

**Consolidated Financial Results for the Fiscal Year Ended March 31, 2021**  
**(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>
Representative:	Kinya Seto, President & CEO	Telephone:	+81-3-6706-7001
Contact:	Kayo Hirano, Senior Vice President, Leader, Investor Relations Office		
Scheduled date of ordinary general meeting of shareholders:	June 22, 2021		
Scheduled date of issue of Security report:	June 23, 2021		
Schedule date of payment of dividends:	June 7, 2021		
Preparation of supplementary materials for the financial results for FYE 2021:	Yes		
Information meeting for the financial results for FYE 2021 to be held:	Yes (For investment analysts and institutional investors)		

(Amounts less than one million yen are rounded)

**1. Consolidated Financial Results for the FY Ended March, 2021 (April 1, 2020 through March 31, 2021)**

**(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 2021</b>	<b>1,378,255</b>	<b>-9.0</b>	<b>57,288</b>	<b>9.6</b>	<b>35,842</b>	<b>12.0</b>	<b>33,804</b>	<b>-17.4</b>	<b>16,368</b>	<b>-41.0</b>
FYE 2020	1,514,449	-	52,290	-	32,010	-	40,909	-	27,727	-

	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 2021</b>	<b>37,587</b>	<b>174.9</b>	<b>33,048</b>	<b>164.0</b>	<b>74,893</b>	<b>-</b>	<b>113.92</b>	<b>108.44</b>
FYE 2020	13,671	-	12,518	-	-10,769	-	43.15	39.65

	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 2021</b>	<b>6.3</b>	<b>3.1</b>	<b>4.2</b>	<b>2.6</b>
FYE 2020	2.4	-1.1	3.5	2.1

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

FYE 2021 489 million yen FYE 2020 346 million yen

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

Note: The year-on-year rate of change in revenue, core earnings, operating profit, profit before tax, and profit for the year from continuing operations for FYE 2020 have been omitted.

**(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 2021</b>	<b>1,741,814</b>	<b>554,767</b>	<b>552,271</b>	<b>31.7</b>	<b>1,902.89</b>
FYE 2020	2,091,529	535,137	502,165	24.0	1,730.99

**(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 2021</b>	<b>151,043</b>	<b>-54,151</b>	<b>-93,425</b>	<b>111,061</b>
FYE 2020	157,701	-41,314	-153,285	95,862

## 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 2020	–	35.00	–	35.00	70.00	20,307	162.2	3.9
FYE 2021	–	35.00	–	40.00	75.00	21,763	65.8	4.1
FYE 2022 (forecast)	–	40.00	–	40.00	80.00		49.4	

## 3. Consolidated Forecast for the FY Ending March, 2022 (April 1, 2021 through March 31, 2022)

(% 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 2022	1,440,000	4.5	80,000	39.6	78,000	117.6	75,500	123.3	49,000	199.4

	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	%	
FYE 2022	47,000	25.0	47,000	42.2	161.94

### \* Notes

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

Newly consolidated company: None

Excluded company: 3 (Company Name) LIXIL Corporation, LIXIL VIVA Corporation, Kawashima Selkon Textiles Co., Ltd.

(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 stocks (Common stocks)

(i) Outstanding stocks including treasury stocks	(March 31, 2021)	313,319,159 shares	(FY ended March 31, 2020)	313,319,159 shares
(ii) Treasury stocks	(March 31, 2021)	23,091,924 shares	(FY ended March 31, 2020)	23,216,159 shares
(iii) Average stocks during the fiscal year	(March 31, 2021)	290,110,459 shares	(FY ended March 31, 2020)	290,101,544 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: Regarding presentation material to supplement the financial results announcement has been posted on TDnet and the Company's website.

Note: Simplified and Short-Form Merger with 100% Subsidiary (LIXIL Corporation) and Change of Company Name

Following its "Notification Regarding Plans for Simplified and Short-Form Merger Between LIXIL Group Corporation and its 100% Subsidiary (LIXIL Corporation), Change of Company Name, and Partial Amendment of Articles of Incorporation," dated March 23, 2020, LIXIL Corporation has completed the merger between the Company (surviving company) and its 100% subsidiary LIXIL Corporation (absorbed company), effective December 1, 2020.

In addition, the Company has changed its name from LIXIL Group Corporation to LIXIL Corporation, also effective December 1, 2020.

**4. Consolidated Financial Statements**

## (1) Consolidated Statement of Financial Position

(Unit: millions of yen)

	As of March 31, 2020	End of this year (As of March 31, 2021)
<b>ASSETS:</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	<b>Y</b> 95,862	<b>Y</b> 111,061
Trade and other receivables	307,054	284,369
Inventories	227,606	180,417
Contract assets	20,280	17,650
Income tax receivables	1,740	9,776
Other financial assets	15,428	13,880
Other current assets	16,578	19,262
Subtotal	684,548	636,415
Assets held for sale	58,232	1,358
<b>Total current assets</b>	<b>742,780</b>	<b>637,773</b>
<b>NON-CURRENT ASSETS:</b>		
Property, plant and equipment	496,865	402,669
Right of use assets	215,020	62,417
Goodwill and other intangible assets	434,102	453,456
Investment property	7,779	4,931
Investments accounted for using the equity method	10,704	10,871
Other financial assets	90,047	83,080
Deferred tax assets	88,803	77,939
Other non-current assets	5,429	8,678
<b>Total non-current assets</b>	<b>1,348,749</b>	<b>1,104,041</b>
<b>Total assets</b>	<b>Y 2,091,529</b>	<b>Y 1,741,814</b>

(Unit: millions of yen)

	As of March 31, 2020	End of this year (As of March 31, 2021)
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Trade and other payables	336,492	299,363
Bonds and borrowings	232,711	164,204
Lease liabilities	34,666	17,339
Contract liabilities	10,158	9,738
Income taxes payable	6,159	5,220
Other financial liabilities	7,646	5,408
Provisions	1,731	1,313
Other current liabilities	85,670	84,343
Subtotal	715,233	586,928
Liabilities directly associated with the assets held for sale	91,907	—
<b>Total current liabilities</b>	<b>807,140</b>	<b>586,928</b>
<b>NON-CURRENT LIABILITIES:</b>		
Bonds and borrowings	363,379	366,923
Lease liabilities	201,795	47,039
Other financial liabilities	31,926	25,757
Net defined benefit liabilities	76,907	80,939
Provisions	12,335	7,860
Deferred tax liabilities	55,200	56,468
Other non-current liabilities	7,710	15,133
<b>Total non-current liabilities</b>	<b>749,252</b>	<b>600,119</b>
<b>Total liabilities</b>	<b>1,556,392</b>	<b>1,187,047</b>
<b>EQUITY</b>		
Share capital	68,418	68,418
Capital reserves	278,120	278,240
Treasury shares	-48,870	-48,610
Other components of equity	-12,709	20,415
Retained earnings	217,206	233,808
Equity attributable to owners of the parent	502,165	552,271
Non-controlling interests	32,972	2,496
<b>Total equity</b>	<b>535,137</b>	<b>554,767</b>
<b>Total liabilities and equity</b>	<b>Y 2,091,529</b>	<b>Y 1,741,814</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, 2020	FY ended March 31, 2021
Continuing operations		
Revenue	Y 1,514,449	Y 1,378,255
Cost of sales	-1,011,823	-909,035
<b>GROSS PROFIT</b>	502,626	469,220
Selling, general and administrative expenses	-450,336	-411,932
Other income	6,064	17,550
Other expenses	-26,344	-38,996
<b>OPERATING PROFIT</b>	32,010	35,842
Finance income	4,817	5,708
Finance costs	-7,241	-8,235
Share of gain of associates and joint ventures accounted for using the equity method	346	489
Profit from disposal of share of associates	10,977	—
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	40,909	33,804
Income tax expenses	-13,182	-17,436
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	27,727	16,368
Discontinued operations		
<b>PROFIT (LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS</b>	-14,056	21,219
<b>Profit for the year</b>	13,671	37,587
Profit (loss) for the year attributable to:		
Owners of the parent		
Continuing operations	28,522	16,363
Discontinued operations	-16,004	16,685
Total	12,518	33,048
Non-controlling interests		
Continuing operations	-795	5
Discontinued operations	1,948	4,534
Total	1,153	4,539
<b>Profit for the year</b>	13,671	37,587

(Unit: millions of yen)

	FY ended March 31, 2020	FY ended March 31, 2021
Earnings (loss) per share		
Basic (yen per share)		
Continuing operations	98.32	56.41
Discontinued operations	-55.17	57.51
Total	43.15	113.92
Diluted (yen per share)		
Continuing operations	89.41	53.94
Discontinued operations	-49.76	54.50
Total	39.65	108.44

## Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	FY ended March 31, 2020	FY ended March 31, 2021
<b>PROFIT FOR THE YEAR</b>	<b>Y 13,671</b>	<b>Y 37,587</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will not be reclassified subsequently to profit or loss		
Net gain on revaluation of financial assets measured through other comprehensive income	-6,166	10,740
Remeasurements of defined benefit pension plans	2,152	2,420
Total items that will not be reclassified subsequently to profit or loss	-4,014	13,160
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	-17,382	20,277
Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	-3,033	3,872
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	-11	-3
Total items that may be reclassified subsequently to profit or loss	-20,426	24,146
Other comprehensive income, net of tax	-24,440	37,306
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>-10,769</b>	<b>74,893</b>
Owners of the parent		
Non-controlling interests	-11,632	70,212
Total comprehensive income for the year	863	4,681
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>Y -10,769</b>	<b>Y 74,893</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 financial assets 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, 2019</b>	<b>68,418</b>	<b>277,584</b>	<b>-48,899</b>	<b>12,112</b>	<b>—</b>	<b>-2,659</b>	<b>234</b>
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—
<b>RESTATED BALANCE AS OF APRIL 1, 2019</b>	<b>68,418</b>	<b>277,584</b>	<b>-48,899</b>	<b>12,112</b>	<b>—</b>	<b>-2,659</b>	<b>234</b>
Profit for the year	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	-6,153	2,152	-17,077	-3,062
Total comprehensive income for the year	—	—	—	-6,153	2,152	-17,077	-3,062
Purchase of treasury shares	—	—	-15	—	—	—	—
Disposal of treasury shares	—	-0	0	—	—	—	—
Redemption of convertible bond-type bonds with subscription rights to shares	—	—	—	—	—	—	—
Share-based payment transactions	—	241	44	—	—	—	—
Dividends	—	—	—	—	—	—	—
Reclassification to disposal group classified as held for sale	—	—	—	273	—	-4,021	142
Changes in parent's ownership interests in related companies	—	295	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	24	-2,152	—	—
Total transactions with owners	—	536	29	297	-2,152	-4,021	142
<b>BALANCE AS OF MARCH 31, 2020</b>	<b>68,418</b>	<b>278,120</b>	<b>-48,870</b>	<b>6,256</b>	<b>—</b>	<b>-23,757</b>	<b>-2,686</b>
Profit for the year	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	10,740	2,420	24,129	3,767
Total comprehensive income for the year	—	—	—	10,740	2,420	24,129	3,767
Purchase of treasury shares	—	—	-17	—	—	—	—
Disposal of treasury shares	—	-0	0	—	—	—	—
Share-based payment transactions	—	189	277	—	—	—	—
Dividends	—	—	—	—	—	—	—
Reclassification to disposal group classified as held for sale	—	—	—	-162	—	—	-10
Changes in parent's ownership interests in related companies	—	-69	—	—	—	—	—
Changes associated with loss of control of subsidiaries	—	—	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	-276	-2,420	—	—
Total transactions with owners	—	120	260	-438	-2,420	—	-10
<b>BALANCE AS OF MARCH 31, 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>

(Unit: millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity			Retained earnings (losses)	Total		
	Accumulated other comprehensive income relating to non-current assets or disposal group classified as held for sale	Other	Total				
<b>BALANCE AS OF APRIL 1, 2019</b>	<b>22</b>	<b>4,749</b>	<b>14,458</b>	<b>222,095</b>	<b>533,656</b>	<b>33,511</b>	<b>567,167</b>
Cumulative effects of changes in accounting policies	—	—	—	58	58	103	161
<b>RESTATED BALANCE AS OF APRIL 1, 2019</b>	<b>22</b>	<b>4,749</b>	<b>14,458</b>	<b>222,153</b>	<b>533,714</b>	<b>33,614</b>	<b>567,328</b>
Profit for the year	—	—	—	12,518	12,518	1,153	13,671
Other comprehensive income	1	-11	-24,150	—	-24,150	-290	-24,440
Total comprehensive income for the year	1	-11	-24,150	12,518	-11,632	863	-10,769
Purchase of treasury shares	—	—	—	—	-15	—	-15
Disposal of treasury shares	—	—	—	—	0	—	0
Redemption of convertible bond-type bonds with subscription rights to shares	—	-680	-680	680	—	—	—
Share-based payment transactions	—	-459	-459	284	110	—	110
Dividends	—	—	—	-20,307	-20,307	-1,540	-21,847
Reclassification to disposal group classified as held for sale	3,606	—	—	—	—	—	—
Changes in parent's ownership interests in related companies	—	—	—	—	295	35	330
Transfers from other components of equity to retained earnings	250	—	-1,878	1,878	—	—	—
Total transactions with owners	3,856	-1,139	-3,017	-17,465	-19,917	-1,505	-21,422
<b>BALANCE AS OF MARCH 31, 2020</b>	<b>3,879</b>	<b>3,599</b>	<b>-12,709</b>	<b>217,206</b>	<b>502,165</b>	<b>32,972</b>	<b>535,137</b>
Profit for the year	—	—	—	33,048	33,048	4,539	37,587
Other comprehensive income	-3,889	-3	37,164	—	37,164	142	37,306
Total comprehensive income for the year	-3,889	-3	37,164	33,048	70,212	4,681	74,893
Purchase of treasury shares	—	—	—	—	-17	—	-17
Disposal of treasury shares	—	—	—	—	0	—	0
Share-based payment transactions	—	-1,182	-1,182	1,003	287	—	287
Dividends	—	—	—	-20,307	-20,307	-592	-20,899
Reclassification to disposal group classified as held for sale	172	—	—	—	—	—	—
Changes in parent's ownership interests in related companies	—	—	—	—	-69	-5	-74
Changes associated with loss of control of subsidiaries	—	—	—	—	—	-34,560	-34,560
Transfers from other components of equity to retained earnings	-162	—	-2,858	2,858	—	—	—
Total transactions with owners	10	-1,182	-4,040	-16,446	-20,106	-35,157	-55,263
<b>BALANCE AS OF MARCH 31, 2021</b>	<b>—</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>



## (4) Consolidated Statement of Cash Flows

(Unit: millions of yen)

	FY ended March 31, 2020	FY ended March 31, 2021
<b>OPERATING ACTIVITIES:</b>		
Profit before tax from Continuing operations	<b>Y</b> 40,909	<b>Y</b> 33,804
Profit (loss) before tax from Discontinued operations	-64,271	25,491
Profit (Loss) before tax	-23,362	59,295
Depreciation and amortization	105,557	84,786
Impairment losses	18,378	8,840
Loss recognized on the measurement to fair value, less costs to sell the disposal group related to discontinued operations	53,983	—
Loss recognized on the measurement to fair value, less costs to sell the disposal group held for sale	—	5,405
Interest and dividend income	-3,490	-2,825
Interest expense	6,368	5,433
Share of loss (profit) of associates and joint ventures accounted for using the equity method	-346	-489
Profit from disposal of share of associates	-10,977	—
Gain on sale of subsidiaries	-1,422	-25,763
Loss (profit) on sale and disposal of property, plant and equipment	1,316	-439
Decrease (increase) in trade and other receivables	45,881	19,802
Decrease (increase) in inventories	-1,558	4,565
Increase (decrease) in trade and other payables	-23,767	9,648
Increase (decrease) in net defined benefit liabilities	-2,208	263
Other	13,245	9,913
Subtotal	177,598	178,434
Interest received	1,875	1,342
Dividends received	1,693	1,581
Interest paid	-6,946	-5,055
Income taxes paid	-16,519	-25,259
<b>Net cash flows from operating activities</b>	<b>Y 157,701</b>	<b>151,043</b>

(Unit: millions of yen)

	FY ended March 31, 2020	FY ended March 31, 2021
<b>INVESTING ACTIVITIES:</b>		
(Increase) decrease in time deposits	<b>Y</b> 825	<b>Y</b> -2,441
Purchase of property, plant and equipment	-56,752	-54,959
Proceeds from disposal of property, plant and equipment	3,952	2,519
Purchase of intangible assets	-11,883	-13,539
Proceeds from disposal of investment property	857	56
Payments for sale of subsidiaries	—	-52,476
Proceeds from sale of subsidiaries	14,288	69,846
Decrease (increase) in short-term loans receivable	-2,965	-1,135
Payments for long-term loans receivable	-350	-7
Proceeds from collection of long-term loans receivable	368	330
Payments for acquisition of other investments	-192,045	-135,342
Proceeds from sale and redemption of investments	205,442	135,706
Other	-3,051	-2,709
<b>Net cash flows from investing activities</b>	<b>Y -41,314</b>	<b>Y -54,151</b>
<b>FINANCING ACTIVITIES:</b>		
Dividends paid	<b>Y</b> -20,307	<b>Y</b> -20,307
Dividends paid to non-controlling interests	-1,540	-592
Increase (decrease) in short-term borrowings and commercial	-62,634	-87,719
Proceeds from long-term borrowings	142,377	83,696
Repayment of long-term borrowings	-80,330	-75,943
Proceeds from issuance of bonds	—	49,775
Payments for redemption of bonds	-90,000	-10,000
Lease liabilities paid	-40,954	-32,460
Payments for acquisition of interests in subsidiaries from non-controlling interests	-29	-6
Other	132	131
<b>Net cash flows from financing activities</b>	<b>Y -153,285</b>	<b>Y -93,425</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-36,898	3,467
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	141,421	95,862
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	-2,030	3,442
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS INCLUDED IN ASSETS CLASSIFIED HELD FOR SALE	-6,631	8,290
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>Y 95,862</b>	<b>111,061</b>

(5) Notes related to Financial Statements

(Notes related to Going Concern Assumptions)

Not applicable.

(Notes on Changes in Presentation)

In the fiscal year ended March 31, 2021, LIXIL VIVA, formerly a subsidiary of the Company, was classified as discontinued operations.

Income (loss) from discontinued operations, net of tax, is presented below net income for continuing operations in the consolidated statements of profit or loss and comprehensive income. Revenue, income (loss), and other items for discontinued operations have been reclassified to loss for discontinued operations in the consolidated statement of profit or loss and comprehensive income for the year ended March 31, 2021. Cash flows from operating activities, investing activities, and financial activities are presented in the total amount of continuing operations and discontinued operations cash flows in the consolidated statement of cash flows.

## (Additional Information)

Regarding accounting estimates considering the expansion of the COVID-19 pandemic

The COVID-19 global pandemic caused a sharp stagnation in economic and social activities, which had a considerable impact on our business performance in the fiscal year ended March 31, 2021. Although there are differences depending on the region, both Japan and international businesses are generally on a recovery trend.

We will continue to carefully monitor the social and economic impact of COVID-19 in Japan and international markets, and how this will affect our business performance.

Due to the unprecedented nature of the COVID-19 pandemic, there are currently no widely accepted views on how it will continue to develop in the future, or references regarding accounting estimates related this situation. Therefore, it is difficult to predict the trend. However, based on certain assumptions, we have developed estimates such as for the recoverability of deferred tax assets or goodwill and fixed asset impairment tests, and reflected these into our accounting same as the fiscal year ended March 31, 2020.

Most of Japan and international business performance showed a recovery trend during the second half of the fiscal year ended March 2021, although COVID-19 is still expanding in some international regions. It is assumed that the impact on our business performance from fiscal year ending March 31, 2022 onward will be minor and limited.

There are many uncertainties regarding the impact of COVID-19 on economic activities. If the above assumptions should change, the financial condition and operating results of the Company may be affected.

## (Segment Information)

## ① Description of Reportable Segments

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

The Company is managed based on four reportable segments consisting of the Water Technology business, the Housing Technology business, the Building Technology business, and the Housing and Services business. The Company manages these reportable segments and reports the performance of the respective business units to the Board of Executive Officers or Directors.

The Water Technology business includes manufacturing and sales of sanitary earthenware, faucets, bathroom fixtures, system kitchen units and others. The Housing Technology business includes manufacturing and sales of window sashes, doors, shutters, interior building materials and others. The Building Technology business includes manufacturing and sales of curtain walls and others. The Housing and Services business includes proposals for housing solutions, sales and management of real estate, management of assisted living condominiums, and others.

As described in (Note on Discontinued Operations), the Company signed off an agreement to sell 100% of the shares of LIXIL VIVA("VIVA"), and transferred shares on November 9, 2020. Revenue, income (loss), and other items of VIVA are classified as discontinued operations in the consolidated financial statements from the beginning of the year ended March 31, 2020. Therefore, the revenue and segment profit of VIVA, which was originally included in the Distribution and Retail business, have been reclassified as discontinued operations under in segment information for the year ended March 31, 2020.

In addition, the online business of housing-related equipment (LIXIL Online Business) operated by our consolidated subsidiary was classified in the Housing and Services business until the third quarter of fiscal year ended March 2021. However, due to the organizational restructuring within the company on January 1, 2021, LIXIL Online Business was subsequently transitioned to and classified into the Water Technology business from the fourth quarter of the fiscal year ended March 2021.

## ② Methods of Measurement for the Amounts of Revenue, Profit (Loss) and Other Items for Each Reportable Segment

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

③ Information about Revenue, Income (Loss) and Other Items by Business Segment  
For the FY ended March 31, 2020 (April 1, 2019 through March 31, 2020)

(Unit: millions of yen)

	Reportable Segments			
	Water Technology Business	Housing Technology Business	Building Technology Business	Housing & Services Business
Revenue				
Revenue from external customers (Note 3)	Y 813,815	Y 536,268	Y 112,680	Y 51,686
Intersegment revenue or transfers	14,712	5,936	94	2,333
Total	828,527	542,204	112,774	54,019
Segment profit (Note 1)	61,524	28,288	2,671	2,984
Other income				
Other expenses (Note 1,4)				
Operating profit				
Finance income				
Finance costs				
Share of loss of associates and joint ventures accounted for using the equity method				
Profit from disposal of share of associates				
Profit before tax from continuing operations				
Other items				
Depreciation and amortization	43,840	35,184	1,672	1,618
Impairment losses	8,847	4,444	79	239
One time allowance for employees (Note 4)	1,965	1,225	140	41
Share of profit (loss) of associates and joint ventures	-12	122	-	236
Investments accounted for using the equity method	346	4,143	-	6,215
Capital expenditures	43,935	23,602	3,239	1,567

(Unit: millions of yen)

	Total	Reconciliations ( Note 2 )	Consolidated
Revenue			
Revenue from external customers (Note 3)	Y 1,514,449	-	Y 1,514,449
Intersegment revenue or transfers	23,075	-23,075	-
Total	1,537,524	-23,075	1,514,449
Segment profit (Note 1)	95,467	-43,177	52,290
Other income			6,064
Other expenses (Note 1,4)			-26,344
Operating profit			32,010
Finance income			4,817
Finance costs			-7,241
Share of loss of associates and joint ventures accounted for using the equity method			346
Profit from disposal of share of associates			10,977
Profit before tax from continuing operations			40,909
Other items			
Depreciation and amortization	82,314	228	82,542
Impairment losses	13,609	917	14,526
One time allowance for employees (Note 4)	3,371	90	3,461
Share of profit (loss) of associates and joint ventures	346	-	346
Investments accounted for using the equity method	10,704	-	10,704
Capital expenditures	72,343	4	72,347

Information about Revenue, Income (Loss) and Other Items by Business Segment  
For the FY ended March 31, 2021 (April 1, 2020 through March 31, 2021)

(Unit: millions of yen)

	Reportable Segments			
	Water Technology Business	Housing Technology Business	Building Technology Business	Housing & Services Business
Revenue				
Revenue from external customers (Note 3)	Y 770,551	Y 469,049	Y 93,329	Y 45,326
Intersegment revenue or transfers	13,254	5,242	46	1,230
Total	783,805	474,291	93,375	46,556
Segment profit (Note 1)	62,148	31,435	2,611	2,136
Other income				
Other expenses (Note 1,4)				
Operating profit				
Finance income				
Finance costs				
Share of loss of associates and joint ventures accounted for using the equity method				
Profit from disposal of share of associates				
Profit before tax from continuing operations				
Other items				
Depreciation and amortization	41,711	36,460	1,171	1,205
Impairment losses	2,528	2,661	2,780	747
One time allowance for employees (Note 4)	803	468	51	17
Share of profit (loss) of associates and joint ventures	-125	242	-	372
Investments accounted for using the equity method	248	4,287	-	6,336
Capital expenditures (Note 4)	44,740	17,882	2,074	882

(Unit: millions of yen)

	Total	Reconciliations ( Note 2 )	Consolidated
Revenue			
Revenue from external customers (Note 3)	Y 1,378,255	-	Y 1,378,255
Intersegment revenue or transfers	19,772	-19,772	-
Total	1,398,027	-19,772	1,378,255
Segment profit (Note 1)	98,330	-41,042	57,288
Other income			17,550
Other expenses (Note 1,4)			-38,996
Operating profit			35,842
Finance income			5,708
Finance costs			-8,235
Share of loss of associates and joint ventures accounted for using the equity method			489
Profit from disposal of share of associates			-
Profit before tax from continuing operations			33,804
Other items			
Depreciation and amortization	80,547	3	80,550
Impairment losses	8,716	124	8,840
One time allowance for employees (Note 4)	1,339	52	1,391
Share of profit (loss) of associates and joint ventures	489	-	489
Investments accounted for using the equity method	10,871	-	10,871
Capital expenditures	65,578	3	65,581

## Notes:

1. Segment profit is core earnings which are defined as revenue less cost of sales and selling, general and administrative expenses. A one-time allowance for employees was recorded as other expenses instead of cost of sales and selling, general and administrative expenses.
2. Segment profit reconciliations are expenses for the Company that are not allocated to reportable segments. Expenses for the Company are those mainly associated with the administrative departments, including human resources, general affairs, accounting and other departments of the Company and LIXIL Corporation (absorbed company) merged on December 1, 2020.
3. Regarding revenue to LIXIL VIVA, which was previously included in "Intersegment revenue or transfers", they have been included in "Revenue from external customers" and have been eliminated from profit or loss from discontinued operations to reflect the impact on continuing operations in the future". Accordingly, revenue to LIXIL VIVA included in "Revenue from external customers" in the previous consolidated fiscal year was JPY 1,921 million for the Water Technology Business and JPY 2,241 million for the Housing Technology Business. Revenue to LIXIL VIVA included in "Revenue from external customers" in the current consolidated fiscal year was JPY 1,013 million for the Water Technology Business and JPY 1,233 million for the Housing Technology Business.
4. Record of one-time allowance for employees  
(For the fiscal year ended March 31, 2020)  
To support all employees with unplanned expenses related COVID-19, the Company decided to issue a special one-time allowance of JPY 50,000 or local currency equivalent per person. This one-time allowance for employees is recorded for JPY 3,461 million as other expenses in the Consolidated Statement of profit or loss.  
(For the fiscal year ended March 31, 2021)  
To support all employees with unplanned expenses related COVID-19, the Company decided to issue a special one-time allowance of USD 200 or local currency equivalent per person. This one-time allowance for employees is recorded for JPY 1,391 million as other expenses in the Consolidated Statement of profit or loss.
5. Business operations classified as discontinued operations are not included.
6. LIXIL Online Business's products mainly handled in the Water Technology business were sold through the Housing and Services business, so the revenue of LIXIL Online Business was included in "Intersegment revenue or transfers" of the Water Technology business and "Revenue from external customers" of the Housing and Services business. From the fourth quarter of the fiscal year ended March 2021, it was included in "Revenue from external customers" of the Water Technology business and the Housing Technology business.  
When the revenue and segment profit related to LIXIL Online Business for the fourth quarter of the fiscal year ended March 2021 are aggregated by the conventional method, "Revenue from external customers" and "Segment profit" decreased by JPY 956 million and JPY 100 million, respectively. "Intersegment revenue or transfers" of the Water Technology business increased by JPY 672 million. "Revenue from external customers" and "Segment profit" of the Housing Technology business decreased by JPY 80 million and JPY 8 million, respectively. "Revenue from external customers" and "segment profit" of the Housing and Services business increased by JPY 1,036 million and JPY 108 million, respectively.  
When the revenue and segment profit related to LIXIL Online Business for the consolidated cumulative period for the third quarter of the fiscal year ended March 2021 are aggregated by the changed method, "Revenue from external customers", "Segment profit" of the Water Technology business increased by JPY 2,777 million and JPY 310 million, respectively. "Intersegment revenue or transfers" of the Water Technology business decreased by JPY 1,632 million. "Revenue from external customers" and "Segment profit" of the Housing Technology business increased by JPY 303 million and JPY 11 million, respectively. "Revenue from external customers" and "Segment profit" of the Housing and Services business decreased by JPY 3,080 million and JPY 321 million, respectively.



## (Notes on Assets Held for Sale and Liabilities Directly Associated with Assets Held for Sale)

The breakdown of assets held for sale and directly related liabilities associated with assets held for sale in the previous consolidated fiscal year is as follows. In the fiscal year ended March 31, 2020, major items classified to assets held for sale and liabilities directly associated with assets held for sale consist of Permasteelisa S.p.A and its subsidiaries which are classified in discontinued operations. Details of the assets and liabilities related to discontinued operations are as described in "Discontinued Operations" section of the notes.

(Unit: millions of yen)

	As of March 31, 2020		As of March 31, 2020
Assets held for sale		Liabilities directly associated with the assets held for sale	
Cash and cash equivalents	1,301	Trade and other payables	878
Trade and other receivables	2,108	Other current liabilities	41
Inventories	611	Net defined benefit liabilities	359
Property, plant and equipment	310	Liabilities related to discontinued operations	89,876
Assets related to discontinued operations	53,473	Other liabilities	753
Other assets	429		
<b>Total</b>	<b>58,232</b>	<b>Total</b>	<b>91,907</b>

(Notes on Consolidated Statement of Profit or Loss)

For the FY ended March 31, 2020 (April 1, 2019 through March 31, 2020)

(1) Impairment losses

An impairment loss of JPY14,526 million is reported under Other expenses in the Consolidated Statement of Profit or Loss and Comprehensive Income for the fiscal year ended March 31, 2020. Details of impaired assets are as follows:

Category	Segment	Component and Amount (Unit: millions of yen)	
Manufacturing facilities for interior tiles, etc.	Water Technology Business	Buildings and structures	384
		Machinery and vehicles	1,676
		Customer-related assets	1,517
		Other	254
		Total	3,831
Manufacturing facilities for sanitary ware	Water Technology Business	Buildings and structures	415
		Machinery and vehicles	1,055
		Land	228
		Goodwill	622
		Other intangible assets	472
		Other	7
		Total	2,799
Manufacturing facilities for siding	Housing Technology business	Machinery and vehicles	915
		Right of use assets	1,049
		Other	186
		Total	2,150
Manufacturing facilities for faucets, etc.	Water Technology Business	Machinery and vehicles	339
		Tools, Furniture and Fixtures	104
		Trademarks	594
		Other	4
		Total	1,041

The Company recognized impairment losses assets related to manufacturing facilities for interior tiles, etc which is the assets located in United States. Due to sluggish business performance and reduced profitability, the carrying amounts of the relevant assets were written down to their recoverable amounts, and related impairment losses were recorded as other expenses in the consolidated statement of profit or loss. An asset's recoverable amount is measured as its value in use, determined by discounting future cash flows at a discount rate of 11.0%.

The Company recognized impairment losses for assets related to sanitaryware manufacturing facilities which were recorded when LIXIL India Sanitaryware Private Limited became a consolidated subsidiary. Since the profitability of LIXIL India Sanitaryware Private Limited has dropped significantly, the carrying amounts of the relevant assets were written down to their recoverable amounts, and related impairment losses were recorded as other expenses in the consolidated statement of profit or loss. An asset's recoverable amount is measured as its value in use, determined by discounting future cash flows at a discount rate of 13.4%. For goodwill, the Company recognized impairment losses of the entire amount of the total carrying value.

The Company recognized impairment losses for siding manufacturing facilities. Due to sluggish business performance and reduced profitability, the carrying amounts of the relevant assets were written down to their recoverable amounts, and related impairment losses were recorded as other expenses in the consolidated statement of profit or loss. An asset's recoverable amount is measured as its value in use, determined by discounting future cash flows at a discount rate of 5.3%.

The Company recognized impairment losses for manufacturing facilities for faucets, etc. which are assets of LIXIL Africa. Due to sluggish business performance and reduced profitability, the carrying amounts of the relevant assets were written down to their recoverable amounts, and related impairment losses were recorded as other expenses in the consolidated statement of profit or loss. An asset's recoverable amount is measured as fair value less disposal costs, determined by discounting future cash flows at a discount rate of 11.3%.

In the fiscal year ended March 31, 2020, the Company recognized impairment losses for the assets described below. These impairment losses were recorded in loss from discontinued operations in the consolidated statement of profit or loss.

Category	Segment	Component and Amount (Unit: millions of yen)	
Retail stores	Distribution and Retail Business	Buildings and structures	334
		Right of use assets	2,432
		Other	27
		Total	2,793

Due to sluggish business performance and reduced profitability, the carrying amounts of the relevant assets were written down to their recoverable amounts, and related impairment losses were recorded as other expenses in the consolidated statement of profit or loss. An asset's recoverable amount is measured as its value in use, determined by discounting future cash flows at a discount rate of 4.7%.

## (2) Career Option Program

(Notes on the recording of expenses for "Career Option Program")

The Company is working to enhance their personnel systems to support multigenerational career planning, expand development opportunities, and shift to a meritocracy based system. As part of this initiative, the Board of Directors resolved to implement a "Career Option Program" where permanent employees of the Group working 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. Regarding premium retirement allowance and the outplacement service expenses related to the "Career Option Program", they are recorded as cost of sales and selling, general and administrative expenses in the Consolidated Statement of profit or loss for the fiscal year ended March 31, 2020 as follows.

Component and Amount (Unit: millions of yen)	
Cost of sales	805 million yen
Selling, general and administrative expenses	4,738 million yen
Total	5,543 million yen

For the FY ended March 31, 2021 (April 1, 2020 through March 31, 2021)

(1) Impairment losses

An impairment loss of JPY 8,840 million is reported under Other expenses in the Consolidated Statement of Profit or Loss and Comprehensive Income for the fiscal year ended March 31, 2021. Details of impaired assets are as follows:

Category	Segment	Component and Amount (Unit: millions of yen)	
Manufacturing facilities for building window sashes, etc.	Building Technology Business	Buildings and structures	434
		Machinery and vehicles	2,171
		Tools, Furniture & Fixtures	102
		Other	41
		Total	2,748
Other	Housing Technology business	Goodwill	1,882

The Company recognized impairment losses assets related to manufacturing facilities for building window sashes, etc which is the assets located in Japan. Due to sluggish business performance and reduced profitability, the carrying amounts of the relevant assets were written down to their recoverable amounts, and related impairment losses were recorded as other expenses in the consolidated statement of profit or loss. An asset's recoverable amount is measured as its value in use, determined by discounting future cash flows at a discount rate of 4.5%.

Goodwill is related to Kawashima Selkon Textiles Co., Ltd., which was a consolidated subsidiary of the Company. Due to sluggish business performance and reduced profitability, the carrying amounts of the relevant assets were written down to their recoverable amounts, and related impairment losses were recorded as other expenses in the consolidated statement of profit or loss. An asset's recoverable amount is measured as its value in use, determined by discounting future cash flows at a discount rate of 6.8%. In the current consolidated fiscal year ended March 2021, 100% of Kawashima Selkon Textile's shares were transferred. The outline of the share transfer is as described in (Note on Transfer of Consolidated Subsidiary).

## (2) Implementation of Voluntary Retirement Program “New Life”

The Company aims to transform its Japan business into a more entrepreneurial and sustainable enterprise in the future. Building on initiatives already taken under Kawaranaito LIXIL (“LIXIL, We Must Change”), a comprehensive HR program launched in Japan in the fall of 2019, and to accelerate the speed of transformation, the Board of Directors resolved to implement the “New Life Voluntary Retirement Program” (hereinafter “New Life”) in the Company on October 30, 2020.

## 1) Background

The Japan business currently represents approximately 70% of the Company's total business. It is also the key driver of innovation that supports LIXIL's global portfolio of brands and businesses.

The business environment surrounding the Company and its subsidiaries in Japan, however, is changing with a rapidly shrinking market for new homes. At the same time, changing consumer trends and digitalization are disrupting traditional business models. To succeed, the Company recognizes the need to transform its business structure, become meritocratic, and establish an agile culture that supports innovation and entrepreneurship. The Company believes it is important to act now, to accelerate the speed of the transformation and ensure the Company can provide strong support to employees. The Company and its subsidiaries expect these changes to strengthen the growth potential and sustainability of its operations in Japan and internationally, enhancing overall stakeholder returns.

## 2) Eligibility

Permanent employees of LIXIL Corporation aged 40 and over, who have worked as an employee of LIXIL Corporation for ten consecutive years or more as of the effective date. (This excludes employees working at factories (other than working in HR, Administration and Accounting Departments), Distribution Centers and the Digital Division.)

## 3) Application Period

From January 12, 2021 to January 22, 2021

## 4) Number of voluntary retirement applicants

965 employees applied.

## 5) Effective Date of Retirement

March 25, 2021

## 6) Preferential Conditions

- A premium will be added on to the normal retirement allowance of eligible applicants
- In addition, eligible applicants will also have the option to receive outplacement services

## 7) Financial impact for Profit or Loss

Loss on early retirement related payments of JPY 13,563 million were recorded in other expenses in the consolidated statement of profit or loss.

## (Information per share)

	FY ended March 31, 2020	FY ended March 31, 2021
	Million yen	Million yen
Profit for the year attributable to owners of the parent from continuing operations	28,522	16,363
Profit (loss) for the year attributable to owners of the parent from discontinued operations	-16,004	16,685
Profit for the year attributable to owners of the parent	12,518	33,048
Profit adjusted for the effect of dilution from continuing operations	234	148
Profit adjusted for the effect of dilution from discontinued operations	-	-
Diluted profit for the year	12,752	33,196
	Shares	Shares
Weighted-average number of ordinary shares outstanding	290,101,544	290,110,459
Increase in weighted-average number of ordinary shares due to dilution		
Increase from stock options	-	-
Increase of convertible bonds with stock acquisition rights	31,515,607	16,014,519
Diluted weighted-average number of ordinary shares	321,617,151	306,124,978
	Yen	Yen
Basic earnings (loss) per share		
Continuing operations	98.32	56.41
Discontinued operations	-55.17	57.51
Total	43.15	113.92
Diluted earnings (loss) per share		
Continuing operations	89.41	53.94
Discontinued operations	-49.76	54.50
Total	39.65	108.44
	thousand shares	thousand shares
Diluted potential ordinary shares not included in the calculation of diluted earnings per share because their inclusion would have been anti-dilutive	5th stock options 1,988 7th stock options 2,389 8th stock options 41 9th stock options 300 ( The class is ordinary shares )	7th stock options 1,973 8th stock options 41 9th stock options 300 ( The class is ordinary shares )

(Note on Transfer of Consolidated Subsidiary)

For the FY ended March 31, 2020 (April 1, 2019 through March 31, 2020)

#### Transfer of Shares of Ken Depot Corporation

##### ① Main reason for the transfer

Ken Depot Corporation is expanding its membership-based wholesale building materials stores for professional users of housing-related materials, "Ken Depot", around the Tokyo metropolitan area. The Company launched the Ken Depot business in 2009, and in 2015, carved out the Ken Depot business from LIXIL Corporation, (absorbed company mergerd on December 1, 2020) and established Ken Depot Corporation. With capital participation of the fund in which Unison Capital Inc., which has extensive experience in supporting the growth of companies and helping them become independent from large corporate groups, operates or acts as an advisor (hereinafter "Unison Capital"), Ken Depot became an equity-method affiliate of the Company.

At this time, as a result of the discussion between Unison Capital and LIXIL Corporation, both companies decided to transfer all of the shares of Ken Depot Corporation held. The Company is focused on optimizing its business portfolio in line with broader steps to enhance operational efficiency and strengthen financial conditions. This share transfer is also in line with the Company's ongoing efforts to simplify the business structure and enabling further synergies and efficiencies.

##### ② Name of the transferee company and date of share transfer

Name of the transferee company	KOHNAN SHOJI CO., LTD.
Date of share transfer	June 3, 2019

##### ③ The name, major business, and segment of a company that LIXIL Group sold off

Name of the equity-method affiliate	Ken Depot Corporation
Major Business	Management of membership-based wholesale building materials stores for professional users of housing-related materials, "Ken Depot"
Segment	Distribution & Retail business

##### ④ Overview of the transfer

Number of shares held before the transfer	Common shares : 21,698,181 shares (Shareholder voting rights: 34.00%) Type A shares : 36,001,819 shares
Number of shares transferred	Common shares : 21,698,181 shares Type A share : 36,001,819 shares
Number of shares held after the transfer	Common shares : - shares (Shareholder voting rights: - %) Type A shares : - shares
Received amount	JPY 12,938 million
Gain on share transfer	The Company has recorded JPY 10,977 million in gain on disposal of interests in an affiliated company in the consolidated statement of profit or loss for the fiscal year ending March 31, 2020.

For the FY ended March 31, 2021 (April 1, 2020 through March 31, 2021)

(1) Transfer of Shares of Kawashima Selkon Textiles Co., Ltd.

The Company resolved at the Board of Directors Meeting held on November 24, 2020, that it has decided to sell 100% of its shares in Kawashima Selkon Textiles Co., Ltd. ("Kawashima"), a consolidated subsidiary of the Company, to Kawashima via a buy-back transaction, and signed off on the share transfer agreement on the same date. The share transfer was executed on January 6, 2021.

① Main reason for the transfer

The Company acquired a 34% ownership stake in Kawashima by underwriting a capital increase through third-party allotment in December 2010 and acquired the remaining 66% ownership stake in August 2011 through a share exchange, which led it to become a 100% subsidiary. The aim was to stabilize Kawashima's business profits and financial base, pursue synergies in terms of sales and reduce costs by building an efficient system for collaboration in logistics and indirect operations.

Recently, the Company received from Kawashima an offer of a management buyout (MBO) by the current management, who have deep understanding of the cultural, commercial, and technical value of Kawashima, in order for Kawashima to accelerate the speed of its business growth and to enhance its productivity and efficiency. Kawashima also plans challenge new designs and develop manufacturing techniques for next generations based on their manufacturing traditions. Since the proposal, the Company and Kawashima have been discussing and considering it.

As a result, since the offer from Kawashima is in line with the management direction of the Company to transform its operations (i.e., to strengthen governance, focus on core businesses to improve productivity and efficiency, promote synergies between businesses, and optimize business portfolio to strengthen future growth and financial position), the Company decided to transfer all of its shares to Kawashima to dissolve the capital tie-up.

② Name of the transferee company and date of share transfer

Name of the transferee company	Kawashima Selkon Textiles Co., Ltd.
Date of share transfer	January 6, 2021

③ Name of the transferred company, major business and segment

Name	Kawashima Selkon Textiles Co., Ltd.
Major Business	[Interior Decoration/Fabrics] Production and distribution of curtain, carpet, wall-covering, interior accessories and stuff, interior finish work [Traditional and Artistic Textiles] Obi, stage curtain, festival float curtain, traditional accessories and stuff
Segment	Housing Technology Business

④ Overview of the transfer

Number of shares held before the transfer	141,877,506 shares (Shareholding ratio: 100%)
Number of shares transferred	141,877,506 shares
Number of shares held after the transfer	No share ( - % )
Received amount	Transfer price shall be undisclosed pursuant to duty of confidentiality in the share transfer agreement
Gain or loss on share transfer	The Company has recorded ¥ 5,405 million in Loss recognized on the measurement to fair value, less costs to sell the disposal group held for sale in the consolidated statement of profit or loss for the year ended March 31, 2021.



## (2) Transfer of Shares of Japan Home Shield Corporation

The Company reached an agreement with MCP5 Investment Business Limited Liability Partnership, a fund whose management is entrusted to Mizuho Capital Partners Co., Ltd. ("Mizuho Capital Partners"), to transfer 100% of the issued common stock of Japan Home Shield Corporation ("Japan Home Shield") held by LIXIL Living Solution Corporation ("LIXIL Living Solution"), a wholly-owned subsidiary of LIXIL, subject to customary closing conditions and regulatory approvals, and signed off on the share transfer agreement. The transfer of shares was carried out on March 9, 2021.

## ① Main reason for the transfer

LIXIL aims to become an entrepreneurial company that can achieve sustainable growth and contribute to society by making better homes a reality for everyone, everywhere. To achieve this aim, LIXIL and its group companies are taking steps to transform its operations, including strengthening governance, focusing on actively managing its core businesses to enhance productivity and efficiency, driving synergies across its core business areas, as well as optimizing its business portfolio to accelerate growth and strengthen financial conditions.

As a leading company in geotechnical investigation for homes and home inspection, Japan Home Shield has covered a cumulative total of more than 1.8 million units in geotechnical investigation and 200,000 houses in home inspection since its establishment. Given the housing law changes and frequent natural disasters in recent years, the environment for housing is changing. Japan Home Shield has continued to listen to the voice of customers and achieved sustainable growth by improving its technology and services and offering new services such as foundation design.

For Japan Home Shield to aim for dramatic growth along with the expansion of the industry overall, and to further grow beyond its current business, LIXIL and Japan Home Shield have come to the decision that it is necessary to separate Japan Home Shield from LIXIL so that it can receive support from a new owner to further strengthen its business. As a result of mutual discussion, it was determined that the best path forward for Japan Home Shield was to partner with Mizuho Capital Partners for its know-how, network, and resources, and to establish an even stronger business foundation by receiving business and financial support from Mizuho Capital Partners.

LIXIL is proceeding with various initiatives to reform its business operations, and believes that the Share Transfer is in line with the Company's direction of aiming to create further synergies and improve efficiency by simplifying its business structure and integrating the organizations.

For the reasons described above, LIXIL has decided to transfer all common shares of Japan Home Shield held by LIXIL through LIXIL Living Solution.

## ② Name of the transferee company and date of share transfer

Name of the transferee company	MCP Partners Co., Ltd. outsourced by Mizuho Capital Partners Co., Ltd.
Date of share transfer	March 9, 2021

## ③ Name of the transferred company, major business and segment

Name	Japan Home Shield Corporation
Major Business	Geotechnical investigation and related business, geotechnical reinforcement, geological survey, home inspection
Segment	Housing & Services Business

## ④ Overview of the transfer

Number of shares held before the transfer	2,000 shares (Shareholding ratio: 100%)
Number of shares transferred	2,000 shares
Number of shares held after the transfer	No share ( - % )
Received amount	Transfer price shall be undisclosed pursuant to duty of confidentiality in the share transfer agreement
Gain or loss on share transfer	JPY 9,269 million was recognized as other income in the consolidated statement of profit or loss for the year ended March 31, 2021.

## (Note on Discontinued Operations)

For the FY ended March 31, 2021 (April 1, 2020 through March 31, 2021)

## (1) Transfer of Shares of Permasteelisa S.p.A.

The Company resolved at the Board of Directors Meeting held on May 1, 2020 that it has decided to sell 100% of the shares of Permasteelisa S.p.A ("Permasteelisa") held by its subsidiary LIXIL Corporation (extinguished due to absorption-type merger with the Company as the surviving company on December 1, 2020) to Atlas Holdings LLC ("Atlas"), and signed off on the share transfer agreement on the same date. The share transfer was executed on September 30, 2020.

## ① Main reason for the transfer

The Company's aim is to be an entrepreneurial company that can achieve sustainable competitiveness and growth in order to fulfill its corporate purpose to contribute to society by making better homes a reality for everyone, everywhere. To achieve this aim, the company is taking steps to transform its operations, including strengthening governance, focusing on actively managing its core businesses to enhance productivity and efficiency, driving synergies across its core business areas, as well as optimizing its business portfolio to accelerate growth and strengthen financial conditions. The transaction is in line with the Company's efforts to focus on its core businesses and simplify its business structure, enabling further synergies and efficiencies through enhanced integration.

Permasteelisa is a global leader in the engineering, project management, manufacturing and installation of curtain walls and interior systems, with high-end curtain walls positioned at the core of its business. Over its history, the company has established a solid position in markets around the world, including Europe, Asia and North America. However, despite being a world-class brand, Permasteelisa has encountered significant operational and financial challenges in recent years, requiring the Company and Permasteelisa to implement a comprehensive plan to revitalize the business and return it to growth and stability.

Permasteelisa's operations are also significantly different to those of the Company's core business operations in terms of business cycles and other factors. Therefore, the sale of Permasteelisa will allow the Company to further concentrate investing resources in driving synergies across its core businesses, consider investments in new and profitable growth areas to further enhance our core operations, as well as simplify and eliminate its ongoing exposure to different types of risks.

For these reasons, the Company has concluded the contract to transfer 100% of its shares of Permasteelisa to Atlas, an industrial holding company based in the U.S., which together with its affiliates operates a diversified group of manufacturing, distribution and construction businesses.

## ② Name of the transferee company and date of share transfer

Name of the transferee company	Atlas Holdings LLC
Date of share transfer	September 30, 2020

## ③ Name of the transferred company, major business and segment

Name	Permasteelisa S.p.A
Major Business	Designing, production and installation for curtain walls and interiors
Segment	Building Technology Business

## ④ Overview of the transfer

Number of shares held before the transfer	25,613,544 shares (Shareholding ratio: 100%)
Number of shares transferred	25,613,544 shares
Number of shares held after the transfer	No share ( - % )
Received amount	This will not be disclosed due to the strong intention of the other party, but the share transfer price was determined through negotiations with the other party after a fair process.
Relationship with LIXIL after the share transfer	<p>-For certain disputes involving Permasteelisa occurring prior to the date of the share transfer, a LIXIL group company is obligated to indemnify the loss incurred by Permasteelisa on or after the date of the share transfer. The contingent liability in this regard is 31 million euros (JPY 4.035 billion) for the year ended March 31, 2021.</p> <p>-If the revitalization plan is executed by Permasteelisa on or after the date of the share transfer, the LIXIL group is liable to compensate the costs incurred in implementing the revitalization plan that the LIXIL group considers necessary for the implementation of the plan. The contingent liability in this regard is 10 million euros (JPY 1.298 billion) for the year ended March 31, 2021.</p> <p>-Before the share transfer date, the LIXIL group paid a certain amount of capital, of which up to 100 million euros (JPY 12.980 billion) will be recovered depending on the cash flow status of Permasteelisa between the date of the share transfer and the end of the following fiscal year.</p>

## ⑤ Assets and Liabilities related to discontinued operations

The breakdown of assets and liabilities related to discontinued operations for the fiscal year ended March 31, 2020 are as follows. Since the share transfer was completed on September 30, 2020, there are no assets and liabilities related to discontinued operations applicable as of March 31, 2021.

(Unit: millions of yen)

	As of March 31, 2020		As of March 31, 2020
Assets related to discontinued operations		Liabilities related to discontinued operations	
Cash and cash equivalents	6,990	Trade and other payables	30,776
Trade and other receivables	19,865	Lease liabilities (current)	1,694
Inventories	2,170	Contract liabilities	37,715
Contract assets	13,726	Other financial liabilities (current)	1,601
Other financial assets (current)	3,007	Provisions (current)	5,435
Other current assets	4,825	Other current liabilities	1,783
Deferred tax assets	2,864	Lease liabilities (non-current)	2,972
Other assets	26	Net defined benefit liabilities	3,633
		Provisions (non-current)	1,929
		Deferred tax liabilities	1,670
		Other liabilities	668
<b>Total</b>	<b>53,473</b>	<b>Total</b>	<b>89,876</b>

## ⑥ Profit or loss from discontinued operations

(Unit: millions of yen)

	FY ended March 31, 2020	FY ended March 31, 2021
Revenue	139,688	49,674
Loss recognized on the measurement to fair value, less costs to sell the disposal group related to discontinued operations	-53,983	-
Other profit and loss	-155,878	-55,296
Loss before tax from discontinued operations	-70,173	-5,622
Income tax expenses (Note)	51,912	754
Loss for the year from discontinued operations	-18,261	-4,868

(Note) Income tax expenses for the fiscal year ended March 31, 2020 include the impact of JPY 16,054 million for loss recognized on the measurement to fair value, less costs to sell the disposal group related to discontinued operations.

## ⑦ Cash flows from discontinued operations

(Unit: millions of yen)

	FY ended March 31, 2020	FY ended March 31, 2021
OPERATING ACTIVITIES	-15,857	-1,857
INVESTING ACTIVITIES	6	-54,970
FINANCING ACTIVITIES	-1,986	-1,192
<b>Total</b>	<b>-17,837</b>	<b>-58,019</b>

## (2) Transfer of Shares of LIXIL VIVA Corporation

Based on the resolution at the Board of Directors Meeting held on June 9, 2020, the Company signed a memorandum ("Memorandum") with Arcland Sakamoto Co., Ltd. ("Arcland Sakamoto") and LIXIL VIVA Corporation ("LIXIL VIVA"), a subsidiary of the Company, as well as an agreement ("Agreement") with Arcland Sakamoto regarding a series of transactions including: a cash tender offer scheduled to be conducted by Arcland Sakamoto for the ordinary shares of LIXIL VIVA ("Tender Offer"); a reverse share split of the ordinary shares of LIXIL VIVA; a transfer of the shares held by the Company via buy-back by LIXIL VIVA ("Share Transfer"), through which LIXIL VIVA becomes a wholly owned subsidiary of Arcland Sakamoto; and other transactions incidental or related to those transactions (collectively, "Transaction"). After the conclusion of the agreement, through the necessary procedures for the transfer of shares, the Share Transfer was completed on November 9, 2020.

### ① Main reason for the transfer

The Company's aim is to be an entrepreneurial company that can achieve sustainable competitiveness and growth in order to fulfill its corporate purpose to contribute to society by making better homes a reality for everyone, everywhere. To achieve this aim, the Company is taking steps to transform its operations, including strengthening governance, focusing on actively managing its core businesses areas, enabling further synergies, as well as optimizing its business portfolio to accelerate growth and strengthen financial conditions.

The transaction is in line with the Company's efforts to focus on its core businesses and simplify its business structure, enabling further synergies and efficiencies through enhanced integration.

LIXIL VIVA operates home improvement centers that provide a wide range of housing related merchandise, materials and renovation services. LIXIL VIVA has established a solid position in the industry thanks to its strengths, particularly its offering of a wide variety of merchandise necessary for renovations via its vast store space, which can provide business customers with one-stop service. LIXIL VIVA, however, has been facing a challenging business environment with intensifying competition in the retail home improvement center industry caused by a decrease in the number of customers due to population decline in Japan, changes in consumer behavior, and shifts in the channel landscape with the expansion of drugstores, e-commerce, and so forth.

The business of LIXIL VIVA is distribution and retail business which differs from the Company's core business. Therefore, the Share Transfer will enable the Company to invest its resources not only in its core businesses to drive synergies across those businesses, but also in new and profitable growth businesses, which will lead to further business efficiency. In addition, although LIXIL VIVA has been operationally independent from the Company, its independence in terms of the capital ties following the Share Transfer will support the Company in strengthening business relations with other home improvement center operators, which are important customers to the Company, as a more independent supplier.

### ② Description of the tender offer and methods of share transfer

The Company conducted an auction process in which the Company invited a wide range of potential candidates to acquire the ordinary shares of LIXIL VIVA, in order to select the most appropriate candidate for the Company, LIXIL VIVA and the minority shareholders of LIXIL VIVA. After thorough consideration, Arcland Sakamoto was selected as the transferee based on its superiority in terms of maximizing economic value for the Company and the certainty of completing the sale, including finance ability among others. LIXIL VIVA also concluded that the proposal received from Arcland Sakamoto was superior for LIXIL VIVA and its shareholders after examining comprehensively and carefully the evaluated equity value, the direction of the business strategy after the Transaction, and other factors in the proposal. Subsequently, Arcland Sakamoto, LIXIL VIVA and the Company began negotiations, and on June 9, 2020, the Board of Director's Meeting resolved to transfer all ordinary shares of LIXIL VIVA held by the Company to LIXIL VIVA through the Share Transfer and signed off on the Memorandum and the Agreement on the same date.

The Transactions are comprised of three conditions;

- a) ensuring that the only shareholders of LIXIL VIVA are the Company and the tender offeror (Arland Sakamoto) via the Tender Offer, or through a stock consolidation conducted by LIXIL VIVA ("Stock Consolidation") in the event the tender offeror is unable to acquire all of the LIXIL VIVA shares (excluding, however, the LIXIL VIVA shares owned by the tender offeror, the untendered shares owned by the Company, as well as the treasury stock owned by LIXIL VIVA) via the Tender Offer;
- b) for the purpose of securing the funding and distributable amount needed for the acquisition of LIXIL VIVA treasury stock defined in c); (i) having the tender offeror provide LIXIL VIVA with funding that can be directed toward the consideration for the acquisition of LIXIL VIVA treasury stock; and (ii) conducting reductions in capital, capital reserves and profit reserves of LIXIL VIVA ((Note 1) "Reduction in Capital, etc.") in accordance with Paragraph 1 of Article 447 and Paragraph 1 of Article 448 of the Companies Act; and
- c) the acquisition of treasury stock among the untendered shares owned by the Company as implemented by LIXIL VIVA, conditioned on both the realization of the Tender Offer as well as the effect of the Stock Consolidation.

The ultimate purpose of the transactions is to make LIXIL VIVA the wholly-owned subsidiary of the tender offeror.

③ Name of the transferee company and date of share transfer

Name of the transferee company	LIXIL VIVA Corporation
Date of share transfer	November 9, 2020

④ Name of the transferred company, major business and segment

Name	LIXIL VIVA Corporation
Major Business	Home Improvement Center Operation, Renovation, VCs , Real-Estate Development
Segment	Distribution and Retail business

⑤ Overview of the transfer

Number of shares held before the transfer	6 shares (Note)
Number of shares transferred	6 shares
Number of shares held after the transfer	No share ( - % )
Received amount	JPY 56,619 million
Gain on share transfer	Following the sale of the subsidiary, a gain of JPY 16,494 million was recorded in the quarterly profit from discontinued operations of the Consolidated Statement of Profit or Loss

Note: LIXIL VIVA conducted a share consolidation, reducing 3,894,550 pre-consolidation shares to one post-consolidation share, effective October 22, 2020.

## ⑥ Assets and Liabilities related to discontinued operations

Since the Share Transfer was completed on November 9, 2020, there are no assets and liabilities related to discontinued operations applicable as of March 31, 2021.

Note : Details of the assets and liabilities of LIXIL VIVA Corporation on the consolidated financial statements for the year ended March 31, 2020 are as follows. Balance of non-controlling interests related to LIXIL VIVA is JPY 29,526 million.

(Unit: millions of yen)

	As of March 31, 2020		As of March 31, 2020
<b>Assets</b>		<b>Liabilities</b>	
Cash and cash equivalents	10,027	Trade and other payables	42,550
Trade and other receivables	4,470	Bonds and borrowings (current)	4,000
Inventories	42,760	Lease liabilities (current)	15,593
Other financial assets (current)	1,539	Contract liabilities	1,469
Other current assets	416	Income tax payables	1,455
Property, plant and equipment	80,426	Other current liabilities	4,599
Right of use assets	154,377	Bonds and borrowings(non-current)	30,000
Goodwill and other intangible assets	2,104	Lease liabilities (non-current)	158,580
Investment property	3,082	Other financial liabilities (non-current)	6,958
Other financial assets (non-current)	28,801	Provisions (non-current)	2,384
Deferred tax assets	2,241	Other non-current liabilities	1,081
Other non-current assets	2,539	Other liabilities	180
Other assets	169		
<b>Total</b>	<b>332,951</b>	<b>Total</b>	<b>268,849</b>

## ⑦ Profit or loss from discontinued operations

(Unit: millions of yen)

	FY ended March 31, 2020	FY ended March 31, 2021
Revenue	179,990	113,391
Gain on sale of subsidiaries	—	16,494
Other profit and loss	-174,088	-98,772
Profit before tax from discontinued operations	5,902	31,113
Income tax expenses (Note)	-1,697	-5,026
Profit for the quarter from discontinued operations	4,205	26,087

(Note) Income tax expenses for the current consolidated cumulative period include expenses of JPY 546 million for gains on the sale of subsidiaries.

## ⑧ Cash flows from discontinued operations

(Unit: millions of yen)

	FY ended March 31, 2020	FY ended March 31, 2021
OPERATING ACTIVITIES	27,362	18,664
INVESTING ACTIVITIES	-10,398	37,789
FINANCING ACTIVITIES	-13,124	-10,452
<b>Total</b>	<b>3,840</b>	<b>46,001</b>

(Notes on significant subsequent events)

None