

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025
(International Financial Reporting Standards)

Company Name: LIXIL CORPORATION

Code Number: 5938

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Scheduled date of ordinary general meeting of shareholders:

June 19, 2025

Scheduled date of issue of securities report:

June 18, 2025

Scheduled date to commence dividend payments:

June 4, 2025

Preparation of supplementary material on financial results:

Yes

Holding of financial results briefing:

Yes (For investment analysts and institutional investors)

(Amounts less than one million Japanese yen are rounded)

1. Consolidated Financial Results for the FY Ended March, 2025 (April 1, 2024 through March 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	From Continuing Operations									
	Revenue		Core earnings		Operating profit		Profit before tax		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 2025	1,504,697	1.4	31,337	35.3	29,687	81.6	20,150	202.4	2,268	—
FYE 2024	1,483,224	-0.9	23,162	-10.0	16,351	-34.3	6,664	-66.3	-9,455	—

	Including Discontinued Operations									
	Profit		Profit attributable to owners of the parent		Total comprehensive income		Basic earnings per share		Diluted earnings per share	
	Million yen	%	Million yen	%	Million yen	%	Yen		Yen	
FYE 2025	2,218	—	2,001	—	1,470	-96.5	6.97		6.97	
FYE 2024	-14,614	—	-13,908	—	42,329	-12.0	-48.43		-48.43	

	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
	%	%	%	%
FYE 2025	0.3	1.1	2.1	2.0
FYE 2024	-2.2	-0.0	1.6	1.1

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

FYE 2025 327 million yen FYE 2024 -153 million yen

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	Equity attributable to owners of the parent per share
	Million yen	Million yen	Million yen	%	Yen
FYE 2025	1,830,804	620,070	617,886	33.7	2,150.86
FYE 2024	1,886,595	644,338	642,511	34.1	2,237.53

(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
FYE 2025	100,002	-28,127	-72,470	123,527
FYE 2024	47,990	-29,876	-3,673	124,485

2. Cash Dividends

	Annual dividends per share					Total amount of cash dividends (annual)	Dividend payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of parent
	End of Q1	End of Q2	End of Q3	End of period	For the year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FYE 2024	—	45.00	—	45.00	90.00	25,844	—	4.1
FYE 2025	—	45.00	—	45.00	90.00	25,855	1,291.2	4.1
FYE 2026 (forecast)	—	45.00	—	45.00	90.00		323.2	

3. Consolidated Forecast for the FY Ending March, 2026 (April 1, 2025 through March 31, 2026)

(Percentages indicate year-on-year changes)

	From Continuing Operations									
	Revenue		Core earnings		Operating profit		Profit before tax		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 2026	1,540,000	2.3	35,000	11.7	30,000	1.1	21,000	4.2	8,000	252.7

	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 2026	8,000	260.6	8,000	299.7	27.85

* Notes

(1) Significant changes in the scope of consolidation during the 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) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimate: None

(3) Outstanding shares (Common shares)

(i) Outstanding shares including treasury shares (March 31, 2025) 287,340,460 shares (FY ended March 31, 2024) 287,211,790 shares

(ii) Treasury shares (March 31, 2025) 66,074 shares (FY ended March 31, 2024) 59,323 shares

(iii) Average number of shares during the fiscal year (March 31, 2025) 287,258,128 shares (FY ended March 31, 2024) 287,140,640 shares

* This financial results report is exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Cautionary statements with respect to forward-looking statements)

Performance forecast and other forward-looking statements contained in this report are based on information currently available and on certain assumptions deemed rational at the time of this report's release. Due to various circumstances, however, actual results may differ significantly from such statements.

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

(How to access supplementary financial results material)

The financial results presentation material "Financial Results for the Fiscal Year Ended March 31, 2025 (IFRS) (From April 1, 2024 to March 31, 2025)" has been posted on TDnet and the Company's website on April 30, 2025.

Table of Contents

1. Overview of Operating Results	2
(1) Overview of Operating Results for the current fiscal year	2
(2) Overview of Financial Position and Cash Flows for the current fiscal year	5
2. Basic approach to the selection of accounting standards	6
3. Consolidated Financial Statements	7
(1) Consolidated Statement of Financial Position	7
(2) Consolidated Statements of Profit or Loss and Comprehensive Income	9
Consolidated Statement of Profit or Loss	9
Consolidated Statement of Comprehensive Income	10
(3) Consolidated Statement of Changes in Equity	11
(4) Consolidated Statement of Cash Flows	13
(5) Notes related to Financial Statements	15
(Notes related to Going Concern Assumptions)	15
(Segment Information)	15
(Notes related to Consolidated Statement of Profit or Loss)	18
(Information per share)	21
(Notes on significant subsequent events)	22

1. Overview of Operating Results

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

In the fiscal year ended March 31, 2025, the Japanese economy experienced a gradual recovery, with company profits trending steadily higher and signs of improvement in the employment and income situation. This was accompanied by a recovery in capital expenditure and personal consumption. However, the outlook remains uncertain due to persistently high energy prices, continued inflation, and the impact of rising mortgage interest rates on consumer behavior. The outlook for the housing sector remains sluggish, with a decline in the number of new housing starts, especially for owner-occupied and detached houses. This overshadows the creation of demand in the renovation market, particularly for insulation products, driven by large-scale government subsidies for energy-saving housing. Negative factors include consumers weakened inclination to acquire homes amid elevated housing prices caused by persistently high prices for construction materials.

The global economy saw continued economic uncertainty. Growth markets such as the Middle East and India experienced robust demand, while policy interest rates were gradually lowered in Europe. However, high interest rates persisted in the United States, and concerns about the outlook for the Chinese economy continued due to the ongoing stagnation of the real estate market. Looking ahead, in addition to the anticipated continuation of high interest rates and rising personnel costs, it is necessary to continue monitoring the impact on international economies from developments in US trade policy, foreign exchange rate fluctuations, the prolonged Russia-Ukraine conflict, geopolitical risks such as the situation in the Middle East, and other factors.

The financial results for LIXIL Corporation and its consolidated subsidiaries (together, "the Group") for the fiscal year ended March 31, 2025, were as follows: In Japan, although sales for new housing struggled due to the sluggish number of new housing starts, renovation demand, particularly for water-related products, remained strong. In the international business, despite continued sluggish demand in the United States and the downturn in the real estate market in China, revenue increased due to improved sales in Europe, growth in the Middle East and India, and the impact of foreign exchange translation. As a result, consolidated revenue increased to 1,504,697 million yen (up 1.4% year-on-year). In relation to profitability, although there were increased costs due to persistently high component and energy prices, the Company continued efforts to optimize sales prices, primarily in Japan, improved sales primarily in Europe, and realized cost reduction effects from structural reforms. Consequently, core earnings increased to 31,337 million yen (up 35.3% year-on-year). Moreover, operating profit increased significantly to 29,687 million yen (up 81.6% year-on-year). Other expenses related to the implementation of structural reforms decreased compared to the previous fiscal year. Profit before tax from continuing operations increased significantly to 20,150 million yen (3.0 times year-on-year).

Profit for the year attributable to owners of the parent after deducting non-controlling interests, was 2,001 million yen (compared with a loss attributable to owners of the parent of 13,908 million yen in the previous fiscal year). This was due to an increase in tax burden resulting from the poor performance of some consolidated subsidiaries and others.

Overview by segment is as follows:

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

Water Technology Business

For the Water Technology Business, which mainly offers water-related products, revenue in the Japan business increased year-on-year due to the effect of price optimizations and continued strong sales of renovation-related products, despite the continued impact from a decline in new housing demand. In the international business, revenue also increased year-on-year. Despite continued sluggish demand in the United States and China, there were strong sales in Europe and the Middle East, and a positive impact from foreign exchange translation. As a result, revenue increased to 927,844 million yen (up 3.4% year-on-year).

Core earnings increased significantly to 40,941 million yen (up 80.2% year-on-year). In the Japan business, this was due to increased renovation sales and the effects of price optimizations, which offset the impact of rising component prices and foreign exchange fluctuations. In the international business, this was due to factors such as increased sales and reduced SG&A expenses from structural reform efforts.

Housing Technology Business

For the Housing Technology Business, which mainly offers housing-related building materials in Japan, revenue declined slightly to 586,819 million (down 1.6% year-on-year). This was due to the substantial impact of the decline in new housing demand (similar to the impact on the Water Technology Business), and a decrease in sales from the business divestitures in the previous year. At the same time, there was significant growth in renovation sales of insulation products, particularly windows, driven by the introduction of a national large-scale subsidy program aimed at achieving a low-carbon society.

Core earnings decreased to 29,172 million yen (down 18.7% year-on-year). This was largely due to the impact of sluggish sales for new housing, as well as continued increases in component costs and energy prices.

(Notes)

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

Regarding the Japan outlook for the fiscal year ending March 2026, the economic environment is expected to continue to pick up, but uncertainties remain from factors such as further contraction of new housing demand due to rising interest rates, exchange rate fluctuations, and trends in inflation. For international markets, interest rate declines are expected, particularly in Europe and the United States. Steady sales growth is expected in Europe and demand capture is anticipated in growth markets such as the Middle East and India. Uncertainties are expected to persist, however. These include global instability caused by geopolitical risks such as developments in US reciprocal tariff measures and prolonged international conflicts, as well as sluggish real estate markets and higher inflation.

In this business environment, the Group has taken decisive actions aligned with the strategic initiatives outlined in the 'LIXIL Playbook.' The Group has continued structural reforms, especially aimed at the pressing issue of recovering the profitability of its international business operations. These include shifting to higher-profit margin products and distribution channels, further reviewing the business portfolio such as streamlining unprofitable businesses, and restructuring the supply chain. The Company anticipates these initiatives will further improve profitability from the fiscal year ending March 2026.

To enhance financial performance and achieve sustainable growth, the Company remains focused on serving consumers with more differentiated products while also delivering a positive impact for society and the environment. Concurrently, a transformation is underway to turn the Company into an agile, entrepreneurial organization, through accelerated digital transformation and the building of an inclusive culture that can drive innovation and seeks new avenues for growth.

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

Reflecting the above business environment and management strategy, the Company forecasts the following for the fiscal year ending March 31, 2026: Revenue of 1,540.0 billion yen (up 2.3% year-on-year), core earnings of 35.0 billion yen (up 11.7% year-on-year), operating profit of 30.0 billion yen (up 1.1% year-on-year), profit before tax from continuing operations of 21.0 billion yen (up 4.2% year-on-year), and profit for the year attributable to owners of the parent of 8.0 billion yen (4.0 times year-on-year), projecting an increase in both revenue and profit.

Based on the policy of consistent and stable shareholder returns, the Company plans to pay an annual dividend of 90 yen per share, consisting of interim and year-end dividends of 45 yen each for the fiscal year ending March 31, 2026, the same as in the previous fiscal year.

The above forecasts for the fiscal year ending March 31, 2026, are based on the information available to the Company as of the date of publication. Actual results may differ from the forecasts above due to various factors.

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

Total assets as of March 31, 2025, were 1,830,804 million yen (down 55,791 million yen from the previous fiscal year end). Current assets were 701,241 million yen (down 29,537 million yen from the previous fiscal year-end). This decline was due to the impact of foreign currency translation, a decrease in trade and other receivables due to the previous fiscal year-end falling on a holiday, and a decrease in inventories and other financial assets due to business restructuring. Non-current assets were 1,129,563 million yen (down 26,254 million yen from the previous fiscal year end), with the main factors representing a foreign currency translation of goodwill and other intangible assets, as well as decreases in property, plant, and equipment and intangible assets.

Total equity was 620,070 million yen and the ratio of equity attributable to owners of the parent was 33.7% (a decrease of 0.4 percentage points year-on-year).

The cash flow status for the consolidated fiscal year ended March 31, 2025, was as follows. The amounts are the sum of cash flows, including discontinued operations.

Net cash provided by operating activities was 100,002 million yen (up 52,012 million yen year-on-year). Major factors included an increase in profit before tax from continuing operations and changes in working capital (including changes related to trade and other receivables, inventories, and trade and other payables).

Net cash used in investing activities was 28,127 million yen (down 1,749 million yen year-on-year). Major factors included purchase of property, plant and equipment and intangible assets associated with capital investments. This was partially offset by a temporary income and expenses from business restructuring, such as income from business transfers and expenses from an absorption-type split of a subsidiary.

Net cash used in financial activities was 72,470 million yen (up 68,797 million yen year-on-year). Factors for the increase included proactive procurement and repayment of interest-bearing debt, both short-term and long-term, as well as the payment of dividends and lease liabilities.

As a result, cash and cash equivalents as of March 31, 2025, totaled 123,527 million yen (down 958 million yen from the previous fiscal year end), after accounting for exchange rate differences and other factors.

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

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	FYE 2025
Core earnings to Revenue (%)	4.2	4.5	1.7	1.6	2.1
Ratio of equity attributable to owners of the parent to total assets (%)	31.7	34.3	33.7	34.1	33.7
Net interest-bearing debt-to-EBITDA ratio (times)	3.5	2.9	4.8	5.3	4.7

(Notes)

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

Each indicator is calculated as follows.

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

2. Interest-bearing debt includes all liabilities booked in the Consolidated Statement of financial position on which interest is paid and convertible bond-type bonds with subscription rights to shares. Depreciation and amortization used in the calculation of EBITDA do not include amounts related to Permasteelisa S.p.A. and its subsidiaries, and to LIXIL VIVA Corporation, which are classified as discontinued operations.

2. Basic approach to the selection of accounting standards

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

3. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of March 31, 2024	End of this year (As of March 31, 2025)
ASSETS		
Current assets:		
Cash and cash equivalents	Y 124,485	Y 123,527
Trade and other receivables	300,179	283,914
Inventories	248,300	243,926
Contract assets	16,816	17,861
Income taxes receivable	5,982	1,691
Other financial assets	13,025	7,176
Other current assets	21,991	22,993
Subtotal	730,778	701,088
Assets held for sale	—	153
Total current assets	730,778	701,241
Non-current assets:		
Property, plant and equipment	378,056	365,552
Right-of-use assets	60,619	63,530
Goodwill and other intangible assets	561,473	545,561
Investment property	2,084	2,406
Investments accounted for using the equity method	7,709	7,561
Other financial assets	59,698	60,994
Deferred tax assets	83,284	80,145
Other non-current assets	2,894	3,814
Total non-current assets	1,155,817	1,129,563
Total assets	Y 1,886,595	Y 1,830,804

(Unit: Millions of yen)

	As of March 31, 2024	End of this year (As of March 31, 2025)
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities:		
Trade and other payables	Y 248,800	Y 246,802
Bonds and borrowings	208,893	190,337
Lease liabilities	19,468	19,786
Contract liabilities	8,982	9,850
Income taxes payable	9,454	8,129
Other financial liabilities	4,334	4,437
Provisions	2,559	1,156
Other current liabilities	92,102	91,286
Total current liabilities	594,592	571,783
Non-current liabilities:		
Bonds and borrowings	406,523	402,209
Lease liabilities	42,308	45,468
Other financial liabilities	28,928	29,581
Net defined benefit liabilities	78,950	72,975
Provisions	6,578	6,595
Deferred tax liabilities	73,716	75,628
Other non-current liabilities	10,662	6,495
Total non-current liabilities	647,665	638,951
Total liabilities	1,242,257	1,210,734
EQUITY		
Share capital	68,530	68,654
Capital surplus	221,632	221,587
Treasury shares	-126	-138
Other components of equity	125,578	121,146
Retained earnings	226,897	206,637
Equity attributable to owners of the parent	642,511	617,886
Non-controlling interests	1,827	2,184
Total equity	644,338	620,070
Total liabilities and equity	Y 1,886,595	Y 1,830,804

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

(Unit: Millions of yen)

	FY ended March 31, 2024	FY ended March 31, 2025
Continuing operations		
Revenue	Y 1,483,224	Y 1,504,697
Cost of sales	-1,010,512	-1,006,584
GROSS PROFIT	472,712	498,113
Selling, general and administrative expenses	-449,550	-466,776
Other income	13,813	11,012
Other expenses	-20,624	-12,662
OPERATING PROFIT	16,351	29,687
Finance income	3,661	3,996
Finance costs	-13,195	-13,860
Share of profit (loss) of associates accounted for using the equity method	-153	327
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	6,664	20,150
Income tax expenses	-16,119	-17,882
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	-9,455	2,268
Discontinued operations		
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	-5,159	-50
PROFIT (LOSS) FOR THE YEAR	-14,614	2,218
Profit (loss) for the year attributable to:		
Owners of the parent		
Continuing operations	-8,749	2,051
Discontinued operations	-5,159	-50
Total	-13,908	2,001
Non-controlling interests	-706	217
PROFIT (LOSS) FOR THE YEAR	Y -14,614	Y 2,218

(Unit: Yen)

	FY ended March 31, 2024	FY ended March 31, 2025
Earnings (loss) per share		
Basic (yen per share)		
Continuing operations	-30.46	7.14
Discontinued operations	-17.97	-0.17
Total	-48.43	6.97
Diluted (yen per share)		
Continuing operations	-30.46	7.14
Discontinued operations	-17.97	-0.17
Total	-48.43	6.97

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	FY ended March 31, 2024	FY ended March 31, 2025
PROFIT (LOSS) FOR THE YEAR	Y -14,614	Y 2,218
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	6,756	-446
Remeasurements of defined benefit pension plans	-386	3,586
Total of items that will not be reclassified to profit or loss	6,370	3,140
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	50,654	-2,998
Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	-79	-885
Share of other comprehensive income of associates accounted for using the equity method	-2	-5
Total items that may be reclassified subsequently to profit or loss	50,573	-3,888
Other comprehensive income, net of tax	56,943	-748
TOTAL COMPREHENSIVE INCOME	42,329	1,470
Profit for the year attributable to:		
Owners of the parent	42,999	1,157
Non-controlling interests	-670	313
TOTAL COMPREHENSIVE INCOME	Y 42,329	Y 1,470

(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, 2023	68,418	221,812	-113	9,839	—	56,772	1,522
Profit (loss)	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	6,756	-386	50,618	-79
Total comprehensive income	—	—	—	6,756	-386	50,618	-79
Purchase of treasury shares	—	—	-15	—	—	—	—
Disposal of treasury shares	—	-0	2	—	—	—	—
Share-based payment transactions	112	-30	—	—	—	—	—
Dividends	—	—	—	—	—	—	—
Changes in interests in subsidiaries that do not result in the Group losing control over the subsidiaries	—	-150	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	148	386	—	—
Total transactions with owners	112	-180	-13	148	386	—	—
BALANCE AS OF MARCH 31, 2024	68,530	221,632	-126	16,743	—	107,390	1,443
Profit (loss)	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	-446	3,586	-3,094	-885
Total comprehensive income	—	—	—	-446	3,586	-3,094	-885
Purchase of treasury shares	—	—	-13	—	—	—	—
Disposal of treasury shares	—	-0	1	—	—	—	—
Share-based payment transactions	124	-1	—	—	—	—	—
Dividends	—	—	—	—	—	—	—
Changes in interests in subsidiaries that do not result in the Group losing control over the subsidiaries	—	-44	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	-2	-3,586	—	—
Total transactions with owners	124	-45	-12	-2	-3,586	—	—
BALANCE AS OF MARCH 31, 2025	68,654	221,587	-138	16,295	—	104,296	558

(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, 2023	21	68,154	267,162	625,433	2,287	627,720
Profit (loss)	—	—	-13,908	-13,908	-706	-14,614
Other comprehensive income	-2	56,907	—	56,907	36	56,943
Total comprehensive income	-2	56,907	-13,908	42,999	-670	42,329
Purchase of treasury shares	—	—	—	-15	—	-15
Disposal of treasury shares	—	—	—	2	—	2
Share-based payment transactions	-17	-17	17	82	—	82
Dividends	—	—	-25,840	-25,840	—	-25,840
Changes in interests in subsidiaries that do not result in the Group losing control over the subsidiaries	—	—	—	-150	210	60
Transfers from other components of equity to retained earnings	—	534	-534	—	—	—
Total transactions with owners	-17	517	-26,357	-25,921	210	-25,711
BALANCE AS OF MARCH 31, 2024	2	125,578	226,897	642,511	1,827	644,338
Profit (loss)	—	—	2,001	2,001	217	2,218
Other comprehensive income	-5	-844	—	-844	96	-748
Total comprehensive income	-5	-844	2,001	1,157	313	1,470
Purchase of treasury shares	—	—	—	-13	—	-13
Disposal of treasury shares	—	—	—	1	—	1
Share-based payment transactions	—	—	—	123	—	123
Dividends	—	—	-25,849	-25,849	—	-25,849
Changes in interests in subsidiaries that do not result in the Group losing control over the subsidiaries	—	—	—	-44	44	—
Transfers from other components of equity to retained earnings	—	-3,588	3,588	—	—	—
Total transactions with owners	—	-3,588	-22,261	-25,782	44	-25,738
BALANCE AS OF MARCH 31, 2025	-3	121,146	206,637	617,886	2,184	620,070

(4) Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	FY ended March 31, 2024	FY ended March 31, 2025
OPERATING ACTIVITIES:		
Profit before tax from continuing operations	Y 6,664	Y 20,150
Loss before tax from discontinued operations	-7,416	-71
Profit (Loss) before tax	-752	20,079
Depreciation and amortization	81,330	83,193
Impairment losses	4,575	3,450
Loss recognized on the measurement to fair value less costs to sell the disposal group held for sale	1,097	—
Loss recognized on the measurement to fair value, accounts receivable – other	6,939	—
Interest and dividend income	-2,779	-2,959
Interest expense	10,125	11,877
Share of (profit) loss of associates accounted for using the equity method	153	-327
Gain on disposal of the disposal group held for sale	-2,248	—
Gain on sale of businesses	—	-1,990
Losses (gains) on disposal of property, plant and equipment	1,506	727
Losses (gains) on disposal of investment property	-6,417	26
Decrease (increase) in trade and other receivables	-1,026	15,833
Decrease (increase) in inventories	33,292	2,835
(Decrease) increase in trade and other payables	-76,472	-2,119
(Decrease) increase in net defined benefit liabilities	1,690	-5,732
Other	11,816	-6,695
Subtotal	62,829	118,198
Interest received	1,576	1,784
Dividends received	2,152	1,380
Interest paid	-9,863	-11,289
Income taxes paid	-8,704	-10,071
Net cash generated by operating activities	Y 47,990	Y 100,002

(Unit: Millions of yen)

	FY ended March 31, 2024	FY ended March 31, 2025
INVESTING ACTIVITIES:		
Decrease (increase) in time deposits	Y -3,564	Y 412
Purchase of property, plant and equipment	-37,870	-34,359
Proceeds from disposal of property, plant and equipment	219	712
Purchase of intangible assets	-15,003	-10,811
Proceeds from disposal of investment property	7,176	108
Decrease (increase) in short-term loans receivable	5,226	5,294
Purchase of investments	-79,286	-104,034
Proceeds from sale and redemption of investments	81,737	104,025
Payments for absorption-type company split	—	-2,857
Payments for acquisition of subsidiaries	—	-52
Proceeds from sale of businesses	—	13,075
Proceeds from absorption-type company split	9,875	—
Proceeds from sale of subsidiaries	2,112	—
Other	-498	360
Net cash used in investing activities	Y -29,876	Y -28,127
FINANCING ACTIVITIES:		
Dividends paid	Y -25,840	Y -25,849
(Decrease) increase in short-term borrowings and commercial paper	22,443	-16,977
Proceeds from long-term borrowings	140,100	43,596
Repayment of long-term borrowings	-93,229	-86,940
Proceeds from issuance of bonds	—	35,835
Redemption of bonds	-25,000	—
Lease liabilities paid	-22,128	-22,124
Other	-19	-11
Net cash used in financing activities	Y -3,673	Y -72,470
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,441	-595
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	106,677	124,485
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	3,367	-363
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	Y 124,485	Y 123,527

(5) Notes related to Financial Statements

(Notes related to Going Concern Assumptions)

Not applicable.

(Segment Information)

1. Description of Reportable Segments

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

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

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

2. Methods of measurement for the amounts of revenue and profit or loss for each reportable segment

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

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

For the FY ended March 31, 2024 (April 1, 2023 through March 31, 2024)

(Unit: Millions of yen)

	Reportable Segments		Total	Reconciliations (Note 2)	Consolidated
	Water Technology Business	Housing Technology Business			
Revenue					
Revenue from external customers	Y 892,557	Y 590,667	Y 1,483,224	Y —	Y 1,483,224
Intersegment revenue or transfers	4,367	5,781	10,148	-10,148	—
Total	896,924	596,448	1,493,372	-10,148	1,483,224
Segment profit (Note 1)	22,717	35,887	58,604	-35,442	23,162
Other income					13,813
Other expenses					-20,624
Operating profit					16,351
Finance income					3,661
Finance costs					-13,195
Share of loss of associates accounted for using the equity method					-153
Profit before tax from continuing operations					6,664
Other items					
Depreciation and amortization	50,080	30,917	80,997	333	81,330
Impairment losses	3,267	1,308	4,575	—	4,575
Share of profit (loss) of associates accounted for using the equity method	19	-172	-153	—	-153
Investments accounted for using the equity method	260	7,449	7,709	—	7,709
Capital expenditures	39,629	21,319	60,948	7	60,955

For the FY ended March 31, 2025 (April 1, 2024 through March 31, 2025)

(Unit: Millions of yen)

	Reportable Segments		Total	Reconciliations (Note 2)	Consolidated
	Water Technology Business	Housing Technology Business			
Revenue					
Revenue from external customers	Y 923,714	Y 580,983	Y 1,504,697	Y —	Y 1,504,697
Intersegment revenue or transfers	4,130	5,836	9,966	-9,966	—
Total	927,844	586,819	1,514,663	-9,966	1,504,697
Segment profit (Note 1)	40,941	29,172	70,113	-38,776	31,337
Other income					11,012
Other expenses					-12,662
Operating profit					29,687
Finance income					3,996
Finance costs					-13,860
Share of profit of associates accounted for using the equity method					327
Profit before tax from continuing operations					20,150
Other items					
Depreciation and amortization	52,515	30,336	82,851	342	83,193
Impairment losses	2,844	606	3,450	—	3,450
Share of profit of associates accounted for using the equity method	4	323	327	—	327
Investments accounted for using the equity method	201	7,360	7,561	—	7,561
Capital expenditures	41,677	21,905	63,582	0	63,582

(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.

(Notes related to Consolidated Statements of Profit or Loss)

For the FY ended March 31, 2024 (April 1, 2023 through March 31, 2024)

(1) Costs related to "Career Option Program"

The Group is working to enhance their personnel systems to support multigenerational career planning and development. As part of this initiative, the Group implements "Career Option Program" which permanent employees working at object of companies of the Group in Japan who have reached a certain age with certain duration of service will be able to select the option of pursuing opportunities outside the company before the usual statutory retirement age.

Costs for premium retirement allowance and outplacement services related to "Career Option Program" are recorded under cost of sales and selling, general and administrative expenses as follows:

Cost of sales	667 million yen
<u>Selling, general and administrative expenses</u>	<u>1,728 million yen</u>
Total	2,395 million yen

(2) Dissolution and occurrence of loss of consolidated subsidiary (Decorative Panels International, Inc.)

The Company has decided to dissolve Decorative Panels International, Inc. ("DPI"), owned by ASD Holding Corp. ("ASD"), a consolidated subsidiary of the Company.

The Group aims 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 Group is taking a number of steps to transform its operations. These include, strengthening governance, focusing on actively managing the core businesses to enhance productivity and efficiency, driving synergies across business areas, and optimizing the business portfolio to accelerate growth and strengthen financial conditions.

As a manufacturer and distributor of wall panels, DPI became a group company under the ASD umbrella when the Company acquired the shares of ASD in 2013. Since then, DPI has been seeking synergies with the Company's US operations. However, challenging economic and market conditions have undermined efforts to revitalize the business. Therefore after evaluating all available options, the Company has decided to dissolve DPI in order to advance the simplification of our business and the unification of our organizational structure, and also further improve productivity and efficiency.

As a result of this decision, the Company recorded inventory write-downs of 583 million yen in cost of sales and impairment losses and others of 3,692 million yen in other expenses.

(3) Recording a loss for the year from discontinued operations

(Loss recognized on the measurement to fair value, accounts receivable)

The Company completed the transfer of the shares of Permasteelisa S.p.A ("Permasteelisa") on September 30, 2020. Permasteelisa was the Company's former consolidated subsidiary. The Company agreed on the contribution of a certain amount of capital, of which up to 100 million euros ("Deferred Consideration") would 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.

With respect to such Deferred Consideration, the Company and the buyer had requested the accounting firm ("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, the Company recorded a loss recognized on the measurement to fair value, accounts receivable of 6,939 million yen (before tax) based on the re-evaluation of the fair value of accounts receivable.

For the FY ended March 31, 2025 (April 1, 2024 through March 31, 2025)

Costs related to "Career Option Program"

The Group is working to enhance their personnel systems to support multigenerational career planning and development. As part of this initiative, the Group implements "Career Option Program" which permanent employees working at object of companies of the Group in Japan who have reached a certain age with certain duration of service will be able to select the option of pursuing opportunities outside the company before the usual statutory retirement age.

Costs for premium retirement allowance and outplacement services related to "Career Option Program" are recorded under cost of sales and selling, general and administrative expenses as follows:

This program concluded its operation in the fiscal year ended March 31, 2025.

Cost of sales	904 million yen
<u>Selling, general and administrative expenses</u>	<u>2,161 million yen</u>
Total	3,065 million yen

(Information per share)

	FY ended March 31, 2024	FY ended March 31, 2025
	Millions of yen	Millions of yen
Profit (loss) for the year attributable to owners of the parent from continuing operations	-8,749	2,051
Loss for the year attributable to owners of the parent from discontinued operations	-5,159	-50
Profit (loss) for the year attributable to owners of the parent	-13,908	2,001
Profit adjusted for the effect of dilution from continuing operations	—	—
Profit adjusted for the effect of dilution from discontinued operations	—	—
Diluted profit (loss) for the year	-13,908	2,001
	Shares	Shares
Weighted-average number of ordinary shares outstanding	287,140,640	287,258,128
Increase in weighted-average number of ordinary shares due to dilution		
Increase from stock options	—	—
Diluted weighted-average number of ordinary shares	287,140,640	287,258,128
	Yen	Yen
Basic earnings (loss) per share		
Continuing operations	-30.46	7.14
Discontinued operations	-17.97	-0.17
Total	-48.43	6.97
Diluted earnings (loss) per share		
Continuing operations	-30.46	7.14
Discontinued operations	-17.97	-0.17
Total	-48.43	6.97
Diluted potential ordinary shares not included in the calculation of diluted earnings (loss) per share because their inclusion would have been anti-dilutive	—	—

(Notes on significant subsequent events)

Change in reporting segment classification

In the fiscal year ended March 31, 2025, the Group reported in two segments, which include "Water Technology Business" and "Housing Technology Business". However, from the first quarter of the fiscal year ending March 31, 2026, the Group has decided to change to report in three segments, which include "Water Technology Business", "Housing Technology Business", and "Living Business".

The reason for the reporting segments change is that the Group has established the new segment, "Living Business", by integrating the kitchen and washstand cabinet unit business from the "Water Technology Business" and the wooden interior materials business from the "Housing Technology Business". These businesses share many similarities in terms of products, manufacturing processes, and business models. This integration is part of the Group's focus on its strategic initiative to improve profitability of the Japan business and strengthen the Group's business structure, while also providing new value to end users.

As a change, kitchen and washstand cabinet unit business, previously included in the "Water Technology Business," and the wooden interior materials business, previously included in the "Housing Technology Business," will be classified under the "Living Business" in the new segments.

The following presents the revenue, profit or loss, and other items for each reporting segment in the fiscal year ended March 31, 2025, based on the new segment classifications.

For the FY ended March 31, 2025 (April 1, 2024 through March 31, 2025)

(Unit: Millions of yen)

	Reportable Segments			Total	Reconciliations (Note 2)	Consolidated
	Water Technology Business	Housing Technology Business	Living Business			
Revenue						
Revenue from external customers	Y 802,586	Y 521,002	Y 181,109	Y 1,504,697	Y —	Y 1,504,697
Intersegment revenue or transfers	2,295	6,121	24,353	32,769	-32,769	—
Total	804,881	527,123	205,462	1,537,466	-32,769	1,504,697
Segment profit (Note 1)	36,853	26,034	7,226	70,113	-38,776	31,337
Other income						11,012
Other expenses						-12,662
Operating profit						29,687
Finance income						3,996
Finance costs						-13,860
Share of profit of associates accounted						327
Profit before tax from continuing operations						20,150
Other items						
Depreciation and amortization	47,707	28,005	7,139	82,851	342	83,193
Impairment losses	2,840	602	8	3,450	—	3,450
Share of profit of associates accounted	4	323	—	327	—	327
Investments accounted for using the equity method	201	7,360	—	7,561	—	7,561
Capital expenditures	37,069	20,027	6,486	63,582	0	63,582

(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.