

➤ Financial Results for the Fiscal Year Ended March 31, 2022 (IFRS)

(From April 1, 2021, to March 31, 2022)

LIXIL Corporation

April 28, 2022

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➤ LIXIL TRANSITIONED TO IFRS FROM FYE2016 CHANGE IN PROFIT LEVEL STRUCTURE IS AS SHOWN

JGAAP	IFRS (LIXIL Financial Reporting)
	<u>Continuing operations</u>
Net sales	Revenue
Cost of sales	Cost of sales
Gross profit	Gross profit
SG&A	SG&A
Operating profit	Core earnings (CE)
Non-operating income/expenses	Other income/expenses
Ordinary income	Operating profit
Extraordinary income/loss	Finance income/costs
	Share of profit (loss) of investments accounted for using equity method
Profit before income taxes	Profit before tax
	Profit from continuing operations
	<u>Discontinued operations</u>
	Profit for discontinued operations
Net profit attributable to	Profit attributable to
Non-controlling interests	Owners of the parent
Owners of the parent	Non-controlling interests

"Core earnings" in IFRS is equivalent to JGAAP's "Operating profit"

KEY HIGHLIGHTS

Summary of results for the fiscal year ended March 2022

- Revenue and Core earnings increased YoY**

Despite the impact of procurement difficulties and logistic disruptions in parts of the Japan businesses, revenue increased on continued strong sales growth in the Americas and Europe, as well as an economic recovery in the Asia-Pacific region

Profit increased YoY in all profit level

Core earnings fell short of the full-year forecast due to intensified increase in material costs as well as additional costs to ensure a stable supply of products in Q4 (three months). Countermeasures are now in place to recover from Q1 FYE2023 onward

- Most medium-term targets for strengthening our financial position have been achieved** and on we remain on track with our plan for a sounder balance sheet
- Planned annual dividend of JPY85 per share (JPY5 increase from FYE2021)

Outlook for the fiscal year ending March 2023

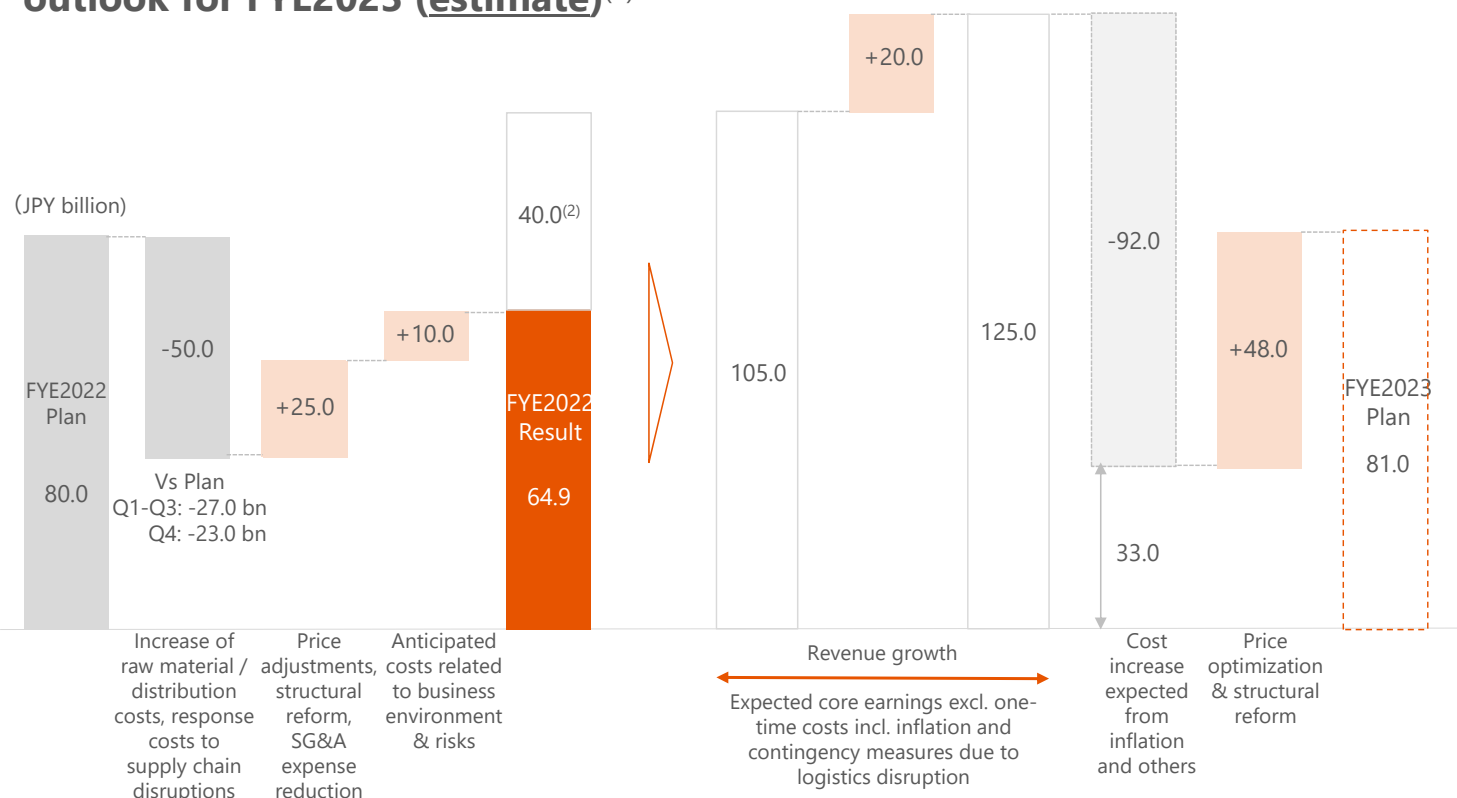
- Forecasting revenue of JPY1,520 bn and core earnings of JPY81 bn (CE margin 5.3%)
- Expect to increase dividend by JPY5 with an annual dividend of JPY90 per share
- Resolved share buybacks and cancellation of treasury shares (maximum JPY10 bn)⁽¹⁾
- Plans to cancel all of the repurchased shares as well as treasury shares currently held, excluding shares that may be issued going forward⁽¹⁾

LIXIL (1) Reference: "Notification Regarding Share Buybacks and Cancellation of Treasury Shares", disclosed on Apr. 28, 2022

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KEY HIGHLIGHTS

Reasons for difference in core earnings with plan in FYE2022 and views on outlook for FYE2023 (estimate)⁽¹⁾



LIXIL (1) Management basis
 (2) Mainly costs that could be mitigated but were incurred due to rapid occurrence and a time-lag between when the response measures became effective

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➤ KEY HIGHLIGHTS

Changes of external business environment and response

Changes in external environment

Increase of raw materials cost

Increase of distribution cost

Supply chain disruptions

Consumer demand

Response to the changes

- Price adjustment and optimization
 - Shift to mid-to-high-end price range products
 - **Switching to alternative materials**
 - **Shortening of time lag and digitalization**
- Building a more agile and resilient supply chain and production system
 - **SKU reduction and increase in inventory level**
 - Price optimization
- Long-term measures for procuring raw materials
 - Backup production plan in case of power shortage in Germany
 - Redundancy of supply chain
 - Narrowing down SKUs
 - Expanding platform production
 - Enhancement of IT systems
- Increase in sales of environmentally-friendly products
 - Expansion of DIY products
 - Accelerate digital transformation⁽¹⁾
 - Expansion of differentiated products

LIXIL (1) Please refer to "Enhancing the customer journey with digital tools" of page 35

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➤ PERFORMANCE HIGHLIGHTS

■ Revenue: JPY1,428.6 bn, up 4% year-on-year, Q4 (3 mon.) up 3%

- Q4 (12 months) : -2% in Japan (+1% excl. impact from divestments) and +18% in international markets
- Q4 (3 months): Flat in Japan (+1% excl. impact from divestments) and +10% in international markets

■ Core earnings: JPY64.9 bn, up JPY7.6 bn year-on-year, Q4 (3 mon.) down JPY8.9 bn

- Q4 (12 months): JPY-3.2 bn in Japan, JPY+13.1 bn in international markets, and JPY-2.3 bn for consolidation adjustment/others
- Q4 (3 months): JPY-8.8 bn in Japan, JPY-1.3 bn in international markets, and JPY+1.2 bn for consolidation adjustment/others

■ Net profit⁽¹⁾: JPY48.6 bn, up JPY15.6 bn year-on-year

- Steady progress in profit for the year as a result of reduced volatility in business performance due to focus on core businesses and progress in structural reform

■ Year-end dividend forecast: increase by JPY5 from the previous forecast and revised it to JPY45⁽²⁾

- Planned annual dividend of JPY85 per share for FYE2023 with the interim dividend (FYE2021: JPY75)
- Planned to increase dividend by JPY5 and projecting annual dividend of JPY90 per share for FYE2023

LIXIL (1) Net profit = Profit attributable to owners of the parent for the year

(2) Reference: "Announcement Regarding Revision of the Dividend Forecast (Dividend Increase) for the Fiscal Year Ended March 2022",⁵ disclosed on Apr. 28, 2022

> FYE2022 CONSOLIDATED BUSINESS RESULTS

JPY billion	Q4 12 months				Q4 3 months		
	FYE2021	FYE2022	Increase /decrease	%	FYE2022	Increase /decrease	%
Revenue	1,378.3	1,428.6	+50.3	+3.7%	354.2	+11.4	+3.3%
Gross Profit	469.2	486.9	+17.6	+3.8%	113.5	-5.8	-4.9%
(%)	34.0%	34.1%	+0.0pp	-	32.0%	-2.8pp	-
SG&A	411.9	422.0	+10.1	+2.4%	110.4	+3.1	+2.9%
Core Earnings ⁽¹⁾	57.3	64.9	+7.6	+13.2%	3.1	-8.9	-74.1%
(%)	4.2%	4.5%	+0.4pp	-	0.9%	-2.6pp	-
Net profit including Discontinued Operations ⁽²⁾	33.0	48.6	+15.6	+47.1%	7.1	+12.7	-
EPS (Yen)	113.92	167.21	+53.29	+46.8%	24.43	+43.85	-
EBITDA ⁽³⁾	137.9	145.6	+7.7	+5.6%	23.4	-8.6	-26.8%
(%)	10.0%	10.2%	+0.2pp	-	6.6%	-2.7pp	-

- **CE margin:** Improved by 0.4pp (Gross profit margin maintained flat, SG&A ratio improved by 0.3pp)
- **Gross profit margin and core earnings margin:** Improvement driven by an increase in the sales distribution ratio of the international business with higher profit margin and benefits from structural reform in previous years as well as price optimization and SG&A expenses reduction measures
- **SG&A expenses:** SG&A expense ratio improved by 0.3pp despite the increase of JPY10.1 bn in 12 months year-on-year (Japan JPY7.6 bn decrease, International JPY17.7 bn increase) due to increase of revenue

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(1) Equivalent to "Operating profit" of JGAAP

(2) Profit for the quarter/ the year attributable to owners of the parent

(3) EBITDA=Core earnings + Depreciation + Amortization

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> FYE2022 BUSINESS RESULTS BY SEGMENT

Strong LWT business drove increase of revenue and core earnings.

Core earnings at LHT declined due to the impact of sharply higher raw material costs in H2, especially in Q4, which offset gains from SG&A expense reduction measures

Segment	JPY billion	Q4 12 months			Q4 3 months	
		FYE2021 Results	FYE2022 Results	Increase/ decrease	FYE2022 Results	Increase/ decrease
LWT	Revenue	783.8	862.2	+78.4	215.0	+8.5
	CE	62.1	76.6	+14.5	12.1	-3.7
LHT	Revenue	474.3	466.7	-7.6	112.2	+4.1
	CE	31.4	28.2	-3.2	-0.9	-6.3
LBT	Revenue	93.4	89.3	-4.1	23.6	+1.0
	CE	2.6	3.5	+0.9	1.5	-0.3
H&S	Revenue	46.6	30.3	-16.3	7.6	-2.1
	CE	2.1	-0.1	-2.3	0.4	+0.2
Consolidation, adj. & other	Revenue	-19.8	-19.8	-0.1	-4.2	-0.1
	CE	-41.0	-43.3	-2.3	-10.1	+1.2
LIXIL	Revenue	1,378.3	1,428.6	+50.3	354.2	+11.4
	CE	57.3	64.9	+7.6	3.1	-8.9

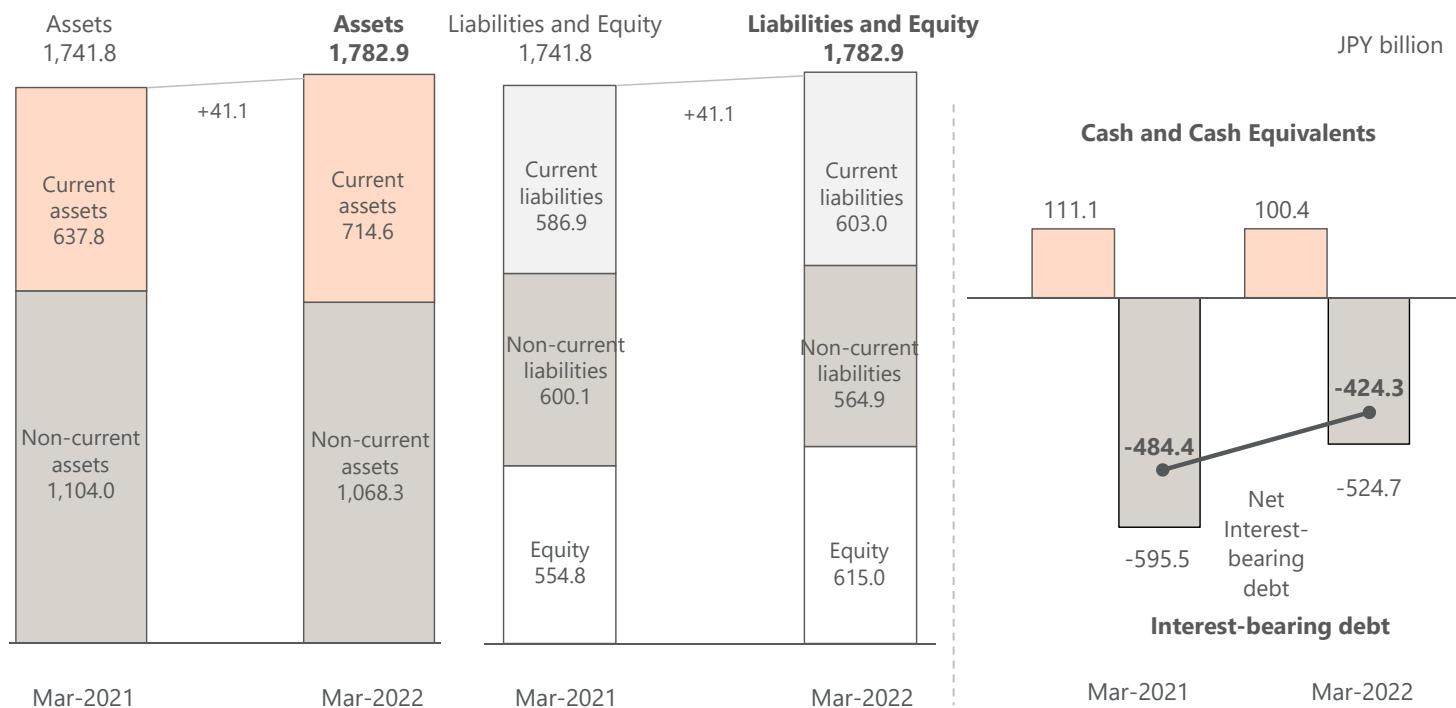
Forex impact : Q4 12 months: Revenue +25.2 billion, Core earnings +2.0 billion
Q4 3 months: Revenue +6.0 billion, Core earnings +0.1 billion

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CONSOLIDATED FINANCIAL POSITION

Equity ratio improved by 2.6pp to 34.3% from March 2021.
Achieved the full-year target of 34%

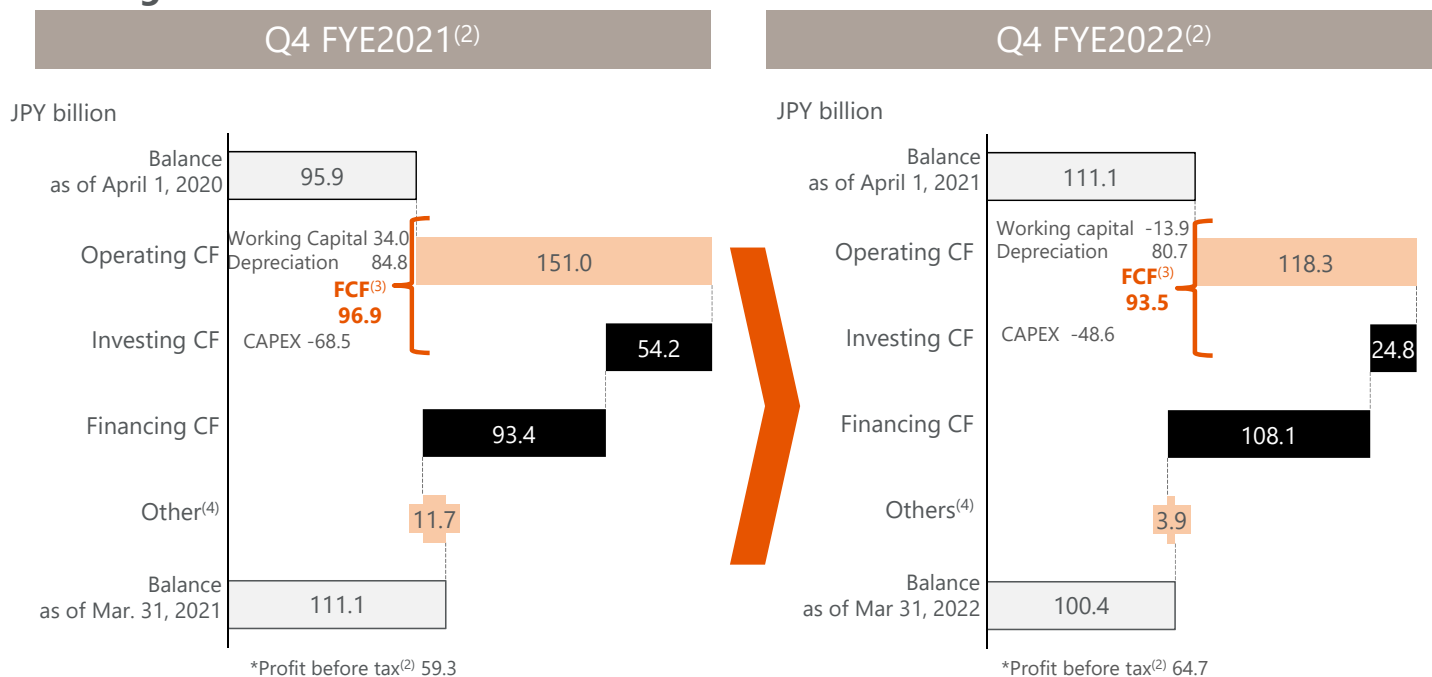


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CASH FLOW STATUS AND CASH BALANCE

Free Cash Flow (FCF) decreased by JPY3.4 billion due to lower need for investment as a result of the asset-light investment strategy, increase in working capital due to business reform, and various costs incurred with progress of structural reform⁽¹⁾ totaling JPY37.6 billion



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(1) Voluntary retirement program and divestments
(2) Includes discontinued operations
(3) "FCF" = Operating CF + Investing CF

(4) "Others" = Effects of exchange rate changes + Net increase/decrease in cash and cash equivalents included in assets classified as held for sale

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➤ PROGRESS OF MANAGEMENT STRATEGY & FORECAST FOR FYE2023

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➤ MANAGEMENT DIRECTION AND PROGRESS OF STRATEGIC INITIATIVES

Management direction⁽¹⁾

- Drive productivity reform through platform-based production and digitalization of sales and other area
- Become an organization with an agile and entrepreneurial culture
- Establish management processes that are resilient to the influence of the external environment and enables profitable and sustainable growth
- Improve ROIC to 10% or more and prioritize improving core earnings margin and aim for 7.5%. The next step will be raising to 10%
- Strengthen the balance sheet maintaining Net debt/EBITDA at less than 3.5x, providing a stable foundation to support mid-to-long term growth

Four strategic initiatives and the status of progress in FYE2022

1 Focus and simplify our organization

- ✓ Simplification of the organization substantially completed
- ✓ Reduced risks significantly that cause major fluctuations in business performance
- ✓ Improved balance sheet that is now close to medium-term targets (improved equity ratio⁽²⁾ and Net Debt/EBITDA ratio)

2 Improve profitability of Japanese business

- ✓ Formulated and executing plans to realize benefits from FYE2022 onward
- ✓ Completed shifting to platform-based production in the Housing business

3 Promote growth of international business in water technology

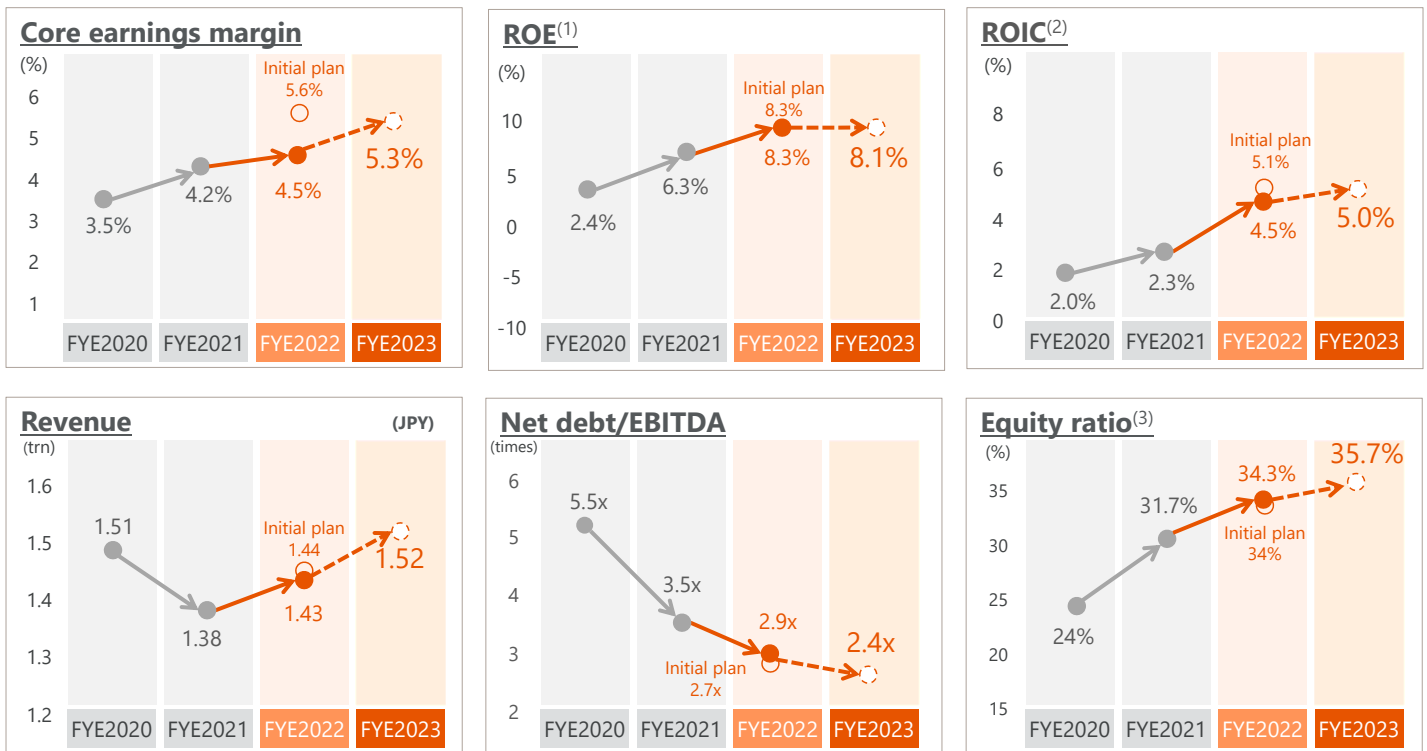
- ✓ Strengthening supply chains to stabilize product availability
- ✓ Promoting expansion of new product pipelines utilizing technologies within LIXIL
- ✓ Improving profitability by diversifying sales channels and expanding sales of differentiated products

4 Establish a long-term growth foundation through innovation

- ✓ Creating and investing in innovative new businesses with future potential
- ✓ Developing and launching consumer-focused products and services, that meet the needs of end-users

➤ FINANCIAL INDICATORS, FYE2023 FORECAST

Progress in strengthening balance sheet and improving profitability



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(1) Figure before the effect of share buybacks announced on April 28, 2022
 (2) Calculation: Operating profit x (1-Effective tax rate) ÷ (Working capital + Fixed assets)
 (3) Equity ratio under Japanese GAAP

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➤ STRATEGIC PRIORITIES FOR FYE2023

Continuing to invest in growth of the international business and new innovations, leveraging funds generated through structural reform

Strategic priorities for FYE2023

Group wide

- ✓ Drive productivity reform by utilizing digital technology
- ✓ Develop attractive and differentiated products
- ✓ Proactively and flexibly respond to inflationary pressures to ensure stable product supply
- ✓ Strengthen resiliency to changes in the external environment by reduction of fixed costs
- ✓ Respond to demand in the new normal and growing awareness of environmental issues, and promote reduction in our environmental impact

Water business

(Japan)

- ✓ Increase renovation sales ratio
 - Shift existing businesses to renovation
 - Establish new renovation business lines
- ✓ Focus on the development of advanced technologies

(International)

- ✓ Expand sales channels reach and partner support by leveraging digital platforms
- ✓ Continue targeted investment in brands, design and digital to fill portfolio and segment gaps in each region
- ✓ Strengthen global innovation platforms utilizing technologies within LIXIL

Housing business

- ✓ Create demand and expand into renovation market, especially to improve the efficiency of existing houses
- ✓ Enter new markets
 - Promote business incubation
 - Enhance business serving highly affluent market
 - Encourage other new initiatives
- ✓ Strengthen international business, particularly in Asia
- ✓ New product innovation with sustainable materials
- ✓ Expand product lineup to promote high-performance houses, particularly through energy-saving insulation

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> FYE2023 FORECAST

Projecting increase of Revenue and Profits compared to the previous year.
Forecasting increased annual dividend of JPY90 per share

JPY billion	FYE2022 Results	FYE2023 Forecast	Change
Revenue	1,428.6	1,520.0	+91.4
Core Earnings (CE)	64.9	81.0	+16.1
Operating Profit (OP)	69.5	78.0	+8.5
Profit before Tax	67.3	76.0	+8.7
Tax expenses	-16.7	-24.2	-7.5
Profit (loss) from discontinued operations	-1.8	-0.6	+1.2
Net profit attributable to non-controlling interests	0.1	0.2	+0.1
Net profit attributable to owners of the parent	48.6	51.0	+2.4
EPS (JPY)	167.21	175.42 ⁽¹⁾	+8.21
ROE (%)	8.3	8.1 ⁽¹⁾	-0.2pp
ROA (%)	2.8	2.9	+0.1pp
ROIC (%)	4.5	5.0	+0.5pp
EBITDA ⁽²⁾	145.6	161.0	+15.4
Net debt/EBITDA ⁽²⁾	2.9x	2.4x	-0.5x
Dividend (JPY per share)	85	90	+5
Payout ratio <small>Consolidated basis</small>	50.8%	51.3% ⁽¹⁾	-

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(1) Calculated using the number of shares outstanding as of March 31, 2022 (excluding treasury stocks)

(2) EBITDA=Core earnings + Depreciation

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> FYE2023 FORECAST – MARKET OUTLOOK & ASSUMPTIONS

Market outlook and assumptions

		FYE2022 Results	FYE2023 Forecast	Difference
Housing starts (YoY%)	Total	855,000 ⁽¹⁾	849,000/-1%	-
	Renovation	+5%	+2%	-
FX rate (Average rate)	JPY/USD	112.86	115.0	+1.9%
	JPY/EUR	131.01	131.1	+0.1%
Raw material prices (JPY/ton)	Aluminum	305,000	360,000	+55,000
	Copper	868,000	862,000	-6,000

Business outlook

Group wide:

- Mitigate the impact of significant headwinds from increased raw material and distribution/logistics costs, as well as supply chain risks through various initiatives⁽²⁾ such as price adjustments and restructuring of supply chains

Japan:

- New houses:** The gap between new housing starts and number of houses built in FYE2022 has been almost resolved. Forecast for new housing starts in FYE2023 is expected to decrease slightly against FYE2022, especially in H2.
- Renovation:** Continued strong demand. However, lockdowns in China could affect supply chain and cause delays of construction.

International:

- EMENA:** Moderating growth in Europe and continued strength in the Middle East
- Americas:** Continued positive renovation demand expected despite decline in new housing demand due to rising interest rates
- China:** Closely monitoring impact of lockdown on economic activity and supply chain
- Asia Pacific:** Expect continued economic recovery
- Closely monitor impact from logistic disruptions and accelerated cost inflation to timely mitigate availability constraints and maintain margins

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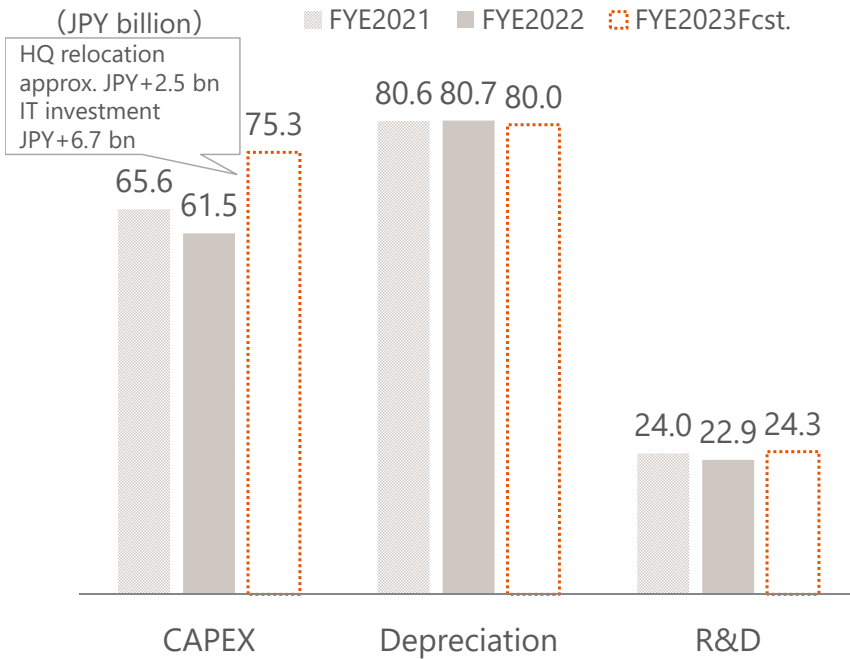
(1) Company estimate of new housing starts for FYE2022 as of February 2022

(2) Please refer to page 4

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› CAPEX, DEPRECIATION, AND R&D EXPENDITURE⁽¹⁾

By setting investment efficiency and safety indicators such as Key Goal Indicator, we achieve both an improvement of financial strength and in profitability



Breakdown of CAPEX

JPY billion	FYE2021 Actual	FYE2022 Actual	FYE2023 Plan
IT investment	9.8	10.1	16.8
Excluding above	55.7	51.4	58.5
Total CAPEX	65.6	61.5	75.3

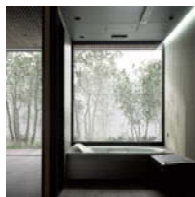
Breakdown of Depreciation

JPY billion	FYE2021 Actual	FYE2022 Actual	FYE2023 Plan
IT depreciation	10.8	12.9	12.0
Excluding above	69.8	67.8	68.0
Total Depreciation	80.6	80.7	80.0

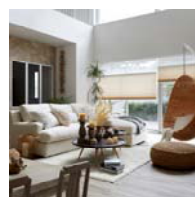
LIXIL (1) Excludes discontinued operations. CAPEX and Depreciation includes intangible assets and IFRS 16 lease

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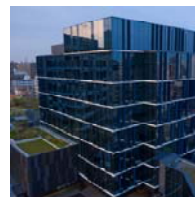
› RESULTS BY BUSINESS SEGMENT



Water Technology (LWT)



Housing Technology (LHT)



Building Technology (LBT)



Housing & Services Business (H&S)

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WATER TECHNOLOGY

Growth in revenue and core earnings were driven by higher sales in Europe and the Americas and strong demand for hygiene products in Japan

Apr-Mar In JPY bn		FYE2022 (Results)	YoY	FYE2023 (Forecast)		
Revenues by Region ⁽¹⁾	Americas	147.8	+13%	+16%		
	EMEA	185.5	+15%	+10%		
	China	55.0	+7%	+11%		
	Asia Pacific	48.3	+15%	+13%		
	Japan	413.7	+2%	+5%		
	Adjustments	11.8				
	Water Technology	862.2	+10%	CE margins	935.0	+8% CE margins
Core earnings by Region	International	43.4	+39%	9.7%	+15%	10.0%
	Japan	33.2	+7%	8.0%	+16%	8.9%
	Water Technology	76.6	+23%		88.5	+16%
	Margin	8.9%	+1.0pp		9.5%	+0.6pp

Revenue

Americas

- ✓ Revenue increased to well above pre-COVID levels
- ✓ Gains came in all sales channels, especially for wholesale

EMEA

- ✓ Revenue increased to well above pre-COVID levels in all product categories and sales channels, especially for wholesale and e-commerce

China

- ✓ GROHE products sales were strong especially in retail channels

Asia Pacific

- ✓ Overall revenue increased due to economic recoveries, especially in India and Indonesia
- ✓ Despite the impact of COVID-19 in FYE2022, Vietnam is currently on the way to recovery

Japan

- ✓ Despite impact on some businesses from procurement problems, steady demand for renovation and mid-to-high-end products
- ✓ Products with touchless faucets performing well

Core earnings

International • Japan

- ✓ Intl: CE increase driven by strong sales in the Americas and Europe, price optimization measures, and SG&A expense efficiencies
- ✓ Japan: CE increase due to a better sales ratio of renovation and mid-to-high-end products as well as price optimization and SG&A expense reduction measures despite challenging business environment

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(1) Region: Management basis, Water Technology Total: Statutory basis
Statutory basis currency :
FYE2022 Results USD1=JPY112.86, EUR1=JPY131.01

Management basis currency :

FYE2022 current & previous year USD1=JPY105, EUR1=PJY126
FYE2023 current & previous year USD1=JPY115, EUR1=JPY131.1

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HOUSING TECHNOLOGY

Revenue increased excluding the impact of divestment in the previous fiscal year. Core earnings declined due to inflation intensifying in H2, especially during Q4, despite progress on structural reforms and further SG&A reduction measures

Apr-Mar In JPY bn		FYE2022 (Results)	YoY	FYE2023 (Forecast)	
Revenues by Region	Japan	462.8	-1% ⁽¹⁾	+5%	
	International	3.8	-41%	+5%	
	Housing Technology	466.7	-2%	489.0	+5%
Core Earnings	Housing Technology	28.2	-10%	31.5	+12%
	Margin	6.0%	-0.6pp	6.4%	+0.4pp

- Revenue increased (excluding the impact of divestments in the previous fiscal year). This was driven by increased sales for renovation products in Japan, with a growing demand for products catering to the "new normal" and people spending more time at home

- *Rechent* (renovation door): sales increased by 12% YoY
- *Inplus* (renovation resin inner window): up by 20% YoY
- *IoT Enabled Smart Delivery Box*: up by 44% YoY

- Progress continues to be made in strategic initiatives despite the impact of sharply higher raw material costs. Revamp of the window series product lines was completed as scheduled within this fiscal year. For a decarbonized society, new products for both new homes and renovation are being launched to promote high-performance houses

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(1) +3%YoY growth excluding impact from divestment

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➤ BUILDING TECHNOLOGY AND HOUSING & SERVICES

Core earnings increased due to progress of continued structural reform measures and operational efficiency gains

Apr-Mar In JPY bn		FYE2022 (Results)	YoY	FYE2023 (Forecast)	
Building Technology	Revenue	89.3	-4%	88.5	-1%
	Core Earnings	3.5	+34%	5.0	+43%
	Margin	3.9%	+1.1pp	5.6%	+1.7pp

- Core earnings margin improved by 1.1pp year-on-year due to progress in structural reform measures and operational efficiency gains
- An ongoing improvement in core earnings is expected to continue from FYE2023 onward due to the longer-term realization of profits from building projects and a subsequent delay in seeing the benefits of measures underway

Revenue and core earnings decreased due primarily to the impact on divestment in previous year

Apr-Mar In JPY bn		FYE2022 (Results)	YoY	FYE2023 (Forecast)	
H&S	Revenue	30.3	-35% ⁽¹⁾	26.5	-12%
	Core Earnings	-0.1	-	1.0	-
	Margin	-0.5%	-5.0pp	3.8%	+4.2pp

- Revenue decreased due to the impact of divestment and one-time gains from the sale of real estate in the previous fiscal year
- CE turned negative due to the impact of divestment and continued higher raw material prices, offsetting ongoing SG&A cost control improvements

LIXIL (1) -7%YoY excluding impact from divestment measures

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➤ APPENDIX: FINANCIAL DATA

➤ REVENUE BY PRODUCTS AND SERVICES

Despite an impact on some businesses due to the difficulty in procuring equipment and parts, steady demand continues for products that enhance people's lifestyles and for hygiene-related products such as touchless faucets

Segment	Major products	JPY billion			in %							
		Full-year FYE2021 Results	Full-year FYE2022 Results	YoY	Quarterly YoY							
					FYE2021				FYE2022			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
LWT	Sanitary ware**	105.5	104.7	-0.7%	+1.5	-8.5	-2.1	+8.4	+0.9	-3.9	-0.1	+0.2
	Bathroom units	87.0	85.9	-1.3%	-20.8	-18.8	-9.0	-3.9	+10.7	-2.9	-3.3	-8.2
	Washstand cabinet units**	37.1	39.1	+5.5%	-8.5	-9.0	+8.9	+2.9	+13.7	+6.6	+2.9	+0.6
	Kitchens	100.1	101.9	+1.8%	-14.8	-20.0	-3.9	-1.0	+9.5	+4.8	+1.8	-7.5
	Tiles	33.0	32.8	-0.7%	-5.3	-16.6	-6.2	-7.6	-1.6	+0.2	+0.6	-2.2
LHT	Housing sashes and related products	171.5	164.2	-4.3%	-10.7	-13.3	-4.2	-10.8	-2.0	-4.3	-6.6	-3.9
	Exterior	99.4	101.4	+2.0%	-9.4	-14.6	-6.0	-8.5	+3.1	+1.2	+0.7	+3.0
	Wooden interior furnishing materials	62.4	62.3	-0.2%	-8.1	-18.0	-7.8	-8.2	-3.1	+0.5	-0.7	+2.4
	LHT Other ⁽¹⁾	54.7	40.9	-25.2%	-30.0	-33.7	-14.9	-53.3	-36.5	-32.9	-30.3	+14.7
LBT	Building sashes	93.4	89.3	-4.3%	-10.8	-18.2	-21.1	-17.3	-15.4	-9.4	+2.3	+4.6
H&S	Housing and Services business ⁽¹⁾	46.6	30.3	-35.0%	-13.9	-15.1	+1.2	-28.0	-36.5	-32.9	-44.7	-21.7
	International ⁽²⁾	384.7	452.3	+17.6%	-21.5	+2.3	+1.9	+2.6	+49.6	+6.2	+13.0	+10.0
	Others/ consolidation & adj.	103.0	123.6	-								
Total		1,378.3	1,428.6	+3.7%	-14.6	-11.6	-3.8	-6.2	+11.4	+0.1	+0.8	+3.3
(Reference)**	Faucets	21.7	24.7	13.5%	+13.5	+4.9	+19.5	+22.2	+17.9	+13.6	+16.1	+7.5

(Reference)**Sales of Faucets included in "Sanitary ware" and "Washstand cabinet units"

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(1) The YoY decrease was due primarily to the impact on divestment in Q4 FYE2021
(2) Please refer to page 24 for the revenue of water-related products in international business

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➤ PROMOTE RENOVATION STRATEGY IN JAPAN

Renovation sales ratio increased by 2.2pp due to increase in renovation demand with people spending more time at home

JPY billion	Q4 12 months				Q4 3 months	
	FYE2021 Results ⁽¹⁾	FYE2022 Results	Increase/ decrease	YoY	FYE2022 Results	YoY
Sales of renovation-related products	295.2	309.2	14.1	+5%	72.3	+1%
LWT-J				+5%		-2%
LHT-J				+4%		+5%
LBT				+3%		+2%
Renovation sales ratio	37%	39%	+2.2pp		36%	+0.8pp

Renovation sales ratio by business segment (YoY)

	FYE2021	FYE2022	Difference
LWT	45%	47%	+2.0pp
LHT	33% ⁽¹⁾	34%	+1.6pp
LBT	20% ⁽¹⁾	23%	+3.4pp
Japan Total	37%	39%	+2.2pp

Number of member homebuilders

Stores	Mar 2020	Mar 2021	Mar 2022
LIXIL Reform Shop (Franchise)	554	540	536
LIXIL Reform Shop (Independent stores)	11,789	11,373	11,264
LIXIL PATTO Reform Service Shop	3,602	3,817	3,804

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(1) Sales of renovation product was restated for comparison on the same basis

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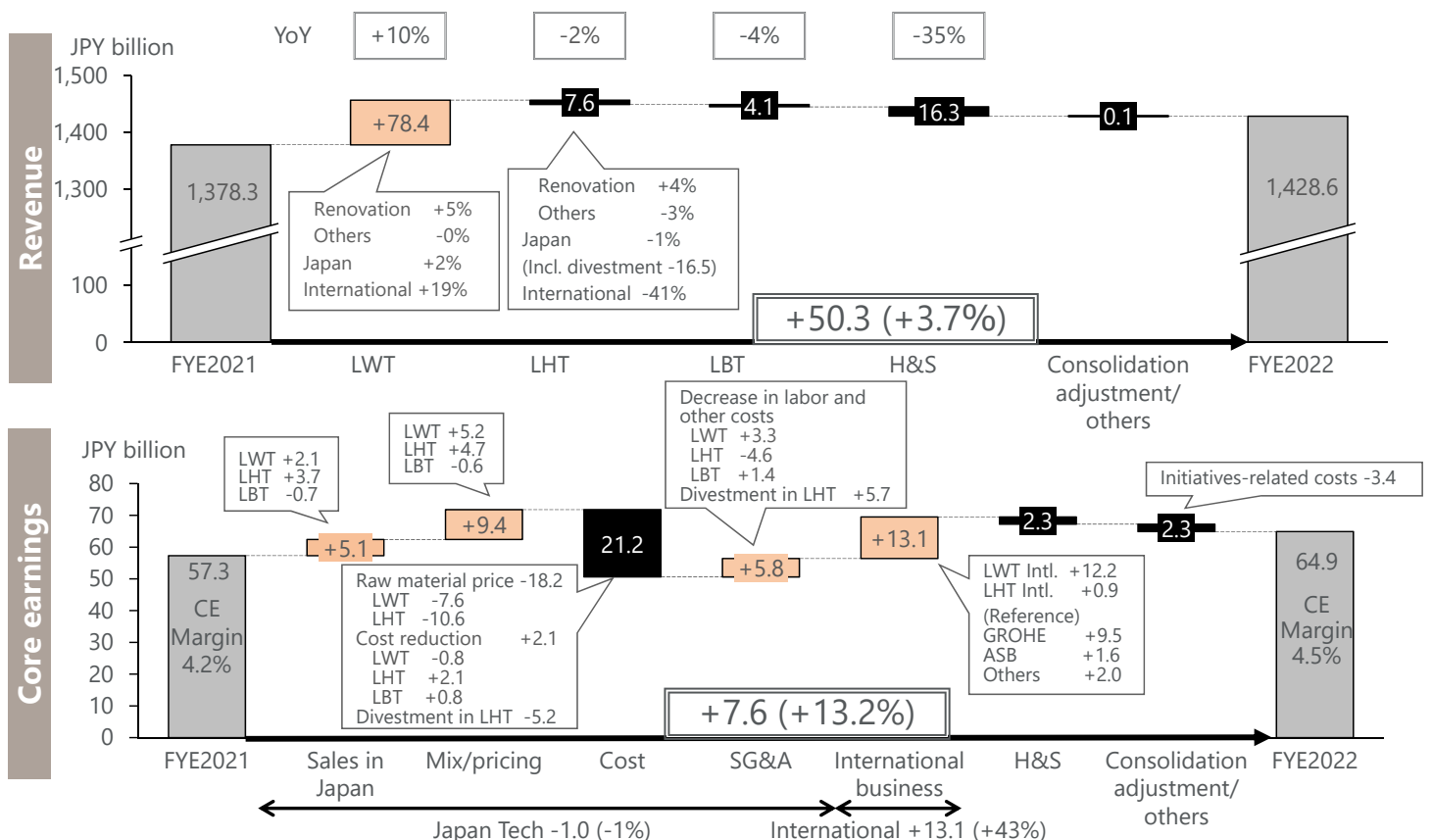
PROMOTE GROWTH OF INTERNATIONAL WATER TECHNOLOGY BUSINESS

Leveraging our brands, manufacturing assets and advanced technologies, we are accelerating growth by bridging portfolio gaps globally

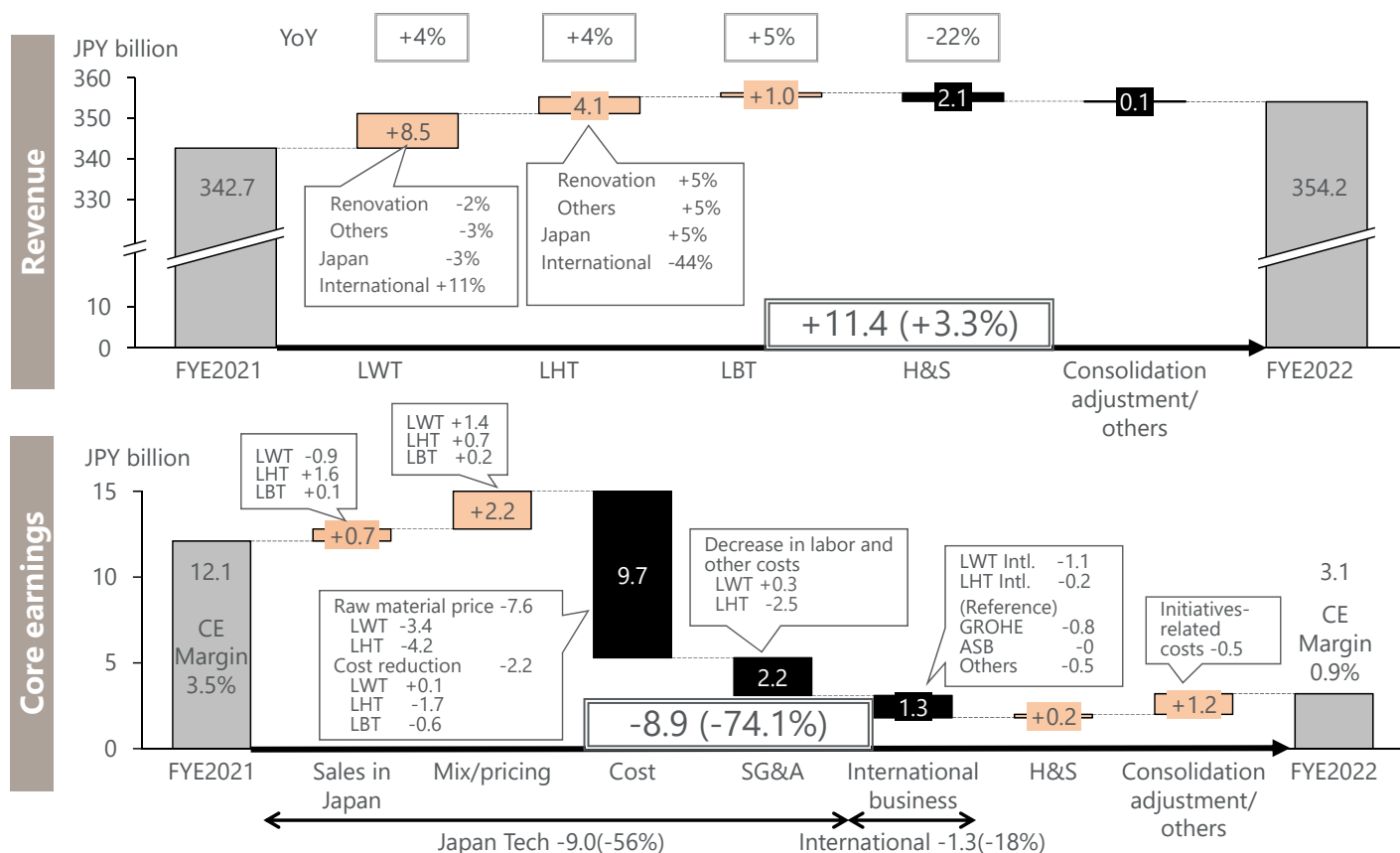
	Q4 FYE2022 12 months					Q4 FYE2022 3 months				
	Intl. Total	Americas	EMEA	China	Asia Pacific	Intl. Total	Americas	EMEA	China	Asia Pacific
Sales distribution ratio										
Bath faucets and showers	43%	14%	65%	49%	38%	42%	14%	65%	50%	35%
Toilets	38%	53%	22%	41%	58%	38%	51%	23%	39%	60%
Kitchen faucets and water systems	9%	5%	13%	6%	3%	8%	5%	12%	6%	2%
Bathing and showering systems	7%	20%	0%	1%	1%	7%	20%	0%	1%	1%
All others	4%	9%	0%	3%	2%	4%	9%	0%	5%	2%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Sales growth										
Bath faucets and showers	+11%	-3%	+13%	+9%	+19%	+1%	-16%	+5%	+13%	+9%
Toilets	+13%	+17%	+23%	-9%	+10%	+8%	+9%	+22%	-20%	+12%
Kitchen faucets and water systems	+10%	+7%	+11%	+5%	+30%	-4%	+4%	-7%	+11%	-1%
Bathing and showering systems	+16%	+19%	-55%	-10%	-28%	+18%	+20%	+67%	-8%	-11%

LIXIL See also, page 38-39 of LIXIL INTEGRATED REPORT 2021, "3. PROMOTE GROWTH OF INTERNATIONAL WATER TECHNOLOGY BUSINESS" in the LIXIL Playbook" https://www.lixil.com/en/investor/library/annual_reports.html 24

FYE2022 CHANGE OF REVENUE AND CORE EARNINGS



Q4 (3 MONTHS) FYE2022 CHANGE OF REVENUE AND CORE EARNINGS



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FYE2022 OTHER INCOME AND EXPENSES, FINANCE INCOME AND COSTS

JPY billion	FYE2021 Results	FYE2022 Results	Increase/decrease
Profit on disposal of property, plant and equipment	2.1	0.4	-1.7
Gain on sale of subsidiaries	9.3	-	-9.3
Profit on disposal of assets held for sale	-	12.8	+12.8
Others	6.2	3.9	-2.3
Other income	17.6	17.0	-0.5
Loss on sale and disposal of property, plant and equipment	1.6	1.5	-0.1
Impairment losses	8.8	2.6	-6.3
Loss recognized on the measurement to fair value, less costs to sell the disposal group held for sale	5.4	0.5	-4.9
Others	23.1	7.8	-15.3
Other expenses	39.0	12.4	-26.6
Interest income	1.1	1.3	+0.2
Dividend income	1.5	1.7	+0.2
Gain on valuation of derivatives	-	1.1	+1.1 (A)
Exchange difference gains	3.2	-	-3.2 (B)
Finance income	5.7	4.1	-1.6
Interest expense	4.1	4.4	+0.3
Losses on valuation of derivatives	4.1	-	-4.1 (B)
Exchange difference losses	-	1.7	+1.7 (A)
Others	0	0.1	+0.1
Finance costs	8.2	6.2	-2.1

Other expenses - Others
 • FYE2021
 Includes HR related initiative cost of JPY13.6 bn

(A) Exchange difference losses are paired with a gains on valuation of derivatives

	FYE2022 Results
Gain on valuation of derivatives	1.1
Foreign exchange loss	-1.7
Net	-0.6 loss

(B) Exchange difference gains are paired with losses on valuation of derivatives

	FYE2021 Results
Foreign exchange gain	3.2
Loss on valuation of derivatives	-4.1
Net	-0.9 loss

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RESULTS AND FORECASTS BY SEGMENT

	JPY billion	FYE2021 Results			FYE2022 Results				FYE2023 Forecast			
		Japan	Intl.	Total	Japan	Intl.	Total	Total YoY%	Japan	Intl.	Total	Total YoY%
LWT	Revenue	405.7	378.1	783.8	413.7	448.4	862.2	+10.0%	433.0	502.0	935.0	8.4%
	CE	30.9	31.2	62.1	33.2	43.4	76.6	+23.3%	38.5	50.0	88.5	15.5%
	CE margin	7.6%	8.3%	7.9%	8.0%	9.7%	8.9%	+1.0pp	8.9%	10.0%	9.5%	+0.6pp
LHT	Revenue	467.8	6.5	474.3	462.8	3.8	466.7	-1.6%	485.0	4.0	489.0	4.8%
	CE	32.3	-0.9	31.4	28.2	-0	28.2	-10.3%	31.5	0	31.5	11.7%
	CE margin	6.9%	-13.8%	6.6%	6.1%	-0.2%	6.0%	-0.6pp	6.5%	-	6.4%	+0.4pp
LBT	Revenue	93.4		93.4	89.3		89.3	-4.3%	88.5		88.5	-0.9%
	CE	2.6		2.6	3.5		3.5	+33.9%	5.0		5.0	43.1%
	CE margin	2.8%		2.8%	3.9%		3.9%	+1.1pp	5.6%		5.6%	+1.7pp
H&S	Revenue	46.6		46.6	30.3		30.3	-35.0%	26.5		26.5	-12.5%
	CE	2.1		2.1	-0.1		-0.1	-	1.0		1.0	-
	CE margin	4.6%		4.6%	-0.5%		-0.5%	-5.0pp	3.8%		3.8%	+4.2pp
Conso. adj. & others ⁽¹⁾	Revenue			-19.8			-19.8	-			-19.0	-
	CE			-41.0			-43.3	-			-45.0	-
LIXIL ⁽¹⁾	Revenue	1,013.4	384.7	1,378.3	996.2	452.3	1,428.6	+3.7%	1,033.0	506.0	1,520.0	6.4%
	CE	68.0	30.3	57.3	64.8	43.4	64.9	+13.2%	76.0	50.0	81.0	24.8%
	CE margin	6.7%	7.9%	4.2%	6.5%	9.6%	4.5%	+0.4pp	7.4%	9.9%	5.3%	+0.8pp

LIXIL (1) Difference between sum total of Japan and International in Revenue and Core earnings and "Total" is the amount of consolidation, adj. & others

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PERFORMANCE OF MAJOR INTERNATIONAL SUBSIDIARIES

ASB (ASD Holdings)	FYE2021	FYE2022	YoY	Unit: USD million
Exchange rate (Average rate)	106.17	112.86	-	
Revenue	1,246	1,408	+13%	
Core earnings	68	77	+14%	
Core earnings margin	5%	5%	+0.1pp	

Accounting period	FYE2021 Balance	FYE2022		Balance
		Amortization	Others ⁽¹⁾	
Exchange rate (Current rate for balance, Average rate for amortization)	110.71	112.86	-	122.39
Goodwill	228	-	-1	227
Intangible assets	206	-6	0	200

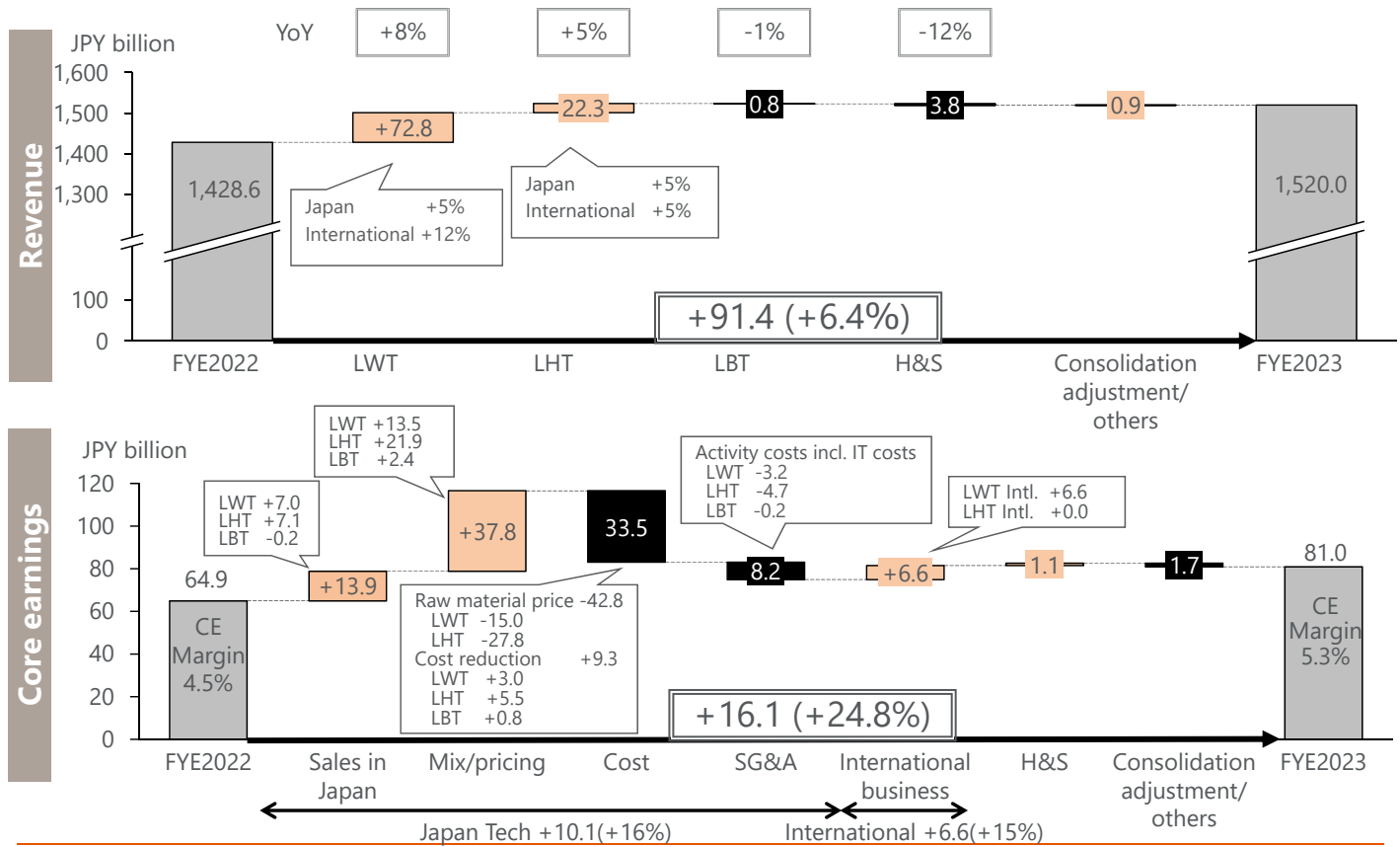
Grohe Group (GROHE)	FYE2021	FYE2022	YoY	Unit: EUR million
Exchange rate (Average rate)	123.73	131.01	-	
Revenue	1,511	1,776	+18%	
Core earnings	191	252	+32%	
Core earnings margin	13%	14%	+1.6pt	

Accounting period	FYE2021 Balance	FYE2022		Balance
		Amortization	Others ⁽¹⁾	
Exchange rate (Current rate for balance, Average rate for amortization)	129.80	131.01	-	136.70
Goodwill	1,197	-	6	1,203
Intangible assets	1,429	-11	0	1,417

LIXIL (1) Forex translation differences, and others

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➤ FYE2023 FORECAST CHANGE OF REVENUE AND CORE EARNINGS



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➤ APPENDIX: BUSINESS AND ESG RELATED TOPICS

➤ BOARD OF DIRECTORS (CANDIDATES) (1) (Announced on March 28, 2022)

(To take effect after the annual shareholders' meeting to be held in June 2022)

List of Directors

(◎: newly appointed June 2022, □: independent director, Underline: female member, ✱: Chairperson, ●: Member)

		Name	Chairperson of the Board	Nomination Committee	Audit Committee	Compensation Committee	Governance Committee
Internal Directors ⁽¹⁾		Kinya Seto					
		Sachio Matsumoto					
		<u>Hwa Jin Song Montesano</u>					
Outside Directors	□	Tamio Uchibori			●	●	●
	□	<u>Shiho Konno</u>		●	●		●
	□	Teruo Suzuki			✱		●
	□◎	<u>Mayumi Tamura</u>			●		●
	□	Yuji Nishiura		✱		●	●
	□	Daisuke Hamaguchi		●		✱	●
	□	Masatoshi Matsuzaki	✱	●			✱
	□	<u>Mariko Watahiki</u>		●		●	●

LIXIL (1) Concurrently serves as an Executive officer

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➤ BOARD OF DIRECTORS (CANDIDATES) (2)

(After the annual shareholders' meeting to be held in June 2022)

Newly appointed candidate



Mayumi Tamura
(Date of Birth: May 22, 1960)

Reason for appointment

Ms. Tamura has many years of extensive management experience in global companies and a high level of expertise in finance, accounting, and corporate financing. In addition, having an experience as an outside director of many listed companies and knowledge of the construction industry, we judge that she can carry out the duties as an outside director of LIXIL.

Vitae	
Apr. 1983	Joined Sony Corporation (currently Sony Group Corporation)
Sep. 1991	Joined Johnson Company, Limited
Jul. 2002	Executive Officer of JohnsonDiversey Co., Ltd. (currently CxS Corporation)
Dec. 2004	CFO of adidas Japan K.K.
Jun. 2007	Executive Officer, Senior Vice President and CFO of THE SEIYU, LTD.
May 2010	Executive Officer, Senior Vice President and CFO of Walmart Japan Holdings GK. (currently Seiyu Holdings Co., Ltd.) Executive Officer, Senior Vice President and CFO of Seiyu GK (currently Seiyu Co., Ltd.)
Jun. 2015	Outside Auditor of Honda Motor Co., Ltd.
Jun. 2017	Outside Director, Audit and Supervisory Committee Member of Honda Motor Co., Ltd.
Jun. 2017	Outside Director of Hitachi High-Technologies Corporation (currently Hitachi High-Tech Corporation)
Jun. 2019	Outside Director of Shimizu Corporation (incumbent)
Mar. 2022	Outside Audit & Supervisory Board Member of Kyowa Kirin Co., Ltd. (incumbent)

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(as of April 1, 2022)

List of Executive Officers

(※concurrently serves as a director, Underline: female member)

Name		Positions
Kinya Seto	※	Representative Executive Officer, President, and Chief Executive Officer
Sachio Matsumoto	※	Representative Executive Officer, Executive Vice President, Finance, Treasury, and M&A, and Chief Financial Officer
<u>Hwa Jin Song Montesano</u>	※	Executive Officer, Executive Vice President, Human Resources and General Affairs, Public Affairs, Investor Relations, External Affairs, Corporate Responsibility, and Chief People Officer
Yugo Kanazawa		Executive Officer, Executive Vice President, Marketing, Digital, and IT, and Chief Digital Officer
Bijoy Mohan		Executive Officer, Executive Vice President, LIXIL International
Satoshi Yoshida		Executive Officer, Executive Vice President, LIXIL Housing Technology (LHT)
Hiroyuki Oonishi		Executive Officer, Executive Vice President, LIXIL Water Technology (LWT) Japan
<u>Shoko Kimijima</u>		Executive Office, Executive Vice President, Legal, Compliance, and Corporate Audit, and Chief Legal and Compliance Officer



BUSINESS AND ESG RELATED TOPICS

Enhancing the customer journey with digital tools

Launched **LIXIL X** in Japan⁽¹⁾,
Strengthening online sales in Americas



- Following launch of *LIXIL Online Showroom* and *GROHE X* in Europe, we are further enhancing the customer/ brand experience using digital tools globally to strengthen the customer relationship. LIXIL is an industry leader in this area
- In Japan, we launched the video distribution service *LIXIL-X* to provide useful information for home building
- In the Americas, we are enhancing e-commerce capabilities with digital simulation tools and online support to meet the most important needs of customers

Develop new businesses with digital: Launched **LIXIL Toilet Cloud**⁽²⁾

Renewal of public toilet maintenance
with DX



- *LIXIL Toilet Cloud*, a new service that combines our product knowledge with the latest IoT technology, helps to solve common toilet maintenance issues facing facility managers
- LIXIL's self-developed AI optimizes daily cleaning work processes
- Continuously capture demand by offering new subscription-based services that leverage digital technology



(1) News Release <https://newsroom.lixil.com/ja/2022030102> (Japanese only)
(2) News Release <https://newsroom.lixil.com/ja/20220307> (Japanese only)

› BUSINESS AND ESG RELATED TOPICS

Accelerate LWT international's growth by developing GROHE sub-brands

Strengthen customer loyalty by developing *GROHE Professional*⁽¹⁾ for professional users



- Following *GROHE Quick Fix* for end-user DIY demand, we launched the new sub-brand *GROHE Professional* to help plumbers better understand diversifying consumer needs
- *GROHE Professional* offers product lineup for plumbers and loyalty program *GROHE+* with benefits such as training. These support operational efficiency and help them respond to specific requirements

Explore and create new customer touch points to capture new business opportunities

New concept store opened for a limited time⁽²⁾



- To cultivate potential renovation demand, opened a new concept store in a shopping mall where consumers are invited to explore the many possibilities in renovation and products for their home
- Store also serves as a window to the *LIXIL online showroom*, combining the benefits of face-to-face and e-commerce
- LIXIL will continue to strengthen touch points with end users and enhance the consumer experience through new initiatives

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(1) Website https://www.grohe-x.com/en/newsroom-overview/news-overview-international/product_grohe-professional-installer_b2b
 (2) News Release <https://newsroom.lixil.com/ja/20220316> (Japanese only)

› BUSINESS AND ESG RELATED TOPICS

Partnering with governments to bring better sanitation and hygiene globally⁽¹⁾

Launched *Partnership for Better Living with USAID*⁽²⁾



- Launched a partnership with the aid group USAID in 2020
- Through the five-year agreement, USAID provides USD10 million annually for LIXIL to expand the market for sanitation and hygiene solutions and improve the availability of its SATO products
- The program offer better sanitation and hygiene in underserved communities with a market-led approach that leverages USAID and LIXIL's expertise, resources, and reach

Named a CDP Supplier Engagement Leader for two consecutive years⁽³⁾

Recognized for work to mitigate climate change across the supply chain and for information disclosure policies



- Following the CDP Water Security 2021 A List Company in December 2021, earned place on CDP Supplier Engagement Leaderboard, the highest rank, for two consecutive years
- Top 8% (512 companies) among approx. 6,000 companies worldwide were selected as CDP Supplier Engagement Leaders, of which 105 including LIXIL were Japanese companies

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(1) News Release https://newsroom.lixil.com/20220412_usaid-0
 (2) USAID = United States Agency for International Development
 (3) News release https://newsroom.lixil.com/20220217_cdp_supplier

EXTERNAL RECOGNITION

FTSE4Good Index Series

Constituent of the FTSE4Good Index Series and FTSE Blossom Japan Index for five consecutive years. Selected as a component of the FTSE Blossom Japan Sector Relative Index (newly established) for recognition of efforts for human rights, corporate governance, and the formulation of Green Procurement Guidelines (June 2021, March 2022)



Dow Jones Sustainability World Index

Selected as a component of the DJSI World Index and DJSI Asia Pacific for recognition of efforts for ESG, disclosure, and improvement of transparency (Three consecutive years, November 2021)



MSCI Japan Empowering Women Index

Selected as a constituent of the MSCI Japan Empowering Women Index (WIN), due to the increased proportion of women among executives, employees and new graduate recruitment (Five consecutive years, June 2021)



CDP Supplier Engagement Leaderboard

Selected for two consecutive years (February 2022)



CDP's Water Security

Selected for A List, the highest rank from CDP for its multifaceted initiatives in water-related risk mitigation (December 2021)



Pride Index 2021

Received Gold, the highest award level, for recognition of activities to help realize an inclusive society where everyone's utilization of toilets are respected. Simultaneously won the newly established Rainbow (Gold for five consecutive years, November 2021)



Nikkei SDGs Management Survey

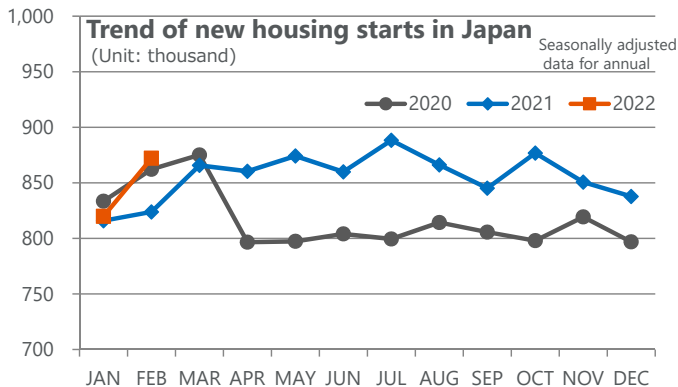
Received 4.5 stars at Nikkei SDGs Management Survey and 4 stars at Nikkei Smart Work Management Survey (November 2021)



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MARKET TRENDS



Source : Statistics of new housing starts, Ministry of Land, Infrastructure, Transport and Tourism (Jan. 2020-Feb. 2022)

New housing construction level in Japan (year-on-year)

- Jan.-Feb. 2022: +4.3%
- Jan.-Dec. 2021: +5.0%



Foreign exchange rates (Average rate)	FYE2021 Results	FYE2022 Results	FYE2023 Assumptions
US dollar	106.17 yen	112.86 yen	115.0 yen
Euro	123.73 yen	131.01 yen	131.1 yen

Results and assumptions	FYE2021 Results	FYE2022 Results	FYE2023 Assumptions
Aluminum price (Purchasing price)	199,000	305,000	360,000
Copper price	603,000	868,000	862,000

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Cautionary Statements with Respect to Forward-Looking Statements

Statements made in these materials with respect to plans, strategies and future performance that are not historical facts are forward-looking statements. LIXIL Corporation cautions that a number of factors could cause actual results to differ materially from those discussed in the forward-looking statements.

MAKE BETTER HOMES A REALITY FOR EVERYONE, EVERYWHERE