

For Immediate Release

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LIXIL Corporation

## LIXIL Profits Hit Record Highs for First Quarter

- *Revenue and profit rise on strong LWT performance in the Americas and Europe and progress of structural reform in Japan*
- *Core earnings ratio jumps to 6.7% and gross profit margin climbs by 5.0pp*

**Tokyo** – LIXIL Corporation (“LIXIL”, TSE Code: 5938), maker of pioneering water and housing products, today announced its first quarter results for the fiscal year ending March 31, 2022.

### CEO Statement:

“Amid the COVID-19 pandemic, we have accelerated our transformation and structural reform efforts. The increase in revenue and record profits for the first quarter are proof that our measures to improve productivity and operational efficiency, optimize our business portfolio, and become more asset light have made us more agile, resilient and profitable. As a result, we are making steady progress toward our financial targets. We continue to forge ahead with strategic initiatives to achieve sustainable growth, including improving the profitability of our Japanese operations, promoting the growth of our international water technology business, and establishing a foundation for long-term growth through innovation. At the same time, we are strengthening our Environmental, Social and Governance (ESG) practices to create value for all our stakeholders. Through these efforts, we strive to deliver on our corporate purpose of making better homes a reality for everyone, everywhere.”

- Kinya Seto, CEO, LIXIL

### Q1 Earnings Summary

#### Revenue

Consolidated revenue for the first quarter rose 11% year on year to ¥345.8 billion. Revenue in the Japan market for the quarter decreased by 1% from the previous year to ¥237.2 billion mainly due to the impact of divestments in FYE2021. Without the impact of these divestments, Japan revenue increased 2% driven by strong demand for home renovation-related products. The sales ratio of renovation-related products in Japan rose 5.0pp to 41% from the year prior. Revenue for LIXIL Water Technology’s (LWT) Japan business jumped 9% on the back of strong sales of touchless faucets and washstand cabinet units equipped with touchless faucets, as well as mid- to high-end products. Revenue for LIXIL Housing Technology (LHT) grew by 2% without the impact of a divestment in FYE2021, driven by robust sales of renovation-related products. Sales for LHT’s Rechent door for renovation and Inplus resin inner window for renovation surged 41% and 36%, respectively. Sales for Smart Delivery Boxes jumped by 55%.

Revenue from international markets increased 50% year on year to ¥113.3 billion for the quarter led by the strong performance of LWT’s business in the Americas and Europe across all key markets, sales channels and product categories. LWT’s sales in the Americas and EMEA rose well above pre-COVID levels with a 35% and 66% year-over-year increase, respectively. Sales in the China market rose 8% supported

by robust retail sales and the strong performance of GROHE products. In the Asia-Pacific region, despite the impact of restrictions on economic activities due to a new wave of COVID-19 cases, overall sales continued to recover and increased by 58%.

### Core Earnings

Core earnings in the first quarter surged by ¥25.7 billion from the same period last year to a record high of ¥23.1 billion. This increase was driven by robust sales of LWT's business in the Americas and Europe with a higher sales margin and the progress of structural reform in Japan. Core earnings ratio improved to 6.7% and gross profit margin rose by 5.0pp to 36.2%. SG&A ratio improved by 2.5pp.

### Net profit for the first quarter attributable to owners of the parent

Net profit for the quarter climbed by ¥20.5 billion to a record high of ¥16.8 billion on the back of business recovery following pandemic-related restrictions and the progress of structural reform and transformation measures.

### **Business and ESG Highlights**

LIXIL continues to focus on priority initiatives under its management direction and is accelerating transformation to build a more agile, entrepreneurial organization and increase productivity. These efforts have led to improvements in profitability and the balance sheet, as well as increased [value for stakeholders](#).

#### **-Reducing Environmental Impact:**

Under its [Environmental Vision 2050](#), LIXIL strives to achieve net-zero carbon emissions through its business processes, products, and services by 2050 and to contribute to a circular economy in order to preserve water and natural resources for future generations. To this end, LIXIL has developed the energy-efficient resin window EW, to be launched in August, following the release of its energy-efficient aluminum window SAMOS A earlier this year. Developed jointly with Germany-based profine Group and deploying profine Group's advanced resin recycling technology, EW not only boasts superior energy efficiency but has also increased the ratio of recycled resin frame materials by approximately three times compared to conventional products. EW also makes it easier to recycle resin frames and glass separately and uses recyclable resin wrapping materials. LIXIL aims to build a recycling system for resin windows in the future by working with the government.

#### **-Establishing a Foundation for Long-Term Growth Through Innovation:**

LIXIL is investing in developing future businesses and pursuing sustainable growth through innovation by leveraging digital and other technologies. One such example is Life Assist 2, which enables smart homes, using LIXIL's Internet-of-Things (IoT) technology. Life Assist 2 allows users to control their entrance doors, shutters, lights, air-conditioners, and home electronics, etc. with their smartphones and smart speakers, helping to create a more convenient, comfortable and safer home. Life Assist 2 also enables automation, remote control and remote monitoring. For instance, users can remotely adjust the room temperature for their pets, automatically turn on the lights when they enter the room, and remotely monitor their children. LIXIL aims to connect more products and devices to Life Assist 2 and collaborate with local communities

and services to further develop its smart home ecosystem.

**-Improving Global Sanitation and Hygiene:**

LIXIL aims to improve the livelihood of 100 million people by 2025 through its sanitation and hygiene initiatives. Today, one in four people still live without access to a basic toilet, while two in five do not have basic handwashing facilities at home. To tackle this challenge, LIXIL has worked with UNICEF since 2018 through the [Make a Splash!](#) partnership to provide children in underserved communities with access to clean, safe toilets and hand hygiene. In order to support the partnership activities and raise awareness of the global sanitation and hygiene issue, LIXIL's GROHE brand has launched its [Energy for Life](#) campaign from May to August in 13 countries in Europe and the Middle East. LIXIL will donate one euro to the partnership for every participating GROHE product purchased.

**-Strengthening Human Rights Protection:**

LIXIL strives to uphold the human rights of all stakeholders, including its employees, end users, suppliers and business partners. The company has recently updated its [LIXIL Human Rights Principles](#) to strengthen its governance system to manage human rights risks and make its human rights due diligence process more transparent. The revision also includes LIXIL's seven [Key Human Rights Issues](#) identified through human risk assessments in 2020 to reduce potential risks. The company's Human Rights Due Diligence Task Force, a cross-functional team, will continue efforts to mitigate human rights risks.

**-Promoting an Inclusive Society:**

As part of its efforts to promote a more inclusive society, LIXIL has set up a temporary barrier-free and gender-neutral public restroom named LIXIL PARK in Tokyo to raise awareness of users' diverse public restroom needs. The public restroom is divided into seven rooms: wheelchair accessible toilets, an ostomy toilet, a toilet equipped with a futuristic holographic touch panel, a toilet with a baby changing station, a baby feeding room, and a safe room. LIXIL will continue to strive to make public restrooms more accessible and comfortable for all.

**-Inclusion in ESG Indexes for Five Consecutive Years:**

Recognized for its continuous efforts to improve ESG practices, LIXIL has been [selected for inclusion](#) in the FTSEGood Index Series, the MCSI Japan Empowering Women Index (WIN), and the FTSE Blossom Japan Index for the fifth consecutive year. In particular, in the areas of governance and diversity and inclusion (D&I), LIXIL has delivered a strong performance as a leader in the housing equipment and construction industry. In April, the company updated its [Diversity and Inclusion \(D&I\) strategy and targets](#), focused on building an inclusive environment to empower employees and enhance consumer centricity. This included setting goals to achieve a 50:50 gender ratio for Directors and Executive Officers, and female representation for managerial positions of 30% across the organization by 2030.

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**About LIXIL**

LIXIL makes pioneering water and housing products that solve everyday, real-life challenges, making better homes a reality for everyone, everywhere. Drawing on our Japanese heritage, we create world-leading technology and innovate to make high quality products that transform homes. But the LIXIL difference is how we do this; through meaningful design, an entrepreneurial spirit, a dedication to improving accessibility for all, and responsible business growth. Our approach comes to life through industry leading brands, including INAX, GROHE, American Standard, and TOSTEM. Approximately 55,000 colleagues operating in more than 150 countries are proud to make products that touch the lives of more than a billion people every day.