



### Consolidated Financial Results for the First Quarter Ended June 30, 2020 (International Financial Reporting Standards)

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 Code Number: 5938  
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 Scheduled date of issue of quarterly financial report: August 28, 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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(Amounts less than one million yen are rounded)

#### 1. Consolidated Financial Results for the Q1 of FY Ending March 2021 (April 1 through June 30, 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 quarter	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
<b>FYE 2021 Q1</b>	<b>310,458</b>	<b>-14.6</b>	<b>-2,633</b>	—	<b>-3,079</b>	—	<b>-2,915</b>	—	<b>-3,978</b>	—
FYE 2020 Q1	363,641	—	10,469	—	10,111	—	20,488	—	14,214	—

	Including Discontinued Operations							
	Profit for the quarter		Profit for the quarter attributable to owners of the parent		Total comprehensive income for the quarter		Basic earnings per share	Diluted earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
<b>FYE 2021 Q1</b>	<b>-2,446</b>	—	<b>-3,719</b>	—	<b>5,532</b>	<b>199.8</b>	<b>-12.82</b>	<b>-12.82</b>
FYE 2020 Q1	13,991	248.4	12,888	320.5	1,845	—	44.42	40.26

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 quarter from continuing operations for FYE 2020 Q1 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
	Million yen		Million yen		Million yen	%
<b>FYE 2021 Q1</b>	<b>2,136,645</b>		<b>529,892</b>		<b>496,112</b>	<b>23.2</b>
FYE 2020	2,091,529		535,137		502,165	24.0

## 2. Cash Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	End of period	For the year
FYE 2020	—	35.00	—	35.00	70.00
FYE 2021	—				
FYE 2021 (forecast)		35.00	—	35.00	70.00

Note: Revision of dividends forecast during this period: Yes

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

(% 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 2021	1,350,000	-10.9	25,000	-52.2	—	—	—	—	—	—

	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 2021	—	—	—	—	—

Note: Revision of consolidated operating performance forecast after the recent announcement: Yes

Note: The reason for the disclosure of the consolidated financial forecast is as stated in the "Announcement Regarding the Forecast on Business Performance for the Fiscal Year Ending March 2021 and the Forecast for Dividend" of August 6, 2020. The full-year earnings forecast for items other than revenue and core earnings are still to be determined.

### \* 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: None

(ii) Other changes: None

(iii) Changes in accounting estimate: None

(3) Outstanding stocks (Common stocks)

(i) Outstanding stocks including treasury stocks (June 30, 2020) 313,319,159 shares (FY ended March 31, 2020) 313,319,159 shares

(ii) Treasury stocks (June 30, 2020) 23,216,708 shares (FY ended March 31, 2020) 23,216,159 shares

(iii) Average stocks during the fiscal year (June 30, 2020) 290,102,787 shares (June 30, 2019) 290,102,189 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, 2020	End of Q1 (As of June 30, 2020)
<b>ASSETS:</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	<b>Y</b> 95,862	<b>Y</b> 160,750
Trade and other receivables	307,054	268,285
Inventories	227,606	192,223
Contract assets	20,280	20,491
Income tax receivables	1,740	2,595
Other financial assets	15,428	9,445
Other current assets	16,578	15,668
Subtotal	684,548	669,457
Assets held for sale	58,232	388,633
<b>Total current assets</b>	<b>742,780</b>	<b>1,058,090</b>
<b>NON-CURRENT ASSETS:</b>		
Property, plant and equipment	496,865	413,854
Right of use assets	215,020	61,421
Goodwill and other intangible assets	434,102	433,865
Investment property	7,779	4,659
Investments accounted for using the equity method	10,704	10,488
Other financial assets	90,047	64,650
Deferred tax assets	88,803	83,436
Other non-current assets	5,429	6,182
<b>Total non-current assets</b>	<b>1,348,749</b>	<b>1,078,555</b>
<b>Total assets</b>	<b>Y 2,091,529</b>	<b>Y 2,136,645</b>

(Unit: millions of yen)

	As of March 31, 2020	End of Q1 (As of June 30, 2020)
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Trade and other payables	336,492	264,298
Bonds and borrowings	232,711	292,286
Lease liabilities	34,666	19,060
Contract liabilities	10,158	9,223
Income taxes payable	6,159	2,287
Other financial liabilities	7,646	6,424
Provisions	1,731	2,218
Other current liabilities	85,670	84,286
Subtotal	715,233	680,082
Liabilities directly associated with the assets held for sale	91,907	356,945
<b>Total current liabilities</b>	<b>807,140</b>	<b>1,037,027</b>
<b>NON-CURRENT LIABILITIES:</b>		
Bonds and borrowings	363,379	344,808
Lease liabilities	201,795	43,801
Other financial liabilities	31,926	25,286
Net defined benefit liabilities	76,907	83,060
Provisions	12,335	9,891
Deferred tax liabilities	55,200	54,364
Other non-current liabilities	7,710	8,516
<b>Total non-current liabilities</b>	<b>749,252</b>	<b>569,726</b>
<b>Total liabilities</b>	<b>1,556,392</b>	<b>1,606,753</b>
<b>EQUITY</b>		
Share capital	68,418	68,418
Capital reserves	278,120	278,147
Treasury shares	-48,870	-48,871
Other components of equity	-12,709	-5,021
Retained earnings	217,206	203,439
Equity attributable to owners of the parent	502,165	496,112
Non-controlling interests	32,972	33,780
<b>Total equity</b>	<b>535,137</b>	<b>529,892</b>
<b>Total liabilities and equity</b>	<b>Y 2,091,529</b>	<b>Y 2,136,645</b>

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

(Unit: millions of yen)

	Three months ended June 30, 2019		Three months ended June 30, 2020	
Continuing operations				
Revenue	Y	363,641	Y	310,458
Cost of sales		-244,780		-213,771
<b>GROSS PROFIT</b>		118,861		96,687
Selling, general and administrative expenses		-108,392		-99,320
Other income		726		792
Other expenses		-1,084		-1,238
<b>OPERATING PROFIT</b>		10,111		-3,079
Finance income		2,033		5,910
Finance costs		-2,502		-5,652
Share of loss of associates and joint ventures accounted for using the equity method		-131		-94
Profit from disposal of share of associates		10,977		—
<b>PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>		20,488		-2,915
Income tax expenses		-6,274		-1,063
<b>PROFIT (LOSS) FOR THE QUARTER FROM CONTINUING OPERATIONS</b>		14,214		-3,978
Discontinued operations				
<b>PROFIT (LOSS) FOR THE QUARTER FROM DISCONTINUED OPERATIONS</b>		-223		1,532
<b>PROFIT (LOSS) FOR THE QUARTER</b>		13,991		-2,446
Profit (loss) for the quarter attributable to:				
Owners of the parent				
Continuing operations		14,200		-3,829
Discontinued operations		-1,312		110
Total		12,888		-3,719
Non-controlling interests				
Continuing operations		14		-149
Discontinued operations		1,089		1,422
Total		1,103		1,273
<b>PROFIT (LOSS) FOR THE QUARTER</b>		13,991		-2,446

(Unit: millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Earnings (loss) per share		
Basic (yen per share)		
Continuing operations	48.95	-13.20
Discontinued operations	-4.53	0.38
Total	44.42	-12.82
Diluted (yen per share)		
Continuing operations	44.34	-13.20
Discontinued operations	-4.08	0.38
Total	40.26	-12.82

## Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
<b>PROFIT (LOSS) FOR THE QUARTER</b>	<b>Y 13,991</b>	<b>Y -2,446</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will not be reclassified subsequently to profit or loss		
Net gain (loss) on revaluation of financial assets measured through other comprehensive income	-896	2,508
Remeasurements of defined benefit pension plans	-3,198	-877
Total items that will not be reclassified subsequently to profit or loss	-4,094	1,631
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	-7,448	4,533
Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	-601	1,815
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	-3	-1
Total items that may be reclassified subsequently to profit or loss	-8,052	6,347
Other comprehensive income, net of tax	-12,146	7,978
<b>TOTAL COMPREHENSIVE INCOME FOR THE QUARTER</b>	<b>1,845</b>	<b>5,532</b>
Total comprehensive income for the quarter attributable to:		
Owners of the parent	882	4,201
Non-controlling interests	963	1,331
<b>TOTAL COMPREHENSIVE INCOME FOR THE QUARTER</b>	<b>Y 1,845</b>	<b>Y 5,532</b>

## (3) Consolidated Statement of Changes in Equity

(Unit: millions of yen)

	Equity attributable to owners of the parent						
	Share capital	Capital reserves	Treasury shares	Other components of equity			
				Net fair value gain (loss) on financial assets measured through other comprehensive income	Remeasurements of defined benefit pension plans	Exchange differences on translation of foreign operations	Net fair value gain (loss) on hedging instruments entered into for cash flow hedges
<b>BALANCE AS OF APRIL 1, 2019</b>	<b>68,418</b>	<b>277,584</b>	<b>-48,899</b>	<b>12,112</b>	<b>—</b>	<b>-2,659</b>	<b>234</b>
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—
<b>RESTATED BALANCE AS OF APRIL 1, 2019</b>	<b>68,418</b>	<b>277,584</b>	<b>-48,899</b>	<b>12,112</b>	<b>—</b>	<b>-2,659</b>	<b>234</b>
Profit (loss) for the quarter	—	—	—	—	—	—	—
Other comprehensive income (loss)	—	—	—	-847	-3,198	-7,322	-575
Total comprehensive income for the quarter	—	—	—	-847	-3,198	-7,322	-575
Purchase of treasury shares	—	—	-2	—	—	—	—
Disposal of treasury shares	—	—	—	—	—	—	—
Share-based payment transactions	—	208	23	—	—	—	—
Dividends	—	—	—	—	—	—	—
Reclassification to disposal group classified as held for sale	—	—	—	-96	—	—	—
Changes in parent's ownership interests in subsidiaries without loss of control	—	—	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	—	3,198	—	—
Total transactions with owners	—	208	21	-96	3,198	—	—
<b>BALANCE AS OF JUNE 30, 2019</b>	<b>68,418</b>	<b>277,792</b>	<b>-48,878</b>	<b>11,169</b>	<b>—</b>	<b>-9,981</b>	<b>-341</b>
<b>BALANCE AS OF APRIL 1, 2020</b>	<b>68,418</b>	<b>278,120</b>	<b>-48,870</b>	<b>6,256</b>	<b>—</b>	<b>-23,757</b>	<b>-2,686</b>
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—
<b>RESTATED BALANCE AS OF APRIL 1, 2020</b>	<b>68,418</b>	<b>278,120</b>	<b>-48,870</b>	<b>6,256</b>	<b>—</b>	<b>-23,757</b>	<b>-2,686</b>
Profit (loss) for the quarter	—	—	—	—	—	—	—
Other comprehensive income (loss)	—	—	—	2,508	-877	4,031	1,679
Total comprehensive income for the quarter	—	—	—	2,508	-877	4,031	1,679
Purchase of treasury shares	—	—	-1	—	—	—	—
Disposal of treasury shares	—	-0	0	—	—	—	—
Share-based payment transactions	—	26	—	—	—	—	—
Dividends	—	—	—	—	—	—	—
Reclassification to disposal group classified as held for sale	—	—	—	—	—	—	-10
Changes in parent's ownership interests in subsidiaries without loss of control	—	1	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	—	877	—	—
Total transactions with owners	—	27	-1	—	877	—	-10
<b>BALANCE AS OF JUNE 30, 2020</b>	<b>68,418</b>	<b>278,147</b>	<b>-48,871</b>	<b>8,764</b>	<b>—</b>	<b>-19,726</b>	<b>-1,017</b>

(Unit: millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Other components of equity			Retained earnings (losses)	Total			
	Accumulated other comprehensive income relating to non-current assets or disposal group classified as held for sale	Other	Total					
<b>BALANCE AS OF APRIL 1, 2019</b>	<b>22</b>	<b>4,749</b>	<b>14,458</b>	<b>222,095</b>	<b>533,656</b>	<b>33,511</b>	<b>567,167</b>	
Cumulative effects of changes in accounting policies	—	—	—	58	58	103	161	
<b>RESTATED BALANCE AS OF APRIL 1, 2019</b>	<b>22</b>	<b>4,749</b>	<b>14,458</b>	<b>222,153</b>	<b>533,714</b>	<b>33,614</b>	<b>567,328</b>	
Profit (loss) for the quarter	—	—	—	12,888	12,888	1,103	13,991	
Other comprehensive income (loss)	-61	-3	-12,006	—	-12,006	-140	-12,146	
Total comprehensive income for the quarter	-61	-3	-12,006	12,888	882	963	1,845	
Purchase of treasury shares	—	—	—	—	-2	—	-2	
Disposal of treasury shares	—	—	—	—	—	—	—	
Share-based payment transactions	—	-356	-356	352	227	—	227	
Dividends	—	—	—	-10,153	-10,153	-1,025	-11,178	
Reclassification to disposal group classified as held for sale	96	—	—	—	—	—	—	
Changes in parent's ownership interests in subsidiaries without loss of control	—	—	—	—	—	—	—	
Transfers from other components of equity to retained earnings	—	—	3,198	-3,198	—	—	—	
Total transactions with owners	96	-356	2,842	-12,999	-9,928	-1,025	-10,953	
<b>BALANCE AS OF JUNE 30, 2019</b>	<b>57</b>	<b>4,390</b>	<b>5,294</b>	<b>222,042</b>	<b>524,668</b>	<b>33,552</b>	<b>558,220</b>	
<b>BALANCE AS OF APRIL 1, 2020</b>	<b>3,879</b>	<b>3,599</b>	<b>-12,709</b>	<b>217,206</b>	<b>502,165</b>	<b>32,972</b>	<b>535,137</b>	
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	
<b>RESTATED BALANCE AS OF APRIL 1, 2020</b>	<b>3,879</b>	<b>3,599</b>	<b>-12,709</b>	<b>217,206</b>	<b>502,165</b>	<b>32,972</b>	<b>535,137</b>	
Profit (loss) for the quarter	—	—	—	-3,719	-3,719	1,273	-2,446	
Other comprehensive income (loss)	580	-1	7,920	—	7,920	58	7,978	
Total comprehensive income for the quarter	580	-1	7,920	-3,719	4,201	1,331	5,532	
Purchase of treasury shares	—	—	—	—	-1	—	-1	
Disposal of treasury shares	—	—	—	—	0	—	0	
Share-based payment transactions	—	-1,109	-1,109	983	-100	—	-100	
Dividends	—	—	—	-10,154	-10,154	-518	-10,672	
Reclassification to disposal group classified as held for sale	10	—	—	—	—	—	—	
Changes in parent's ownership interests in subsidiaries without loss of control	—	—	—	—	1	-5	-4	
Transfers from other components of equity to retained earnings	—	—	877	-877	—	—	—	
Total transactions with owners	10	-1,109	-232	-10,048	-10,254	-523	-10,777	
<b>BALANCE AS OF JUNE 30, 2020</b>	<b>4,469</b>	<b>2,489</b>	<b>-5,021</b>	<b>203,439</b>	<b>496,112</b>	<b>33,780</b>	<b>529,892</b>	



## (4) Consolidated Statement of Cash Flows

(Unit: millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
<b>OPERATING ACTIVITIES:</b>		
Profit (loss) before tax from Continuing operations	<b>Y</b> 20,488	<b>Y</b> -2,915
Profit before tax from Discontinued operations	384	4,025
Profit before tax	20,872	1,110
Depreciation and amortization	24,419	24,493
Impairment losses	—	190
Interest and dividend income	-1,203	-1,167
Interest expense	1,772	1,612
Share of loss (profit) of associates and joint ventures accounted for using the equity method	131	94
Profit from disposal of share of associates	-10,977	—
Loss (profit) on sale and disposal of property, plant and equipment	172	176
Decrease (increase) in trade and other receivables	34,023	39,556
Decrease (increase) in inventories	-12,294	-6,939
Increase (decrease) in trade and other payables	-13,959	-28,069
Increase (decrease) in net defined benefit liabilities	5,173	5,366
Other	-6,397	9,757
Subtotal	41,732	46,179
Interest received	375	304
Dividends received	976	925
Interest paid	-1,198	-1,551
Income taxes paid	-7,312	-6,357
<b>Net cash flows from operating activities</b>	<b>Y 34,573</b>	<b>Y 39,500</b>

(Unit: millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
<b>INVESTING ACTIVITIES:</b>		
(Increase) decrease in time deposits	Y 347	Y -524
Purchase of property, plant and equipment	-15,323	-16,752
Proceeds from disposal of property, plant and equipment	258	35
Purchase of intangible assets	-2,243	-2,497
Proceeds from disposal of investment property	59	—
Proceeds from sale of subsidiaries	—	1,830
Decrease (increase) in short-term loans receivable	-528	814
Payments for long-term loans receivable	-285	-7
Proceeds from collection of long-term loans receivable	280	17
Payments for acquisition of other investments	-27,009	-16,008
Proceeds from sale and redemption of investments	39,962	16,009
Other	-1,368	-425
<b>Net cash flows from investing activities</b>	<b>Y -5,850</b>	<b>Y -17,508</b>
<b>FINANCING ACTIVITIES:</b>		
Dividends paid	Y -10,153	Y -10,154
Dividends paid to non-controlling interests	-1,025	-518
Increase (decrease) in short-term borrowings and commercial	16,247	67,695
Proceeds from long-term borrowings	—	30,028
Repayment of long-term borrowings	-47,696	-23,937
Lease liabilities paid	-8,697	-10,053
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	-5
Other	-2	-42
<b>Net cash flows from financing activities</b>	<b>Y -51,326</b>	<b>Y 53,014</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-22,603</b>	<b>75,006</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>141,421</b>	<b>95,862</b>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	-998	1,627
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS INCLUDED IN ASSETS CLASSIFIED HELD FOR SALE	20	-11,745
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER</b>	<b>Y 117,840</b>	<b>Y 160,750</b>

(5) Notes related to Financial Statements

(Notes related to Going Concern Assumptions)

Not applicable.

(Notes on Changes in Accounting Policies)

Since the fourth quarter of the fiscal year ended March 31, 2020, the business of Permasteelisa S.p.A. and its subsidiaries has been classified as discontinued operations. In addition, since the three month period ended June 30, 2020, the business of LIXIL VIVA has been classified as discontinued operations.

Income (loss) from discontinued operations, net of tax, is presented below net income for continuing operations in the consolidated statements of profit or loss and comprehensive income. Revenue, income (loss), and other items for discontinued operations have been reclassified to loss for the quarter from discontinued operations in the consolidated statement of profit or loss and comprehensive income for the three months reporting period ended June 30, 2019. Cash flows from operating activities, investing activities, and financial activities are presented in the total amount of continuing operations and discontinued operations cash flows in the consolidated statement of cash flows.

(Additional Information)

Accounting estimate related to the expand of COVID-19

During the three months reporting period ended June 30, 2020, the COVID-19 pandemic affected obviously the Group's business performance with sudden stagnation of economic activity.

In the domestic business, although supply chains such as production, distribution, and procurement are generally operating as usual, however, in terms of sales, orders for home renovation products, which inevitably require construction of residential houses in an environment where it is necessary to maintain social distance, declined significantly, and contract rate declined due to restrictions on number of visitors to showrooms. As a result, revenues in Japan for the period from April to June 2020 generally decreased 12% from the same period of the previous year. In the current fiscal year of July, we expect an approximately 15% year-on-year decrease based on shipping trends, and we expect difficult conditions to continue in the first half of the fiscal year.

In the international business, economic activities in each region has been gradually resuming along with the gradual release of lockdown. In that environment, revenues across LIXIL International from April to June 2020 decreased by 22% year-on-year, but the situation varies in each region. In June 2020, sales of Americas and EMEA turned to positive year-on-year, China decreased and Asia Pacific is in a difficult situation with more than 30% decrease. Americas, EMEA, and Asia Pacific recovered further in July and across LIXIL Internailnal is expected to be positive year-on-year.

Based on the above situation, we continue carefully monitoring inside and outside Japan with the social and economic impact related to COVID-19, and how the impact affect the Group's business performance.

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

It is assumed that both Japan and international 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 one to three years for some international regions to recover. Since there hasn't been any incident exceeding the range of our assumption during the three-month reporting period ended June 30, 2020, there are no significant changes to these assumptions from the contents disclosed as "Additional information" in the securities report for the fiscal year ended March 31, 2020.

## (Segment Information)

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

For the three months ended June 30, 2019 (April 1 through June 30, 2019)

(Unit: millions of yen)

	Reportable Segments			
	Water Technology Business	Housing Technology Business	Building Technology Business	Housing & Services Business
Revenue				
Revenue from external customers (Note 4)	Y 192,910	Y 134,394	Y 23,852	Y 12,485
Intersegment revenue or transfers	3,432	1,401	17	589
Total	196,342	135,795	23,869	13,074
Segment profit (loss) (Note 1)	13,426	7,456	-1,351	917
Other income				
Other expenses				
Operating profit (loss)				
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 (loss) before tax from continuing operations				

(Unit: millions of yen)

	Total	Reconciliations ( Note 2 )	Consolidated
Revenue			
Revenue from external customers (Note 4)	Y 363,641	—	Y 363,641
Intersegment revenue or transfers	5,439	-5,439	—
Total	369,080	-5,439	363,641
Segment profit (loss) (Note 1)	20,448	-9,979	10,469
Other income			726
Other expenses			-1,084
Operating profit (loss)			10,111
Finance income			2,033
Finance costs			-2,502
Share of profit of associates and joint ventures accounted for using the equity method			-131
Profit from disposal of share of associates			10,977
Profit (loss) before tax from continuing operations			20,488

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.

3. Revenue, income (loss), and other items from discontinued operations are not presented in the reporting above.

4. Regarding revenue from group companies to LIXIL VIVA, which was previously included in "Intersegment revenue or transfers", they have been included in "Revenue from external customers" and have been eliminated from profit or loss from discontinued operations to reflect the impact on continuing operations in the future". Accordingly, revenue from group companies to LIXIL VIVA included in "Revenue from external customers" is ¥480 million for the Water Technology Business and ¥756 million for the Housing Technology Business.

Information about Revenue, Income (Loss) and Other Items by Business Segment  
For the three months ended June 30, 2020 (April 1 through June 30, 2020)

(Unit: millions of yen)

	Reportable Segments			
	Water Technology Business	Housing Technology Business	Building Technology Business	Housing & Services Business
Revenue				
Revenue from external customers (Note 4)	Y 162,162	Y 116,162	Y 21,282	Y 10,852
Intersegment revenue or transfers	3,302	1,162	13	410
Total	165,464	117,324	21,295	11,262
Segment profit (loss) (Note 1)	3,001	5,227	-896	435
Other income				
Other expenses				
Operating profit (loss)				
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 (loss) before tax from continuing operations				

(Unit: millions of yen)

	Total	Reconciliations ( Note 2 )	Consolidated
Revenue			
Revenue from external customers (Note 4)	Y 310,458	—	Y 310,458
Intersegment revenue or transfers	4,887	-4,887	—
Total	315,345	-4,887	310,458
Segment profit (loss) (Note 1)	7,767	-10,400	-2,633
Other income			792
Other expenses			-1,238
Operating profit (loss)			-3,079
Finance income			5,910
Finance costs			-5,652
Share of profit of associates and joint ventures accounted for using the equity method			-94
Profit from disposal of share of associates			—
Profit (loss) before tax from continuing operations			-2,915

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.

3. Revenue, income (loss), and other items from discontinued operations are not presented in the reporting above.

4. Regarding revenue from group companies to LIXIL VIVA, which was previously included in "Intersegment revenue or transfers", they have been included in "Revenue from external customers" and have been eliminated from profit or loss from discontinued operations to reflect the impact on continuing operations in the future". Accordingly, revenue from group companies to LIXIL VIVA included in "Revenue from external customers" is ¥363 million for the Water Technology Business and ¥480 million for the Housing Technology Business.

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

(Unit: millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets held for sale		
Cash and cash equivalents	1,301	—
Trade and other receivables	2,108	—
Inventories	611	—
Property, plant and equipment	310	—
Assets related to discontinued operations (Note)	53,473	388,633
Other assets	429	—
<b>Total</b>	<b>Y 58,232</b>	<b>Y 388,633</b>
Liabilities directly associated with assets held for sale		
Trade and other payables	878	—
Other current liabilities	41	—
Net defined benefit liabilities	359	—
Liabilities related to discontinued operations (Note)	89,876	356,945
Other liabilities	753	—
<b>Total</b>	<b>Y 91,907</b>	<b>Y 356,945</b>

Note: In the fiscal year ended March 31, 2020, major items classified to assets held for sale and liabilities directly associated with assets held for sale consist of Permasteelisa S.p.A and its subsidiaries which are classified in discontinued operations. In the three-month reporting period ended June 30, 2020, major items classified to assets held for sale and liabilities directly associated with assets held for sale consist of Permasteelisa S.p.A and its subsidiaries, and LIXIL VIVA Corporation which are classified in discontinued operations. Details of the assets and liabilities related to discontinued operations are as described in "Discontinued Operations" section of the notes.

(Note on Discontinued Operations)

For the three months ended June 30, 2020 (April 1, 2020 through June 30, 2020)

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

The Company resolved at the Board of Directors Meeting held on May 1, 2020 that it has decided to sell 100% of the shares of Permasteelisa S.p.A ("Permasteelisa") held by its subsidiary LIXIL Corporation ("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 timing of share transfer

Name of the transferee company	Atlas Holdings LLC
Timing 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 64 million euros (Approx. ¥7.8 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. ¥12.1 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)

	As of March 31, 2020	End of Q1 (As of June 30, 2020)
Assets related to discontinued operations		
Cash and cash equivalents	6,990	9,923
Trade and other receivables	19,865	16,638
Inventories	2,170	2,939
Contract assets	13,726	12,849
Other financial assets (current)	3,007	2,853
Other current assets	4,825	3,655
Deferred tax assets	2,864	2,827
Other assets	26	34
<b>Total</b>	<b>53,473</b>	<b>51,718</b>
Liabilities related to discontinued		
Trade and other payables	30,776	27,547
Lease liabilities (current)	1,694	1,505
Contract liabilities	37,715	37,518
Other financial liabilities (current)	1,601	462
Provisions (current)	5,435	5,559
Other current liabilities	1,783	2,261
Lease liabilities (non-current)	2,972	3,477
Net defined benefit liabilities	3,633	3,666
Provisions (non-current)	1,929	1,905
Deferred tax liabilities	1,670	1,741
Other liabilities	668	730
<b>Total</b>	<b>89,876</b>	<b>86,371</b>

## ⑥ Profit or loss from discontinued operations

(Unit: millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Revenue	37,261	22,823
Other profit and loss	-39,791	-23,469
Loss before tax from discontinued operations	-2,530	-646
Income tax expenses	5	-156
Loss for the quarter from discontinued operations	-2,525	-802

## ⑦ Cash flows from discontinued operations

(Unit: millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
OPERATING ACTIVITIES	-7,534	727
INVESTING ACTIVITIES	-39	-343
FINANCING ACTIVITIES	3,758	-542
<b>Total</b>	<b>-3,815</b>	<b>-158</b>

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

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

## 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 Group is taking steps to transform its operations, including strengthening governance, focusing on actively managing its core businesses areas, enabling further synergies, as well as optimizing its business portfolio to accelerate growth and strengthen financial conditions.

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

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

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

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

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

The Transactions are comprised of three conditions;

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

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

The tender offer has been completed and its outline is as follows. With the completion of the Tender Offer, the Company and Arcland Sakamoto will hold 90.83% of the total number of issued shares of LIXIL VIVA.

Class of target share	Ordinary shares of LIXIL VIVA Corporation
Offer period	June 10, 2020 (Wed) ~ July 21, 2020 (Tue) (30 business day)
Offer price	¥2,600 (\$23.890) per one ordinary share
Number of shares in the offer	16,668,266 shares
Starting date of purchase	July 30, 2020 (Thu)

Note: The amount of capital, capital reserves and profit reserves of LIXIL VIVA will be reduced and transferred to other capital surplus or other profit surplus.

③ Name of the transferee company and date of share transfer

Name of the transferee company	LIXIL VIVA Corporation
Date of share transfer	The Tender Offer was concluded on July 21, 2020. The share transfer is scheduled in November 2020 after a series of procedures such as share consolidation and capital reduction.

④ Name of the transferred company, major business and segment

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

⑤ Overview of the transfer

Number of shares held before the transfer	23,367,300 shares (Voting right ratio: 53%)
Number of shares transferred	23,367,300 shares
Number of shares held after the transfer	No share ( - % )
Consideration received	¥56,619 million (\$520,252 thousand)
Gain on share transfer	Gain on share transfer is estimated but the amount has not yet been fixed, since it will change depending on the total assets of LIXIL VIVA as of share transfer.

## ⑥ Assets and Liabilities related to discontinued operations

Balance of non-controlling interests related to LIXIL VIVA is JPY 30,534 million.

(Unit: millions of yen)

	End of Q1 (As of June 30, 2020)		End of Q1 (As of June 30, 2020)
Assets related to discontinued operations		Liabilities related to discontinued	
Cash and cash equivalents	8,812	Trade and other payables	40,734
Trade and other receivables	4,951	Bonds and borrowings(current)	4,000
Inventories	42,779	Lease liabilities (current)	15,671
Other financial assets (current)	1,515	Contract liabilities	1,640
Other current assets	510	Income tax payables	1,503
Property, plant and equipment	81,833	Other current liabilities	5,744
Right of use assets	157,385	Bonds and borrowings(non-current)	30,000
Goodwill and other intangible assets	2,360	Lease liabilities (non-current)	160,474
Investment property	3,060	Other financial liabilities (non-current)	7,213
Other financial assets (non-current)	28,692	Provisions	2,326
Deferred tax assets	2,252	Other non-current liabilities	1,077
Other non-current assets	2,543	Other liabilities	192
Other assets	223		
<b>Total</b>	<b>336,915</b>	<b>Total</b>	<b>270,574</b>

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

(Unit: millions of yen)

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

## ⑦ Profit or loss from discontinued operations

(Unit: millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Revenue	44,399	48,421
Other profit and loss	-41,485	-43,750
Profit before tax from discontinued operations	2,914	4,671
Income tax expenses	-612	-2,337
Profit for the quarter from discontinued operations	2,302	2,334

## ⑧ Cash flows from discontinued operations

(Unit: millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
OPERATING ACTIVITIES	7,165	8,298
INVESTING ACTIVITIES	-4,944	-4,458
FINANCING ACTIVITIES	-4,495	-4,534
<b>Total</b>	<b>-2,274</b>	<b>-694</b>