

**Consolidated Financial Results for the Third Quarter Ended December 31, 2022**  
**(International Financial Reporting Standards)**

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Scheduled date of issue of quarterly financial report: February 13, 2023  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Information meeting for quarterly financial results to be held: Yes (For investment analysts and institutional investors)

(Amounts less than one million yen are rounded)

**1. Consolidated Financial Results for the Q3 of FY Ending March, 2023 (April 1 through December 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 quarter	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
<b>FYE 2023 Q3</b>	<b>1,123,817</b>	<b>4.6</b>	<b>20,997</b>	<b>-66.0</b>	<b>24,240</b>	<b>-59.6</b>	<b>21,422</b>	<b>-63.3</b>	<b>12,097</b>	<b>-71.1</b>
FYE 2022 Q3	1,074,405	3.8	61,751	36.6	59,953	61.3	58,439	66.2	41,831	99.2

	Including Discontinued Operations							
	Profit for the quarter		Profit for the quarter attributable to owners of the parent		Total comprehensive income for the quarter		Basic earnings per share	Diluted earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
<b>FYE 2023 Q3</b>	<b>11,261</b>	<b>-73.0</b>	<b>11,019</b>	<b>-73.4</b>	<b>34,003</b>	<b>-24.6</b>	<b>38.24</b>	<b>38.24</b>
FYE 2022 Q3	41,631	-3.9	41,501	7.3	45,084	-22.2	142.79	135.61

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

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
	Million yen	Million yen	Million yen	%
<b>FYE 2023 Q3</b>	<b>1,905,981</b>	<b>613,643</b>	<b>611,202</b>	<b>32.1</b>
FYE 2022	1,782,882	614,968	612,385	34.3

**2. Cash Dividends**

	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of period	For the year
	Yen	Yen	Yen	Yen	Yen
FYE 2022	—	40.00	—	45.00	85.00
FYE 2023	—	45.00	—		
FYE 2023 (forecast)				45.00	90.00

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

### 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	1,560,000	9.2	42,000	-35.3	39,000	-43.9	36,500	-45.7	26,000	-48.6

	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	25,500	-47.7	25,000	-48.6	86.76

Note: Revision of consolidated operating performance forecast after the recent announcement: No

Note: The average number of shares during For the nine months ended December 31, 2022 is used as the basis to calculate "Basic earnings per share".

#### \* Notes

(1) Changes in significant subsidiaries, which affected the scope of consolidation during this period: Yes

Newly consolidated company: None

Excluded company: 1 (Company Name) Grohe Luxembourg Four S.A.

(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 shares (Common shares)

(i) Outstanding shares including treasury shares	(December 31, 2022)	287,109,659 shares	(FY ended March 31, 2022)	313,319,159 shares
(ii) Treasury shares	(December 31, 2022)	50,349 shares	(FY ended March 31, 2022)	22,580,170 shares
(iii) Average number of shares during nine months (Apr - Dec)	(December 31, 2022)	288,165,997 shares	(December 31, 2021)	290,640,736 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: 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, 2022		End of Q3 (As of December 31, 2022)	
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	Y	100,404	Y	129,911
Trade and other receivables		280,409		308,336
Inventories		237,927		285,238
Contract assets		19,408		23,569
Income taxes receivable		923		2,415
Other financial assets		23,095		19,492
Other current assets		25,180		23,493
Subtotal		687,346		792,454
Assets held for sale		27,261		26,954
<b>Total current assets</b>		<b>714,607</b>		<b>819,408</b>
<b>Non-current assets:</b>				
Property, plant and equipment		373,301		368,048
Right of use assets		54,023		62,673
Goodwill and other intangible assets		471,303		496,388
Investment property		4,045		4,938
Investments accounted for using the equity method		10,699		8,399
Other financial assets		62,361		51,877
Deferred tax assets		83,315		85,233
Other non-current assets		9,228		9,017
<b>Total non-current assets</b>		<b>1,068,275</b>		<b>1,086,573</b>
<b>Total assets</b>	Y	<b>1,782,882</b>	Y	<b>1,905,981</b>

(Unit: millions of yen)

	As of March 31, 2022	End of Q3 (As of December 31, 2022)
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Trade and other payables	Y 333,680	Y 339,333
Bonds and borrowings	132,029	280,192
Lease liabilities	17,681	17,731
Contract liabilities	9,377	10,915
Income taxes payable	10,926	9,776
Other financial liabilities	5,638	6,236
Provisions	656	1,717
Other current liabilities	93,014	82,137
<b>Total current liabilities</b>	<b>603,001</b>	<b>748,037</b>
<b>Non-current liabilities:</b>		
Bonds and borrowings	337,510	318,174
Lease liabilities	37,483	45,478
Other financial liabilities	26,968	27,991
Net defined benefit liabilities	78,441	69,463
Provisions	8,028	7,279
Deferred tax liabilities	61,875	64,977
Other non-current liabilities	14,608	10,939
<b>Total non-current liabilities</b>	<b>564,913</b>	<b>544,301</b>
<b>Total liabilities</b>	<b>1,167,914</b>	<b>1,292,338</b>
<b>EQUITY</b>		
Share capital	68,418	68,418
Capital surplus	278,635	221,810
Treasury shares	-47,542	-109
Other components of equity	44,954	56,136
Retained earnings	267,920	264,947
Equity attributable to owners of the parent	612,385	611,202
Non-controlling interests	2,583	2,441
<b>Total equity</b>	<b>614,968</b>	<b>613,643</b>
<b>Total liabilities and equity</b>	<b>Y 1,782,882</b>	<b>Y 1,905,981</b>

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

(Unit: millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Continuing operations		
Revenue	<b>Y</b> 1,074,405	<b>Y</b> 1,123,817
Cost of sales	-701,014	-771,363
<b>GROSS PROFIT</b>	373,391	352,454
Selling, general and administrative expenses	-311,640	-331,457
Other income	5,512	8,763
Other expenses	-7,310	-5,520
<b>OPERATING PROFIT</b>	59,953	24,240
Finance income	3,774	2,940
Finance costs	-4,810	-5,596
Share of loss of associates accounted for using the equity method	-478	-162
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	58,439	21,422
Income tax expenses	-16,608	-9,325
<b>PROFIT FOR THE QUARTER FROM CONTINUING OPERATIONS</b>	41,831	12,097
Discontinued operations		
<b>LOSS FOR THE QUARTER FROM DISCONTINUED OPERATIONS</b>	-200	-836
<b>PROFIT FOR THE QUARTER</b>	41,631	11,261
Profit (loss) for the quarter attributable to:		
Owners of the parent		
Continuing operations	41,701	11,855
Discontinued operations	-200	-836
Total	41,501	11,019
Non-controlling interests		
Continuing operations	130	242
Discontinued operations	—	—
Total	130	242
<b>PROFIT FOR THE QUARTER</b>	<b>Y</b> 41,631	<b>Y</b> 11,261

(Unit: millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
<b>Earnings (loss) per share</b>		
Basic (yen per share)		
Continuing operations	143.48	41.14
Discontinued operations	-0.69	-2.90
Total	142.79	38.24
Diluted (yen per share)		
Continuing operations	136.26	41.14
Discontinued operations	-0.65	-2.90
Total	135.61	38.24

## Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
<b>PROFIT FOR THE QUARTER</b>	<b>Y 41,631</b>	<b>Y 11,261</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will not be reclassified subsequently to profit or loss		
Net fair value (loss) gain on equity instruments measured through other comprehensive income	-2,305	0
Remeasurements of defined benefit pension plans	—	7,742
Total items that will not be reclassified subsequently to profit or loss	-2,305	7,742
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	6,403	17,567
Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	-662	-2,555
Share of other comprehensive income of associates accounted for using the equity method	17	-12
Total items that may be reclassified subsequently to profit or loss	5,758	15,000
Other comprehensive income, net of tax	3,453	22,742
<b>TOTAL COMPREHENSIVE INCOME FOR THE QUARTER</b>	<b>45,084</b>	<b>34,003</b>
Total comprehensive income for the quarter attributable to:		
Owners of the parent	44,984	33,778
Non-controlling interests	100	225
<b>TOTAL COMPREHENSIVE INCOME FOR THE QUARTER</b>	<b>Y 45,084</b>	<b>Y 34,003</b>

## (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
<b>BALANCE AS OF APRIL 1, 2021</b>	<b>68,418</b>	<b>278,240</b>	<b>-48,610</b>	<b>16,558</b>	<b>—</b>	<b>372</b>	<b>1,071</b>
Profit for the quarter	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	-2,305	—	6,433	-662
Total comprehensive income for the quarter	—	—	—	-2,305	—	6,433	-662
Purchase of treasury shares	—	—	-23	—	—	—	—
Disposal of treasury shares	—	1	2	—	—	—	—
Share-based payment transactions	—	574	1,095	—	—	—	—
Dividends	—	—	—	—	—	—	—
Changes in interests in subsidiaries that do not result in the Group losing control over the subsidiaries	—	-182	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	-1,031	—	—	—
Total transactions with owners	—	393	1,074	-1,031	—	—	—
<b>BALANCE AS OF DECEMBER 31, 2021</b>	<b>68,418</b>	<b>278,633</b>	<b>-47,536</b>	<b>13,222</b>	<b>—</b>	<b>6,805</b>	<b>409</b>
<b>BALANCE AS OF APRIL 1, 2022</b>	<b>68,418</b>	<b>278,635</b>	<b>-47,542</b>	<b>13,327</b>	<b>—</b>	<b>28,613</b>	<b>2,867</b>
Hyperinflation adjustment	—	—	—	—	—	—	—
Restated balance as of April 1, 2022	68,418	278,635	-47,542	13,327	—	28,613	2,867
Profit for the quarter	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	0	7,742	17,584	-2,555
Total comprehensive income for the quarter	—	—	—	0	7,742	17,584	-2,555
Purchase of treasury shares	—	-22	-10,015	—	—	—	—
Disposal of treasury shares	—	0	2	—	—	—	—
Cancellation of treasury shares	—	-56,902	56,902	—	—	—	—
Share-based payment transactions	—	149	544	—	—	—	—
Dividends	—	—	—	—	—	—	—
Changes in interests in subsidiaries that do not result in the Group losing control over the subsidiaries	—	-50	—	—	—	—	—
Changes associated with loss of control of subsidiaries	—	—	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	-3,724	-7,742	—	—
Total transactions with owners	—	-56,825	47,433	-3,724	-7,742	—	—
<b>BALANCE AS OF DECEMBER 31, 2022</b>	<b>68,418</b>	<b>221,810</b>	<b>-109</b>	<b>9,603</b>	<b>—</b>	<b>46,197</b>	<b>312</b>

(Unit: millions of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity		Retained earnings (losses)	Total		
	Other	Total				
<b>BALANCE AS OF APRIL 1, 2021</b>	<b>2,414</b>	<b>20,415</b>	<b>233,808</b>	<b>552,271</b>	<b>2,496</b>	<b>554,767</b>
Profit for the quarter	—	—	41,501	41,501	130	41,631
Other comprehensive income	17	3,483	—	3,483	-30	3,453
Total comprehensive income for the quarter	17	3,483	41,501	44,984	100	45,084
Purchase of treasury shares	—	—	—	-23	—	-23
Disposal of treasury shares	—	—	—	3	—	3
Share-based payment transactions	-801	-801	559	1,427	—	1,427
Dividends	—	—	-23,237	-23,237	—	-23,237
Changes in interests in subsidiaries that do not result in the Group losing control over the subsidiaries	—	—	—	-182	-184	-366
Transfers from other components of equity to retained earnings	—	-1,031	1,031	—	—	—
Total transactions with owners	-801	-1,832	-21,647	-22,012	-184	-22,196
<b>BALANCE AS OF DECEMBER 31, 2021</b>	<b>1,630</b>	<b>22,066</b>	<b>253,662</b>	<b>575,243</b>	<b>2,412</b>	<b>577,655</b>
<b>BALANCE AS OF APRIL 1, 2022</b>	<b>147</b>	<b>44,954</b>	<b>267,920</b>	<b>612,385</b>	<b>2,583</b>	<b>614,968</b>
Hyperinflation adjustment	—	—	543	543	—	543
Restated balance as of April 1, 2022	147	44,954	268,463	612,928	2,583	615,511
Profit for the quarter	—	—	11,019	11,019	242	11,261
Other comprehensive income	-12	22,759	—	22,759	-17	22,742
Total comprehensive income for the quarter	-12	22,759	11,019	33,778	225	34,003
Purchase of treasury shares	—	—	—	-10,037	—	-10,037
Disposal of treasury shares	—	—	—	2	—	2
Cancellation of treasury shares	—	—	—	—	—	—
Share-based payment transactions	-111	-111	—	582	—	582
Dividends	—	—	-26,001	-26,001	—	-26,001
Changes in interests in subsidiaries that do not result in the Group losing control over the subsidiaries	—	—	—	-50	-367	-417
Changes associated with loss of control of subsidiaries	—	—	—	—	-0	-0
Transfers from other components of equity to retained earnings	—	-11,466	11,466	—	—	—
Total transactions with owners	-111	-11,577	-14,535	-35,504	-367	-35,871
<b>BALANCE AS OF DECEMBER 31, 2022</b>	<b>24</b>	<b>56,136</b>	<b>264,947</b>	<b>611,202</b>	<b>2,441</b>	<b>613,643</b>



## (4) Consolidated Statement of Cash Flows

(Unit: millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
<b>OPERATING ACTIVITIES:</b>		
Profit before tax from continuing operations	<b>Y</b> 58,439	<b>Y</b> 21,422
Loss before tax from discontinued operations	-289	-1,202
Profit before tax	58,150	20,220
Depreciation and amortization	60,403	61,544
Impairment losses	1,755	1,252
Interest and dividend income	-2,792	-2,123
Interest expense	3,352	4,046
Share of (profit) loss of associates accounted for using the equity method	478	162
Profit on disposal of assets held for sale	-2,431	-5,265
Losses (gains) on disposal of property, plant and equipment	748	1,038
Decrease (increase) in trade and other receivables	-17,145	-23,823
Decrease (increase) in inventories	-34,380	-39,640
(Decrease) increase in trade and other payables	21,583	3,484
(Decrease) increase in net defined benefit liabilities	749	-11,341
Other	-1,132	-2,551
Subtotal	89,338	7,003
Interest received	1,165	762
Dividends received	1,758	1,474
Interest paid	-2,948	-3,614
Income taxes paid	-4,078	-15,782
<b>Net cash (used) generated in operating activities</b>	<b>Y 85,235</b>	<b>Y -10,157</b>

(Unit: millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
<b>INVESTING ACTIVITIES:</b>		
(Increase) decrease in time deposits	Y 140	Y 1,102
Purchase of property, plant and equipment	-23,835	-25,551
Proceeds from disposal of property, plant and equipment	4,023	892
Purchase of intangible assets	-7,597	-9,477
Payments for acquisition of subsidiaries	—	-15,173
Decrease (increase) in short-term loans receivable	-346	24
Payments for acquisition of investments	-50,119	-47,536
Proceeds from sale and redemption of investments	58,320	61,017
Other	-175	2,589
<b>Net cash used in investing activities</b>	<b>Y -19,589</b>	<b>Y -32,113</b>
<b>FINANCING ACTIVITIES:</b>		
Dividends paid	Y -23,237	Y -26,001
(Decrease) increase in short-term borrowings and commercial paper	3,644	100,003
Proceeds from long-term borrowings	9,814	10,000
Repayment of long-term borrowings	-33,778	-41,423
Proceeds from issuance of bonds	—	54,747
Payments for redemption of bonds	-10,000	—
Lease liabilities paid	-14,496	-15,695
Payments for acquisition of treasury shares	-23	-10,046
Other	1,095	147
<b>Net cash (used) generated in financing activities</b>	<b>Y -66,981</b>	<b>Y 71,732</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-1,335</b>	<b>29,462</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>111,061</b>	<b>100,404</b>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	1,500	45
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS INCLUDED IN ASSETS HELD FOR SALE	-0	—
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER</b>	<b>Y 111,226</b>	<b>Y 129,911</b>

(5) Notes related to Financial Statements

(Notes related to Going Concern Assumptions)

Not applicable.

(Segment Information)

Segment changes

The Company had reported in four reporting segments, which include "Water Technology Business," "Housing Technology Business," "Building Technology Business," and "Housing & Services Business" until the fiscal year ended March 31, 2022. However, from the start of the first quarter of the fiscal year ending March 31, 2023, the Company has decided to change to report in two segments, which include "Water Technology Business" and "Housing Technology Business".

The reason for the reporting segments change is that the company is focusing and simplifying its organization to establish a management process that is more resilient to changes in the external environment and that drives profitable and sustainable growth. And accordingly, the Company changed the management system of the business to two segments, the core businesses of "Water Technology Business" and "Housing Technology Business".

As a change, "Housing Technology Business," "Building Technology Business," and "Housing & Services Business" in the previous segments are disclosed as "Housing Technology Business" in the new segments.

The segment information for the nine months ended December 31, 2021 is disclosed based on the reporting segments classification after the change.

For the nine months ended December 31, 2021 (April 1 through December 31, 2021)

(Unit: millions of yen)

	Reportable Segments		Total	Reconciliations (Note 2)	Consolidated
	Water Technology Business	Housing Technology Business			
Revenue					
Revenue from external customers	Y 637,917	Y 436,488	Y 1,074,405	Y —	Y 1,074,405
Intersegment revenue or transfers	9,280	4,900	14,180	-14,180	—
Total	647,197	441,388	1,088,585	-14,180	1,074,405
Segment profit (Note 1)	64,522	30,534	95,056	-33,305	61,751
Other income					5,512
Other expenses					-7,310
Operating profit					59,953
Finance income					3,774
Finance costs					-4,810
Share of loss of associates accounted for using the equity method					-478
Profit before tax from continuing operations					58,439

For the nine months ended December 31, 2022 (April 1 through December 31, 2022)

(Unit: millions of yen)

	Reportable Segments		Total	Reconciliations (Note 2)	Consolidated
	Water Technology Business	Housing Technology Business			
Revenue					
Revenue from external customers	Y 675,059	Y 448,758	Y 1,123,817	Y —	Y 1,123,817
Intersegment revenue or transfers	8,154	5,521	13,675	-13,675	—
Total	683,213	454,279	1,137,492	-13,675	1,123,817
Segment profit (Note 1)	36,019	15,481	51,500	-30,503	20,997
Other income					8,763
Other expenses					-5,520
Operating profit					24,240
Finance income					2,940
Finance costs					-5,596
Share of loss of associates accounted for using the equity method					-162
Profit before tax from continuing operations					21,422

Notes:

1. Segment profit is core earnings which are defined as revenue less 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.