

**Consolidated Financial Results for the Third Quarter Ended December 31, 2020**  
**(International Financial Reporting Standards)**

Company Name:	LIXIL CORPORATION	Stock Listings:	Tokyo, Nagoya
Code Number:	5938	URL:	<a href="https://www.lixil.com/en/investor/">https://www.lixil.com/en/investor/</a>
Representative:	Kinya Seto, President & CEO	Telephone:	+81-3-6706-7001
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Scheduled date of issue of quarterly financial report:	February 12, 2021		
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)		

(Amounts less than one million yen are rounded)

**1. Consolidated Financial Results for the Q3 of FY Ending March 2021 (April 1 through December 31, 2020)**

(1) Consolidated Operating Results (% indicate changes from the figures of corresponding period of the previous fiscal year)

(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	%											
FYE 2021 Q3	1,035,509	-9.9	45,220	-13.8	37,160	-24.9	35,152	-40.7	20,999	-48.4											
FYE 2020 Q3	1,149,181	—	52,458	—	49,468	—	59,254	—	40,682	—											

	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	
FYE 2021 Q3	43,336	33.0	38,684	26.1	57,944	80.3	133.35		126.73	
FYE 2020 Q3	32,580	538.1	30,689	—	32,132	—	105.79		95.99	

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 Q3 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 Q3</b>	<b>1,822,206</b>	<b>537,588</b>	<b>534,951</b>	<b>29.4</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
	Yen	Yen	Yen	Yen	Yen
FYE 2020	—	35.00	—	35.00	70.00
FYE 2021	—	35.00	—	—	—
FYE 2021 (forecast)	—	—	—	35.00	70.00

Note: Revision of dividends forecast during this period: No



### 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	1,380,000	-8.9	57,500	10.0	34,500	7.8	30,500	-25.4	15,500	-44.1

	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	37,500	174.3	33,000	163.6	113.75

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" of February 5, 2021.

#### \* Notes

(1) Changes in significant subsidiaries, which affected the scope of consolidation during this period: Yes

Newly consolidated company: None

Excluded company: 2 (Company Name) LIXIL Corporation, LIXIL VIVA Corporation

(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	(December 31, 2020)	313,319,159 shares	(FY ended March 31, 2020)	313,319,159 shares
(ii) Treasury stocks	(December 31, 2020)	23,220,684 shares	(FY ended March 31, 2020)	23,216,159 shares
(iii) Average stocks during nine months (Apr - Dec)	(December 31, 2020)	290,101,364 shares	(December 31, 2019)	290,101,481 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.

Note: Simplified and Short-Form Merger with 100% Subsidiary (LIXIL Corporation) and Change of Company Name

Following its "Notification Regarding Plans for Simplified and Short-Form Merger Between LIXIL Group Corporation and its 100% Subsidiary (LIXIL Corporation), Change of Company Name, and Partial Amendment of Articles of Incorporation," dated March 23, 2020,

LIXIL Corporation has completed the merger between the Company (surviving company) and its 100% subsidiary LIXIL Corporation (absorbed company), effective December 1, 2020.

In addition, the Company has changed its name from LIXIL Group Corporation to LIXIL Corporation, also effective December 1, 2020.



## 4. Consolidated Financial Statements

## (1) Consolidated Statement of Financial Position

(Unit: millions of yen)

	As of March 31, 2020	End of Q3 (As of December 31, 2020)
<b>ASSETS:</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	Y 95,862	Y 180,946
Trade and other receivables	307,054	306,448
Inventories	227,606	172,235
Contract assets	20,280	20,783
Income tax receivables	1,740	9,705
Other financial assets	15,428	11,215
Other current assets	16,578	16,629
Subtotal	684,548	717,961
Assets held for sale	58,232	18,132
<b>Total current assets</b>	<b>742,780</b>	<b>736,093</b>
<b>NON-CURRENT ASSETS:</b>		
Property, plant and equipment	496,865	401,394
Right of use assets	215,020	61,666
Goodwill and other intangible assets	434,102	441,721
Investment property	7,779	4,620
Investments accounted for using the equity method	10,704	10,259
Other financial assets	90,047	74,564
Deferred tax assets	88,803	78,087
Other non-current assets	5,429	13,802
<b>Total non-current assets</b>	<b>1,348,749</b>	<b>1,086,113</b>
<b>Total assets</b>	<b>Y 2,091,529</b>	<b>Y 1,822,206</b>



(Unit: millions of yen)

	As of March 31, 2020	End of Q3 (As of December 31, 2020)
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Trade and other payables	336,492	278,820
Bonds and borrowings	232,711	232,021
Lease liabilities	34,666	16,825
Contract liabilities	10,158	10,841
Income taxes payable	6,159	4,102
Other financial liabilities	7,646	6,263
Provisions	1,731	742
Other current liabilities	85,670	80,612
Subtotal	715,233	630,226
Liabilities directly associated with the assets held for sale	91,907	7,424
<b>Total current liabilities</b>	<b>807,140</b>	<b>637,650</b>
<b>NON-CURRENT LIABILITIES:</b>		
Bonds and borrowings	363,379	411,233
Lease liabilities	201,795	46,472
Other financial liabilities	31,926	30,444
Net defined benefit liabilities	76,907	87,000
Provisions	12,335	6,482
Deferred tax liabilities	55,200	55,188
Other non-current liabilities	7,710	10,149
<b>Total non-current liabilities</b>	<b>749,252</b>	<b>646,968</b>
<b>Total liabilities</b>	<b>1,556,392</b>	<b>1,284,618</b>
<b>EQUITY</b>		
Share capital	68,418	68,418
Capital reserves	278,120	278,100
Treasury shares	-48,870	-48,879
Other components of equity	-12,709	126
Retained earnings	217,206	237,186
Equity attributable to owners of the parent	502,165	534,951
Non-controlling interests	32,972	2,637
<b>Total equity</b>	<b>535,137</b>	<b>537,588</b>
<b>Total liabilities and equity</b>	<b>Y 2,091,529</b>	<b>Y 1,822,206</b>



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

(Unit: millions of yen)

	Nine months ended December 31, 2019		Nine months ended December 31, 2020	
Continuing operations				
Revenue	Y	1,149,181	Y	1,035,509
Cost of sales		-764,493		-685,588
<b>GROSS PROFIT</b>		384,688		349,921
Selling, general and administrative expenses		-332,230		-304,701
Other income		5,385		4,724
Other expenses		-8,375		-12,784
<b>OPERATING PROFIT</b>		49,468		37,160
Finance income		3,210		4,749
Finance costs		-4,386		-6,666
Share of loss of associates and joint ventures accounted for using the equity method		-15		-91
Profit from disposal of share of associates		10,977		—
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		59,254		35,152
Income tax expenses		-18,572		-14,153
<b>PROFIT FOR THE QUARTER FROM CONTINUING OPERATIONS</b>		40,682		20,999
Discontinued operations				
<b>PROFIT (LOSS) FOR THE QUARTER FROM DISCONTINUED OPERATIONS</b>		-8,102		22,337
<b>PROFIT FOR THE QUARTER</b>		32,580		43,336
Profit (loss) for the quarter attributable to:				
Owners of the parent				
Continuing operations		40,645		20,881
Discontinued operations		-9,956		17,803
Total		30,689		38,684
Non-controlling interests				
Continuing operations		37		118
Discontinued operations		1,854		4,534
Total		1,891		4,652
<b>PROFIT FOR THE QUARTER</b>		32,580		43,336



(Unit: millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Earnings per share		
Basic (yen per share)		
Continuing operations	140.11	71.98
Discontinued operations	-34.32	61.37
Total	105.79	133.35
Diluted (yen per share)		
Continuing operations	126.94	68.57
Discontinued operations	-30.95	58.16
Total	95.99	126.73

## Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
<b>PROFIT FOR THE QUARTER</b>	<b>Y 32,580</b>	<b>Y 43,336</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will not be reclassified subsequently to profit or loss		
Net gain on revaluation of financial assets measured through other comprehensive income	3,945	6,824
Remeasurements of defined benefit pension plans	-1,805	603
Total items that will not be reclassified subsequently to profit or loss	2,140	7,427
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	-3,192	3,668
Net fair value gain (loss) on hedging instruments entered into for cash flow hedges	615	3,514
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	-11	-1
Total items that may be reclassified subsequently to profit or loss	-2,588	7,181
Other comprehensive income, net of tax	-448	14,608
<b>TOTAL COMPREHENSIVE INCOME FOR THE QUARTER</b>	<b>32,132</b>	<b>57,944</b>
Total comprehensive income for the quarter attributable to:		
Owners of the parent	30,333	53,249
Non-controlling interests	1,799	4,695
<b>TOTAL COMPREHENSIVE INCOME FOR THE QUARTER</b>	<b>Y 32,132</b>	<b>Y 57,944</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 for the quarter	—	—	—	—	—	—	—
Other comprehensive income (loss)	—	—	—	3,961	-1,805	-3,108	606
Total comprehensive income for the quarter	—	—	—	3,961	-1,805	-3,108	606
Purchase of treasury shares	—	—	-10	—	—	—	—
Disposal of treasury shares	—	-0	0	—	—	—	—
Share-based payment transactions	—	215	33	—	—	—	—
Dividends	—	—	—	—	—	—	—
Reclassification to disposal group classified as held for sale	—	—	—	273	—	—	—
Changes in parent's ownership interests in subsidiaries without loss of control	—	11	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	297	1,805	—	—
Total transactions with owners	—	226	23	570	1,805	—	—
<b>BALANCE AS OF DECEMBER 31, 2019</b>	<b>68,418</b>	<b>277,810</b>	<b>-48,876</b>	<b>16,643</b>	<b>—</b>	<b>-5,767</b>	<b>840</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>
Profit for the quarter	—	—	—	—	—	—	—
Other comprehensive income (loss)	—	—	—	6,824	603	7,620	3,408
Total comprehensive income for the quarter	—	—	—	6,824	603	7,620	3,408
Purchase of treasury shares	—	—	-9	—	—	—	—
Disposal of treasury shares	—	-0	0	—	—	—	—
Share-based payment transactions	—	38	—	—	—	—	—
Dividends	—	—	—	—	—	—	—
Reclassification to disposal group classified as held for sale	—	—	—	-162	—	—	-10
Changes in parent's ownership interests in related companies	—	-58	—	—	—	—	—
Changes associated with loss of control of subsidiaries	—	—	—	—	—	—	—
Transfers from other components of equity to retained earnings	—	—	—	—	-603	—	—
Total transactions with owners	—	-20	-9	-162	-603	—	-10
<b>BALANCE AS OF DECEMBER 31, 2020</b>	<b>68,418</b>	<b>278,100</b>	<b>-48,879</b>	<b>12,918</b>	<b>—</b>	<b>-16,137</b>	<b>712</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 for the quarter	—	—	—	30,689	30,689	1,891	32,580
Other comprehensive income (loss)	1	-11	-356	—	-356	-92	-448
Total comprehensive income for the quarter	1	-11	-356	30,689	30,333	1,799	32,132
Purchase of treasury shares	—	—	—	—	-10	—	-10
Disposal of treasury shares	—	—	—	—	0	—	0
Share-based payment transactions	—	-386	-386	337	199	—	199
Dividends	—	—	—	-20,307	-20,307	-1,539	-21,846
Reclassification to disposal group classified as held for sale	-273	—	—	—	—	—	—
Changes in parent's ownership interests in subsidiaries without loss of control	—	—	—	—	11	69	80
Transfers from other components of equity to retained earnings	250	—	2,352	-2,352	—	—	—
Total transactions with owners	-23	-386	1,966	-22,322	-20,107	-1,470	-21,577
<b>BALANCE AS OF DECEMBER 31, 2019</b>	<b>—</b>	<b>4,352</b>	<b>16,068</b>	<b>230,520</b>	<b>543,940</b>	<b>33,943</b>	<b>577,883</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>
Profit for the quarter	—	—	—	38,684	38,684	4,652	43,336
Other comprehensive income (loss)	-3,889	-1	14,565	—	14,565	43	14,608
Total comprehensive income for the quarter	-3,889	-1	14,565	38,684	53,249	4,695	57,944
Purchase of treasury shares	—	—	—	—	-9	—	-9
Disposal of treasury shares	—	—	—	—	0	—	0
Share-based payment transactions	—	-1,127	-1,127	1,000	-89	—	-89
Dividends	—	—	—	-20,307	-20,307	-518	-20,825
Reclassification to disposal group classified as held for sale	172	—	—	—	—	—	—
Changes in parent's ownership interests in related companies	—	—	—	—	-58	-5	-63
Changes associated with loss of control of subsidiaries	—	—	—	—	—	-34,507	-34,507
Transfers from other components of equity to retained earnings	—	—	-603	603	—	—	—
Total transactions with owners	172	-1,127	-1,730	-18,704	-20,463	-35,030	-55,493
<b>BALANCE AS OF DECEMBER 31, 2020</b>	<b>162</b>	<b>2,471</b>	<b>126</b>	<b>237,186</b>	<b>534,951</b>	<b>2,637</b>	<b>537,588</b>



## (4) Consolidated Statement of Cash Flows

(Unit: millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
<b>OPERATING ACTIVITIES:</b>		
Profit before tax from Continuing operations	<b>Y</b> 59,254	<b>Y</b> 35,152
Profit (loss) before tax from Discontinued operations	-6,018	27,078
Profit before tax	53,236	62,230
Depreciation and amortization	80,047	64,891
Impairment losses	6,790	3,130
Loss recognized on the measurement to fair value, less costs to sell the disposal group held for sale	—	5,405
Interest and dividend income	-2,611	-2,423
Interest expense	4,736	4,266
Share of loss (profit) of associates and joint ventures accounted for using the equity method	15	91
Profit from disposal of share of associates	-10,977	—
Gain on sale of subsidiaries	-1,422	-16,494
Loss (profit) on sale and disposal of property, plant and equipment	141	927
Decrease (increase) in trade and other receivables	12,252	-5,578
Decrease (increase) in inventories	-10,667	9,291
Increase (decrease) in trade and other payables	-11,747	-9,080
Increase (decrease) in net defined benefit liabilities	4,014	7,705
Other	-7,549	1,864
Subtotal	116,258	126,225
Interest received	1,036	892
Dividends received	1,657	1,541
Interest paid	-4,365	-3,904
Income taxes paid	-13,723	-23,458
<b>Net cash flows from operating activities</b>	<b>Y 100,863</b>	<b>Y 101,296</b>



(Unit: millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
<b>INVESTING ACTIVITIES:</b>		
(Increase) decrease in time deposits	<b>Y</b> 464	<b>Y</b> -1,612
Purchase of property, plant and equipment	-38,875	-42,825
Proceeds from disposal of property, plant and equipment	3,321	499
Purchase of intangible assets	-8,015	-9,406
Proceeds from disposal of investment property	826	56
Payments for sale of subsidiaries	—	-50,048
Proceeds from sale of subsidiaries	12,811	50,345
Decrease (increase) in short-term loans receivable	-2,057	181
Payments for long-term loans receivable	-315	-7
Proceeds from collection of long-term loans receivable	350	80
Payments for acquisition of other investments	-173,033	-123,268
Proceeds from sale and redemption of investments	186,397	123,043
Other	-2,499	-2,149
<b>Net cash flows from investing activities</b>	<b>Y -20,625</b>	<b>Y -55,111</b>
<b>FINANCING ACTIVITIES:</b>		
Dividends paid	<b>Y</b> -20,307	<b>Y</b> -20,307
Dividends paid to non-controlling interests	-1,540	-518
Increase (decrease) in short-term borrowings and commercial	-72,154	19,071
Proceeds from long-term borrowings	134,659	68,556
Repayment of long-term borrowings	-59,908	-49,538
Proceeds from issuance of bonds	—	49,775
Payments for redemption of bonds	-30,000	-10,000
Lease liabilities paid	-27,974	-27,332
Payments for acquisition of interests in subsidiaries from non-controlling interests	—	-6
Other	81	-153
<b>Net cash flows from financing activities</b>	<b>Y -77,143</b>	<b>Y 29,548</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,095	75,733
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	141,421	95,862
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	-378	1,306
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS INCLUDED IN ASSETS CLASSIFIED HELD FOR SALE	1,659	8,045
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER</b>	<b>Y 145,797</b>	<b>Y 180,946</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 for the fiscal year ending March 31, 2021, 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 six month reporting period ended December 31, 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)

Regarding accounting estimates considering the expansion of the COVID-19 pandemic

The COVID-19 global pandemic's stagnating effect on global economic activity continued to affect our business performance in the third-quarter reporting period ended December 31, 2020. Although there are differences depending on the region, both Japan and international businesses are generally on a recovery trend.

In the domestic business, supply chain activities, including production, distribution, and procurement, continue to operate as usual. In addition, we have permanently introduced nighttime online services for consumers who cannot visit showrooms, and have strengthened the provision of differentiated products and services using digital means. Despite growth in sales of COVID-19 related products compatible with New Normal, revenues in Japan decreased 6% year-on-year for the period from October to December 2020 (while decreasing 12% year-on-year from April to June 2020 and decreasing 16% year-on-year from July to September). Although it is still difficult to predict the future business environment due to the state of emergency issued at the beginning of the year following the spread of infection all over Japan, which appears to be the third wave after the end of 2020, we expect that our domestic business will continue to gradually recover.

In the international business, although the situation remains unpredictable, especially as infections continue to spread in each region and lockdown remain in place in certain cities, economic activity in each region is gradually resuming. Within this environment, revenues across international businesses increased by 2% year-on-year from October to December 2020 (while decreasing 22% year-on-year from April to June 2020 and increasing 2% year-on-year from July to September). Especially revenues in North America, EMEA, and China increased by double digits year-on-year in December on local currency basis, while Asia Pacific shows moderate improvement. The recovery of international business in total is ahead of the domestic business, and we expect that this trend will continue.

Based on the above situation, we will continue to carefully monitor the social and economic impact of COVID-19 in Japan and international markets, and how this will affect our 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 our 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 the COVID-19 pandemic during the second half of the fiscal year ending March 2021, although the situation varies by region for international markets, and it could take one to three years from the beginning of the current consolidated fiscal year for some regions to recover. Since there hasn't been any incident exceeding the range of our assumptions during the nine-month reporting period ended December 31, 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.

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 Company may be affected.



## (Segment Information)

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

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

(Unit: millions of yen)

	Reportable Segments			
	Water Technology Business	Housing Technology Business	Building Technology Business	Housing & Services Business
Revenue				
Revenue from external customers (Note 3)	Y 612,517	Y 412,445	Y 85,411	Y 38,808
Intersegment revenue or transfers	11,083	4,695	71	1,792
Total	623,600	417,140	85,482	40,600
Segment profit (Note 1)	52,219	26,603	1,617	2,652
Other income				
Other expenses				
Operating profit				
Finance income				
Finance costs				
Share of loss of associates and joint ventures accounted for using the equity method				
Profit from disposal of share of associates				
Profit before tax from continuing operations				

(Unit: millions of yen)

	Total	Reconciliations ( Note 2 )	Consolidated
Revenue			
Revenue from external customers (Note 3)	Y 1,149,181	—	Y 1,149,181
Intersegment revenue or transfers	17,641	-17,641	—
Total	1,166,822	-17,641	1,149,181
Segment profit (Note 1)	83,091	-30,633	52,458
Other income			5,385
Other expenses			-8,375
Operating profit			49,468
Finance income			3,210
Finance costs			-4,386
Share of loss of associates and joint ventures accounted for using the equity method			-15
Profit from disposal of share of associates			10,977
Profit before tax from continuing operations			59,254

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 (absorbed company), which was merged on December 1, 2020.

3. 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 JPY 1,512 million for the Water Technology Business and JPY 1,815 million for the Housing Technology Business.

4. Business operations classified as discontinued operations are not included.



Information about Revenue, Income (Loss) and Other Items by Business Segment  
For the nine months ended December 31, 2020 (April 1 through December 31, 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 3)	Y 566,795	Y 362,252	Y 70,768	Y 35,694
Intersegment revenue or transfers	10,582	3,890	38	1,196
Total	577,377	366,142	70,806	36,890
Segment profit (Note 1)	46,385	25,953	770	1,942
Other income				
Other expenses				
Operating profit				
Finance income				
Finance costs				
Share of loss of associates and joint ventures accounted for using the equity method				
Profit from disposal of share of associates				
Profit before tax from continuing operations				

(Unit: millions of yen)

	Total	Reconciliations ( Note 2 )	Consolidated
Revenue			
Revenue from external customers (Note 3)	Y 1,035,509	—	Y 1,035,509
Intersegment revenue or transfers	15,706	-15,706	—
Total	1,051,215	-15,706	1,035,509
Segment profit (Note 1)	75,050	-29,830	45,220
Other income			4,724
Other expenses			-12,784
Operating profit			37,160
Finance income			4,749
Finance costs			-6,666
Share of loss of associates and joint ventures accounted for using the equity method			-91
Profit from disposal of share of associates			—
Profit before tax from continuing operations			35,152

- 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 (absorbed company), which was merged on December 1, 2020.
3. 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 JPY 1,013 million for the Water Technology Business and JPY 1,233 million for the Housing Technology Business.
4. Business operations classified as discontinued operations are not included.



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

The breakdown of assets held for sale and directly related liabilities associated with assets held for sale in the previous consolidated fiscal year is as follows. 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. Details of the assets and liabilities related to discontinued operations are as described in "Discontinued Operations" section of the notes.

(Unit: millions of yen)

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

The breakdown of assets held for sale and directly related liabilities associated with assets held for sale during the third quarter consolidated accounting period is as follows. In the nine-month reporting period ended December 31, 2020, major items classified to assets held for sale and liabilities directly associated with assets held for sale consist of Kawashima Selkon Textiles Co., Ltd. and its subsidiaries, and Japan Home Shield Corporation and its subsidiaries. Details of the assets and liabilities related to these subsidiaries are as described in "Note on Transfer of Consolidated Subsidiary" section of the notes.

(Unit: millions of yen)

	As of December 31, 2020		As of December 31, 2020
Assets held for sale		Liabilities directly associated with the assets held for sale	
Cash and cash equivalents	245	Trade and other payables	3,047
Trade and other receivables	8,321	Lease liabilities (current)	419
Inventories	3,749	Other current liabilities	2,033
Income tax receivables	604	Lease liabilities (non-current)	207
Other current assets	339	Net defined benefit liabilities	1,083
Property, plant and equipment	2,216	Deferred tax liabilities	206
Right of use assets	241	Other liabilities	429
Goodwill and other intangible assets	364		
Other financial assets (non-current)	1,301		
Deferred tax assets	460		
Other assets	292		
<b>Total</b>	<b>18,132</b>	<b>Total</b>	<b>7,424</b>



## (Note on Transfer of Consolidated Subsidiary)

For the nine months ended December 31, 2020 (April 1 through December 31, 2020)

## (1) Transfer of Shares of Kawashima Selkon Textiles Co., Ltd.

The Company resolved at the Board of Directors Meeting held on November 24, 2020, that it has decided to sell 100% of its shares in Kawashima Selkon Textiles Co., Ltd. ("Kawashima"), a consolidated subsidiary of the company, to Kawashima via a buy-back transaction, and signed off on the share transfer agreement on the same date. The share transfer was executed on January 6, 2021.

## ① Main reason for the transfer

The Company acquired a 34% ownership stake in Kawashima by underwriting a capital increase through third-party allotment in December 2010 and acquired the remaining 66% ownership stake in August 2011 through a share exchange, which led it to become a 100% subsidiary. The aim was to stabilize Kawashima's business profits and financial base, pursue synergies in terms of sales and reduce costs by building an efficient system for collaboration in logistics and indirect operations.

Recently, the Company received from Kawashima an offer of a management buyout (MBO) by the current management, who have deep understanding of the cultural, commercial, and technical value of Kawashima, in order for Kawashima to accelerate the speed of its business growth and to enhance its productivity and efficiency. Kawashima also plans to take on the challenge of developing new designs and manufacturing techniques for future generations based on their manufacturing traditions.

As a result, since the offer from Kawashima is in line with the management direction of the Company, which is taking steps to transform its operations, the Company decided to transfer all of its shares to Kawashima to dissolve the capital tie-up.

## ② Name of the transferee company and date of share transfer

Name of the transferee company	KAWASHIMA SELKON TEXTILES CO., LTD.
Date of share transfer	January 6, 2021

## ③ Name of the transferred company, major business and segment

Name	KAWASHIMA SELKON TEXTILES CO., LTD.
Major Business	[Interior Decoration/Fabrics] Production and distribution of curtain, carpet, wall-covering, interior accessories and stuff, interior finish work [Traditional and Artistic Textiles] Obi, stage curtain, festival float curtain, traditional accessories and stuff
Segment	Housing Technology Business



## ④ Overview of the transfer

Number of shares held before the transfer	141,877,506 shares (Shareholding ratio: 100%)
Number of shares transferred	141,877,506 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.

## ⑤ Assets Held for Sale and Liabilities Directly Associated with Assets Held for Sale

The main breakdown of liabilities directly associated with the assets held for sale related to Kawashima and its subsidiaries are as follows.

(Unit: millions of yen)

	As of December 31, 2020		As of December 31, 2020
Assets held for sale		Liabilities directly associated with the assets held for sale	
Cash and cash equivalents	43	Trade and other payables	1,812
Trade and other receivables	5,168	Lease liabilities (current)	320
Inventories	3,725	Other current liabilities	1,283
Income tax receivables	604	Lease liabilities (non-current)	158
Other current assets	115	Net defined benefit liabilities	889
Property, plant and equipment	2,025	Deferred tax liabilities	206
Right of use assets	134	Other liabilities	240
Other financial assets (non-current)	1,091		
Other assets	184		
<b>Total</b>	<b>13,089</b>	<b>Total</b>	<b>4,908</b>



## (2) Transfer of Shares of Japan Home Shield Corporation

The Company reached an agreement with MCP5 Investment Business Limited Liability Partnership, a fund whose management is entrusted to Mizuho Capital Partners Co., Ltd. ("Mizuho Capital Partners"), to transfer 100% of the issued common stock of Japan Home Shield Corporation ("Japan Home Shield") held by LIXIL Living Solution Corporation ("LIXIL Living Solution"), a wholly-owned subsidiary of LIXIL, subject to customary closing conditions and regulatory approvals, and signed off on the share transfer agreement.

## ① Main reason for the transfer

LIXIL aims to become an entrepreneurial company that can achieve sustainable growth and contribute to society by making better homes a reality for everyone, everywhere. To achieve this aim, LIXIL and its group companies are 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.

As a leading company in geotechnical investigation for homes and home inspection, Japan Home Shield has covered a cumulative total of more than 1.8 million units in geotechnical investigation and 200,000 houses in home inspection since its establishment. Given the housing law changes and frequent natural disasters in recent years, the environment for housing is changing. Japan Home Shield has continued to listen to the voice of customers and achieved sustainable growth by improving its technology and services and offering new services such as foundation design.

For Japan Home Shield to aim for dramatic growth along with the expansion of the industry overall, and to further grow beyond its current business, LIXIL and Japan Home Shield have come to the decision that it is necessary to separate Japan Home Shield from LIXIL so that it can receive support from a new owner to further strengthen its business. As a result of mutual discussion, it was determined that the best path forward for Japan Home Shield was to partner with Mizuho Capital Partners for its know-how, network, and resources, and to establish an even stronger business foundation by receiving business and financial support from Mizuho Capital Partners.

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

For the reasons described above, LIXIL has decided to transfer all common shares of Japan Home Shield held by LIXIL through LIXIL Living Solution.

## ② Name of the transferee company and date of share transfer

Name of the transferee company	Mizuho Capital Partners Co., Ltd.
Date of share transfer	The transfer of shares will be carried out promptly after obtaining the approval of the relevant authorities.

## ③ Name of the transferred company, major business and segment

Name	Japan Home Shield Corporation
Major Business	Geotechnical investigation, geotechnical reinforcement, geological survey, home
Segment	Housing & Services Business

## ④ Overview of the transfer

Number of shares held before the transfer	2,000 shares (Shareholding ratio: 100%)
Number of shares transferred	2,000 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.



## ⑤ Assets Held for Sale and Liabilities Directly Associated with Assets Held for Sale

The main breakdown of liabilities directly associated with the assets held for sale related to Japan Home Shield and its subsidiaries are as follows.

(Unit: millions of yen)

	As of December 31, 2020		As of December 31, 2020
Assets held for sale		Liabilities directly associated with the assets held for sale	
Cash and cash equivalents	202	Trade and other payables	1,235
Trade and other receivables	3,153	Lease liabilities (current)	99
Other current assets	224	Other current liabilities	750
Right of use assets	107	Lease liabilities (non-current)	49
Goodwill and other intangible assets	338	Net defined benefit liabilities	194
Other financial assets (non-current)	210	Other liabilities	189
Deferred tax assets	452		
Other assets	204		
<b>Total</b>	<b>4,890</b>	<b>Total</b>	<b>2,516</b>



## (Note on Discontinued Operations)

For the nine months ended December 31, 2020 (April 1 through December 31, 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 (dissolved due to absorption-type merger with the Company as the surviving company on December 1, 2020) to Atlas Holdings LLC ("Atlas"), and signed off on the share transfer agreement on the same date. The share transfer was executed on September 30, 2020.

## ① Main reason for the transfer

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

## ② Name of the transferee company and date of share transfer

Name of the transferee company	Atlas Holdings LLC
Date of share transfer	September 30, 2020

## 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 Company is obligated to indemnify the loss incurred by Permasteelisa on or after the date of the share transfer. The contingent liability in this regard is 33 million euros (JPY 4.189 billion) at the end of the third quarter consolidated accounting period.</p> <p>-If the revitalization plan is executed by Permasteelisa after the date of the share transfer, the Company is liable to compensate the costs incurred in implementing the revitalization plan that the Company considers necessary for the implementation of the plan. The amount of such contingent liability in this regard is 61 million euros (JPY 7.718 billion) at the end of the third quarter consolidated accounting period.</p> <p>-Before the share transfer date, the Company will contribute a fixed amount of capital, of which up to 100 million euros (JPY 12.695 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

The breakdown of assets and liabilities related to discontinued operations for the fiscal year ended March 31, 2020 are as follows. Since the share transfer was completed on September 30, 2020, there are no assets and liabilities related to discontinued operations applicable as of December 31, 2020.

(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	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
Other financial assets (current)	3,007	Provisions (current)	5,435
Other current assets	4,825	Other current liabilities	1,783
Deferred tax 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
<b>Total</b>	<b>53,473</b>	<b>Total</b>	<b>89,876</b>



## ⑥ Profit or loss from discontinued operations

(Unit: millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Revenue	108,436	49,674
Other profit and loss	-120,250	-53,709
Profit (loss) before tax from discontinued operations	-11,814	-4,035
Income tax expenses	-313	285
Profit (loss) for the quarter from discontinued operations	-12,127	-3,750

## ⑦ Cash flows from discontinued operations

(Unit: millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
OPERATING ACTIVITIES	-12,247	-1,857
INVESTING ACTIVITIES	800	-51,882
FINANCING ACTIVITIES	-1,384	-1,192
<b>Total</b>	<b>-12,831</b>	<b>-54,931</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"). After the conclusion of the agreement, through the necessary procedures for the transfer of shares, the Share Transfer was completed on November 9, 2020.

### ① Main reason for the transfer

The Company'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 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 Company'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 (Arland 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.

③ Name of the transferee company and date of share transfer

Name of the transferee company	LIXIL VIVA Corporation
Date of share transfer	November 9, 2020

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	6 shares (Note)
Number of shares transferred	6 shares
Number of shares held after the transfer	No share ( - % )
Consideration received	JPY 56,619 million (\$520,252 thousand)
Gain on share transfer	Following the sale of the subsidiary, a gain of JPY 16.5 billion was recorded in the quarterly profit from discontinued operations of the Consolidated Statement of Profit or Loss

Note: LIXIL VIVA conducted a share consolidation, reducing 3,894,550 pre-consolidation shares to one post-consolidation share, effective October 22, 2020.



## ⑥ Assets and Liabilities related to discontinued operations

Since the Share Transfer was completed on November 9, 2020, the third quarter consolidated accounting period is not applicable.

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
<b>Assets</b>		<b>Liabilities</b>	
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 (non-current)	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)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Revenue	138,878	113,391
Gain on sale of subsidiaries	—	16,494
Other profit and loss	-133,082	-98,772
Profit before tax from discontinued operations	5,796	31,113
Income tax expenses	-1,771	-5,026
Profit for the quarter from discontinued operations	4,025	26,087

Income tax expenses for the third quarter of the current consolidated cumulative period include expenses of JPY 546 million for gains on the sale of subsidiaries.

## ⑧ Cash flows from discontinued operations

(Unit: millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
OPERATING ACTIVITIES	20,972	18,664
INVESTING ACTIVITIES	-6,817	37,789
FINANCING ACTIVITIES	-9,057	-10,452
<b>Total</b>	<b>5,098</b>	<b>46,001</b>