

Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (International Financial Reporting Standards)

Company Name: LIXIL GROUP CORPORATION Code Number: 5938 Representative: Kinya Seto, President & CEO Contact: Kayo Hirano, Senior Manager of Investor Relations Office Scheduled date of ordinary general meeting of shareholders: June 30, 2020 Scheduled date of issue of Security report: July 1, 2020 Preparation of supplementary materials of the financial results for FYE 2020: Yes Information meeting for financial results for FYE 2020 to be held: Yes	Stock Listings: Tokyo, Nagoya URL: http://www.lixil.com/en/investor/ Telephone: +81-3-6706-7001 Schedule date of payment of dividends: June 30, 2020 Yes (For investment analysts and institutional investors)
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(Amounts less than one million yen are rounded)

1. Consolidated Financial Results for the FY Ended March 2020 (April 1, 2019 through March 31, 2020)**(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	%
FYE 2020	1,694,439	0.1	58,576	7.5	39,121	-20.2	46,811	-1.7	31,932	12.0
FYE 2019	1,692,432	—	54,485	—	49,011	—	47,598	—	28,502	—

	Including Discontinued Operations							
	Profit for the year		Profit for the year attributable to owners of the		Total comprehensive income for the year		Basic earnings per share	Diluted earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
FYE 2020	13,671	—	12,518	—	-10,769	—	43.15	39.65
FYE 2019	-49,288	—	-52,193	—	-61,188	—	-179.98	-179.98

	Including Discontinued Operations		From Continuing Operations	
	Ratio of equity attributable to owners of the	Total assets Earning Ratio before tax	Revenue Core earnings ratio	Revenue Operating profit ratio
	%	%	%	%
FYE 2020	2.4	-1.1	3.5	2.3
FYE 2019	-9.1	-0.9	3.2	2.9

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

FYE 2020 346 million yen FYE 2019 258 million yen

Note: Core earnings is calculated by deducting the cost of sales and selling, general and administrative (SGA) expenses 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 2019 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
	Million yen	Million yen	Million yen	%	Yen
FYE 2020	2,091,529	535,137	502,165	24.0	1,730.99
FYE 2019	2,059,544	567,167	533,656	25.9	1,839.59

(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 2020	157,701	-41,314	-153,285	95,862
FYE 2019	69,351	-72,328	1,579	141,421

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 2019	—	35.00	—	35.00	70.00	20,307	—	3.5
FYE 2020	—	35.00	—	35.00	70.00	20,307	162.2	3.9
FYE 2021 (forecast)	—	—	—	—	—		—	

(Note) The dividend forecast for the fiscal year ending March 2021 has not been determined at this time.

3. Consolidated Forecast for the FY Ending March 2021 (April 1, 2020 through March 31, 2021)

As the impact of COVID-19 and the change in circumstances varies significantly by region, it is difficult to calculate and provide guidance at this time. We will announce our financial forecast for FYE2021 once the impact of COVID-19 can be better evaluated.

* Notes

(1) Changes in significant subsidiaries, which affected the scope of consolidation during this period: None
Newly consolidated company: None

Excluded company: None

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

(3) Outstanding stocks (Common stocks)

(i) Outstanding stocks including treasury stocks	(FY ended March 31, 2020)	313,319,159 shares	(FY ended March 31, 2019)	313,319,159 shares
(ii) Treasury stocks	(FY ended March 31, 2020)	23,216,159 shares	(FY ended March 31, 2019)	23,224,165 shares
(iii) Average stocks during the fiscal year	(FY ended March 31, 2020)	290,101,544 shares	(FY ended March 31, 2019)	290,001,389 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.

4. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Unit: millions of yen)

	As of March 31, 2019	End of this year (As of March 31, 2020)
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	Y 141,421	Y 95,862
Trade and other receivables	401,651	307,054
Inventories	234,646	227,606
Contract assets	59,019	20,280
Income tax receivables	4,824	1,740
Other financial assets	12,612	15,428
Other current assets	26,216	16,578
Subtotal	880,389	684,548
Assets held for sale	11,391	58,232
Total current assets	891,780	742,780
NON-CURRENT ASSETS:		
Property, plant and equipment	552,759	496,865
Right of use assets	—	215,020
Goodwill and other intangible assets	457,082	434,102
Investment property	6,750	7,779
Investments accounted for using the equity method	12,204	10,704
Other financial assets	90,233	90,047
Deferred tax assets	38,374	88,803
Other non-current assets	10,362	5,429
Total non-current assets	1,167,764	1,348,749
Total assets	Y 2,059,544	Y 2,091,529

(Unit: millions of yen)

	As of March 31, 2019	End of this year (As of March 31, 2020)
LIABILITIES AND EQUITY		
LIABILITIES		
CURRENT LIABILITIES:		
Trade and other payables	392,357	336,492
Bonds and borrowings	367,974	232,711
Lease liabilities	—	34,666
Contract liabilities	60,761	10,158
Income taxes payable	8,609	6,159
Other financial liabilities	7,247	7,646
Provisions	7,966	1,731
Other current liabilities	88,700	85,670
Subtotal	933,614	715,233
Liabilities directly associated with the assets held for sale	5,038	91,907
Total current liabilities	938,652	807,140
NON-CURRENT LIABILITIES:		
Bonds and borrowings	357,984	363,379
Lease liabilities	—	201,795
Other financial liabilities	29,323	31,926
Net defined benefit liabilities	85,853	76,907
Provisions	11,638	12,335
Deferred tax liabilities	60,572	55,200
Other non-current liabilities	8,355	7,710
Total non-current liabilities	553,725	749,252
Total liabilities	1,492,377	1,556,392
EQUITY		
Share capital	68,418	68,418
Capital reserves	277,584	278,120
Treasury shares	-48,899	-48,870
Other components of equity	14,458	-12,709
Retained earnings	222,095	217,206
Equity attributable to owners of the parent	533,656	502,165
Non-controlling interests	33,511	32,972
Total equity	567,167	535,137
Total liabilities and equity	Y 2,059,544	Y 2,091,529

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

Consolidated Statement of Profit or Loss

(Unit: millions of yen)

	FY ended March 31, 2019	FY ended March 31, 2020
Continuing operations		
Revenue	Y 1,692,432	Y 1,694,439
Cost of sales	-1,138,847	-1,128,994
GROSS PROFIT	553,585	565,445
Selling, general and administrative expenses	-499,100	-506,869
Other income	12,524	14,390
Other expenses	-17,998	-33,845
OPERATING PROFIT	49,011	39,121
Finance income	7,423	5,330
Finance costs	-9,094	-8,963
Share of profit of associates and joint ventures accounted for using the equity method	258	346
Profit from disposal of share of associates	—	10,977
PROFIT BEFORE TAX	47,598	46,811
Income tax expenses	-19,096	-14,879
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	28,502	31,932
Discontinued operations		
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	-77,790	-18,261
PROFIT (LOSS) FOR THE YEAR	-49,288	13,671
Profit (loss) for the year attributable to:		
Owners of the parent	-52,193	12,518
Non-controlling interests	2,905	1,153
PROFIT (LOSS) FOR THE YEAR	-49,288	13,671
Earnings (loss) per share		
Basic (yen per share)		
Continuing operations	87.48	106.08
Discontinued operations	-267.46	-62.93
Total	-179.98	43.15
Diluted (yen per share)		
Continuing operations	87.48	96.41
Discontinued operations	-267.46	-56.76
Total	-179.98	39.65

Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	FY ended March 31, 2019	FY ended March 31, 2020
PROFIT (LOSS) FOR THE YEAR	Y -49,288	Y 13,671
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	-6,249	-6,166
Remeasurements of defined benefit pension plans	-3,564	2,152
Total items that will not be reclassified subsequently to profit or loss	-9,813	-4,014
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	-619	-17,382
Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	-1,416	-3,033
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	-52	-11
Total items that may be reclassified subsequently to profit or loss	-2,087	-20,426
Other comprehensive income, net of tax	-11,900	-24,440
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-61,188	-10,769
Total comprehensive income for the year attributable to:		
Owners of the parent	-64,122	-11,632
Non-controlling interests	2,934	863
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	Y -61,188	Y -10,769

(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 on available-for-sale financial assets	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
BALANCE AS OF APRIL 1, 2018	68,121	277,753	-48,984	22,521	—	—	-7,183
Cumulative effects of changes in	—	—	—	-22,521	17,891	—	—
RESTATED BALANCE AS OF APRIL 1, 2018	68,121	277,753	-48,984	—	17,891	—	-7,183
Profit (loss) for the year	—	—	—	—	—	—	—
Other comprehensive income (loss)	—	—	—	—	-6,208	-3,564	-745
Total comprehensive income for the year	—	—	—	—	-6,208	-3,564	-745
Purchase of treasury shares	—	—	-14	—	—	—	—
Disposal of treasury shares	—	-0	1	—	—	—	—
Share-based payment transactions	297	12	98	—	—	—	—
Dividends	—	—	—	—	—	—	—
Reclassification to disposal group classified as held for sale	—	—	—	—	-80	—	-0
Reclassification from disposal group classified as held for sale	—	—	—	—	—	—	5,269
Changes in parent's ownership interests in subsidiaries without loss of control	—	-181	—	—	—	—	—
Changes associated with obtaining control of subsidiaries	—	—	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	—	509	3,564	—
Total transactions with owners	297	-169	85	—	429	3,564	5,269
BALANCE AS OF MARCH 31, 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 (loss) for the year	—	—	—	—	—	—	—
Other comprehensive income (loss)	—	—	—	—	-6,153	2,152	-17,077
Total comprehensive income for the year	—	—	—	—	-6,153	2,152	-17,077
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
Changes in 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
BALANCE AS OF MARCH 31, 2020	68,418	278,120	-48,870	—	6,256	—	-23,757

(Unit: millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Other components of equity				Retained earnings (losses)	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				
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	—	—	—	-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 (loss) for the year	—	—	—	—	-52,193	-52,193	2,905	-49,288
Other comprehensive income (loss)	-83	-1,277	-52	-11,929	—	-11,929	29	-11,900
Total comprehensive income for the year	-83	-1,277	-52	-11,929	-52,193	-64,122	2,934	-61,188
Purchase of treasury shares	—	—	—	—	—	-14	—	-14
Disposal of treasury shares	—	—	—	—	—	1	—	1
Share-based payment transactions	—	—	-266	-266	280	421	—	421
Dividends	—	—	—	—	-20,296	-20,296	-955	-21,251
Reclassification to disposal group classified as held for sale	—	80	—	—	—	—	—	—
Reclassification from disposal group classified as held for sale	-28	-5,241	—	—	—	—	—	—
Changes in parent's ownership interests in subsidiaries without loss of control	—	—	—	—	—	-181	-1,244	-1,425
Changes associated with obtaining control of subsidiaries	—	—	—	—	—	—	218	218
Transfers from other components of equity to retained earnings	—	—	—	4,073	-4,073	—	—	—
Total transactions with owners	-28	-5,161	-266	3,807	-24,089	-20,069	-1,981	-22,050
BALANCE AS OF MARCH 31, 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 (loss) for the year	—	—	—	—	12,518	12,518	1,153	13,671
Other comprehensive income (loss)	-3,062	1	-11	-24,150	—	-24,150	-290	-24,440
Total comprehensive income for the year	-3,062	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	142	3,606	—	—	—	—	—	—
Changes in 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	142	3,856	-1,139	-3,017	-17,465	-19,917	-1,505	-21,422
BALANCE AS OF MARCH 31, 2020	-2,686	3,879	3,599	-12,709	217,206	502,165	32,972	535,137

(4) Consolidated Statement of Cash Flows

(Unit: millions of yen)

	FY ended March 31, 2019	FY ended March 31, 2020
OPERATING ACTIVITIES:		
Profit before tax from Continued operations	Y 47,598	Y 46,811
Loss before tax from Discontinued operations	-65,588	-70,173
Loss before tax	-17,990	-23,362
Depreciation and amortization	68,502	105,557
Impairment losses	30,187	18,378
Loss recognized on the measurement to fair value, less costs to sell the disposal group constituting the discontinued operations	—	53,983
Profit recognized on the remeasurement of the disposal group held for sale	-2,040	—
Interest and dividend income	-2,723	-3,490
Interest expense	5,252	6,368
Share of loss (profit) of associates and joint ventures accounted for using the equity method	-258	-346
Profit from disposal of share of associates	—	-10,977
Loss (profit) on sale and disposal of property, plant and equipment	2,437	1,316
Decrease (increase) in trade and other receivables	-9,441	45,881
Decrease (increase) in inventories	-16,304	-1,558
Increase (decrease) in trade and other payables	19,611	-23,767
Increase (decrease) in net defined benefit liabilities	7,493	-2,208
Other	15,894	11,823
Subtotal	100,620	177,598
Interest received	1,134	1,875
Dividends received	1,576	1,693
Interest paid	-4,642	-6,946
Income taxes paid	-29,337	-16,519
Net cash flows from operating activities	Y 69,351	Y 157,701

(Unit: millions of yen)

	FY ended March 31, 2019	FY ended March 31, 2020
INVESTING ACTIVITIES:		
(Increase) decrease in time deposits	Y -1,170	Y 825
Purchase of property, plant and equipment	-57,447	-56,752
Proceeds from disposal of property, plant and equipment	1,127	3,952
Purchase of intangible assets	-10,192	-11,883
Proceeds from disposal of investment property	1,660	857
Proceeds from sale of subsidiaries	—	14,288
Decrease (increase) in short-term loans receivable	-1,370	-2,965
Payments for long-term loans receivable	-115	-350
Proceeds from collection of long-term loans receivable	219	368
Payments for acquisition of other investments	-203,446	-192,045
Proceeds from sale and redemption of investments	203,622	205,442
Other	-5,216	-3,051
Net cash flows from investing activities	Y -72,328	Y -41,314
FINANCING ACTIVITIES:		
Dividends paid	Y -20,296	Y -20,307
Dividends paid to non-controlling interests	-955	-1,540
Increase (decrease) in short-term borrowings and commercial	42,998	-62,634
Proceeds from long-term borrowings	78,787	142,377
Repayment of long-term borrowings	-64,254	-80,330
Redemption of bonds	-30,000	-90,000
Lease liabilities paid	—	-40,954
Proceeds from stock issuance to non-controlling interests	327	—
Payments for acquisition of interests in subsidiaries from non-controlling interests	-1,534	-29
Other	-3,494	132
Net cash flows from financing activities	Y 1,579	Y -153,285
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-1,398	-36,898
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	138,751	141,421
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	515	-2,030
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS INCLUDED IN ASSETS CLASSIFIED HELD FOR SALE	3,553	-6,631
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	Y 141,421	Y 95,862

(5) Notes related to Financial Statements

(Notes related to Going Concern Assumptions)

Not applicable.

(Notes on Changes in Accounting Policies)

The significant accounting policies adopted for the 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 fiscal year ended March 31, 2020. 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 fiscal year ended March 31, 2020. 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 fiscal year ended March 31, 2020. However, from the the fiscal year ended March 31, 2020, 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 fiscal year ended March 31, 2020, 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.

(Additional Information)

Accounting estimate related to the expand of COVID-19

During the fiscal year ended March 2020, the COVID-19 pandemic affected production and sales activities in some regions of Japan and overseas, although the overall impact on the Group's business performance was limited. On the other hand, we anticipate the impact will gradually become more apparent from the beginning of the fiscal year ending March 2021.

In Japan, while the majority of construction sites for residential detached houses continued to operate normally, some construction sites in urban areas suspended operations due to the state-of-emergency declaration, resulting in a 10% decrease in year-on-year domestic shipments in April 2020. Regarding demand in Japan, while new housing starts serve as a leading indicator for product sales, COVID-19 is anticipated to negatively impact the number of new housing starts. This is principally because our home renovation products require installation inside individual homes during a time when social distancing has become a widely implemented measure to prevent the spread of COVID-19. Therefore, we will carefully monitor the potential impact on our financial results going forward.

In overseas markets, all of our subsidiaries in China have resumed operations with the approval of regulatory authorities. Even in geographic areas still under lockdown orders from local authorities, sales offices and other facilities have shifted to teleworking to maintain normal operations and ensure stable and continuous supply of products and services to our customers. With regard to manufacturing, some plants halted production for fixed periods of time to ensure employee safety and compliance with national and local government guidelines. However, as of the end of April 2020, the majority of the Group's plants and sites are in operation. Product shipments across LIXIL International in April 2020 were down 30% on an average due to the various economic impacts related to COVID-19, and we will carefully monitor the potential impact on our financial results going forward.

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 impact it will have on the Group's business performance at this time. However, based on certain assumptions, we have developed estimates such as for the recoverability of deferred tax assets, goodwill and fixed asset impairment tests, and reflected these into our accounting. It is assumed that both Japan and overseas business performance will recover to levels prior to COVID-19 during the second half of the fiscal year ending March 2021, although it could take 1-3 years for some overseas regions to recover.

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 Group may be affected.

(Notes on Changes in Presentation)

Income (loss) from discontinued operations, net of tax, is presented below net income for continuing operations in the consolidated statements of profit or loss. With respect to the businesses classified as discontinued operations, the consolidated statement of profit or loss and the consolidated statement of cash flows for the year ended March 31, 2019 have been partially reclassified. 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.

(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 Group is managed based on five reportable segments consisting of the Water Technology business, the Housing Technology business, the Building Technology business, the Distribution and Retail business, and the Housing and Services business. The Group 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 Distribution and Retail business includes sales of daily necessities, DIY materials, building materials 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.

Since the importance of Housing Technology Business has increased in a domestic subsidiary which was classified under Water Technology Business from the fiscal year ended March 31, 2020, the reporting segments of the domestic subsidiary are now displayed separately as Water Technology and Housing Technology.

As described in Notes (5) Discontinued Operations, the Company signed off on a share transfer agreement to sell 100% of the shares of Permasteelisa S.p.A. ("Permasteelisa"). Revenue, income (loss), and other items of Permasteelisa and its subsidiaries are now classified as discontinued operations in the consolidated financial statements from the beginning of the year ended March 31, 2019. Therefore, the revenue and segment profit of Permasteelisa and its subsidiaries, which was originally included in the Building Technology Business, have been reclassified as discontinued operations in segment information for the year ended March 31, 2019.

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.

(Segment Information)

③ Information about Revenue, Income (Loss) and Other Items by Business Segment

For the FY ended March 31, 2019 (April 1, 2018 through March 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 812,698	Y 532,421	Y 115,759	Y 176,376	Y 55,178
Intersegment revenue or transfers	20,430	8,390	115	5	2,674
Total	833,128	540,811	115,874	176,381	57,852
Segment profit (Note 1)	60,233	20,719	3,688	7,752	3,451
Other income					
Other expenses					
Operating profit					
Finance income					
Finance costs					
Share of profit 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	32,064	27,027	928	5,693	837
Impairment losses	4,832	302	—	208	25
One time allowance for employees	—	—	—	—	—
Share of profit (loss) of associates and joint ventures	-104	65	—	-188	485
Investments accounted for using the equity method	343	4,082	—	1,961	5,818
Capital expenditures	36,858	19,984	2,615	11,217	1,127

(Unit: millions of yen)

	Total	Reconciliations (Note 2)	Consolidated
Revenue			
Revenue from external customers	Y 1,692,432	—	Y 1,692,432
Intersegment revenue or transfers	31,614	-31,614	—
Total	1,724,046	-31,614	1,692,432
Segment profit (Note 1)	95,843	-41,358	54,485
Other income			12,524
Other expenses			-17,998
Operating profit			49,011
Finance income			7,423
Finance costs			-9,094
Share of profit of associates and joint ventures accounted for using the equity method			258
Profit from disposal of share of associates			—
Profit before tax from continuing operations			47,598
Other items			
Depreciation and amortization	66,549	6	66,555
Impairment losses	5,367	—	5,367
One time allowance for employees	—	—	—
Share of profit (loss) of associates and joint ventures	258	—	258
Investments accounted for using the equity method	12,204	—	12,204
Capital expenditures	71,801	16	71,817

- Notes:
1. Segment profit is core earnings which are defined as revenue less cost of sales and selling, general and administrative expenses.
 2. Segment profit 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.
 3. Revenue, income (loss), and other items from discontinued operations are not presented in the reporting above.

(Segment Information)

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	Distribution & Retail Business	Housing & Services Business
Revenue					
Revenue from external customers	Y 811,894	Y 534,026	Y 112,680	Y 184,153	Y 51,686
Intersegment revenue or transfers	16,633	8,177	94	1	2,333
0	828,527	542,203	112,774	184,154	54,019
Segment profit (Note 1)	61,524	28,288	2,671	6,347	2,984
Other income					
Other expenses (Note 1,5)					
Operating profit					
Finance income					
Finance costs					
Share of profit 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 (Note 4)	43,840	35,184	1,672	19,451	1,618
Impairment losses	8,847	4,444	79	2,793	239
One time allowance for employees (Note 5)	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 (Note 4)	43,935	23,602	3,239	65,884	1,567

(Unit: millions of yen)

	Total	Reconciliations (Note 2)	Consolidated
Revenue			
Revenue from external customers	Y 1,694,439	—	Y 1,694,439
Intersegment revenue or transfers	27,238	-27,238	—
Total	1,721,677	-27,238	1,694,439
Segment profit (Note 1)	101,814	-43,238	58,576
Other income			14,390
Other expenses (Note 1,5)			-33,845
Operating profit			39,121
Finance income			5,330
Finance costs			-8,963
Share of profit 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			46,811
Other items			
Depreciation and amortization (Note 4)	101,765	228	101,993
Impairment losses	16,402	917	17,319
One time allowance for employees (Note 5)	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 (Note 4)	138,227	4	138,231

- Notes:
1. Segment profit is core earnings which are defined as revenue less cost of sales and selling, general and administrative expenses. One time allowance for employees is recorded as other expenses instead of cost of sales and selling, general and administrative expenses.
 2. Segment profit 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.
 3. Revenue, income (loss), and other items from discontinued operations are not presented in the reporting above.
 4. Depreciation and amortization, and capital expenditures include amounts related to right-of-use assets.
 5. Record of One time allowance for employees
To support all employees with unplanned expenses related COVID-19, the Company decided to issue a special one-time allowance of ¥ 50,000 or local currency equivalent per person. One time allowance for employees is recorded for ¥ 3,461 million as other expenses in the Consolidated Statement of profit or loss.

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

(Unit: millions of yen)

	As of March 31, 2019	End of this year (As of March 31, 2020)
Assets held for sale		
Cash and cash equivalents	1,659	1,301
Trade and other receivables	4,050	2,108
Inventories	1,068	611
Contract assets	973	—
Property, plant and equipment	3,037	310
Assets related to discontinued operations (Note)	—	53,473
Other assets	604	429
Total	Y 11,391	Y 58,232
Liabilities directly associated with assets held for sale		
Trade and other payables	2,012	878
Other current liabilities	895	41
Net defined benefit liabilities	943	359
Liabilities related to discontinued operations (Note)	—	89,876
Other liabilities	1,188	753
Total	Y 5,038	Y 91,907

Note: 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 “(5) Discontinued Operations” section of the notes.

(Notes on Consolidated Statement of Profit or Loss)

For the FY ended March 31, 2019 (April 1, 2018 through March 31, 2019)

(1) Impairment losses

Impairment loss of ¥ 5,367 million is reported under Other expenses in the Consolidated Statement of Profit or Loss and Comprehensive Income for the fiscal year ended March 31, 2019. Details of impaired assets are as follows:

Category	Segment	Component and Amount (Unit: millions of yen)	
Manufacturing facilities for faucets, etc.	Water Technology Business	Machinery and vehicles	1,122
		Customer-related assets	573
		Trademarks	1,421
		Other	283
		Total	3,399

The Group recognized impairment losses for manufacturing facilities for faucets, etc., of LIXIL Africa Holding (Pty) Ltd. ("LIXIL Africa"). Since the profitability of LIXIL Africa has dropped significantly and the Company has reviewed its business strategy, 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 at its fair value less costs of disposal, determined by discounting future cash flows at a discount rate of 14.3%.

In the fiscal year ended March 31, 2019, the Group recognized impairment losses for the assets described below. The impairment loss was recorded in loss from discontinued operations in the consolidated statement of profit or loss.

Category	Segment	Component and Amount (Unit: millions of yen)	
Manufacturing and selling of curtain walls	Building Technology Business	Goodwill	9,650
		Customer-related assets	12,035
		Technological assets	3,073
		Other	62
		Total	24,820

The Group recognized impairment losses for the assets related to manufacturing and selling of curtain walls of Permasteelisa S.p.A. ("Permasteelisa"). Since profitability of Permasteelisa has dropped significantly and the Company has reviewed its business strategy, 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 at its value in use, determined by discounting future cash flows at a discount rate of 11.8%. For goodwill, customer-related assets and technological assets of Permasteelisa, the Company recognized impairment losses of the entire amount of the total carrying value.

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

(1) Impairment losses

An impairment loss of ¥18,378 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
Retail stores	Distribution and Retail Business	Buildings and structures	334
		Right of use assets	2,432
		Other	27
		Total	2,793
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 Group 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 Group 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 Group recognized impairment losses for retail store-related assets. 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%.

The Group 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 Group 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%.

(2) Career Option Program

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

The Company and the Group are 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

(3) 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 Group launched the Ken Depot business in 2009, and in 2015, carved out the Ken Depot business from LIXIL Corporation 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
Share Transfer Price	¥12,938 million
Share transfer profit	The Company has recorded ¥ 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.

(Information per share)

	FY ended March 31, 2019	FY ended March 31, 2020
	Million yen	Million yen
Profit for the year attributable to owners of the parent from continuing operations	25,369	30,774
Profit for the year attributable to owners of the parent from discontinued operations	-77,562	-18,256
Profit adjusted for the effect of dilution from continuing operations	-52,193	12,518
Profit adjusted for the effect of dilution from discontinued operations	-	234
Profit adjusted for the effect of dilution	-	-
Diluted profit (loss) for the year	-52,193	12,752
	Shares	Shares
Weighted-average number of ordinary shares outstanding	290,001,389	290,101,544
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
Diluted weighted-average number of ordinary shares	290,001,389	321,617,151
	Yen	Yen
Basic earnings (loss) per share		
Continuing operations	87.48	106.08
Discontinued operations	-267.46	-62.93
Total	-179.98	43.15
Diluted earnings (loss) per share (Note)		
Continuing operations	87.48	96.41
Discontinued operations	-267.46	-56.76
Total	-179.98	39.65
	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	4th stock options 323 5th stock options 2,375 7th stock options 2,796 8th stock options 41 9th stock options 300 Zero Coupon Convertible Bonds due 2020 15,492 Zero Coupon Convertible Bonds due 2022 15,819 (The class is ordinary shares)	5th stock options 1,988 7th stock options 2,389 8th stock options 41 9th stock options 300 (The class is ordinary shares)

(Note) Regarding the Diluted loss per share for the fiscal year ended March 31, 2019, diluted potential ordinary shares do not have dilutive effects, as exercise of stock options and conversion of convertible bonds reduce net loss per share.

(5) Discontinued Operations

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

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 ("LIXIL") to Atlas Holdings LLC ("Atlas"), and signed off on a share transfer agreement on the same date. This share transfer is subject to regulatory approvals. Because the Company is considering that there is a high probability of receiving the approvals, all the revenue, income (loss), and other items of Permasteelisa and its subsidiaries are classified to the discontinued operations in the consolidated financial statements.

① Main reason for the transfer

The Group'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 Group'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 Group 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 Group's core business operations in terms of business cycles and other factors. Therefore, the sale of Permasteelisa will allow the Group 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 Group 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.

In line with Permasteelisa's ongoing efforts to revitalize its operations to improve its cash flow and recover profitability with support from the Group, following the share transfer, Atlas will continue the revitalization of Permasteelisa to turn it into a profitable, growing and standalone business, leveraging its expertise in the building materials and commercial construction markets, and its attention to client satisfaction, innovation and operational improvements.

② Name of the transferee company and date of share transfer

Name of the transferee company	Atlas Holdings LLC
Date of share transfer	The Shares will be transferred as soon as the regulatory approvals are received from related countries.

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 (- %)
Consideration received	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 the LIXIL Group after the share transfer	<p>-For certain disputes involving Permasteelisa occurring prior to the date of the share transfer, the Group is obligated to indemnify the loss incurred by Permasteelisa on or after the date of the share transfer. The maximum amount of such compensation is approximately 33 million euros (approx. ¥4 billion).</p> <p>-If the revitalization plan is executed by Permasteelisa after the date of the share transfer, the Group is liable to compensate the costs incurred in implementing the revitalization plan that the Group considers necessary for the implementation of the plan. The maximum amount of such compensation is approximately 68 million euros (Approx. ¥8.1 billion).</p> <p>-Before the share transfer date, the Group will contribute a fixed amount of capital, of which up to 100 million euros (Approx. ¥12 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

(Unit: millions of yen)

	End of this year (As of March 31, 2020)		End of this year (As of March 31, 2020)
Assets related to discontinued operations		Liabilities related to discontinued	
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
Deferred tax assets	3,007	Provisions (current)	5,435
Other financial assets (current)	4,825	Other current liabilities	1,783
Other current 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
Total	53,473	Total	89,876

Note : Details of the assets and liabilities of Permasteelisa and its subsidiaries on the consolidated financial statements for the year ended March 31, 2019 are as follows:

(Unit: millions of yen)

	As of March 31, 2019		As of March 31, 2019
Assets related to discontinued operations		Liabilities related to discontinued	
Cash and cash equivalents	8,448	Trade and other payables	40,650
Trade and other receivables	48,290	Contract liabilities	52,428
Inventories	4,312	Other financial liabilities (current)	2,572
Contract assets	39,698	Provisions (current)	6,891
Other financial assets (current)	2,908	Other current liabilities	1,956
Other current assets	9,415	Net defined benefit liabilities	3,654
Property, plant and equipment	10,720	Provisions (non-current)	2,011
Deferred tax assets	4,707	Deferred tax liabilities	2,629
Other assets	1,194	Other liabilities	1,816
Total	129,692	Total	114,607

⑥ Profit or loss from discontinued operations

(Unit: millions of yen)

	FY ended March 31, 2019	FY ended March 31, 2020
Revenue	140,176	139,688
Loss recognized on the measurement to fair value less costs to sell of the disposal group constituting discontinued operations (Note1)	-	-53,983
Other profit and loss (Note 1)	-205,764	-155,878
Loss before tax from Discontinued operations	-65,588	-70,173
Income tax expenses (Note 2)	-12,202	51,912
Loss for the year from discontinued operations	-77,790	-18,261

Note 1: Impairment loss of ¥24,820 million related to Permasteelisa recorded in the fiscal year ended March 31, 2019 is included in Other profit and loss. The details of the impairment loss are as described in(Notes on Consolidated Statement of Profit or Loss).

2: Income tax expenses include recording of deferred tax assets of ¥16,054 million for "loss recognized on the measurement to fair value less costs to sell of the disposal group constituting discontinued operations".

⑦ Cash flows from discontinued operations

(Unit: millions of yen)

	FY ended March 31, 2019	FY ended March 31, 2020
OPERATING ACTIVITIES	-10,337	-15,857
INVESTING ACTIVITIES	-3,950	6
FINANCING ACTIVITIES	-15,847	-1,986
Total	-30,134	-17,837

(Notes on significant subsequent events)

None