

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (International Financial Reporting Standards)

Company Name:	LIXIL CORPORATION	Stock Listings:	Tokyo, Nagoya
Code Number:	5938	URL:	<a href="https://www.lixil.com/en/investor/">https://www.lixil.com/en/investor/</a>
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Scheduled date of ordinary general meeting of shareholders:	June 21, 2023
Scheduled date of issue of Security report:	June 22, 2023
Schedule date of payment of dividends:	June 6, 2023
Preparation of supplementary materials for the financial results for FYE 2023:	Yes
Information meeting for the financial results for FYE 2023 to be held:	Yes (For investment analysts and institutional investors)

(Amounts less than one million Japanese yen are rounded)

### 1. Consolidated Financial Results for the FY Ended March, 2023 (April 1, 2022 through March 31, 2023)

(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	%
<b>FYE 2023</b>	<b>1,495,987</b>	<b>4.7</b>	<b>25,745</b>	<b>-60.3</b>	<b>24,903</b>	<b>-64.2</b>	<b>19,759</b>	<b>-70.6</b>	<b>16,888</b>	<b>-66.6</b>
FYE 2022	1,428,578	3.7	64,875	13.2	69,471	93.8	67,262	99.0	50,540	208.8

	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
<b>FYE 2023</b>	<b>16,015</b>	<b>-67.1</b>	<b>15,991</b>	<b>-67.1</b>	<b>48,082</b>	<b>-41.6</b>	<b>55.54</b>	<b>55.54</b>
FYE 2022	48,730	29.6	48,603	47.1	82,401	10.0	167.21	158.83

	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	
	%	%	%	%	%
<b>FYE 2023</b>	<b>2.6</b>	<b>1.0</b>	<b>1.7</b>	<b>1.7</b>	
FYE 2022	8.3	3.7	4.5	4.9	

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

FYE 2023 -10 million yen FYE 2022 -151 million yen

Note: Core earnings is calculated by deducting the cost of sales and selling, general and administrative expenses (SG&amp;A) 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
<b>FYE 2023</b>	<b>1,853,534</b>	<b>627,720</b>	<b>625,433</b>	<b>33.7</b>	<b>2,178.77</b>
FYE 2022	1,782,882	614,968	612,385	34.3	2,106.30

## (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
<b>FYE 2023</b>	<b>15,005</b>	<b>-29,319</b>	<b>19,839</b>	<b>106,677</b>
FYE 2022	118,296	-24,805	-108,094	100,404

## 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 2022	—	40.00	—	45.00	85.00	24,711	50.8	4.2
FYE 2023	—	45.00	—	45.00	90.00	25,835	162.0	4.2
FYE 2024 (Forecast)	—	45.00	—	45.00	90.00		234.9	

## 3. Consolidated Forecast for the FY Ending March, 2024 (April 1, 2023 through March 31, 2024)

(% 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 2024	1,530,000	2.3	40,000	55.4	28,000	12.4	21,000	6.3	11,100	-34.3

	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 2024	11,100	-30.7	11,000	-31.2	38.32

### \* 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 (March 31, 2023) 287,109,659 shares (FY ended March 31, 2022) 313,319,159 shares

(ii) Treasury shares (March 31, 2023) 51,992 shares (FY ended March 31, 2022) 22,580,170 shares

(iii) Average number of shares during the fiscal year (March 31, 2023) 287,910,363 shares (FY ended March 31, 2022) 290,663,404 shares

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

\*Appropriate use of financial 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.

For information on the financial forecast, please refer to "1. Overview of Operating Results (1) Overview of Operating Results for the current consolidated fiscal year" on page 4 of the attached material.

(How to access supplementary financial results material)

Presentation material to supplement the financial results announcement has been posted on TDnet and the Company's website.

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## 1. Overview of Operating Results

### (1) Overview of Operating Results for the current consolidated fiscal year

In the fiscal year ended March 31, 2023, the Japanese economy faced downward pressure due to price increases for components and higher energy costs and an ongoing depreciation of the Japanese Yen caused by a widening interest rate gap between Japan and the United States due to monetary tightening by the Federal Reserve. This in turn had an impact on consumer confidence as consumers became concerned about longer-term inflation. The outlook for the housing sector remains uncertain, with the number of new housing starts continuing to be sluggish. Although rental housing and detached houses for sale have remained at solid levels, owner-occupied housing starts continue to decline due to concerns about rising mortgage interest rates and the impact of price increases for construction materials. At the same time, a government-led subsidy program for "Advanced Window Renovation" is expected to stimulate demand as consumers seek to save on energy costs.

In the global economy, the impact of increased component costs and higher energy prices due to the prolonged Russian-Ukrainian conflict persist. In addition, there are concerns over for geopolitical risks, such as rapid monetary tightening in Europe and the Americas to curb inflation, and the reaction to China's Zero-COVID policy and slowing economic growth, with the sluggish real estate market serving as a drag on growth. The situation must be closely monitored.

However, amid the prolonged impact of COVID-19, both in Japanese and international markets, there is an accelerated movement toward the normalization of economic activities, as well as a significant easing of behavioral restrictions, with the aim of creating a society adapted to the post-COVID period. Within this, the economy is expected to recover going forward.

The financial results for LIXIL Corporation and its consolidated subsidiaries (together, the "Group") for the fiscal year ended March 31, 2023 were as follows: Despite the effects of supply chain disruptions in international business and declining demand in the United States and China, revenue increased to 1,495,987 million yen (up 4.7% year-on-year). This was due to a number of factors including the effect of foreign currency translation resulting from the weaker Japanese yen, as well as increased revenue due to the implementation of price optimization in the Japan business and sales growth of products for the renovation market. In terms of profit, the Company continued efforts to implement structural reforms, price optimization, and measures to improve profitability both in Japan and international businesses. However, these efforts were not enough to offset the negative impacts of further increases in component costs and energy prices, increased costs associated with logistics system constraints in the European region, softening demand in the United States due to sharply rising interest rates, and sluggish market conditions in China. Consequently, core earnings totaled 25,745 million yen (down 60.3% year-on-year). Operating profit was 24,903 million yen (down 64.2% year-on-year), and profit before tax for continuing operations was 19,759 million yen (down 70.6% year-on-year). As such, each of these figures declined significantly.

As a result, profit for the year attributable to owners of the parent, after deducting non-controlling interests, amounted to 15,991 million yen (down 67.1% year-on-year).

Overview by segment is as follows:

Revenues by segment are before the elimination of intersegment transactions and core earnings are before the deduction of Company expenses.

The Company had reported in four reporting segments up until the fiscal year ended March 31, 2022. However, from the fiscal year ended March 31, 2023, the Company has begun to report under two segments. Accordingly, the comparison with the same quarterly period of the previous fiscal year has been revised to reflect the change in reporting segments.

#### Water Technology Business

For the Water Technology Business, which mainly offers water-related products, revenue in the Japan business slightly exceeded the amount of the same period of the previous year due to the effect of price optimizations and strong sales of renovation-related products, despite a weakening in the number of new housing starts. The international business was affected by negative external factors, such as softening demand in the United States due to rising interest rates and the delayed recovery of economic activity in China after the restrictions of the Zero-COVID policy. Despite these factors, revenue increased slightly year-on-year due to the impact of foreign exchange translation resulting from the weaker Japanese Yen and the recovery of economic activity in the Asia-Pacific region, which had previously been sluggish due to the impact of COVID-19. As a result, revenue rose to 915,285 million yen (up 6.2% year-on-year).

On the other hand, despite an increase in gross profit due to the effect of price optimizations both in Japan and international business, and an increase in the sales composition ratio of renovation products and mid- to high-end priced products in Japan, core earnings decreased to 47,259 million yen (down 38.3% year-on-year). The decline was due to increased costs for components and higher energy prices that have continued since the previous fiscal year, as well as supply chain disruptions in the European region and inventory adjustments by customers in the Americas.

#### Housing Technology Business

For the Housing Technology Business, which mainly offers housing-related building materials in Japan, revenue increased to 598,211 million yen (up 2.4% year-on-year). This was due to implementation of price optimizations, as well as steady demand for renovations aimed at making homes more efficient and enhance peoples' lifestyles.

On the other hand, despite steady improvement in profitability due to sales growth of high-performance window products and the production in an asset-light manner on track, as well as securing an appropriate gross profit margin through price optimizations, core earnings declined to 19,360 million yen (down 38.9% year-on-year). This was due to the impact of lower sales volume caused by sluggish demand for new housing, as well as higher-than-expected component prices and a significant increase in costs caused by a further rise in component procurement prices from international business partners.

(Notes)

1. Core earnings are calculated by deducting the cost of sales and selling, general and administrative expenses (SG&A) from revenue.
2. The "Japan business" and "International business" are management-based classifications as defined in the Group's consolidated performance management, which differ in some respects from classifications based on country of location. Specifically, in the Water Technology Business and Housing Technology Business, certain international subsidiaries under the jurisdiction of the Japan business are included in the "Japan business" category.

While the economic environment is expected to continue to pick up as the impact of COVID-19 is reduced, for both Japanese and international markets, the outlook is expected to remain uncertain due to concerns about continued negative impact on business performance, including continued higher prices and interest rates along with higher costs for components and energy. There are also uncertainties related to geopolitical risks, such as the conflict in Russia and Ukraine.

In this business environment, the Group continues to optimize the selling prices and promote cost reductions by changing raw materials, as well as shifting to a regional procurement and production system and localization of manufacturing processes. In addition, the Japan business is working to further strengthen its efforts to capture more of the renovation market and optimize its business model. It will expand sales of high value-added products in order to capture demand in the international market for water-related products, with high expectations for continued market growth.

At the same time, the Company has been responding to the growing interest of consumers and society in climate change by expanding its lineup of environmentally friendly products. As well as a means of further achieving sustainable growth and creating corporate value, the Group will integrate environmental strategies into its business strategy by developing and marketing more high-value-added products.

The Company is beginning to see the results of its efforts to strengthen its business foundation, and its path to long-term growth remains unchanged. The Company will further enhance the value that it provides to stakeholders and, in turn, realize its purpose of making better homes a reality for everyone, everywhere.

Under these circumstances, the Company forecasts the following for the fiscal year ending March 31, 2024, reflecting the above business environment and management strategy: Revenue of 1,530.0 billion yen (up 2.3% year-on-year), Core earnings of 40.0 billion yen (up 55.4% year-on-year), Operating profit of 28.0 billion yen (up 12.4% year-on-year), Profit before tax from continuing operations of 21.0 billion yen (up 6.3% year-on-year), and Profit for the year attributable to owners of the parent of 11.0 billion yen (down 31.2% year-on-year).

Based on the policy of consistent and stable shareholder returns, the Company plans to pay an annual dividend of 90 yen per share, consisting of interim and year-end dividends of 45 yen each, the same as in the previous fiscal year.

The above forecasts for the fiscal year ending March 31, 2024, are based on the information available to the Company as of the date of publication. Actual results may differ from the forecasts above due to various factors.

(2) Overview of Financial Position and Cash Flows for the current consolidated fiscal year

Total assets as of March 31, 2023, amounted to 1,853,534 million yen (up 70,652 million yen from the previous fiscal year end). Current assets were 744,533 million yen (up 29,926 million yen from the previous fiscal year end). This was mainly due to an increase in inventories in response to supply chain disruptions and was despite a decrease in assets held for sale recorded in the previous consolidated fiscal year in connection with the completion of the sale of the former headquarters building (WING building). Non-current assets were 1,109,001 million yen (up 40,726 million yen from the previous fiscal year end), with the main factors representing an increase in goodwill and other intangible assets resulting from the acquisition of subsidiaries and the effect of foreign currency translation resulting from the depreciation of the Japanese Yen. Offsetting this was a decrease in other financial assets due to the sale of listed shares.

Total equity was 627,720 million yen and the ratio of equity attributable to owners of the parent was 33.7% (a decrease of 0.6 percentage points year-on-year).

The cash flow status for the consolidated fiscal year ended March 31, 2023 was as follows. The amounts are the sum of cash flows including discontinued operations.

Net cash provided by operating activities was 15,005 million yen (down 103,291 million yen year-on-year). Main factors for the significant decrease included a decrease in profit before tax from continuing operations, as well as a decrease due to changes in working capital (including changes related to inventories, trade and other receivables, and trade and other payables).

Net cash used in investing activities was 29,319 million yen (down 4,514 million yen year-on-year). Major factors included purchase of property, plant and equipment and intangible assets as well as purchase of subsidiaries, despite proceeds from disposal of property, plant and equipment and proceeds from the sale of listed shares.

Net cash used in financial activities was 19,839 million yen (up 127,933 million yen year-on-year). Main factors for the significant increase included the payment of dividends and lease liabilities, as well as the purchase of treasury shares to improve capital efficiency and enhance shareholder returns, and the flexible adoption and repayment of interest-bearing debt, including new bond issues.

As a result, cash and cash equivalents as of March 31, 2023, totaled 106,677 million yen (up 6,273 million yen from the previous fiscal year end), after accounting for exchange rate differences and other factors.

The trends of key indicators regarding financial conditions are as follows.

	As of March 31, 2020	As of March 31, 2021	As of March 31, 2022	As of March 31, 2023
Core earnings to Revenue (%)	3.5	4.2	4.5	1.7
Ratio of equity attributable to owners of the parent to total assets (%)	24.0	31.7	34.3	33.7
Net interest-bearing debt-to-EBITDA ratio (times)	5.5	3.5	2.9	4.8

(Notes)

1. All figures are calculated based on consolidated financial figures.

Each indicator is calculated as follows.

Net interest-bearing debt : Interest-bearing debt - Cash and cash equivalents  
EBITDA : Core earnings + Depreciation and amortization

2. Interest-bearing debt includes all liabilities booked in the Consolidated Statement of financial position on which interest is paid and convertible bond-type bonds with subscription rights to shares.

Depreciation and amortization used in the calculation of EBITDA do not include amounts related to Permasteelisa S.p.A. and its subsidiaries, and to LIXIL VIVA Corporation, which are classified as discontinued operations.

## 2. Basic approach to the selection of accounting standards

The Group has adopted IFRS for preparing its consolidated financial statements to improve the international comparability of its financial statements in the capital markets and enhance the level of management within its group.



**3. Consolidated Financial Statements**

(1) Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of March 31, 2022		End of this year (As of March 31, 2023)	
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	<b>Y</b>	100,404	<b>Y</b>	106,677
Trade and other receivables		280,409		291,736
Inventories		237,927		276,645
Contract assets		19,408		19,218
Income taxes receivable		923		3,884
Other financial assets		23,095		20,972
Other current assets		25,180		25,401
Subtotal		687,346		744,533
Assets held for sale		27,261		—
<b>Total current assets</b>		<b>714,607</b>		<b>744,533</b>
<b>Non-current assets:</b>				
Property, plant and equipment		373,301		376,964
Right of use assets		54,023		63,102
Goodwill and other intangible assets		471,303		507,732
Investment property		4,045		4,898
Investments accounted for using the equity method		10,699		8,633
Other financial assets		62,361		51,844
Deferred tax assets		83,315		93,066
Other non-current assets		9,228		2,762
<b>Total non-current assets</b>		<b>1,068,275</b>		<b>1,109,001</b>
<b>Total assets</b>	<b>Y</b>	<b>1,782,882</b>	<b>Y</b>	<b>1,853,534</b>

(Unit: Millions of yen)

	As of March 31, 2022	End of this year (As of March 31, 2023)
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Trade and other payables	Y 333,680	Y 320,388
Bonds and borrowings	132,029	209,028
Lease liabilities	17,681	18,692
Contract liabilities	9,377	8,962
Income taxes payable	10,926	8,698
Other financial liabilities	5,638	4,860
Provisions	656	1,894
Other current liabilities	93,014	79,680
<b>Total current liabilities</b>	<b>603,001</b>	<b>652,202</b>
<b>Non-current liabilities:</b>		
Bonds and borrowings	337,510	345,478
Lease liabilities	37,483	45,202
Other financial liabilities	26,968	28,274
Net defined benefit liabilities	78,441	70,102
Provisions	8,028	7,281
Deferred tax liabilities	61,875	66,685
Other non-current liabilities	14,608	10,590
<b>Total non-current liabilities</b>	<b>564,913</b>	<b>573,612</b>
<b>Total liabilities</b>	<b>1,167,914</b>	<b>1,225,814</b>
<b>EQUITY</b>		
Share capital	68,418	68,418
Capital surplus	278,635	221,812
Treasury shares	-47,542	-113
Other components of equity	44,954	68,154
Retained earnings	267,920	267,162
Equity attributable to owners of the parent	612,385	625,433
Non-controlling interests	2,583	2,287
<b>Total equity</b>	<b>614,968</b>	<b>627,720</b>
<b>Total liabilities and equity</b>	<b>Y 1,782,882</b>	<b>Y 1,853,534</b>

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

(Unit: Millions of yen)

	FY ended March 31, 2022	FY ended March 31, 2023
Continuing operations		
Revenue	<b>Y</b> 1,428,578	<b>Y</b> 1,495,987
Cost of sales	-941,709	-1,027,362
<b>GROSS PROFIT</b>	486,869	468,625
Selling, general and administrative expenses	-421,994	-442,880
Other income	17,040	9,790
Other expenses	-12,444	-10,632
<b>OPERATING PROFIT</b>	69,471	24,903
Finance income	4,093	3,142
Finance costs	-6,151	-8,276
Share of loss of associates accounted for using the equity method	-151	-10
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	67,262	19,759
Income tax expenses	-16,722	-2,871
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	50,540	16,888
Discontinued operations		
<b>LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS</b>	-1,810	-873
<b>PROFIT FOR THE YEAR</b>	48,730	16,015
Profit (loss) for the year attributable to:		
Owners of the parent		
Continuing operations	50,413	16,864
Discontinued operations	-1,810	-873
Total	48,603	15,991
Non-controlling interests	127	24
<b>PROFIT FOR THE YEAR</b>	<b>Y</b> 48,730	<b>Y</b> 16,015

(Unit: Millions of yen)

	FY ended March 31, 2022	FY ended March 31, 2023
<b>Earnings (loss) per share</b>		
Basic (yen per share)		
Continuing operations	173.44	58.57
Discontinued operations	-6.23	-3.03
Total	167.21	55.54
Diluted (yen per share)		
Continuing operations	164.73	58.57
Discontinued operations	-5.90	-3.03
Total	158.83	55.54

## Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	FY ended March 31, 2022	FY ended March 31, 2023
<b>PROFIT FOR THE YEAR</b>	<b>Y 48,730</b>	<b>Y 16,015</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	-2,152	237
Remeasurements of defined benefit pension plans	5,625	4,984
Total items that will not be reclassified subsequently to profit or loss	3,473	5,221
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	28,385	28,206
Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	1,796	-1,345
Share of other comprehensive income of associates accounted for using the equity method	17	-15
Total items that may be reclassified subsequently to profit or loss	30,198	26,846
Other comprehensive income, net of tax	33,671	32,067
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>82,401</b>	<b>48,082</b>
Total comprehensive income for the quarter attributable to:		
Owners of the parent	82,130	48,011
Non-controlling interests	271	71
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>Y 82,401</b>	<b>Y 48,082</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	—	—	—	-2,152	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	—	—	—	—	—	—	—
Share-based payment transactions	—	576	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	—	—	—	-1,079	-5,625	—	—
Total transactions with owners	—	395	1,068	-1,079	-5,625	—	—
<b>BALANCE AS OF MARCH 31, 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 year	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	237	4,984	28,159	(1,345)
Total comprehensive income for the year	—	—	—	237	4,984	28,159	(1,345)
Purchase of treasury shares	—	(22)	(10,018)	—	—	—	—
Disposal of treasury shares	—	0	2	—	—	—	—
Cancellation of treasury shares	—	(56,902)	56,902	—	—	—	—
Share-based payment transactions	—	151	543	—	—	—	—
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	—	—	—	(3,725)	(4,984)	—	—
Total transactions with owners	—	(56,823)	47,429	(3,725)	(4,984)	—	—
<b>BALANCE AS OF MARCH 31, 2023</b>	<b>68,418</b>	<b>221,812</b>	<b>(113)</b>	<b>9,839</b>	<b>—</b>	<b>56,772</b>	<b>1,522</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	—	—	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	-1,483	-1,483	1,483	—	—	—
Share-based payment transactions	-801	-801	559	1,429	—	1,429
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	—	-6,704	6,704	—	—	—
Total transactions with owners	-2,284	-8,988	-14,491	-22,016	-184	-22,200
<b>BALANCE AS OF MARCH 31, 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 year	—	—	15,991	15,991	24	16,015
Other comprehensive income	-15	32,020	—	32,020	47	32,067
Total comprehensive income for the year	-15	32,020	15,991	48,011	71	48,082
Purchase of treasury shares	—	—	—	-10,040	—	-10,040
Disposal of treasury shares	—	—	—	2	—	2
Cancellation of treasury shares	—	—	—	—	—	—
Share-based payment transactions	-111	-111	—	583	—	583
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	—	-8,709	8,709	—	—	—
Total transactions with owners	-111	-8,820	-17,292	-35,506	-367	-35,873
<b>BALANCE AS OF MARCH 31, 2023</b>	<b>21</b>	<b>68,154</b>	<b>267,162</b>	<b>625,433</b>	<b>2,287</b>	<b>627,720</b>

## (4) Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	FY ended March 31, 2022	FY ended March 31, 2023
<b>OPERATING ACTIVITIES:</b>		
Profit before tax from continuing operations	<b>Y</b> 67,262	<b>Y</b> 19,759
Loss before tax from discontinued operations	-2,603	-1,255
Profit before tax	64,659	18,504
Depreciation and amortization	80,722	81,900
Impairment losses	2,584	2,828
Loss recognized on the measurement to fair value, less costs to sell the disposal group held for sale	526	—
Interest and dividend income	-3,011	-2,495
Interest expense	4,412	5,375
Share of (profit) loss of associates accounted for using the equity method	151	10
Profit on disposal of assets held for sale	-12,768	-5,250
Losses (gains) on disposal of property, plant and equipment	1,107	1,841
Decrease (increase) in trade and other receivables	9,406	-5,073
Decrease (increase) in inventories	-48,870	-28,068
(Decrease) increase in trade and other payables	25,545	-19,776
(Decrease) increase in net defined benefit liabilities	-5,979	-12,442
Other	7,957	-675
Subtotal	126,441	36,679
Interest received	1,181	1,068
Dividends received	1,810	1,525
Interest paid	-3,789	-5,554
Income taxes paid	-7,347	-18,713
<b>Net cash generated by operating activities</b>	<b>Y 118,296</b>	<b>Y 15,005</b>

(Unit: Millions of yen)

	FY ended March 31, 2022	FY ended March 31, 2023
<b>INVESTING ACTIVITIES:</b>		
(Increase) decrease in time deposits	Y 403	Y 87
Purchase of property, plant and equipment	-37,023	-41,583
Proceeds from disposal of property, plant and equipment	12,422	27,927
Purchase of intangible assets	-11,611	-13,766
Proceeds from disposal of investment property	3,256	187
Payments for acquisition of subsidiaries	—	-15,173
Proceeds from sale of subsidiaries	341	—
Decrease (increase) in short-term loans receivable	-1,560	-84
Payments for acquisition of investments	-71,120	-88,537
Proceeds from sale and redemption of investments	79,379	101,942
Other	708	-319
<b>Net cash used in investing activities</b>	<b>Y -24,805</b>	<b>Y -29,319</b>
<b>FINANCING ACTIVITIES:</b>		
Dividends paid	Y -23,237	Y -26,001
(Decrease) increase in short-term borrowings and commercial paper	27,939	-1,488
Proceeds from long-term borrowings	9,826	65,820
Repayment of long-term borrowings	-34,206	-42,331
Proceeds from issuance of bonds	—	54,747
Payments for redemption of bonds	-70,000	—
Lease liabilities paid	-19,565	-21,005
Payments for acquisition of treasury shares	-30	-10,049
Other	1,179	146
<b>Net cash (used) generated in financing activities</b>	<b>Y -108,094</b>	<b>Y 19,839</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-14,603</b>	<b>5,525</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	3,946	748
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>Y 100,404</b>	<b>Y 106,677</b>



## (5) Notes related to Financial Statements

(Notes related to Going Concern Assumptions)

Not applicable.

(Segment Information)

#### 1. Description of Reportable Segments

The Group's reportable segments are those for which discrete financial information is available among the Group's constituent units and regular evaluation by the Board of Directors is performed in order to decide how resources are allocated and performance is assessed.

The Group is managed based on two reportable segments consisting of the "Water Technology Business" and the "Housing Technology Business," with the performance of their respective business units reported to the Board of Executive Officers or Board of Directors.

The "Water Technology Business" includes manufacturing and sales of sanitaryware, faucets, bathroom fixtures, system kitchen units, and other items. The "Housing Technology Business" includes manufacturing and sales of sashes, doors, shutters, wooden interior furnishing materials, curtain walls, and other items and provides services such as proposals for housing solutions and sales and management of real estate.

#### Segment changes

The Group 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 fiscal year ended March 31, 2023, the Group 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 Group 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 Group 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 fiscal year ended March 31, 2022, is disclosed based on the reporting segments classification after the change.

#### 2. Methods of measurement for the amounts of revenue, profit or loss, and other items for each reportable

The accounting policies of each reportable segment are consistent with those for the preparation of the consolidated financial statements. Profit or loss for reportable segments is presented on the basis of core earnings or losses. Intersegment revenue or transfers are determined based on market prices.

## 3. Information on the amounts of revenue, profit or loss, and other items for each reportable segment

For the FY ended March 31, 2022 (April 1, 2021 through March 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 849,653	Y 578,925	Y 1,428,578	Y —	Y 1,428,578
Intersegment revenue or transfers	12,504	5,284	17,788	-17,788	—
Total	862,157	584,209	1,446,366	-17,788	1,428,578
Segment profit (Note 1)	76,615	31,661	108,276	-43,401	64,875
Other income					17,040
Other expenses (Note 1, 3)					-12,444
Operating profit					69,471
Finance income					4,093
Finance costs					-6,151
Share of loss of associates accounted for using the equity method					-151
Profit before tax from continuing operations					67,262
Other items					
Depreciation and amortization	44,161	36,186	80,347	375	80,722
Impairment losses	1,200	1,384	2,584	—	2,584
One time allowance for employees (Note 3)	877	595	1,472	—	1,472
Share of profit (loss) of associates and joint ventures	-15	-136	-151	—	-151
Investments accounted for using the equity method	219	10,480	10,699	—	10,699
Capital expenditures	39,617	21,840	61,457	5	61,462

For the FY ended March 31, 2023 (April 1, 2022 through March 31, 2023)

(Unit: Millions of yen)

	Reportable Segments		Total	Reconciliations (Note 2)	Consolidated
	Water Technology Business	Housing Technology Business			
Revenue					
Revenue from external customers	Y 904,526	Y 591,461	Y 1,495,987	Y —	Y 1,495,987
Intersegment revenue or transfers	10,759	6,750	17,509	-17,509	—
Total	915,285	598,211	1,513,496	-17,509	1,495,987
Segment profit (Note 1)	47,259	19,360	66,619	-40,874	25,745
Other income					9,790
Other expenses					-10,632
Operating profit					24,903
Finance income					3,142
Finance costs					-8,276
Share of loss of associates accounted for using the equity method					-10
Profit before tax from continuing operations					19,759
Other items					
Depreciation and amortization	46,647	34,896	81,543	357	81,900
Impairment losses	2,251	577	2,828	—	2,828
Share of profit (loss) of associates accounted for using the equity method	11	-21	-10	—	-10
Investments accounted for using the equity method	232	8,401	8,633	—	8,633
Capital expenditures	51,607	25,988	77,595	2	77,597

(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.
3. Record of one-time allowance for employees  
(For the fiscal year ended March 31, 2022)  
As a small sign of appreciation, the Group 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 1,472 million yen as other expenses in the Consolidated Statement of profit or loss.

(Notes related to Consolidated Statements 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 12,768 million yen is recorded as other income in the Consolidated Statement of profit or loss due to sale of buildings and land by reviewing the consolidation of bases of offices and logistics bases in Japan.

(2) Costs related to "Career Option Program"

The Group is working to enhance their personnel systems to support multigenerational career planning and development. As part of this initiative, the Group 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 the Group 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.

For the FY ended March 31, 2023 (April 1, 2022 through March 31, 2023)

(1) Profit on disposal of assets held for sale

Profit on disposal of assets held for sale of 5,250 million yen is recorded as other income in the Consolidated Statement of profit or loss due to the sale of land and other assets following the relocation of a production site of an international subsidiary at the request of the local government.

(2) Costs related to "Career Option Program"

The Group is working to enhance their personnel systems to support multigenerational career planning and development. As part of this initiative, the Group 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, 2023 as following:

Cost of sales	721 million yen
<u>Selling, general and administrative expenses</u>	<u>1,677 million yen</u>
Total	2,398 million yen

(3) Income tax expenses

The Group recorded loss on guarantees for indemnity claims against Joyou AG's subsidiary Hong Kong Zhongyu Sanitary Technology Ltd. in the fiscal year ended March 31, 2016. Joyou AG was the Company's former subsidiary. In the fiscal year ended March 31, 2023, the Group recorded deferred tax assets of 8,327 million yen and income tax expenses (profit) in the same amount, as it became possible to predict the timing of the deductibility of such losses.

(Information per share)

	FY ended March 31, 2022	FY ended March 31, 2023
	Millions of yen	Millions of yen
Profit for the year attributable to owners of the parent from continuing operations	50,413	16,864
Profit (loss) for the year attributable to owners of the parent from discontinued operations	-1,810	-873
Profit for the year attributable to owners of the parent	48,603	15,991
Profit adjusted for the effect of dilution from continuing operations	137	—
Profit adjusted for the effect of dilution from discontinued operations	—	—
Diluted profit for the year	48,740	15,991
	Shares	Shares
Weighted-average number of ordinary shares outstanding	290,663,404	287,910,363
Increase in weighted-average number of ordinary shares due to dilution		
Increase from stock options	92,355	1,913
Increase of convertible bonds with stock acquisition rights	16,105,653	—
Diluted weighted-average number of ordinary shares	306,861,412	287,912,276
	Yen	Yen
Basic earnings (loss) per share		
Continuing operations	173.44	58.57
Discontinued operations	-6.23	-3.03
Total	167.21	55.54
Diluted earnings (loss) per share		
Continuing operations	164.73	58.57
Discontinued operations	-5.90	-3.03
Total	158.83	55.54
Diluted potential ordinary shares not included in the calculation of diluted earnings per share because their inclusion would have been anti-dilutive	—	—

(Notes on significant subsequent events)

Not applicable.