

Consolidated Financial Results for the Third Quarter Ended December 31, 2023
(International Financial Reporting Standards)

Company Name:	LIXIL CORPORATION	Stock Listings:	Tokyo, Nagoya
Code Number:	5938	URL:	https://www.lixil.com/en/investor/
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Scheduled date of issue of quarterly financial report:	February 9, 2024		
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 Q3 of FY Ending March, 2024 (April 1 through December 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 quarter	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 2024 Q3	1,122,938	-0.1	26,613	26.7	25,459	5.0	19,176	-10.5	11,297	-6.6
FYE 2023 Q3	1,123,817	4.6	20,997	-66.0	24,240	-59.6	21,422	-63.3	12,097	-71.1

	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 Q3	6,443	-42.8	6,781	-38.5	36,764	8.1	23.62	23.62
FYE 2023 Q3	11,261	-73.0	11,019	-73.4	34,003	-24.6	38.24	38.24

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 Q3	1,887,453	638,695	636,444	33.7
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 (December 31, 2023) 287,211,790 shares (FY ended March 31, 2023) 287,109,659 shares

(ii) Treasury shares (December 31, 2023) 56,997 shares (FY ended March 31, 2023) 51,992 shares

(iii) Average number of shares during nine months (Apr - Dec) (December 31, 2023) 287,136,912 shares (December 31, 2022) 288,165,997 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.

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1. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of March 31, 2023	End of Q3 (As of December 31, 2023)
ASSETS		
Current assets:		
Cash and cash equivalents	Y 106,677	Y 128,342
Trade and other receivables	291,736	308,947
Inventories	276,645	254,242
Contract assets	19,218	19,079
Income taxes receivable	3,884	2,716
Other financial assets	20,972	14,670
Other current assets	25,401	21,201
Total current assets	744,533	749,197
Non-current assets:		
Property, plant and equipment	376,964	373,774
Right-of-use assets	63,102	59,957
Goodwill and other intangible assets	507,732	541,469
Investment property	4,898	2,994
Investments accounted for using the equity method	8,633	7,681
Other financial assets	51,844	55,752
Deferred tax assets	93,066	93,747
Other non-current assets	2,762	2,882
Total non-current assets	1,109,001	1,138,256
Total assets	Y 1,853,534	Y 1,887,453

	(Unit: Millions of yen)	
	As of March 31, 2023	End of Q3 (As of December 31, 2023)
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities:		
Trade and other payables	Y 320,388	Y 238,706
Bonds and borrowings	209,028	303,506
Lease liabilities	18,692	18,874
Contract liabilities	8,962	10,368
Income taxes payable	8,698	9,059
Other financial liabilities	4,860	4,605
Provisions	1,894	3,011
Other current liabilities	79,680	87,396
Total current liabilities	652,202	675,525
Non-current liabilities:		
Bonds and borrowings	345,478	335,313
Lease liabilities	45,202	41,818
Other financial liabilities	28,274	28,905
Net defined benefit liabilities	70,102	79,891
Provisions	7,281	6,668
Deferred tax liabilities	66,685	69,911
Other non-current liabilities	10,590	10,727
Total non-current liabilities	573,612	573,233
Total liabilities	1,225,814	1,248,758
EQUITY		
Share capital	68,418	68,530
Capital surplus	221,812	221,567
Treasury shares	-113	-122
Other components of equity	68,154	101,852
Retained earnings	267,162	244,617
Equity attributable to owners of the parent	625,433	636,444
Non-controlling interests	2,287	2,251
Total equity	627,720	638,695
Total liabilities and equity	Y 1,853,534	Y 1,887,453

(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, 2022	Nine months ended December 31, 2023
Continuing operations		
Revenue	Y 1,123,817	Y 1,122,938
Cost of sales	-771,363	-760,670
GROSS PROFIT	352,454	362,268
Selling, general and administrative expenses	-331,457	-335,655
Other income	8,763	7,743
Other expenses	-5,520	-8,897
OPERATING PROFIT	24,240	25,459
Finance income	2,940	3,066
Finance costs	-5,596	-9,309
Share of loss of associates accounted for using the equity method	-162	-40
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	21,422	19,176
Income tax expenses	-9,325	-7,879
PROFIT FOR THE QUARTER FROM CONTINUING OPERATIONS	12,097	11,297
Discontinued operations		
LOSS FOR THE QUARTER FROM DISCONTINUED OPERATIONS	-836	-4,854
PROFIT FOR THE QUARTER	11,261	6,443
Profit (loss) for the quarter attributable to:		
Owners of the parent		
Continuing operations	11,855	11,635
Discontinued operations	-836	-4,854
Total	11,019	6,781
Non-controlling interests	242	-338
PROFIT FOR THE QUARTER	Y 11,261	Y 6,443

(Unit: Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Earnings (loss) per share		
Basic (yen per share)		
Continuing operations	41.14	40.52
Discontinued operations	-2.90	-16.90
Total	38.24	23.62
Diluted (yen per share)		
Continuing operations	41.14	40.52
Discontinued operations	-2.90	-16.90
Total	38.24	23.62

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
PROFIT FOR THE QUARTER	Y 11,261	Y 6,443
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	0	4,316
Remeasurements of defined benefit pension plans	7,742	-3,240
Total of items that will not be reclassified to profit or loss	7,742	1,076
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	17,567	29,768
Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	-2,555	-521
Share of other comprehensive income of associates accounted for using the equity method	-12	-2
Total items that may be reclassified subsequently to profit or loss	15,000	29,245
Other comprehensive income, net of tax	22,742	30,321
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	34,003	36,764
Total comprehensive income for the quarter attributable to:		
Owners of the parent	33,778	36,993
Non-controlling interests	225	-229
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	Y 34,003	Y 36,764

(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	—	—	—	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	—	—	—	—	—
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	—	—
BALANCE AS OF DECEMBER 31, 2022	68,418	221,810	-109	9,603	—	46,197	312
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	—	—	—	4,316	-3,240	29,659	-521
Total comprehensive income for the quarter	—	—	—	4,316	-3,240	29,659	-521
Purchase of treasury shares	—	—	-10	—	—	—	—
Disposal of treasury shares	—	-0	1	—	—	—	—
Share-based payment transactions	112	-52	—	—	—	—	—
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	—	—	—	263	3,240	—	—
Total transactions with owners	112	-245	-9	263	3,240	—	—
BALANCE AS OF DECEMBER 31, 2023	68,530	221,567	-122	14,418	—	86,431	1,001

(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	—	—	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
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
BALANCE AS OF DECEMBER 31, 2022	24	56,136	264,947	611,202	2,441	613,643
BALANCE AS OF APRIL 1, 2023	21	68,154	267,162	625,433	2,287	627,720
Profit (loss) for the quarter	—	—	6,781	6,781	-338	6,443
Other comprehensive income	-2	30,212	—	30,212	109	30,321
Total comprehensive income for the quarter	-2	30,212	6,781	36,993	-229	36,764
Purchase of treasury shares	—	—	—	-10	—	-10
Disposal of treasury shares	—	—	—	1	—	1
Share-based payment transactions	-17	-17	17	60	—	60
Dividends	—	—	-25,840	-25,840	—	-25,840
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	—	3,503	-3,503	—	—	—
Total transactions with owners	-17	3,486	-29,326	-25,982	193	-25,789
BALANCE AS OF DECEMBER 31, 2023	2	101,852	244,617	636,444	2,251	638,695

(4) Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
OPERATING ACTIVITIES:		
Profit before tax from continuing operations	Y 21,422	Y 19,176
Loss before tax from discontinued operations	-1,202	-6,978
Profit before tax	20,220	12,198
Depreciation and amortization	61,544	60,346
Impairment losses	1,252	1,265
Loss recognized on the measurement to fair value, less costs to sell the disposal group held for sale	—	1,097
Interest and dividend income	-2,123	-2,320
Interest expense	4,046	7,348
Share of (profit) loss of associates accounted for using the equity method	162	40
Gain on disposal of assets held for sale	-5,265	—
Gain on disposal of the disposal group held for sale	—	-2,241
Losses (gains) on disposal of property, plant and equipment	1,038	927
Decrease (increase) in trade and other receivables	-23,823	-13,542
Decrease (increase) in inventories	-39,640	21,456
(Decrease) increase in trade and other payables	3,484	-80,649
(Decrease) increase in net defined benefit liabilities	-11,341	5,226
Other	-2,551	9,731
Subtotal	7,003	20,882
Interest received	762	1,173
Dividends received	1,474	2,100
Interest paid	-3,614	-6,881
Income taxes paid	-15,782	-7,196
Cash flows from operating activities	Y -10,157	Y 10,078

(Unit: Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
INVESTING ACTIVITIES:		
(Decrease) increase in time deposits	Y 1,102	Y -1,712
Purchase of property, plant and equipment	-25,551	-27,181
Proceeds from disposal of property, plant and equipment	892	106
Purchase of intangible assets	-9,477	-11,139
Proceeds from disposal of investment property	134	1,767
Payments for acquisition of subsidiaries	-15,173	—
Proceeds from sale of subsidiaries	—	2,105
Decrease (increase) in short-term loans receivable	24	1,437
Purchase of investments	-47,536	-61,105
Proceeds from sale and redemption of investments	61,017	63,449
Proceeds from absorption-type company split	—	9,875
Other	2,455	-262
Net cash used in investing activities	Y -32,113	Y -22,660
FINANCING ACTIVITIES:		
Dividends paid	Y -26,001	Y -25,840
(Decrease) increase in short-term borrowings and commercial paper	100,003	109,873
Proceeds from long-term borrowings	10,000	51,414
Repayment of long-term borrowings	-41,423	-61,445
Proceeds from issuance of bonds	54,747	—
Redemption of bonds	—	-25,000
Lease liabilities paid	-15,695	-16,526
Purchase of treasury shares	-10,046	-10
Other	147	-44
Net cash flows from financing activities	Y 71,732	Y 32,422
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,462	19,840
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	45	1,825
CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER	Y 129,911	Y 128,342

(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 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

For the nine months ended December 31, 2023 (April 1 through December 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 665,126	Y 457,812	Y 1,122,938	Y —	Y 1,122,938
Intersegment revenue or transfers	3,337	4,713	8,050	-8,050	—
Total	668,463	462,525	1,130,988	-8,050	1,122,938
Segment profit (Note 1)	19,710	32,883	52,593	-25,980	26,613
Other income					7,743
Other expenses					-8,897
Operating profit					25,459
Finance income					3,066
Finance costs					-9,309
Share of loss of associates accounted for using the equity method					-40
Profit before tax from continuing operations					19,176

(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 nine months ended December 31, 2023 of the fiscal year ending March 2024 are aggregated by the conventional method, "Revenue from external customers" of the Water Technology business decreased by 4,074 million yen. "Intersegment revenue or transfers" and "Segment profit" of the Water Technology business increased by 4,122 million yen and 1,741 million yen, respectively. "Revenue from external customers" and "Intersegment revenue or transfers" of the Housing Technology business increased by 4,074 million yen and 1,288 million yen, respectively. "Segment profit" of the Housing Technology business decreased by 1,654 million yen. "Intersegment revenue or transfers" and "Segment profit" of the Reconciliations decreased by 5,410 million yen and 88 million yen, respectively.

(Notes related to Consolidated Statement of Profit or Loss)

For the nine months ended December 31, 2023 (April 1, 2023 through December 31, 2023)

Recording a loss for the quarter from discontinued operations

The Company completed the transfer of the shares of Permasteelisa S.p.A (hereafter "Permasteelisa") on September 30, 2020. Permasteelisa was the Company's former consolidated subsidiary. As disclosed in the Consolidated Financial Statements for the Year Ended March 31, 2023, the Company agreed on the contribution of a certain amount of capital, of which up to 100 million euros (hereafter "Deferred Consideration") will be refunded to the Company in the event that the cashflow of Permasteelisa from the date of the share transfer to March 31, 2022 meets certain conditions and in accordance with the procedure set forth in the share transfer agreement. The cash flow of Permasteelisa, which is to be used to determine the Deferred Consideration, is adjusted for certain items in the share transfer agreement.

From the date of the share transfer, the Company has been recording the fair value of the accounts receivable assessed by independent valuation experts in its consolidated financial statements, based on ongoing information obtained from the buyer, including the cash flow information of Permasteelisa, to evaluate the Deferred Consideration. However, the buyer notified the Company that Permasteelisa's cash flow was unable to meet certain conditions stipulated in the share transfer agreement.

Therefore, with respect to such Deferred Consideration, the Company and the buyer had requested the accounting firm (hereafter "Independent Accountant"), appointed pursuant to the agreement between the seller and the buyer, to evaluate the terms of the Deferred Consideration including the adjustment of Permasteelisa's cash flows. Based on the results of the Independent Accountant's evaluation, for the nine months ended December 31, 2023, the Company recorded a loss for the quarter from discontinued operations (after tax) of 4,827 million yen in the Consolidated Statement of Profit or Loss based on the re-evaluation of the fair value of accounts receivable.