4	81,000	24.9	78,000	12.3	76,000	13.0	51,800	2.5

	Including Discontinued Operations				
	Profit for the year		Profit for the year attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Yen
FYE 2023	51,200	5.1	51,000	4.9	175.42

Note: Number of outstanding stocks (excluding treasury stocks) as of March 31, 2022 is used for the average stocks during the fiscal year to calculate "Basic earnings per share".

* 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 (March 31, 2022) 313,319,159 shares (FY ended March 31, 2021) 313,319,159 shares

(ii) Treasury stocks (March 31, 2022) 22,580,170 shares (FY ended March 31, 2021) 23,091,924 shares

(iii) Average stocks during the fiscal year (March 31, 2022) 290,663,404 shares (FY ended March 31, 2021) 290,110,459 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 this year (As of March 31, 2022)	
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	Y	111,061	Y	100,404
Trade and other receivables		284,369		280,409
Inventories		180,417		237,927
Contract assets		17,650		19,408
Income taxes receivable		9,776		923
Other financial assets		13,880		23,095
Other current assets		19,262		25,180
Subtotal		636,415		687,346
Assets held for sale		1,358		27,261
Total current assets		637,773		714,607
NON-CURRENT ASSETS:				
Property, plant and equipment		402,669		373,301
Right of use assets		62,417		54,023
Goodwill and other intangible assets		453,456		471,303
Investment property		4,931		4,045
Investments accounted for using the equity method		10,871		10,699
Other financial assets		83,080		62,361
Deferred tax assets		77,939		83,315
Other non-current assets		8,678		9,228
Total non-current assets		1,104,041		1,068,275
Total assets	Y	1,741,814	Y	1,782,882

(Unit: millions of yen)

	As of March 31, 2021	End of this year (As of March 31, 2022)
LIABILITIES AND EQUITY		
LIABILITIES		
CURRENT LIABILITIES:		
Trade and other payables	Y 299,363	Y 333,680
Bonds and borrowings	164,204	132,029
Lease liabilities	17,339	17,681
Contract liabilities	9,738	9,377
Income taxes payable	5,220	10,926
Other financial liabilities	5,408	5,638
Provisions	1,313	656
Other current liabilities	84,343	93,014
Total current liabilities	586,928	603,001
NON-CURRENT LIABILITIES:		
Bonds and borrowings	366,923	337,510
Lease liabilities	47,039	37,483
Other financial liabilities	25,757	26,968
Net defined benefit liabilities	80,939	78,441
Provisions	7,860	8,028
Deferred tax liabilities	56,468	61,875
Other non-current liabilities	15,133	14,608
Total non-current liabilities	600,119	564,913
Total liabilities	1,187,047	1,167,914
EQUITY		
Share capital	68,418	68,418
Capital reserves	278,240	278,635
Treasury shares	-48,610	-47,542
Other components of equity	20,415	44,954
Retained earnings	233,808	267,920
Equity attributable to owners of the parent	552,271	612,385
Non-controlling interests	2,496	2,583
Total equity	554,767	614,968
Total liabilities and equity	Y 1,741,814	Y 1,782,882

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

(Unit: millions of yen)

	FY ended March 31, 2021	FY ended March 31, 2022
Continuing operations		
Revenue	Y 1,378,255	Y 1,428,578
Cost of sales	-909,035	-941,709
GROSS PROFIT	469,220	486,869
Selling, general and administrative expenses	-411,932	-421,994
Other income	17,550	17,040
Other expenses	-38,996	-12,444
OPERATING PROFIT	35,842	69,471
Finance income	5,708	4,093
Finance costs	-8,235	-6,151
Share of profit (loss) of associates and joint ventures accounted for using the equity method	489	-151
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	33,804	67,262
Income tax expenses	-17,436	-16,722
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	16,368	50,540
Discontinued operations		
PROFIT (LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS	21,219	-1,810
PROFIT FOR THE YEAR	37,587	48,730
Profit (loss) for the year attributable to:		
Owners of the parent		
Continuing operations	16,363	50,413
Discontinued operations	16,685	-1,810
Total	33,048	48,603
Non-controlling interests		
Continuing operations	5	127
Discontinued operations	4,534	—
Total	4,539	127
PROFIT FOR THE YEAR	Y 37,587	Y 48,730

(Unit: millions of yen)

	FY ended March 31, 2021	FY ended March 31, 2022
Earnings (loss) per share		
Basic (yen per share)		
Continuing operations	56.41	173.44
Discontinued operations	57.51	-6.23
Total	113.92	167.21
Diluted (yen per share)		
Continuing operations	53.94	164.73
Discontinued operations	54.50	-5.90
Total	108.44	158.83

Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	FY ended March 31, 2021	FY ended March 31, 2022
PROFIT FOR THE YEAR	Y 37,587	Y 48,730
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	10,740	-2,152
Remeasurements of defined benefit pension plans	2,420	5,625
Total items that will not be reclassified subsequently to profit or loss	13,160	3,473
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	20,277	28,385
Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	3,872	1,796
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	-3	17
Total items that may be reclassified subsequently to profit or loss	24,146	30,198
Other comprehensive income, net of tax	37,306	33,671
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	74,893	82,401
Profit for the year attributable to:		
Owners of the parent	70,212	82,130
Non-controlling interests	4,681	271
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	Y 74,893	Y 82,401

(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 year	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	10,740	2,420	24,129	3,767
Total comprehensive income for the year	—	—	—	10,740	2,420	24,129	3,767
Purchase of treasury shares	—	—	-17	—	—	—	—
Disposal of treasury shares	—	-0	0	—	—	—	—
Share-based payment transactions	—	189	277	—	—	—	—
Dividends	—	—	—	—	—	—	—
Reclassification to disposal group classified as held for sale	—	—	—	-162	—	—	-10
Changes in parent's ownership interests in related companies	—	-69	—	—	—	—	—
Changes associated with loss of control of subsidiaries	—	—	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	-276	-2,420	—	—
Total transactions with owners	—	120	260	-438	-2,420	—	-10
BALANCE AS OF MARCH 31, 2021	68,418	278,240	-48,610	16,558	—	372	1,071
Profit for the year	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	-2,152	5,625	28,241	1,796
Total comprehensive income for the year	—	—	—	-2,152	5,625	28,241	1,796
Purchase of treasury shares	—	—	-29	—	—	—	—
Disposal of treasury shares	—	1	2	—	—	—	—
Redemption of convertible bond-type bonds with subscription rights to shares	—	—	—	—	—	—	—
Share-based payment transactions	—	576	1,095	—	—	—	—
Dividends	—	—	—	—	—	—	—
Reclassification to disposal group classified as held for sale	—	—	—	—	—	—	—
Changes associated with obtaining control of subsidiaries	—	-182	—	—	—	—	—
Changes associated with loss of control of subsidiaries	—	—	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	-1,079	-5,625	—	—
Total transactions with owners	—	395	1,068	-1,079	-5,625	—	—
BALANCE AS OF MARCH 31, 2022	68,418	278,635	-47,542	13,327	—	28,613	2,867

(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 for the year	—	—	—	33,048	33,048	4,539	37,587
Other comprehensive income	-3,889	-3	37,164	—	37,164	142	37,306
Total comprehensive income for the year	-3,889	-3	37,164	33,048	70,212	4,681	74,893
Purchase of treasury shares	—	—	—	—	-17	—	-17
Disposal of treasury shares	—	—	—	—	0	—	0
Share-based payment transactions	—	-1,182	-1,182	1,003	287	—	287
Dividends	—	—	—	-20,307	-20,307	-592	-20,899
Reclassification to disposal group classified as held for sale	172	—	—	—	—	—	—
Changes in parent's ownership interests in related companies	—	—	—	—	-69	-5	-74
Changes associated with loss of control of subsidiaries	—	—	—	—	—	-34,560	-34,560
Transfers from other components of equity to retained earnings	-162	—	-2,858	2,858	—	—	—
Total transactions with owners	10	-1,182	-4,040	-16,446	-20,106	-35,157	-55,263
BALANCE AS OF MARCH 31, 2021	—	2,414	20,415	233,808	552,271	2,496	554,767
Profit for the year	—	—	—	48,603	48,603	127	48,730
Other comprehensive income	—	17	33,527	—	33,527	144	33,671
Total comprehensive income for the year	—	17	33,527	48,603	82,130	271	82,401
Purchase of treasury shares	—	—	—	—	-29	—	-29
Disposal of treasury shares	—	—	—	—	3	—	3
Redemption of convertible bond-type bonds with subscription rights to shares	—	-1,483	-1,483	1,483	—	—	—
Share-based payment transactions	—	-801	-801	559	1,429	—	1,429
Dividends	—	—	—	-23,237	-23,237	—	-23,237
Reclassification to disposal group classified as held for sale	—	—	—	—	—	—	—
Changes associated with obtaining control of subsidiaries	—	—	—	—	-182	-184	-366
Changes associated with loss of control of subsidiaries	—	—	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	-6,704	6,704	—	—	—
Total transactions with owners	—	-2,284	-8,988	-14,491	-22,016	-184	-22,200
BALANCE AS OF MARCH 31, 2022	—	147	44,954	267,920	612,385	2,583	614,968

(4) Consolidated Statement of Cash Flows

(Unit: millions of yen)

	FY ended March 31, 2021	FY ended March 31, 2022
OPERATING ACTIVITIES:		
Profit before tax from continuing operations	Y 33,804	Y 67,262
Profit (loss) before tax from Discontinued operations	25,491	-2,603
Profit before tax	59,295	64,659
Depreciation and amortization	84,786	80,722
Impairment losses	8,840	2,584
Loss recognized on the measurement to fair value, less costs to sell the disposal group held for sale	5,405	526
Interest and dividend income	-2,825	-3,011
Interest expense	5,433	4,412
Share of loss (profit) of associates and joint ventures accounted for using the equity method	-489	151
Gain on sale of subsidiaries	-25,763	—
Profit on disposal of assets held for sale	—	-12,768
Loss (profit) on sale and disposal of property, plant and equipment	-439	1,107
Decrease (increase) in trade and other receivables	19,802	9,406
Decrease (increase) in inventories	4,565	-48,870
Increase (decrease) in trade and other payables	9,648	25,545
Increase (decrease) in net defined benefit liabilities	263	-5,979
Other	9,913	7,957
Subtotal	178,434	126,441
Interest received	1,342	1,181
Dividends received	1,581	1,810
Interest paid	-5,055	-3,789
Income taxes paid	-25,259	-7,347
Net cash flows from operating activities	Y 151,043	Y 118,296

(Unit: millions of yen)

	FY ended March 31, 2021	FY ended March 31, 2022
INVESTING ACTIVITIES:		
(Increase) decrease in time deposits	Y -2,441	Y 403
Purchase of property, plant and equipment	-54,959	-37,023
Proceeds from disposal of property, plant and equipment	2,519	12,422
Purchase of intangible assets	-13,539	-11,611
Proceeds from disposal of investment property	56	3,256
Payments for sale of subsidiaries	-52,476	—
Proceeds from sale of subsidiaries	69,846	341
Decrease (increase) in short-term loans receivable	-1,135	-1,560
Payments for acquisition of other investments	-135,342	-71,120
Proceeds from sale and redemption of investments	135,706	79,379
Other	-2,386	708
Net cash flows from investing activities	Y -54,151	Y -24,805
FINANCING ACTIVITIES:		
Dividends paid	Y -20,307	Y -23,237
Dividends paid to non-controlling interests	-592	—
Increase (decrease) in short-term borrowings and commercial paper	-87,719	27,939
Proceeds from long-term borrowings	83,696	9,826
Repayment of long-term borrowings	-75,943	-34,206
Proceeds from issuance of bonds	49,775	—
Payments for redemption of bonds	-10,000	-70,000
Lease liabilities paid	-32,460	-19,565
Other	125	1,149
Net cash flows from financing activities	Y -93,425	Y -108,094
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,467	-14,603
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	3,442	3,946
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS INCLUDED IN ASSETS CLASSIFIED HELD FOR SALE	8,290	—
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	Y 111,061	Y 100,404

(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 FY ended March 31, 2021 (April 1, 2020 through March 31, 2021)

(Unit: millions of yen)

	Reportable Segments			
	Water Technology Business (Note 7)	Housing Technology Business (Note 7)	Building Technology Business	Housing & Services Business (Note 7)
Revenue				
Revenue from external customers (Note 4)	Y 770,551	Y 469,049	Y 93,329	Y 45,326
Intersegment revenue or transfers	13,254	5,242	46	1,230
Total	783,805	474,291	93,375	46,556
Segment profit (Note 1)	62,148	31,435	2,611	2,136
Other income				
Other expenses (Note 1, 5)				
Operating profit				
Finance income				
Finance costs				
Share of profit of associates and joint ventures accounted for using the equity method				
Profit before tax from continuing operations				
Other items				
Depreciation and amortization	41,711	36,460	1,171	1,205
Impairment losses	2,528	2,661	2,780	747
One time allowance for employees (Note 5)	803	468	51	17
Share of profit (loss) of associates and joint ventures	-125	242	—	372
Investments accounted for using the equity method	248	4,287	—	6,336
Capital expenditures	44,740	17,882	2,074	882

(Unit: millions of yen)

	Total	Reconciliations (Note 2)	Consolidated
Revenue			
Revenue from external customers (Note 4)	Y 1,378,255	—	Y 1,378,255
Intersegment revenue or transfers	19,772	-19,772	—
Total	1,398,027	-19,772	1,378,255
Segment profit (Note 1)	98,330	-41,042	57,288
Other income			17,550
Other expenses (Note 1, 5)			-38,996
Operating profit			35,842
Finance income			5,708
Finance costs			-8,235
Share of profit of associates and joint ventures accounted for using the equity method			489
Profit before tax from continuing operations			33,804
Other items			
Depreciation and amortization	80,547	3	80,550
Impairment losses	8,716	124	8,840
One time allowance for employees (Note 5)	1,339	52	1,391
Share of profit (loss) of associates and joint ventures	489	—	489
Investments accounted for using the equity method	10,871	—	10,871
Capital expenditures	65,578	3	65,581

Information about Revenue, Income (Loss) and Other Items by Business Segment
For the FY ended March 31, 2022 (April 1, 2021 through March 31, 2022)

(Unit: millions of yen)

	Reportable Segments			
	Water Technology Business	Housing Technology Business	Building Technology Business	Housing & Services Business
Revenue				
Revenue from external customers	Y 849,653	Y 460,502	Y 89,321	Y 29,102
Intersegment revenue or transfers	12,504	6,160	—	1,172
Total	862,157	466,662	89,321	30,274
Segment profit (loss) (Note 1)	76,615	28,203	3,495	-139
Other income				
Other expenses (Note 1, 5)				
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				
Other items				
Depreciation and amortization	44,161	34,739	763	684
Impairment losses	1,200	460	353	571
One time allowance for employees (Note 5)	877	536	51	8
Share of profit (loss) of associates and joint ventures	-15	186	—	-322
Investments accounted for using the equity method	219	4,468	115	5,897
Capital expenditures	39,617	19,514	1,838	488

(Unit: millions of yen)

	Total	Reconciliations (Note 3)	Consolidated
Revenue			
Revenue from external customers	Y 1,428,578	—	Y 1,428,578
Intersegment revenue or transfers	19,836	-19,836	—
Total	1,448,414	-19,836	1,428,578
Segment profit (loss) (Note 1)	108,174	-43,299	64,875
Other income			17,040
Other expenses (Note 1, 5)			-12,444
Operating profit			69,471
Finance income			4,093
Finance costs			-6,151
Share of loss of associates and joint ventures accounted for using the equity method			-151
Profit before tax from continuing operations			67,262
Other items			
Depreciation and amortization	80,347	375	80,722
Impairment losses	2,584	—	2,584
One time allowance for employees (Note 5)	1,472	—	1,472
Share of profit (loss) of associates and joint ventures	-151	—	-151
Investments accounted for using the equity method	10,699	—	10,699
Capital expenditures	61,457	5	61,462

Notes:

1. Segment profit (loss) is core earnings (loss) which are defined as revenue less cost of sales and selling, general and administrative expenses. A one-time allowance for employees was recorded as other expenses instead of 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, Finance 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, Finance and other departments of the Company.

4. Regarding revenue attributable to LIXIL VIVA

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" in the previous consolidated fiscal year was JPY 1,013 million for the Water Technology Business and JPY 1,233 million for the Housing Technology Business.

5. Record of one-time allowance for employees

(For the fiscal year ended March 31, 2021)

To support all employees with unplanned expenses related to COVID-19, the Company decided to issue a special one-time allowance of USD 200 or local currency equivalent per person. This one-time allowance for employees is recorded for JPY 1,391 million as other expenses in the Consolidated Statement of profit or loss.

(For the fiscal year ended March 31, 2022)

As a small sign of appreciation, the Company decided to issue a special one-time allowance to frontline employees of 30,000 yen or the local currency equivalent per person amid concerns about the spread of COVID-19.

This one-time allowance for employees is recorded for JPY 1,472 million as other expenses in the Consolidated Statement of profit or loss.

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

7. 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 third quarter of the fiscal year ended March 2021. And for the consolidated cumulative period for the fourth quarter of the fiscal year ended March 2021, it was included in "Revenue from external customers" within the Water Technology business and the Housing Technology business.

When the revenue and segment profit related to LIXIL Online Business for the fourth quarter of the fiscal year ended March 2021 are aggregated by the conventional method, "Revenue from external customers" and "Segment profit" of the Water Technology business decreased by JPY 956 million and JPY 100 million, respectively. "Intersegment revenue or transfers" of the Water Technology business increased by JPY 672 million. "Revenue from external customers" and "Segment profit" of the Housing Technology business decreased by JPY 80 million and JPY 8 million, respectively. "Revenue from external customers" and "segment profit" of the Housing and Services business increased by JPY 1,036 million and JPY 108 million, respectively.

Reflecting the change in aggregation for revenue and segment profit related to LIXIL Online Business for the consolidated cumulative period for the third quarter of the fiscal year ended March 2021, "Revenue from external customers" and "Segment profit" of the Water Technology business increased by JPY 2,777 million and JPY 310 million, respectively. "Intersegment revenue or transfers" of the Water Technology business decreased by JPY 1,632 million under the above model.

In addition, "Revenue from external customers" and "Segment profit" of the Housing Technology business increased by JPY 303 million and JPY 11 million, respectively. "Revenue from external customers" and "Segment profit" of the Housing & Services business decreased by JPY 3,080 million and JPY 321 million, respectively.

(Notes on Assets Held for Sale)

The breakdown of assets held for sale in the current consolidated fiscal year is as follows.

(Unit: millions of yen)

	End of this year (As of March 31, 2022)
Assets held for sale	
Property, plant and equipment	27,230
Right of use assets	31
Total	27,261

Major items classified to assets held for sale consist of buildings and land of the Company's head office (WING building). The Company plans to move its head office and multiple group companies from the current WING Building (Koto Ward, Tokyo) to Sumitomo Fudosan Osaki Garden Tower (Shinagawa Ward, Tokyo) in August 2022. The move is in line with the transformation of working styles at LIXIL, shifting to a smaller and more tailored space designed for communication and human connection. In addition, the relocation and sale of buildings and land of the current WING location will reduce head office operating costs and improve capital efficiency.

(Notes on Consolidated Statement of Profit or Loss)

For the FY ended March 31, 2021 (April 1, 2020 through March 31, 2021)

(1) Impairment losses

An impairment loss of JPY 8,840 million is reported under Other expenses in the Consolidated Statement of Profit or Loss and Comprehensive Income for the fiscal year ended March 31, 2021. Details of impaired assets are as follows:

Category	Segment	Component and Amount (Unit: millions of yen)	
Manufacturing facilities for building window sashes, etc.	Building Technology Business	Buildings and structures	434
		Machinery and vehicles	2,171
		Tools, Furniture & Fixtures	102
		Other	41
		Total	2,748
Other	Housing Technology business	Goodwill	1,882

The Company recognized impairment losses assets related to manufacturing facilities for building window sashes, etc which is the assets located in Japan. Due to sluggish business performance and reduced profitability, the carrying amounts of the relevant assets were written down to their recoverable amounts, and related impairment losses were recorded as other expenses in the consolidated statement of profit or loss. An asset's recoverable amount is measured as its value in use, determined by discounting future cash flows at a discount rate of 4.5%.

Goodwill is related to Kawashima Selkon Textiles Co., Ltd., which was a consolidated subsidiary of the Company. Due to sluggish business performance and reduced profitability, the carrying amounts of the relevant assets were written down to their recoverable amounts, and related impairment losses were recorded as other expenses in the consolidated statement of profit or loss for the consolidated cumulative period for the second quarter of the fiscal year ended March 2021. An asset's recoverable amount is measured as its value in use, determined by discounting future cash flows at a discount rate of 6.8%. In the current consolidated fiscal year ended March 2021, 100% of Kawashima Selkon Textile's shares were transferred. The outline of the share transfer is as described in (Note on Transfer of Consolidated Subsidiary).

(2) Implementation of Voluntary Retirement Program "New Life"

The Company aims to transform its Japan business into a more entrepreneurial and sustainable enterprise in the future. Building on initiatives already taken under Kawaranaito LIXIL ("LIXIL, We Must Change"), a comprehensive HR program launched in Japan in the fall of 2019, and to accelerate the speed of transformation, the Board of Directors resolved to implement the "New Life Voluntary Retirement Program" (hereinafter "New Life") in the Company on October 30, 2020.

1) Background

The Japan business currently represents approximately 70% of the Company's total business. It is also the key driver of innovation that supports LIXIL's global portfolio of brands and businesses.

The business environment surrounding the Company and its subsidiaries in Japan, however, is changing with a rapidly shrinking market for new homes. At the same time, changing consumer trends and digitalization are disrupting traditional business models.

To succeed, the Company recognizes the need to transform its business structure, become meritocratic, and establish an agile culture that supports innovation and entrepreneurship. The Company believes it is important to act now, to accelerate the speed of the transformation and ensure the Company can provide strong support to employees. The Company and its subsidiaries expect these changes to strengthen the growth potential and sustainability of its operations in Japan and internationally, enhancing overall stakeholder returns.

2) Eligibility

Permanent employees of LIXIL Corporation aged 40 and over, who have worked as an employee of LIXIL Corporation for ten consecutive years or more as of the effective date. (This excludes employees working at factories (other than working in HR, Administration and Accounting Departments), Distribution Centers and the Digital Division.)

3) Application Period

From January 12, 2021 to January 22, 2021

4) Number of voluntary retirement applicants

965 employees applied.

5) Effective Date of Retirement

March 25, 2021

6) Preferential Conditions

- A premium will be added on to the normal retirement allowance of eligible applicants
- In addition, eligible applicants will also have the option to receive outplacement services

7) Financial impact for Profit or Loss

Loss on early retirement related payments of JPY 13,563 million were recorded in other expenses in the consolidated statement of profit or loss.

For the FY ended March 31, 2022 (April 1, 2021 through March 31, 2022)

(1) Profit on disposal of assets held for sale

Profit on disposal of assets held for sale of JPY 12,768 million is recorded as other income in the Consolidated Statement of profit or loss due to sale of idle buildings and land by reviewing the consolidation of bases of offices and logistics bases in Japan.

(2) Costs related to "Career Option Program"

The Company and its subsidiaries are working to enhance their personnel systems to support multigenerational career planning and development. As part of this initiative, the Company implements a "Career Option Program" which permanent employees working at object of companies of the Group in Japan who have reached a certain age with certain duration of service will be able to select the option of pursuing opportunities outside the company before the usual statutory retirement age.

Costs for premium retirement allowance and outplacement services related to "Career Option Program" are recorded under cost of sales and selling, general and administrative expenses in the consolidated statement of profit or loss for the year ended March 31, 2022 as following:

Cost of sales	469 million yen
<u>Selling, general and administrative expenses</u>	<u>1,394 million yen</u>
Total	1,863 million yen

(3) Loss on early retirement related payments

Some subsidiaries of LIXIL and its group companies implemented an early retirement program, in addition to "Career Option Program" implemented as a part of the personnel systems. Costs for premium retirement allowance and outplacement services are recorded for JPY 1,596 million as other expenses in the Consolidated Statement of profit or loss for the year ended March 31, 2022.

(Information per share)

	FY ended March 31, 2021	FY ended March 31, 2022
	Million yen	Million yen
Profit for the year attributable to owners of the parent from continuing operations	16,363	50,413
Profit (loss) for the year attributable to owners of the parent from discontinued operations	16,685	-1,810
Profit for the year attributable to owners of the parent	33,048	48,603
Profit adjusted for the effect of dilution from continuing operations	148	137
Profit adjusted for the effect of dilution from discontinued operations	—	—
Diluted profit for the year	33,196	48,740
	Shares	Shares
Weighted-average number of ordinary shares outstanding	290,110,459	290,663,404
Increase in weighted-average number of ordinary shares due to dilution		
Increase from stock options	—	92,355
Increase of convertible bonds with stock acquisition rights	16,014,519	16,105,653
Diluted weighted-average number of ordinary shares	306,124,978	306,861,412
	Yen	Yen
Basic earnings (loss) per share		
Continuing operations	56.41	173.44
Discontinued operations	57.51	-6.23
Total	113.92	167.21
Diluted earnings (loss) per share		
Continuing operations	53.94	164.73
Discontinued operations	54.50	-5.90
Total	108.44	158.83
	thousand shares	—
Diluted potential ordinary shares not included in the calculation of diluted earnings per share because their inclusion would have been anti-dilutive	7th stock options	1,973
	8th stock options	41
	9th stock options	300
	(The class is ordinary shares)	

(Note on Transfer of Consolidated Subsidiary)

For the FY ended March 31, 2021 (April 1, 2020 through March 31, 2021)

(1) Transfer of Shares of Kawashima Selkon Textiles Co., Ltd.

The Company resolved at the Board of Directors Meeting held on November 24, 2020, that it has decided to sell 100% of its shares in Kawashima Selkon Textiles Co., Ltd. ("Kawashima"), formerly a consolidated subsidiary of the Company, to Kawashima via a buy-back transaction, and signed off on the share transfer agreement on the same date. The share transfer was executed on January 6, 2021.

① Main reason for the transfer

The Company acquired a 34% ownership stake in Kawashima by underwriting a capital increase through third-party allotment in December 2010 and acquired the remaining 66% ownership stake in August 2011 through a share exchange, which led it to become a 100% subsidiary. The aim was to stabilize Kawashima's business profits and financial base, pursue synergies in terms of sales and reduce costs by building an efficient system for collaboration in logistics and indirect operations.

Recently, the Company received from Kawashima an offer of a management buyout (MBO) by the current management, who have deep understanding of the cultural, commercial, and technical value of Kawashima, in order for Kawashima to accelerate the speed of its business growth and to enhance its productivity and efficiency. Kawashima also plans challenge new designs and develop manufacturing techniques for next generations based on their manufacturing traditions. Since the proposal, the Company and Kawashima have been discussing and considering it.

As a result, since the offer from Kawashima is in line with the management direction of the Company to transform its operations (i.e., to strengthen governance, focus on core businesses to improve productivity and efficiency, promote synergies between businesses, and optimize business portfolio to strengthen future growth and financial position), the Company decided to transfer all of its shares to Kawashima to dissolve the capital tie-up.

② Name of the transferee company and date of share transfer

Name of the transferee company	Kawashima Selkon Textiles Co., Ltd.
Date of share transfer	January 6, 2021

③ Name of the transferred company, major business and segment

Name	Kawashima Selkon Textiles Co., Ltd.
Major Business	[Interior Decoration/Fabrics] Production and distribution of curtain, carpet, wall-covering, interior accessories and stuff, interior finish work [Traditional and Artistic Textiles] Obi, stage curtain, festival float curtain, traditional accessories and stuff
Segment	Housing Technology Business

④ Overview of the transfer

Number of shares held before the transfer	141,877,506 shares (Shareholding ratio: 100%)
Number of shares transferred	141,877,506 shares
Number of shares held after the transfer	No share (- %)
Received amount	Transfer price shall be undisclosed pursuant to duty of confidentiality in the share transfer agreement
Gain or loss on share transfer	The Company recorded ¥ 5,405 million in Loss recognized on the measurement to fair value, less costs to sell the disposal group held for sale in the consolidated statement of profit or loss for the year ended March 31, 2021.

(2) Transfer of Shares of Japan Home Shield Corporation

The Company reached an agreement with MCP5 Investment Business Limited Liability Partnership, a fund whose management is entrusted to Mizuho Capital Partners Co., Ltd. ("Mizuho Capital Partners"), to transfer 100% of the issued common stock of Japan Home Shield Corporation ("Japan Home Shield"), formerly a consolidated subsidiary of the Company, subject to customary closing conditions and regulatory approvals, and signed off on the share transfer agreement. The transfer of shares was carried out on March 9, 2021.

① Main reason for the transfer

LIXIL aims to become an entrepreneurial company that can achieve sustainable growth and contribute to society by making better homes a reality for everyone, everywhere. To achieve this aim, LIXIL and its group companies are taking steps to transform its operations, including strengthening governance, focusing on actively managing its core businesses to enhance productivity and efficiency, driving synergies across its core business areas, as well as optimizing its business portfolio to accelerate growth and strengthen financial conditions.

As a leading company in geotechnical investigation for homes and home inspection, Japan Home Shield has covered a cumulative total of more than 1.8 million units in geotechnical investigation and 200,000 houses in home inspection since its establishment. Given the housing law changes and frequent natural disasters in recent years, the environment for housing is changing. Japan Home Shield has continued to listen to the voice of customers and achieved sustainable growth by improving its technology and services and offering new services such as foundation design.

For Japan Home Shield to aim for dramatic growth along with the expansion of the industry overall, and to further grow beyond its current business, LIXIL and Japan Home Shield have come to the decision that it is necessary to separate Japan Home Shield from LIXIL so that it can receive support from a new owner to further strengthen its business. As a result of mutual discussion, it was determined that the best path forward for Japan Home Shield was to partner with Mizuho Capital Partners for its know-how, network, and resources, and to establish an even stronger business foundation by receiving business and financial support from Mizuho Capital Partners.

LIXIL is proceeding with various initiatives to reform its business operations, and believes that the Share Transfer is in line with the Company's direction of aiming to create further synergies and improve efficiency by simplifying its business structure and integrating the organizations.

For the reasons described above, LIXIL has decided to transfer all common shares of Japan Home Shield.

② Name of the transferee company and date of share transfer

Name of the transferee company	MCP Partners Co., Ltd. outsourced by Mizuho Capital Partners Co., Ltd.
Date of share transfer	March 9, 2021

③ Name of the transferred company, major business and segment

Name	Japan Home Shield Corporation
Major Business	Geotechnical investigation and related business, geotechnical reinforcement, geological survey, home inspection
Segment	Housing & Services Business

④ Overview of the transfer

Number of shares held before the transfer	2,000 shares (Shareholding ratio: 100%)
Number of shares transferred	2,000 shares
Number of shares held after the transfer	No share (- %)
Received amount	Transfer price shall be undisclosed pursuant to duty of confidentiality in the share transfer agreement
Gain or loss on share transfer	The Company recorded JPY 9,269 million as other income in the consolidated statement of profit or loss for the year ended March 31, 2021.

(Note on Discontinued Operations)

(1) Transfer of Shares of Permasteelisa S.p.A.

The Company resolved at the Board of Directors Meeting held on May 1, 2020 that it has decided to sell 100% of the shares of Permasteelisa S.p.A ("Permasteelisa") to Atlas Holdings LLC ("Atlas"), and signed off on the share transfer agreement on the same date. The share transfer was executed on September 30, 2020.

① Main reason for the transfer

The Company's aim is to be an entrepreneurial company that can achieve sustainable competitiveness and growth in order to fulfill its corporate purpose to contribute to society by making better homes a reality for everyone, everywhere. To achieve this aim, the company is taking steps to transform its operations, including strengthening governance, focusing on actively managing its core businesses to enhance productivity and efficiency, driving synergies across its core business areas, as well as optimizing its business portfolio to accelerate growth and strengthen financial conditions. The transaction is in line with the Company's efforts to focus on its core businesses and simplify its business structure, enabling further synergies and efficiencies through enhanced integration.

Permasteelisa is a global leader in the engineering, project management, manufacturing and installation of curtain walls and interior systems, with high-end curtain walls positioned at the core of its business. Over its history, the company has established a solid position in markets around the world, including Europe, Asia and North America. However, despite being a world-class brand, Permasteelisa has encountered significant operational and financial challenges in recent years, requiring the Company and Permasteelisa to implement a comprehensive plan to revitalize the business and return it to growth and stability.

Permasteelisa's operations are also significantly different to those of the Company's core business operations in terms of business cycles and other factors. Therefore, the sale of Permasteelisa will allow the Company to further concentrate investing resources in driving synergies across its core businesses, consider investments in new and profitable growth areas to further enhance our core operations, as well as simplify and eliminate its ongoing exposure to different types of risks.

For these reasons, the Company has concluded the contract to transfer 100% of its shares of Permasteelisa to Atlas, an industrial holding company based in the U.S., which together with its affiliates operates a diversified group of manufacturing, distribution and construction businesses.

② Name of the transferee company and date of share transfer

Name of the transferee company	Atlas Holdings LLC
Date of share transfer	September 30, 2020

③ Name of the transferred company, major business and segment

Name	Permasteelisa S.p.A
Major Business	Designing, production and installation for curtain walls and interiors
Segment	Building Technology Business

④ Overview of the transfer

Number of shares held before the transfer	25,613,544 shares (Shareholding ratio: 100%)
Number of shares transferred	25,613,544 shares
Number of shares held after the transfer	No share (- %)
Received amount	This will not be disclosed due to the strong intention of the other party, but the share transfer price was determined through negotiations with the other party after a fair process.
Relationship with LIXIL after the share transfer	<p>-For certain disputes involving Permasteelisa occurring prior to the date of the share transfer, the Company is obligated to indemnify the loss incurred by Permasteelisa on or after the date of the share transfer. The contingent liability in this regard is 30 million euros (JPY 4,147 billion) for the year ended March 31, 2022.</p> <p>-If the revitalization plan is executed by Permasteelisa on or after the date of the share transfer, the Company is liable to compensate the costs incurred in implementing the revitalization plan that the Company considers necessary for the implementation of the plan. The contingent liability in this regard is 10 million euros (JPY 1,367 billion) for the year ended March 31, 2022.</p> <p>-Before the share transfer date, the LIXIL group paid a certain amount of capital, of which up to 100 million euros (JPY 13,670 billion) will be recovered depending on the cash flow status of Permasteelisa between the date of the share transfer and the end of the following fiscal year.</p>

⑤ Profit or loss from discontinued operations

(Unit: millions of yen)

	FY ended March 31, 2021	FY ended March 31, 2022
Revenue	49,674	—
Other profit and loss (Note)	-55,296	-2,603
Loss before tax from discontinued operations	-5,622	-2,603
Income tax expenses	754	793
Loss for the year from discontinued operations	-4,868	-1,810

Notes:

The Group contributed certain funds for the share transfer, of which up to 100 million euros will be returned to the Company depending on the cash flow situation of Permasteelisa during the period from the share transfer date to March 31, 2022. The amount to be returned is calculated based on the estimation of the cash flow information and other information of Permasteelisa. Other income (expenses) for the fiscal year ended March 31, 2022 were mainly due to the revaluation of the amount to be returned.

⑥ Cash flows from discontinued operations

(Unit: millions of yen)

	FY ended March 31, 2021	FY ended March 31, 2022
OPERATING ACTIVITIES	-1,857	-2,095
INVESTING ACTIVITIES	-54,970	—
FINANCING ACTIVITIES	-1,192	—
Total	-58,019	-2,095

(2) Transfer of Shares of LIXIL VIVA Corporation

Based on the resolution at the Board of Directors Meeting held on June 9, 2020, the Company signed a memorandum ("Memorandum") with Arcland Sakamoto Co., Ltd. ("Arcland Sakamoto") and LIXIL VIVA Corporation ("LIXIL VIVA"), a former subsidiary of the Company, as well as an agreement ("Agreement") with Arcland Sakamoto regarding a series of transactions including: a cash tender offer scheduled to be conducted by Arcland Sakamoto for the ordinary shares of LIXIL VIVA ("Tender Offer"); a reverse share split of the ordinary shares of LIXIL VIVA; a transfer of the shares held by the Company via buy-back by LIXIL VIVA ("Share Transfer"), through which LIXIL VIVA becomes a wholly owned subsidiary of Arcland Sakamoto; and other transactions incidental or related to those transactions (collectively, "Transaction"). After the conclusion of the agreement, through the necessary procedures for the transfer of shares, the Share Transfer was completed on November 9, 2020.

① Main reason for the transfer

The Company's aim is to be an entrepreneurial company that can achieve sustainable competitiveness and growth in order to fulfill its corporate purpose to contribute to society by making better homes a reality for everyone, everywhere. To achieve this aim, the Company is taking steps to transform its operations, including strengthening governance, focusing on actively managing its core businesses areas, enabling further synergies, as well as optimizing its business portfolio to accelerate growth and strengthen financial conditions.

The transaction is in line with the Company's efforts to focus on its core businesses and simplify its business structure, enabling further synergies and efficiencies through enhanced integration.

LIXIL VIVA operates home improvement centers that provide a wide range of housing related merchandise, materials and renovation services. LIXIL VIVA has established a solid position in the industry thanks to its strengths, particularly its offering of a wide variety of merchandise necessary for renovations via its vast store space, which can provide business customers with one-stop service. LIXIL VIVA, however, has been facing a challenging business environment with intensifying competition in the retail home improvement center industry caused by a decrease in the number of customers due to population decline in Japan, changes in consumer behavior, and shifts in the channel landscape with the expansion of drugstores, e-commerce, and so forth.

The business of LIXIL VIVA is distribution and retail business which differs from the Company's core business. Therefore, the Share Transfer will enable the Company to invest its resources not only in its core businesses to drive synergies across those businesses, but also in new and profitable growth businesses, which will lead to further business efficiency. In addition, although LIXIL VIVA has been operationally independent from the Company, its independence in terms of the capital ties following the Share Transfer will support the Company in strengthening business relations with other home improvement center operators, which are important customers to the Company, as a more independent supplier.

② Description of the tender offer and methods of share transfer

The Company conducted an auction process in which the Company invited a wide range of potential candidates to acquire the ordinary shares of LIXIL VIVA, in order to select the most appropriate candidate for the Company, LIXIL VIVA and the minority shareholders of LIXIL VIVA. After thorough consideration, Arcland Sakamoto was selected as the transferee based on its superiority in terms of maximizing economic value for the Company and the certainty of completing the sale, including finance ability among others. LIXIL VIVA also concluded that the proposal received from Arcland Sakamoto was superior for LIXIL VIVA and its shareholders after examining comprehensively and carefully the evaluated equity value, the direction of the business strategy after the Transaction, and other factors in the proposal. Subsequently, Arcland Sakamoto, LIXIL VIVA and the Company began negotiations, and on June 9, 2020, the Board of Director's Meeting resolved to transfer all ordinary shares of LIXIL VIVA held by the Company to LIXIL VIVA through the Share Transfer and signed off on the Memorandum and the Agreement on the same date.

The Transactions are comprised of three conditions;

- a) ensuring that the only shareholders of LIXIL VIVA are the Company and the tender offeror (Arland Sakamoto) via the Tender Offer, or through a stock consolidation conducted by LIXIL VIVA ("Stock Consolidation") in the event the tender offeror is unable to acquire all of the LIXIL VIVA shares (excluding, however, the LIXIL VIVA shares owned by the tender offeror, the untendered shares owned by the Company, as well as the treasury stock owned by LIXIL VIVA) via the Tender Offer;
- b) for the purpose of securing the funding and distributable amount needed for the acquisition of LIXIL VIVA treasury stock defined in c); (i) having the tender offeror provide LIXIL VIVA with funding that can be directed toward the consideration for the acquisition of LIXIL VIVA treasury stock; and (ii) conducting reductions in capital, capital reserves and profit reserves of LIXIL VIVA ((Note 1) "Reduction in Capital, etc.") in accordance with Paragraph 1 of Article 447 and Paragraph 1 of Article 448 of the Companies Act; and
- c) the acquisition of treasury stock among the untendered shares owned by the Company as implemented by LIXIL VIVA, conditioned on both the realization of the Tender Offer as well as the effect of the Stock Consolidation.

The ultimate purpose of the transactions is to make LIXIL VIVA the wholly-owned subsidiary of the tender offeror.

③ Name of the transferee company and date of share transfer

Name of the transferee company	LIXIL VIVA Corporation
Date of share transfer	November 9, 2020

④ Name of the transferred company, major business and segment

Name	LIXIL VIVA Corporation
Major Business	Home Improvement Center Operation, Renovation, VCs , Real-Estate Development
Segment	Distribution and Retail business

⑤ Overview of the transfer

Number of shares held before the transfer	6 shares (Note)
Number of shares transferred	6 shares
Number of shares held after the transfer	No share (- %)
Received amount	JPY 56,619 million
Gain on share transfer	Following the sale of the subsidiary, the Company recorded a gain of JPY 16,494 million in the profit from discontinued operations of the Consolidated Statement of Profit or Loss

Note:

LIXIL VIVA conducted a share consolidation, reducing 3,894,550 pre-consolidation shares to one post-consolidation share, effective October 22, 2020.

⑥ Profit or loss from discontinued operations

(Unit: millions of yen)

	FY ended March 31, 2021	FY ended March 31, 2022
Revenue	113,391	—
Gain on sale of subsidiaries	16,494	—
Other profit and loss	-98,772	—
Profit before tax from discontinued operations	31,113	—
Income tax expenses (Note)	-5,026	—
Profit for the quarter from discontinued operations	26,087	—

Notes:

Income tax expenses for the current consolidated cumulative period include expenses of JPY 546 million for gains on the sale of subsidiaries.

⑦ Cash flows from discontinued operations

(Unit: millions of yen)

	FY ended March 31, 2021	FY ended March 31, 2022
OPERATING ACTIVITIES	18,664	—
INVESTING ACTIVITIES	37,789	—
FINANCING ACTIVITIES	-10,452	—
Total	46,001	—

(Notes on significant subsequent events)

Share Buybacks and Cancellation of Treasury Shares

The Company resolved at the Board of Directors Meeting held on April 28, 2022, that it has decided to share buybacks in accord with the Articles of Incorporation provisions in Item 1, Article 459 of Japanese corporate law and the cancellation of treasury shares in accord with Article 178 of Japanese corporate law.

(1) Reasons for share buybacks and cancellation of treasury shares

The Company is working to simplify and strengthen its balance sheet and improve profitability under LIXIL's medium-term management direction, the LIXIL Strategy Playbook. To simplify and strengthen its balance sheet, LIXIL has set medium-term targets of achieving a net debt-to-EBITDA ratio of 3.5 times or below and a ratio of equity attributable to owners of the parent of 35%.

To improve profitability, the Company will continue to make structural changes to its Japanese business and promote further growth in its international water-related business. As a basic approach to these efforts, the Company is focusing on creating greater synergies within its current business portfolio, while promoting an asset-light policy to improve capital efficiency. In light of this management direction and the progress in strengthening its balance sheet, the Company has decided to repurchase its shares and cancel treasury shares. The Company believes that this action will contribute to enhancing LIXIL's corporate value from the perspectives of improving capital efficiency and strengthening shareholder returns.

After the share buyback is complete, the Company plans to cancel all of the shares that it will repurchase as well as 22,280,000 shares of treasury shares currently held, representing the total number of treasury shares, excluding 300,170 shares that may be issued going forward such as due to the exercise of shares such as stock options.

(2) Details of share buybacks

① Class of shares to be repurchased	Common stock of LIXIL Corporation
② Total number of shares to be repurchased	5,900,000 shares (maximum)
③ Total repurchase amount	JPY 10 billion (maximum)
④ Repurchase period	From May 2, 2022 to July 29, 2022
⑤ Repurchase method	Market purchases through the Tokyo Stock Exchange

(3) Details of cancellation of treasury shares

① Class of shares to be cancelled	Common stock of LIXIL Corporation
② Total number of shares to be cancelled	Treasury shares currently held of 22,280,000 shares and all of the shares to be repurchased as stated in (2) above
③ Effective date of the cancellation	August 31, 2022