

Consolidated Financial Results for the Third Quarter Ended December 31, 2019
(International Financial Reporting Standards)

Company Name: LIXIL GROUP CORPORATION
 Code Number: 5938
 Representative: Kinya Seto, President & CEO
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 Scheduled date of issue of quarterly financial report: February 13, 2020
 Preparation of supplementary materials for quarterly financial results: Yes
 Information meeting for quarterly financial results to be held: Yes (For investment analysts and institutional investors)

Stock Listings: Tokyo, Nagoya
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 Schedule date of payment of dividends: -

(Amounts less than one million yen are rounded)

1. Consolidated Financial Results for the Q3 of FY Ending March 2020 (April 1 through December 31, 2019)

(1) Consolidated Operating Results

(% indicate changes from the figures of corresponding period of the previous fiscal year)

	Revenue		Core earnings		Operating profit		Profit before tax		Profit for the quarter		Profit for the quarter attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 2020 Q3	1,396,495	1.1	51,728	39.3	45,671	19.3	53,236	47.0	32,580	538.1	30,689	-
FYE 2019 Q3	1,381,186	0.8	37,146	-45.8	38,285	-18.9	36,209	-17.2	5,106	-87.4	2,134	-94.5

	Total comprehensive income for the quarter		Basic earnings per share		Diluted earnings per share	
	Million yen	%	Yen		Yen	
FYE 2020 Q3	32,132	-	105.79		95.99	
FYE 2019 Q3	-7,443	-	7.36		7.21	

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

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
	Million yen	Million yen	Million yen	%
FYE 2020 Q3	2,205,915	577,883	543,940	24.7
FYE 2019	2,059,544	567,167	533,656	25.9

2. Cash Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of period	For the year
	Yen	Yen	Yen	Yen	Yen
FYE 2019	—	35.00	—	35.00	70.00
FYE 2020	—	35.00	—		
FYE 2020 (forecast)				35.00	70.00

Note: Revision of dividends forecast during this period: No

3. Consolidated Forecast for the FY Ending March 2020 (April 1, 2019 through March 31, 2020)

(% indicate changes from the figures of corresponding period of the previous fiscal year)

	Revenue		Core earnings		Operating profit		Profit before tax	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FYE 2020	1,850,000	0.9	47,000	267.2	38,000	-	44,000	-

	Profit for the year		Profit for the year attributable to owners of the parent		Basic earnings per share	
	Million yen	%	Million yen	%	Yen	
FYE 2020	17,600	-	15,000	-	51.71	

Note: Revision of consolidated operating performance forecast after the recent announcement: No

*** Notes**

(1) Changes in significant subsidiaries, which affected the scope of consolidation during this period: No
 Newly consolidated company: None
 Excluded company: None

(2) Changes in accounting policies and accounting estimate
 (i) Changes in accounting policies required by IFRS: Yes
 (ii) Other changes: None
 (iii) Changes in accounting estimate: None

(3) Outstanding stocks (Common stocks)

(i) Outstanding stocks including treasury stocks	(December 31, 2019)	313,319,159 shares	(FY ended March 31, 2019)	313,319,159 shares
(ii) Treasury stocks	(December 31, 2019)	23,218,589 shares	(FY ended March 31, 2019)	23,224,165 shares
(iii) Average stocks during nine months (Apr - Dec)	(December 31, 2019)	290,101,481 shares	(December 31, 2018)	289,974,593 shares

* This quarterly 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.

4. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Unit: millions of yen)

	As of March 31, 2019	End of Q3 (As of December 31, 2019)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	Y 141,421	Y 145,797
Trade and other receivables	401,651	388,845
Inventories	234,646	244,732
Contract assets	59,019	57,828
Income taxes receivable	4,824	1,477
Other financial assets	12,612	15,764
Other current assets	26,216	22,879
Subtotal	880,389	877,322
Assets held for sale	11,391	-
Total current assets	891,780	877,322
NON-CURRENT ASSETS:		
Property, plant and equipment	552,759	510,464
Right of use assets	-	206,901
Goodwill and other intangible assets	457,082	446,617
Investment property	6,750	7,765
Investments accounted for using the equity method	12,204	10,102
Other financial assets	90,233	106,495
Deferred tax assets	38,374	34,358
Other non-current assets	10,362	5,891
Total non-current assets	1,167,764	1,328,593
Total assets	Y 2,059,544	Y 2,205,915

(Unit: millions of yen)

	As of March 31, 2019	End of Q3 (As of December 31, 2019)
LIABILITIES AND EQUITY		
LIABILITIES:		
CURRENT LIABILITIES		
Trade and other payables	Y 392,357	Y 377,767
Bonds and borrowings	367,974	273,827
Lease liabilities	-	36,198
Contract liabilities	60,761	53,333
Income taxes payable	8,609	13,282
Other financial liabilities	7,247	5,767
Provisions	7,966	6,583
Other current liabilities	88,700	82,091
Subtotal	933,614	848,848
Liabilities directly associated with the assets held for sale	5,038	-
Total current liabilities	938,652	848,848
NON-CURRENT LIABILITIES		
Bonds and borrowings	357,984	388,849
Lease liabilities	-	191,079
Other financial liabilities	29,323	31,096
Net defined benefit liabilities	85,853	88,984
Provisions	11,638	13,992
Deferred tax liabilities	60,572	56,937
Other non-current liabilities	8,355	8,247
Total non-current liabilities	553,725	779,184
Total liabilities	1,492,377	1,628,032
EQUITY:		
Share capital	68,418	68,418
Capital surplus	277,584	277,810
Treasury shares	-48,899	-48,876
Other components of equity	14,458	16,068
Retained earnings	222,095	230,520
Equity attributable to owners of the parent	533,656	543,940
Non-controlling interests	33,511	33,943
Total equity	567,167	577,883
Total liabilities and equity	Y 2,059,544	Y 2,205,915

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

Consolidated Statement of Profit or Loss

(Unit: millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Revenue	Y 1,381,186	Y 1,396,495
Cost of sales	-966,034	-960,839
GROSS PROFIT	415,152	435,656
Selling, general and administrative expenses	-378,006	-383,928
Other income	11,563	11,793
Other expenses	-10,424	-17,850
OPERATING PROFIT	38,285	45,671
Finance income	5,131	2,767
Finance costs	-7,063	-6,164
Share of profit (loss) of associates and joint ventures accounted for using the equity method	-144	-15
Profit from disposal of share of associates	-	10,977
PROFIT BEFORE TAX	36,209	53,236
Income tax expenses	-31,103	-20,656
PROFIT FOR THE QUARTER	5,106	32,580
Profit for the quarter attributable to:		
Owners of the parent	2,134	30,689
Non-controlling interests	2,972	1,891
PROFIT FOR THE QUARTER	5,106	32,580
Earnings per share		
Basic (yen per share)	7.36	105.79
Diluted (yen per share)	7.21	95.99

Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
PROFIT FOR THE QUARTER	Y 5,106	Y 32,580
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss		
Net gain (loss) on revaluation of financial assets measured through other comprehensive income	-7,208	3,945
Remeasurements of defined benefit pension plans	-1,812	-1,805
Total items that will not be reclassified subsequently to profit or loss	-9,020	2,140
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	-1,050	-3,192
Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	-2,441	615
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	-38	-11
Total items that may be reclassified subsequently to profit or loss	-3,529	-2,588
Other comprehensive income, net of tax	-12,549	-448
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	-7,443	32,132
Total comprehensive income for the quarter attributable to:		
Owners of the parent	-10,342	30,333
Non-controlling interests	2,899	1,799
TOTAL COMPREHENSIVE INCOME FOR THE QUARTER	Y -7,443	Y 32,132

(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 available-for-sale financial assets	Net gain (loss) on revaluation of financial assets measured through other comprehensive income	Remeasurements of defined benefit pension plans	Exchange differences on translation of foreign operations
BALANCE AS OF APRIL 1, 2018	68,121	277,753	-48,984	22,521	-	-	-7,183
Cumulative effects of changes in accounting policies	-	-	-	-22,521	17,891	-	-
RESTATED BALANCE AS OF APRIL 1, 2018	68,121	277,753	-48,984	-	17,891	-	-7,183
Profit for the quarter	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-7,180	-1,812	-1,082
Total comprehensive income for the quarter	-	-	-	-	-7,180	-1,812	-1,082
Purchase of treasury shares	-	-	-12	-	-	-	-
Disposal of treasury shares	-	-0	0	-	-	-	-
Share-based payment transactions	297	-37	84	-	-	-	-
Dividends	-	-	-	-	-	-	-
Reclassification to a non-current asset or disposal group classified as held for sale	-	-	-	-	-80	-	-0
Reclassification from a non-current asset or disposal group classified as held for sale	-	-	-	-	-	-	5,269
Changes in parent's ownership interests in subsidiaries without loss of control	-	-155	-	-	-	-	-
Changes associated with obtaining control of subsidiaries	-	-	-	-	-	-	-
Transfers from other components of equity to retained earnings	-	-	-	-	366	1,812	-
Total transactions with owners	297	-192	72	-	286	1,812	5,269
BALANCE AS OF DECEMBER 31, 2018	68,418	277,561	-48,912	-	10,997	-	-2,996
BALANCE AS OF APRIL 1, 2019	68,418	277,584	-48,899	-	12,112	-	-2,659
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	-
RESTATED BALANCE AS OF APRIL 1, 2019	68,418	277,584	-48,899	-	12,112	-	-2,659
Profit for the quarter	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	3,961	-1,805	-3,108
Total comprehensive income for the quarter	-	-	-	-	3,961	-1,805	-3,108
Purchase of treasury shares	-	-	-10	-	-	-	-
Disposal of treasury shares	-	-0	0	-	-	-	-
Share-based payment transactions	-	215	33	-	-	-	-
Dividends	-	-	-	-	-	-	-
Reclassification to a non-current asset or disposal group classified as held for sale	-	-	-	-	273	-	-
Changes in parent's ownership interests in subsidiaries without loss of control	-	11	-	-	-	-	-
Transfers from other components of equity to retained earnings	-	-	-	-	297	1,805	-
Total transactions with owners	-	226	23	-	570	1,805	-
BALANCE AS OF DECEMBER 31, 2019	68,418	277,810	-48,876	-	16,643	-	-5,767

(Unit: millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Other components of equity					Total		
	Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	Accumulated other comprehensive income relating to non-current assets or disposal group classified as held for sale	Other	Total	Retained earnings (losses)			
BALANCE AS OF APRIL 1, 2018	345	6,460	5,067	27,210	292,797	616,897	32,676	649,573
Cumulative effects of changes in accounting policies	-	-	-	-4,630	5,580	950	-118	832
RESTATED BALANCE AS OF APRIL 1, 2018	345	6,460	5,067	22,580	298,377	617,847	32,558	650,405
Profit for the quarter	-	-	-	-	2,134	2,134	2,972	5,106
Other comprehensive income	-1,101	-1,263	-38	-12,476	-	-12,476	-73	-12,549
Total comprehensive income for the quarter	-1,101	-1,263	-38	-12,476	2,134	-10,342	2,899	-7,443
Purchase of treasury shares	-	-	-	-	-	-12	-	-12
Disposal of treasury shares	-	-	-	-	-	0	-	0
Share-based payment transactions	-	-	-143	-143	160	361	-	361
Dividends	-	-	-	-	-20,296	-20,296	-955	-21,251
Reclassification to a non-current asset or disposal group classified as held for sale	-	80	-	-	-	-	-	-
Reclassification from a non-current asset or disposal group classified as held for sale	-28	-5,241	-	-	-	-	-	-
Changes in parent's ownership interests in subsidiaries without loss of control	-	-	-	-	-	-155	-1,075	-1,230
Changes associated with obtaining control of subsidiaries	-	-	-	-	-	-	218	218
Transfers from other components of equity to retained earnings	-	-	-	2,178	-2,178	-	-	-
Total transactions with owners	-28	-5,161	-143	2,035	-22,314	-20,102	-1,812	-21,914
BALANCE AS OF DECEMBER 31, 2018	-784	36	4,886	12,139	278,197	587,403	33,645	621,048
BALANCE AS OF APRIL 1, 2019	234	22	4,749	14,458	222,095	533,656	33,511	567,167
Cumulative effects of changes in accounting policies	-	-	-	-	58	58	103	161
RESTATED BALANCE AS OF APRIL 1, 2019	234	22	4,749	14,458	222,153	533,714	33,614	567,328
Profit for the quarter	-	-	-	-	30,689	30,689	1,891	32,580
Other comprehensive income	606	1	-11	-356	-	-356	-92	-448
Total comprehensive income for the quarter	606	1	-11	-356	30,689	30,333	1,799	32,132
Purchase of treasury shares	-	-	-	-	-	-10	-	-10
Disposal of treasury shares	-	-	-	-	-	0	-	0
Share-based payment transactions	-	-	-386	-386	337	199	-	199
Dividends	-	-	-	-	-20,307	-20,307	-1,539	-21,846
Reclassification to a non-current asset or disposal group classified as held for sale	-	-273	-	-	-	-	-	-
Changes in parent's ownership interests in subsidiaries without loss of control	-	-	-	-	-	11	69	80
Transfers from other components of equity to retained earnings	-	250	-	2,352	-2,352	-	-	-
Total transactions with owners	-	-23	-386	1,966	-22,322	-20,107	-1,470	-21,577
BALANCE AS OF DECEMBER 31, 2019	840	-	4,352	16,068	230,520	543,940	33,943	577,883

(4) Consolidated Statement of Cash Flows

(Unit: millions of yen)

	Nine months ended December 31, 2018		Nine months ended December 31, 2019	
OPERATING ACTIVITIES:				
Profit before tax	Y	36,209	Y	53,236
Depreciation and amortization		50,990		80,047
Impairment losses		1,453		6,790
Profit recognized on the remeasurement of the disposal group held for sale		-2,040		-
Interest and dividend income		-2,471		-2,611
Interest expense		3,971		4,736
Share of loss (profit) of associates and joint ventures accounted for using the equity method		144		15
Profit from disposal of share of associates		-		-10,977
Loss (gain) on disposal of property, plant and equipment		1,563		141
Decrease (increase) in trade and other receivables		-9,894		12,252
Decrease (increase) in inventories		-21,494		-10,667
Increase (decrease) in trade and other payables		1,682		-11,747
Increase (decrease) in net defined benefit liabilities		3,975		4,014
Other		-10,680		-8,971
Subtotal		53,408		116,258
Interest received		831		1,036
Dividends received		1,543		1,657
Interest paid		-3,698		-4,365
Income taxes paid		-26,109		-13,723
Net cash generated by operating activities	Y	25,975	Y	100,863

(Unit: millions of yen)

	Nine months ended December 31, 2018		Nine months ended December 31, 2019	
INVESTING ACTIVITIES:				
Decrease (increase) in time deposits	Y	-507	Y	464
Purchase of property, plant and equipment		-41,933		-38,875
Proceeds from disposal of property, plant and equipment		1,093		3,321
Purchase of intangible assets		-6,358		-8,015
Proceeds from disposal of investment property		1,117		826
Proceeds from sale of subsidiaries		-		12,811
Decrease (increase) in short-term loans receivable		-1,063		-2,057
Payments for long-term loans receivable		-73		-315
Proceeds from collection of long-term loans receivable		100		350
Payments for acquisition of other investments		-175,438		-173,033
Proceeds from sale and redemption of investments		175,623		186,397
Other		-4,842		-2,499
Net cash used in investing activities	Y	-52,281		-20,625
FINANCING ACTIVITIES:				
Dividends paid		-20,296		-20,307
Dividends paid to non-controlling interests		-955		-1,540
Increase (decrease) in short-term borrowings and commercial paper		80,736		-72,154
Proceeds from long-term borrowings		52,819		134,659
Repayment of long-term borrowings		-63,831		-59,908
Redemption of bonds		-30,000		-30,000
Lease liabilities paid		-		-27,974
Proceeds from stock issuance to non-controlling interests		218		-
Payments for acquisition of interests in subsidiaries from non-controlling interests		-1,231		-
Other		-2,350		81
Net cash generated by financing activities	Y	15,110		-77,143
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		-11,196		3,095
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		138,751		141,421
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		-670		-378
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS INCLUDED IN ASSETS CLASSIFIED HELD FOR SALE		3,763		1,659
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	Y	130,648		145,797

(5) Notes related to Quarterly Financial Statements

(Notes related to Going Concern Assumptions)

Not applicable.

(Notes on Changes in Accounting Policies)

The significant accounting policies adopted for the quarterly consolidated financial statements are the same as those for the consolidated financial statements for the year ended March 31, 2019, with the exception of the items described below.

LIXIL Group Corporation (the "Company") and its subsidiaries (the "Group") have adopted following the new accounting standards from the beginning of the consolidated fiscal year beginning on April 1, 2019.

IFRS Standard	Name of standard	Description of new standards and amendments
IFRS 16	Leases	New requirements in accounting for lease contracts

Due to the mandatory adoption of International Financial Reporting Standard 16 "Leases" (issued in January 2016) ("IFRS 16") from the fiscal year beginning on April 1, 2019, the Group has retrospectively applied the standard in accordance with transitional measures. The Group has applied this Standard to its leases retrospectively with the cumulative effect of initially applying this Standard at the date of initial application.

As a result of this adoption, the Group as a lessee does not classify its leases as either operating leases or finance leases. It also recognizes right-of-use assets representing the right to use an underlying asset over the lease term and lease liabilities representing payments for the right to use an underlying asset for the lease term for all leases in the consolidated statement of financial position for the nine-month reporting period ended December 31, 2019. However, the Group does not apply the requirements of IFRS 16 to short-term leases and leases for which the underlying asset is of low value.

By applying IFRS 16, the amount of "Lease assets" included in "Property, plant and equipment" of assets in the consolidated statement of financial position for the year ended March 31, 2019, has been presented as "Right-of-use assets", and the amount of "Lease obligations" included in "Bonds and borrowings" of liabilities in the consolidated statement of financial position for the year ended March 31, 2019, has been presented as "Lease liabilities" in the consolidated statement of financial position for the nine-month reporting period ended December 31, 2019. Cash flows related to leases classified as Operating Leases were represented as "Net cash generated by operating activities" on the Consolidated Statement of Cash Flows for the nine-month reporting period ended December 31, 2018. However, from the nine-month reporting period ended December 31, 2019, the payments of the principal portion of Lease Liabilities, excluding leases that were not included in the assessment of lease liabilities such as short-term leases and leases for which the underlying asset is of low value, are classified to "Net cash generated by financing activities". In addition, payments of interest of the Lease liabilities are also classified to "Net cash generated by operating activities" respectively. These lease liabilities have been measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted-average of the lessee's incremental borrowing rate is 0.8%.

For the leases that the Group as a lessee previously classified as finance leases under IAS 17, the carrying amounts of "Lease assets" and "Lease obligations" based on IAS 17 before the date of the initial application of IFRS 16 (March 31, 2019) are the carrying amounts of "Right-of-use assets" and "Lease liabilities" at the date of the initial application of IFRS 16.

As a result, the impact at the beginning of the nine-month reporting period ended December 31, 2019, comprises a decrease in "Property, plant and equipment", which was ¥ 30,381 million, an increase in "Right-of-use assets" and "Investment property", which were ¥ 195,037 million and ¥ 1,686 million respectively, a decrease in "Bonds and borrowings", which was ¥ 36,433 million, and an increase in "Lease liabilities", which was ¥ 202,775 million.

The following is a reconciliation of non-cancellable operating lease contracts applying IAS 17 as of March 31, 2019, and lease liabilities recognized in the condensed consolidated statement of financial position at the date of initial application.

(Unit: millions of yen)

Non-cancellable operating lease contracts as of March 31, 2019	Y	115,629
Cancellable operating lease contracts, etc as of March 31, 2019		50,713
Finance lease obligations (current liabilities) as of March 31, 2019 (note)		3,380
Finance lease obligations (non-current liabilities) as of March 31, 2019 (note)		33,053
Total (lease liabilities recognized on April 1, 2019)	Y	202,775

(note) Finance lease obligations are included in "Bonds and borrowings" in Consolidated Statement of Financial Position for the year ended March 31, 2019.

The Group applies the following practical expedients made available under transitional measures for the adoption of IFRS 16.

- The Group did not reassess whether a contract was or contained a lease at the date of initial application of IFRS 16.
- A single discount rate is applied to portfolios of leases with reasonably similar characteristics.
- Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application.
- The Group uses hindsight when calculating term of the lease which contains the options to extend or terminate.

(Segment Information)

Information about Revenue, Income (Loss) and Other Items by Business Segment

For the nine months ended December 31, 2018 (April 1 through December 31, 2018)

(Unit: millions of yen)

	Reportable Segments				
	Water Technology business	Housing Technology business	Building Technology business	Distribution & Retail business	Housing & Services business
Revenue					
Revenue from external customers	Y 606,734	Y 397,194	Y 202,304	Y 135,971	Y 38,983
Intersegment revenue or transfers	13,718	7,711	93	5	2,035
Total	620,452	404,905	202,397	135,976	41,018
Segment profit (Loss) (Note 1)	46,147	16,048	-8,137	7,632	2,583
Other income					
Other expenses					
Operating profit					
Finance income					
Finance costs					
Share of profit (Loss) of associates and joint ventures accounted for using the equity method					
Profit from disposal of share of associates					
Profit before tax					

(Unit: millions of yen)

	Total	Reconciliations (Note 2)	Consolidated
Revenue			
Revenue from external customers	Y 1,381,186	-	Y 1,381,186
Intersegment revenue or transfers	23,562	-23,562	-
Total	1,404,748	-23,562	1,381,186
Segment profit (Loss) (Note 1)	64,273	-27,127	37,146
Other income			11,563
Other expenses			-10,424
Operating profit			38,285
Finance income			5,131
Finance costs			-7,063
Share of profit (Loss) of associates and joint ventures accounted for using the equity method			-144
Profit from disposal of share of associates			-
Profit before tax			36,209

Notes: 1. Segment profit (Loss) is core earnings which are defined as revenue less cost of sales and selling, general and administrative expenses.

2. Segment profit (Loss) reconciliations are expenses for all group companies that are not allocated to reportable segments. Expenses for all group companies are those mainly associated with the administrative departments, including human resources, general affairs, accounting and other departments of the Company and its consolidated subsidiary, LIXIL Corporation.

For the nine months ended December 31, 2019 (April 1 through December 31, 2019)

(Unit: millions of yen)

	Reportable Segments				
	Water Technology business	Housing Technology business	Building Technology business	Distribution & Retail business	Housing & Services business
Revenue					
Revenue from external customers	Y 611,004	Y 410,630	Y 193,847	Y 142,206	Y 38,808
Intersegment revenue or transfers	12,596	6,510	71	0	1,792
Total	623,600	417,140	193,918	142,206	40,600
Segment profit (Loss) (Note 1)	52,219	26,603	-6,305	6,937	2,652
Other income					
Other expenses					
Operating profit					
Finance income					
Finance costs					
Share of profit (Loss) of associates and joint ventures accounted for using the equity method					
Profit from disposal of share of associates					
Profit before tax					

(Unit: millions of yen)

	Total	Reconciliations (Note 2)	Consolidated
Revenue			
Revenue from external customers	Y 1,396,495	-	Y 1,396,495
Intersegment revenue or transfers	20,969	-20,969	-
Total	1,417,464	-20,969	1,396,495
Segment profit (Loss) (Note 1)	82,106	30,378	51,728
Other income			11,793
Other expenses			-17,850
Operating profit			45,671
Finance income			2,767
Finance costs			-6,164
Share of profit (Loss) of associates and joint ventures accounted for using the equity method			-15
Profit from disposal of share of associates			10,977
Profit before tax			53,236

Notes: 1. Segment profit (Loss) is core earnings which are defined as revenue less cost of sales and selling, general and administrative expenses.

2. Segment profit (Loss) reconciliations are expenses for all group companies that are not allocated to reportable segments. Expenses for all group companies are those mainly associated with the administrative departments, including human resources, general affairs, accounting and other departments of the Company and its consolidated subsidiary, LIXIL Corporation.