

Consolidated Financial Results for the First Half Ended September 30, 2023
(International Financial Reporting Standards)

Company Name:	LIXIL CORPORATION	Stock Listings:	Tokyo, Nagoya
Code Number:	5938	URL:	https://www.lixil.com/en/investor/
Representative:	Kinya Seto, Director, Representative Executive Officer, President & CEO	Telephone:	+81-50-1790-5041
Contact:	Kayo Hirano, Senior Vice President, Leader, Investor Relations Office and Leader, Finance & Treasury - Corporate Accounting & Treasury/Tax		
Scheduled date of issue of quarterly financial report:	November 13, 2023		
Schedule date of payment of interim dividends:	November 30, 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 Japanese yen are rounded)

1. Consolidated Financial Results for the H1 of FY Ending March, 2024 (April 1 through September 30, 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 quarter	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 2024 H1	732,249	-0.1	8,839	43.6	6,631	-33.9	2,645	-73.5	276	-94.2
FYE 2023 H1	732,650	5.2	6,156	-83.5	10,039	-73.0	9,995	-71.9	4,749	-81.7

	Including Discontinued Operations							
	Profit for the quarter		Profit for the quarter attributable to owners of the parent		Total comprehensive income for the quarter		Basic earnings per share	Diluted earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
FYE 2024 H1	179	-95.4	489	-86.8	44,264	-4.5	1.70	1.70
FYE 2023 H1	3,919	-84.8	3,710	-85.6	46,329	87.7	12.85	12.85

Note: Core earnings is calculated by deducting the cost of sales and selling, general and administrative expenses (SG&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
	Million yen	Million yen	Million yen	%
FYE 2024 H1	1,914,851	659,101	656,829	34.3
FYE 2023	1,853,534	627,720	625,433	33.7

2. Cash Dividends

	Annual dividends per share				
	End of Q1	End of Q2	End of Q3	End of period	For the year
	Yen	Yen	Yen	Yen	Yen
FYE 2023	—	45.00	—	45.00	90.00
FYE 2024	—	45.00	—	—	—
FYE 2024 (forecast)	—	—	—	45.00	90.00

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

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

Note: Revision of consolidated operating performance forecast after the recent announcement: None

* Notes

(1) Changes in significant subsidiaries, which affected the scope of consolidation during this period: None

Newly consolidated company: None

Excluded company: None

(2) Changes in accounting policies and accounting estimate

(i) Changes in accounting policies required by IFRS: None

(ii) Other changes: None

(iii) Changes in accounting estimate: None

(3) Outstanding shares (Common shares)

(i) Outstanding shares including treasury shares (September 30, 2023) 287,211,790 shares (FY ended March 31, 2023) 287,109,659 shares

(ii) Treasury shares (September 30, 2023) 55,300 shares (FY ended March 31, 2023) 51,992 shares

(iii) Average number of shares during the first half (September 30, 2023) 287,128,916 shares (September 30, 2022) 288,639,897 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.

(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.

Table of Contents

1. Consolidated Financial Statements	2
(1) Consolidated Statement of Financial Position	2
(2) Consolidated Statements of Profit or Loss and Comprehensive Income	4
Consolidated Statement of Profit or Loss	4
Consolidated Statement of Comprehensive Income	5
(3) Consolidated Statement of Changes in Equity	6
(4) Consolidated Statement of Cash Flows	8
(5) Notes related to Financial Statements	10
(Notes related to Going Concern Assumptions)	10
(Segment Information)	10

1. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of March 31, 2023	End of H1 (As of September 30, 2023)
ASSETS		
Current assets:		
Cash and cash equivalents	Y 106,677	Y 113,236
Trade and other receivables	291,736	301,794
Inventories	276,645	272,047
Contract assets	19,218	20,606
Income taxes receivable	3,884	3,347
Other financial assets	20,972	20,327
Other current assets	25,401	24,120
Subtotal	744,533	755,477
Assets held for sale	—	4,670
Total current assets	744,533	760,147
Non-current assets:		
Property, plant and equipment	376,964	379,727
Right of use assets	63,102	62,693
Goodwill and other intangible assets	507,732	549,511
Investment property	4,898	3,182
Investments accounted for using the equity method	8,633	8,594
Other financial assets	51,844	54,810
Deferred tax assets	93,066	92,826
Other non-current assets	2,762	3,361
Total non-current assets	1,109,001	1,154,704
Total assets	Y 1,853,534	Y 1,914,851

	(Unit: Millions of yen)	
	As of March 31, 2023	End of H1 (As of September 30, 2023)
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities:		
Trade and other payables	Y 320,388	Y 240,130
Bonds and borrowings	209,028	304,234
Lease liabilities	18,692	19,347
Contract liabilities	8,962	11,074
Income taxes payable	8,698	7,010
Other financial liabilities	4,860	5,400
Provisions	1,894	1,630
Other current liabilities	79,680	93,812
Subtotal	652,202	682,637
Liabilities directly associated with the assets held for sale	—	2,888
Total current liabilities	652,202	685,525
Non-current liabilities:		
Bonds and borrowings	345,478	333,671
Lease liabilities	45,202	44,240
Other financial liabilities	28,274	28,951
Net defined benefit liabilities	70,102	73,030
Provisions	7,281	7,037
Deferred tax liabilities	66,685	72,468
Other non-current liabilities	10,590	10,828
Total non-current liabilities	573,612	570,225
Total liabilities	1,225,814	1,255,750
EQUITY		
Share capital	68,418	68,530
Capital surplus	221,812	221,548
Treasury shares	-113	-119
Other components of equity	68,154	110,894
Retained earnings	267,162	255,976
Equity attributable to owners of the parent	625,433	656,829
Non-controlling interests	2,287	2,272
Total equity	627,720	659,101
Total liabilities and equity	Y 1,853,534	Y 1,914,851

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

(Unit: Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Continuing operations		
Revenue	Y 732,650	Y 732,249
Cost of sales	-503,393	-498,107
GROSS PROFIT	229,257	234,142
Selling, general and administrative expenses	-223,101	-225,303
Other income	7,939	2,532
Other expenses	-4,056	-4,740
OPERATING PROFIT	10,039	6,631
Finance income	2,458	1,813
Finance costs	-2,633	-5,795
Share of profit (loss) of associates accounted for using the equity method	131	-4
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	9,995	2,645
Income tax expenses	-5,246	-2,369
PROFIT FOR THE QUARTER FROM CONTINUING OPERATIONS	4,749	276
Discontinued operations		
LOSS FOR THE QUARTER FROM DISCONTINUED OPERATIONS	-830	-97
PROFIT FOR THE QUARTER	3,919	179
Profit (loss) for the quarter attributable to:		
Owners of the parent		
Continuing operations	4,540	586
Discontinued operations	-830	-97
Total	3,710	489
Non-controlling interests	209	-310
PROFIT FOR THE QUARTER	Y 3,919	Y 179

(Unit: Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Earnings (loss) per share		
Basic (yen per share)		
Continuing operations	15.73	2.04
Discontinued operations	-2.88	-0.34
Total	12.85	1.70
Diluted (yen per share)		
Continuing operations	15.73	2.04
Discontinued operations	-2.88	-0.34
Total	12.85	1.70

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
PROFIT FOR THE QUARTER	Y 3,919	Y 179
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss		
Net fair value gain (loss) on equity instruments measured through other comprehensive income	-742	3,251
Remeasurements of defined benefit pension plans	9,908	1,575
Total items that will not be reclassified subsequently to profit or loss	9,166	4,826
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	36,420	39,039
Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	-3,169	221
Share of other comprehensive income of associates accounted for using the equity method	-7	-1
Total items that may be reclassified subsequently to profit or loss	33,244	39,259
Other comprehensive income, net of tax	42,410	44,085
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	46,329	44,264
Total comprehensive income for the quarter attributable to:		
Owners of the parent	46,061	44,472
Non-controlling interests	268	-208
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	Y 46,329	Y 44,264

(3) Consolidated Statement of Changes in Equity

(Unit: Millions of yen)

	Equity attributable to owners of the parent						
	Share capital	Capital surplus	Treasury shares	Other components of equity			
				Net fair value gain (loss) on equity instruments measured through other comprehensive income	Remeasurements of defined benefit pension plans	Exchange differences on translation of foreign operations	Net fair value gain (loss) on hedging instruments entered into for cash flow hedges
BALANCE AS OF APRIL 1, 2022	68,418	278,635	-47,542	13,327	—	28,613	2,867
Hyperinflation adjustment	—	—	—	—	—	—	—
Restated balance as of April 1, 2022	68,418	278,635	-47,542	13,327	—	28,613	2,867
Profit (loss) for the quarter	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	-742	9,908	36,361	-3,169
Total comprehensive income for the quarter	—	—	—	-742	9,908	36,361	-3,169
Purchase of treasury shares	—	-22	-10,010	—	—	—	—
Disposal of treasury shares	—	0	1	—	—	—	—
Cancellation of treasury shares	—	-56,902	56,902	—	—	—	—
Share-based payment transactions	—	147	544	—	—	—	—
Dividends	—	—	—	—	—	—	—
Changes in interests in subsidiaries that do not result in the Group losing control over the subsidiaries	—	-50	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	-3,316	-9,908	—	—
Total transactions with owners	—	-56,827	47,437	-3,316	-9,908	—	—
BALANCE AS OF SEPTEMBER 30, 2022	68,418	221,808	-105	9,269	—	64,974	-302
BALANCE AS OF APRIL 1, 2023	68,418	221,812	-113	9,839	—	56,772	1,522
Profit (loss) for the quarter	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	3,251	1,575	38,937	221
Total comprehensive income for the quarter	—	—	—	3,251	1,575	38,937	221
Purchase of treasury shares	—	—	-7	—	—	—	—
Disposal of treasury shares	—	-0	1	—	—	—	—
Share-based payment transactions	112	-71	—	—	—	—	—
Dividends	—	—	—	—	—	—	—
Changes in interests in subsidiaries that do not result in the Group losing control over the subsidiaries	—	-193	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	332	-1,575	—	—
Total transactions with owners	112	-264	-6	332	-1,575	—	—
BALANCE AS OF SEPTEMBER 30, 2023	68,530	221,548	-119	13,422	—	95,709	1,743

(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				
BALANCE AS OF APRIL 1, 2022	147	44,954	267,920	612,385	2,583	614,968
Hyperinflation adjustment	—	—	543	543	—	543
Restated balance as of April 1, 2022	147	44,954	268,463	612,928	2,583	615,511
Profit (loss) for the quarter	—	—	3,710	3,710	209	3,919
Other comprehensive income	-7	42,351	—	42,351	59	42,410
Total comprehensive income for the quarter	-7	42,351	3,710	46,061	268	46,329
Purchase of treasury shares	—	—	—	-10,032	—	-10,032
Disposal of treasury shares	—	—	—	1	—	1
Cancellation of treasury shares	—	—	—	—	—	—
Share-based payment transactions	-111	-111	—	580	—	580
Dividends	—	—	-13,083	-13,083	—	-13,083
Changes in interests in subsidiaries that do not result in the Group losing control over the subsidiaries	—	—	—	-50	-89	-139
Transfers from other components of equity to retained earnings	—	-13,224	13,224	—	—	—
Total transactions with owners	-111	-13,335	141	-22,584	-89	-22,673
BALANCE AS OF SEPTEMBER 30, 2022	29	73,970	272,314	636,405	2,762	639,167
BALANCE AS OF APRIL 1, 2023	21	68,154	267,162	625,433	2,287	627,720
Profit (loss) for the quarter	—	—	489	489	-310	179
Other comprehensive income	-1	43,983	—	43,983	102	44,085
Total comprehensive income for the quarter	-1	43,983	489	44,472	-208	44,264
Purchase of treasury shares	—	—	—	-7	—	-7
Disposal of treasury shares	—	—	—	1	—	1
Share-based payment transactions	—	—	—	41	—	41
Dividends	—	—	-12,918	-12,918	—	-12,918
Changes in interests in subsidiaries that do not result in the Group losing control over the subsidiaries	—	—	—	-193	193	—
Transfers from other components of equity to retained earnings	—	-1,243	1,243	—	—	—
Total transactions with owners	—	-1,243	-11,675	-13,076	193	-12,883
BALANCE AS OF SEPTEMBER 30, 2023	20	110,894	255,976	656,829	2,272	659,101

(4) Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
OPERATING ACTIVITIES:		
Profit before tax from continuing operations	Y 9,995	Y 2,645
Loss before tax from discontinued operations	-1,193	-139
Profit before tax	8,802	2,506
Depreciation and amortization	40,256	39,728
Impairment losses	700	471
Loss recognized on the measurement to fair value, less costs to sell the disposal group held for sale	—	1,097
Interest and dividend income	-1,425	-1,285
Interest expense	2,373	4,799
Share of (profit) loss of associates accounted for using the equity method	-131	4
Gain on disposal of assets held for sale	-5,280	—
Losses (gains) on disposal of property, plant and equipment	824	689
Decrease (increase) in trade and other receivables	-14	-4,757
Decrease (increase) in inventories	-43,080	6,879
(Decrease) increase in trade and other payables	-17,557	-82,274
(Decrease) increase in net defined benefit liabilities	-14,089	-2,047
Other	3,878	14,342
Subtotal	-24,743	-19,848
Interest received	505	680
Dividends received	1,034	720
Interest paid	-2,087	-4,613
Income taxes paid	-11,108	-5,040
Net cash used in operating activities	Y -36,399	Y -28,101

(Unit: Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
INVESTING ACTIVITIES:		
(Increase) decrease in time deposits	Y 1,494	Y 162
Purchase of property, plant and equipment	-16,748	-18,682
Proceeds from disposal of property, plant and equipment	789	105
Purchase of intangible assets	-5,837	-7,677
Decrease (increase) in short-term loans receivable	-790	1,341
Payments for acquisition of investments	-21,535	-53,104
Proceeds from sale and redemption of investments	32,124	54,464
Proceeds from absorption-type company split	—	10,128
Other	2,878	-146
Net cash used in investing activities	Y -7,625	Y -13,409
FINANCING ACTIVITIES:		
Dividends paid	Y -13,083	Y -12,918
(Decrease) increase in short-term borrowings and commercial paper	35,183	100,085
Proceeds from long-term borrowings	—	46,957
Repayment of long-term borrowings	-2,681	-60,942
Proceeds from issuance of bonds	54,747	—
Payments for redemption of bonds	—	-15,000
Lease liabilities paid	-10,250	-10,884
Payments for acquisition of treasury shares	-10,041	-7
Other	464	6
Net cash flows from financing activities	Y 54,339	Y 47,297
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,315	5,787
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	100,404	106,677
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	4,062	2,979
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS INCLUDED IN ASSETS HELD FOR SALE	—	-2,207
CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	Y 114,781	Y 113,236

(5) Notes related to Financial Statements

(Notes related to Going Concern Assumptions)

Not applicable.

(Segment Information)

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

For the six months ended September 30, 2022 (April 1 through September 30, 2022)

(Unit: Millions of yen)

	Reportable Segments		Total	Reconciliations (Note 2)	Consolidated
	Water Technology Business	Housing Technology Business			
Revenue					
Revenue from external customers	Y 442,358	Y 290,292	Y 732,650	Y —	Y 732,650
Intersegment revenue or transfers	3,717	2,943	6,660	-6,660	—
Total	446,075	293,235	739,310	-6,660	732,650
Segment profit (Note 1)	20,673	5,987	26,660	-20,504	6,156
Other income					7,939
Other expenses					-4,056
Operating profit					10,039
Finance income					2,458
Finance costs					-2,633
Share of profit of associates accounted for using the equity method					131
Profit before tax from continuing operations					9,995

For the six months ended September 30, 2023 (April 1 through September 30, 2023)

(Unit: Millions of yen)

	Reportable Segments		Total	Reconciliations (Note 2)	Consolidated
	Water Technology Business	Housing Technology Business			
Revenue					
Revenue from external customers	Y 433,925	Y 298,324	Y 732,249	Y —	Y 732,249
Intersegment revenue or transfers	2,158	2,530	4,688	-4,688	—
Total	436,083	300,854	736,937	-4,688	732,249
Segment profit (Note 1)	7,338	18,624	25,962	-17,123	8,839
Other income					2,532
Other expenses					-4,740
Operating profit					6,631
Finance income					1,813
Finance costs					-5,795
Share of loss of associates accounted for using the equity method					-4
Profit before tax from continuing operations					2,645

(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. For an international subsidiary that has been formerly classified as "Housing Technology Business", due to a change in the subsidiary's distribution, the Company reviewed the management system for this subsidiary. As a result, the Company has separated the reporting segments into "Water Technology Business" and "Housing Technology Business" from the start of the first quarter of the fiscal year ending March 2024. When the revenue and segment profit related to the regarding subsidiary for the first half of the fiscal year ending March 2024 are aggregated by the conventional method, "Revenue from external customers" of the Water Technology business decreased by 2,704 million yen. "Intersegment revenue or transfers" and "Segment profit" of the Water Technology business increased by 2,775 million yen and 1,585 million yen, respectively. "Revenue from external customers" and "Intersegment revenue or transfers" of the Housing Technology business increased by 2,704 million yen and 855 million yen, respectively. "Segment profit" of the Housing Technology business decreased by 1,392 million yen. "Intersegment revenue or transfers" and "Segment profit" of the Reconciliations decreased by 3,630 million yen and 193 million yen, respectively.