The following is an English translation of the Items for Disclosure via the Internet upon the Notice of Convocation of the 78th Annual Shareholders' Meeting of LIXIL Group Corporation (the "Company"). The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail.

To Our Shareholders

Internet Disclosure Items
for the Notice of Convocation of
the 78th Annual Shareholders' Meeting

1. **Notes to Consolidated Financial Statements**
2. **Notes to Nonconsolidated Financial Statements**

for 78th Fiscal Year (from April 1, 2019 to March 31, 2020)

LIXIL Group Corporation

Pursuant to the provisions of laws and regulations, and the Articles of Incorporation of the Company, the above items are provided to shareholders by posting on the Company's website (https://www.lixil.com/).

Notes to Consolidated Financial Statements

1. Basis for Preparation of Consolidated Financial Statements

(1) Standards of preparation of consolidated financial statements

The consolidated financial statements of LIXIL Group Corporation (the "Company") have been prepared in accordance with International Financial Reporting Standards ("IFRS") pursuant to Article 120, Paragraph 1 of the Ordinance on Company Accounting. Pursuant to the provisions of the second sentence of the paragraph, certain disclosures required under IFRS are omitted.

(2) Basis of consolidation

Number of subsidiaries: 186

Major subsidiaries: LIXIL Corporation
LIXIL VIVA CORPORATION
LIXIL Total Service Corporation
LIXIL Total Hanbai Corporation
Kawashima Selkon Textiles Co., Ltd.
LIXIL Group Finance Corporation
GROHE Group S.à r.l. (currently LIXIL Europe S.à r.l.)
Permasteelisa S.p.A.
ASD Holding Corp.
A-S CHINA PLUMBING PRODUCTS Ltd.
TOSTEM THAI Co., Ltd.
LIXIL INTERNATIONAL Pte. Ltd.
LIXIL GLOBAL MANUFACTURING VIETNAM Co., Ltd.
LIXIL Manufacturing (Dalian) Corporation

Senior Life Company Ltd. and LIXIL Suzuki Shutter Corporation were excluded from the scope of consolidation as all of the shares of these companies were disposed of. Details are described in Note 11 "Notes to Subsidiaries and Associates."

GROHE Group S.à r.l. changed its legal name to LIXIL Europe S.à r.l. in April 2020.

The Company resolved at the Board of Directors Meeting held on May 1, 2020 to sell 100% of the shares of Permasteelisa S.p.A. and signed off on a share transfer agreement. Details are described in Note 12 "Notes to Discontinued Operations."

(3) Investments in associates accounted for using the equity method

Number of investments in associates accounted for using the equity method: 60

Major investments in associates accounted for using the equity method: Sanyo Homes Corporation

Ken Depot Corporation was excluded from the scope of the equity method as all of the shares of Ken Depot Corporation held by LIXIL Corporation were disposed of. Details are described in Note 11 "Notes to Subsidiaries and Associates."

(4) Fiscal year of subsidiaries

In preparing the consolidated financial statements, subsidiaries with fiscal year ends other than the Company's March fiscal year end provisionally prepare financial statements as of March 31, which are used for consolidation.

(5) Significant accounting policies

1) Inventories

The historical cost of inventories includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories are stated at the lower of cost and net realizable value. Historical cost is determined mainly by using the weighted-average method. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Carrying amounts of inventories recognized in the consolidated statement of financial position are reviewed regularly. When there is slow-moving inventory over a long period, or when the Company and its subsidiaries (the "Group") does not expect that all or a portion of the inventory will be recovered through sales, carrying amounts are written down to their estimated net realizable values.

2) Property, plant and equipment

The Group measures property, plant and equipment by using the cost model at historical cost less accumulated depreciation and accumulated impairment losses. The historical cost includes any costs directly attributable to the acquisition of the asset and dismantlement, removal and restoration costs, as well as borrowing costs eligible for capitalization.

Property, plant and equipment are depreciated mainly by using the straight-line method over their estimated useful lives, except for assets that are not subject to depreciation, such as land. The estimated useful lives of major property, plant and equipment are as follows:

•Buildings and structures: 8 to 50 years
•Machinery and vehicles: 7 to 12 years
•Tools, furniture and fixtures: 2 to 20 years

The depreciation method, estimated useful lives and residual values are reviewed at each fiscal year end. If there are any changes made to the depreciation method, estimated useful lives or residual values, such changes are accounted for as changes in accounting estimates and applied prospectively starting from the fiscal period of change.

The carrying amount of property, plant and equipment shall be derecognized on disposal or when no future economic benefits are expected from its continued use. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the consideration for disposal and the carrying amount, and is recognized in profit or loss.

3) Goodwill

Goodwill arising from business combinations is stated at historical cost less accumulated impairment losses.

Goodwill is not amortized but allocated to cash-generating units ("CGU") (or groups of CGU) and tested for impairment at least once a year, or whenever there is any indication of impairment. Impairment losses on goodwill are recognized in profit or loss and no subsequent reversal is made.

Goodwill is derecognized at the time of disposal of the associated CGU (or group of CGU) and included in the carrying amount of the disposed operation when profit or loss on disposal is recognized.

4) Other intangible assets

After recognition, intangible assets are measured by using the cost model. Intangible assets are carried at historical cost less any accumulated amortization and accumulated impairment losses.

A. Intangible assets acquired individually

Measured at historical cost on initial recognition

B. Intangible assets acquired through business combinations
Measured at fair value on the acquisition date

C. Internally generated intangible assets
Research and development costs arising internally within the Group are expensed when incurred, with the exception of expenditures for development activities that meet all of the following capitalization criteria:
- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The Company's intention to complete the intangible asset and use or sell it;
- The Company's ability to use or sell the intangible asset;
- How the asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The Company's ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets with finite useful lives are amortized by using the straight-line method over their estimated useful lives. The estimated useful lives of major intangible assets with finite useful lives are as follows:
- Software: 5 years
- Customer-related assets: 13 to 30 years
- Trademarks: 5 to 20 years
- Technological assets: 6 to 10 years

Trademarks with indefinite business periods are classified as intangible assets with an indefinite useful life when it is determined that there is no foreseeable limit to the period in which future economic benefits are expected, given that business periods continue, in principle, as long as the business continues.

Intangible assets with indefinite useful lives and intangible assets with finite useful lives that are not ready to use are not amortized, but they are tested for impairment at least once a year or whenever there is any indication of impairment.

Amortization methods, useful lives and residual values of assets are reviewed at each fiscal year end and any changes are accounted for as changes in accounting estimates and applied prospectively starting from the fiscal period of change.

5) Investment property
Investment property is property held to earn rentals or for capital appreciation, or both.

Investment property is measured by using the cost model, which is consistent with the accounting treatment for buildings under property, plant and equipment, and stated at cost less accumulated depreciation and accumulated impairment losses.

Investment property is depreciated by using the straight-line method over the estimated useful life, which is consistent with the accounting treatment for buildings under property, plant and equipment.

The depreciation method, estimated useful lives and residual values are reviewed at each fiscal year end. If there are any changes made to the depreciation method, estimated useful lives or residual values, such changes are accounted for as changes in accounting estimates and applied prospectively starting from the fiscal period of change.

6) Impairment of non-financial assets
Non-financial assets, such as property, plant and equipment, goodwill and other intangible assets, are assessed for any indications of impairment at the end of every fiscal year. Impairment tests are performed in cases where there is an indication of impairment. However, for goodwill and intangible assets with

indefinite useful lives, impairment tests are performed at least once a year regardless of any indication of impairment. Assets for which tests cannot be performed individually are merged into the smallest group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets (CGU), and impairment tests are performed for each CGU (or group of CGU). A CGU (or group of CGU) to which goodwill is allocated for the purpose of impairment testing represents the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment. Goodwill that forms part of the carrying amount of an investment accounted for under the equity method is not separately recognized, and therefore, it is not tested for impairment separately. If there is any indication that investments in associates and joint ventures accounted for using the equity method may be impaired, the entire carrying amount of the investment is tested as a single asset.

The recoverable amount of an individual asset or a CGU is measured as the higher of its fair value less costs of disposal or its value in use. Where the carrying amount of the asset or CGU exceeds its recoverable amount, impairment losses are recognized and the asset is written down to its recoverable amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For assets other than goodwill, an assessment is made at the end of every fiscal year as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased, such as any changes in assumptions used for the determination of the recoverable amount. If any such indication exists, the Group estimates the asset's or CGU's recoverable amount. In cases where the recoverable amount exceeds the carrying amount of the asset or CGU, impairment losses are reversed up to the lower of the determined recoverable amount or the carrying amount that would have been determined, net of depreciation, had no impairment loss for the asset been recognized in prior years. Recognized impairment losses relating to goodwill cannot be reversed.

7) Financial instruments

A. Financial assets

(i) Initial recognition and measurement

The Group classifies, at initial recognition, financial assets as financial assets that are measured at amortized cost, financial assets measured at fair value through other comprehensive income or financial asset measured at fair value through profit or loss.

All financial assets are initially recognized on the transaction date and measured at fair value, however, the financial assets that are not recorded at fair value through profit or loss are initially recognized on the transaction date and measured at the sum of the fair value and transaction costs.

(ii) Subsequent measurement

(a) Financial assets that are measured at amortized cost

Financial assets are classified to financial assets that are measured at amortized cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, assets are measured at amortized cost using the effective interest method.

(b) Financial assets measured at fair value through other comprehensive income

Financial assets are classified to financial assets measured at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, assets are measured at fair value and subsequent changes in fair value are recognized as other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss is reclassified to profit or loss.

(c) Equity instruments measured at fair value through other comprehensive income
Financial assets that have not been classified as either financial assets measured at amortized cost or financial assets measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss. An entity is permitted, at initial recognition, to make an irrevocable election to present in other comprehensive income changes in fair value of an investment in an equity instrument that is not held for trading. The Group makes this election on an instrument-by-instrument basis.

After initial recognition, assets are measured at fair value and subsequent changes in fair value are recognized as other comprehensive income. When the equity instrument is derecognized, the Group reclassifies the cumulative amount of other comprehensive income to retained earnings and not to profit or loss. Dividends are recognized in profit or loss.

(d) Financial assets measured at fair value through profit or loss
A financial asset other than those classified as (a), (b) and (c) above is classified as a financial asset measured at fair value through profit or loss.

The Group initially recognizes and measures a financial asset measured at fair value through profit or loss at its fair value and expenses the transaction costs that are directly attributable to the acquisition of the financial asset as incurred. The Group subsequently measures the asset at fair value and recognizes the subsequent changes in fair value in profit or loss.

(iii) Derecognition
The Group derecognizes financial assets when and only when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and substantially all the risks and rewards of ownership are transferred. In cases where the Group neither transfers nor retains substantially all the risks and rewards of ownership but continues to control the assets transferred, the Group recognizes the retained interest in assets and related liabilities that might be payable.

B. Impairment of financial assets
In the recognition of impairment losses for a financial asset or a group of financial assets that is measured at amortized cost at the end of every fiscal year, the Group assess whether there have been significant increases in credit risk since initial recognition. The Group determines whether there have been significant increases in credit risk by considering the change in the risk of default occurring since initial recognition. The assessment of whether there is a change in the risk of default is made by considering the following:
• Significant change in the financial asset's external credit rating
• Downgrade of internal credit rating
• Deterioration of borrower's operating results
• Past due information

However, even when a late payment or request for a grace period occurs, the Group does not determine that there has been a significant increase in credit risk if it is determined that such late payment or request for grace period would be attributable to a temporary cash shortage, the risk of default is low and objective data such as external credit ratings reveal an ability to fulfill the obligation of contractual cash flows in the near future.

On the other hand, the Group determines that the credit of the financial assets are impaired when a late payment or request for a grace period does not arise from a temporary cash shortage and significant financial difficulty of the debtor is shown and the recoverability of the modified financial assets is significantly doubtful.

The Group considers financial assets such as trade and other receivables as in default when all or parts of those financial assets are not recovered or the recoverability of those financial assets is determined to be extremely difficult.

Expected credit losses are the present value of the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive. When credit risk related to financial assets has increased significantly since the initial recognition, the Group measures the loss allowance for those financial assets at an amount equal to the lifetime expected credit losses. Conversely, when credit risk related to financial asset has not increased significantly since the initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to the 12-month expected credit losses.

Despite the above requirement, the Group always measures the loss allowance for trade receivables, receivables and contract assets that do not contain a significant financing component at an amount equal to the lifetime expected credit losses.

As trade and other receivables mainly comprise a number of customers, the Group measures expected credit loss by grouping those receivables and considering historical credit loss experience. When those receivables are affected by a material economic change, the provision rate calculated based upon the historical credit loss experience is adjusted to reflect current and future economic prospect.

The Group directly writes off the gross carrying amounts of the credit-impaired financial assets when all or part of the financial assets are evaluated as uncollectible and it is determined that it is appropriate to write them off as a result of credit check.

C. Financial liabilities

(i) Initial recognition and measurement

The Group classifies financial liabilities, at initial recognition, into financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortized cost.

All financial liabilities are measured at fair value at initial recognition. However, financial liabilities measured at amortized cost are measured at cost after deducting transaction costs that are directly attributable to the financial liabilities.

(ii) Subsequent measurement

After initial recognition, financial liabilities are measured based on the classification as follows:

(a) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as measured at fair value through profit or loss at initial recognition.

(b) Financial liabilities measured at amortized cost

After initial recognition, financial liabilities measured at amortized cost are measured at amortized cost using the effective interest rate method. Amortization under the effective interest rate method and gains or losses on derecognition are recognized as profit or loss.

(iii) Derecognition

Financial liabilities are derecognized when they are extinguished, i.e., when the obligations specified in the contract are discharged, cancelled or expired.

D. Compound financial instruments

The liability component of a compound financial instrument is measured at initial recognition by the fair value of a similar liability without the equity conversion option. The equity component is measured at initial recognition by deducting the fair value of the liability component from the fair value of the entire financial instrument. Direct transaction costs are allocated in proportion to the initial carrying amount of the liability component and equity component.

After initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest rate method. The equity component of a compound financial instrument is not remeasured after initial recognition.

Interest associated with the liability component is recognized in profit or loss as finance costs. When the equity conversion option is exercised, the liability component is transferred to equity and neither gains nor losses are recognized.

E. Derivatives (including hedge accounting)

The Group uses forward currency contracts, interest rate swaps, cross-currency swaps and commodity swaps to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. The use of derivative transactions is limited to risk hedging purposes and is not for speculation purposes. These derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives that qualify for hedge accounting are designated as hedging instruments in cash flow hedges. A cash flow hedge is a hedge of the exposure to variability in cash flows which is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and which could affect profit or loss.

At the inception of the hedge, the Group formally designates and documents the relationship between a hedging instrument and a hedged item and the risk management objective and strategy for undertaking various hedge transactions. The documentation includes identification of the hedging instruments, the hedged items, the nature of the risks being hedged and how the hedging relationship's effectiveness is assessed. These hedges are assessed on an ongoing basis to determine whether the hedging relationship is effective prospectively, even though it is expected that there is an economic relationship between the hedged item and the hedging instrument, that the effect of credit risk does not dominate the value changes that result from that economic relationship, and that the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of the hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio due to changes in an economic relationship between the hedged item and the hedging instrument but the risk management objective remains the same, the Group adjusts the hedge ratio so that it meets the qualifying criteria again. The Group discontinues hedge accounting for the portion that does not meet the requirement when the hedging relationship ceases to meet the qualifying criteria even after adjusting the hedge ratio.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized as other comprehensive income. The ineffective portion of the gain or loss on the hedging instrument is immediately recognized as profit or loss in the consolidated statement of profit or loss.

The amount of hedging instruments recognized in other comprehensive income is reclassified to profit or loss when the transactions related to hedged items affect profit or loss. In cases where hedged items result in the recognition of non-financial assets or liabilities, the amounts recognized as other comprehensive income are accounted for as adjustments to the original carrying amount of non-financial assets or liabilities.

If the hedged future cash flows are no longer expected to occur, any related cumulative gain or loss that has been recognized in equity as other comprehensive income is reclassified to profit or loss. If the hedged future cash flows are still expected to occur, amounts that have been recognized in other comprehensive income are continued to be recognized in other comprehensive income until the future cash flows occur.

Derivatives which hedge accounting has not been applied are recognized at fair value and the changes in the fair value are recognized as profit or loss in the consolidated statement of income.

F. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

8) Leases

A. Lessee

At the commencement date of a lease, the Group recognizes the right-of-use assets and the lease liabilities for lease components except for short-term leases, which have a lease term of 12 months or less, and leases for which the underlying asset is of low value. The right-of-use assets are measured at cost comprised the amount such as initial measurement of the lease liabilities and prepaid lease payments, and the lease liabilities are measured at the present value of the lease payments that are not paid at that date.

Lease term is determined as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

After the commencement date of a lease, the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses. The Group is applying the depreciation requirements in IAS16 "Property, Plant and Equipment" in depreciating the right-of-use assets. Also, the Group is applying IAS36 "Impairment of Assets" to determine whether the right-of-use assets are impaired and to account for any impairment loss identified.

After the commencement date of the contract, the lease liabilities are measured by:
- increasing the carrying amount to reflect interest on the lease liabilities
- reducing the carrying amount to reflect the lease payments made
- remeasuring the carrying amount to reflect the changes in lease payments or lease modifications, or to reflect revised in-substance fixed lease payments

The Group, as a lessee, recognizes the lease payments associated with short-term leases or leases for which the underlying asset is of low value as an expense on a straight-line basis.

B. Lessor

For finance leases, the Group recognizes net investment in the lease as lease receivables at the commencement date. Lease payments receivables are apportioned between the finance income and gross lease receivables.

For operating leases, lease payments receivable are recognized as revenue by using the straight-line method over the lease terms.

9) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the obligation will be required to be settled and a reliable estimate can be made of the amount of the obligation.

Provisions are recognized based on the best estimates of necessary expenditures (future cash flows) in order to settle present obligations by taking into account risks and uncertainties associated with the obligation at the end of the fiscal year. Where the effect of the time value of money is material, provisions are measured using the estimated future cash flows, discounted using a pre-tax rate reflecting the time value of money and the risks specific to the liability.

For asset retirement obligations, provisions are recognized for restoration costs and expenditures incurred as a result of asset use, and the same amount is added to the asset's historical cost. Future estimated expenses

and applied discount rates are reviewed every fiscal year. If revisions are deemed necessary, additions or deductions are made to the carrying amount of the relevant asset, and are accounted for as changes in accounting estimates.

Loss that will probably be incurred from construction project is recognized as an expense immediately and recognize provisions for construction losses.

10) Employee benefits

A. Defined benefit pension plans

There are two types of defined benefit pension plans for employees of the Company and certain subsidiaries: cash-balance plan in which the amounts of benefit changes is based on the market yields on government bonds; and lump-sum payment retirement plan.

The projected unit credit method is used to determine the present value of defined benefit obligations, related current service costs and past service costs for each pension plan. The discount period is determined based on the period ending at the expected date of benefit payment for each pension plan, and the discount rate is determined by reference to market yields at the end of the fiscal year on high-quality corporate bonds corresponding to the discount period. Net defined benefit liabilities (assets) are determined as the present value of defined benefit obligations less the fair value of plan assets (the effect of the asset ceiling is taken into account, if necessary).

Remeasurements of net defined benefit liabilities (assets) are recognized in other comprehensive income and transferred to retained earnings immediately in the fiscal year in which they occur. Remeasurements are composed of actuarial gains and losses, return on plan assets and any changes due to the effect of the asset ceiling, excluding amounts included in net interest costs. Service costs and net interest costs are recognized in profit or loss in the period in which they occur.

B. Defined contribution plans

Certain subsidiaries have established defined contribution plans. Defined contribution plans are post-employment benefit plans under which an employer regularly pays fixed contributions into employees' individual accounts and will have no legal or constructive obligations to pay further contributions. As a result, contributions to defined contribution plans are expensed in the period in which an employee has rendered services.

C. Short-term employee benefits

Short-term employee benefits are not discounted, but expensed when related services are rendered.

For bonuses and paid absences, future benefit payments for each plan are accounted for as liabilities when the following are met:

- There is a present legal or constructive obligation to make payment as consideration for services rendered by employees in both prior years and the current year; and
- The payment amount can be estimated reliably.

D. Other long-term employee benefits

In relation to obligations for long-term employee benefits other than post-employment benefits, future benefit payments to be incurred as consideration for services rendered by employees in prior years and the current year are accounted for as liabilities.

11) Revenue

Except for the interest and dividend revenue which are recognized based on IFRS 9, "Financial Instruments," the Group recognizes revenues based on the following five-step approach:

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligation in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligation in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

A. Sale of merchandise and finished goods

The Group sells its goods and products mainly to agents and dealers who are direct customers of the Water Technology business and the Housing Technology business. Regarding such sales transactions, in principle, it is determined that the customer acquires control and the performance obligation is satisfied when the products arrive at the customer's location. Therefore, revenue is recognized at the time of arrival. In addition, some products may require installation work at the time of sale. The installation work is handled as a separate performance obligation from the sale of goods and products, and the transaction price is allocated based on the independent selling price. Payment for these performance obligations is received within a short period of time after the delivery of goods and products or the completion of installation work. When the Group receives advance payment from the customers, contract liability is recognized.

In addition, the Group sells commodities such as daily necessities and DIY materials to general customers at home centers in the Distribution and Retail business. With respect to such sales transactions, revenue is recognized at the time of delivery because the customers acquire control and the performance obligation is satisfied at the time the products are handed over to the customers. Payments for performance obligation are received over a short period of time in accordance with the payment method the customer selected.

B. Construction contracts

The Group enters into long-term construction contracts, mainly for its Building Technology business. With regard to construction contracts, cost of the product is deemed to be incurred at installation or when the labor cost pertaining to the work is proportional to the appreciation of the assets controlled by the customer, and revenue related to the construction contract is recognized based on degree of progress as of the end of the fiscal year. The percentage of completion is determined as the ratio of construction contract costs incurred to date to the estimated total cost of the construction contract. On the other hand, when the outcome of the construction contract cannot be reliably estimated, revenue is recognized only to the extent that the probability of collection is high among the costs of construction contracts that have occurred, and the costs are booked in the period during which the construction contract costs are generated. Losses expected to be incurred is recognized as an expense immediately. Also, if the amount of the construction contract is not fixed in a timely manner, the contract amount is estimated as a variable consideration until the contract amount is fixed, and revenue is recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the contract amount is determined. Regarding construction revenue, in general, we charge according to volume on a monthly basis and we receive it within a short period of time.

Either contract assets or contract liabilities are recorded according to the relationship between amounts of revenue recognized and amounts of payment from the customer. In the case of ongoing construction contracts as of the end of the fiscal year, when the customer pays or the Group recognizes revenue (after deducting the recognized losses) before the payment due date, contract assets are recorded at the amount of consideration right to be received excluding the amount of other receivables. On the other hand, contract liability is accounted for at the excess amount if the amount received from the customer before the performance obligation is satisfied or the amount as of due date exceeds the amount of recognized revenue (after deducting the recognized losses). Amounts of contract assets and contract liabilities are calculated for each contract.

C. Other

The Group provides various services such as development of homebuilding franchise chains, ground inspections and real estate trading in the Housing and Services businesses, which consists of the housing solutions businesses and real estate related businesses, etc. Regarding the development of homebuilding franchise chains, the Group has an obligation mainly to purchase housing materials in bulk and deliver them directly to franchised stores. When a franchisee inspects the material, they are considered to have acquired control, and the performance obligation is satisfied. Therefore revenue is recognized at the time of inspection. Payment concerning this performance obligation is received shortly after the franchisee inspects the materials. As for ground inspections, the Group is obliged to investigate and inspect ground

for customers such as house makers. As the performance obligation is satisfied when the analysis is completed and reported to the customer, revenue is recognized at the time of analysis completion. Payment concerning this performance obligation is received shortly after the analysis is completed. Furthermore, regarding real estate transactions, we deem that the buyer acquires control and satisfies the performance obligation when the property delivered to the buyer, and revenue is recognized at the time of property delivery. Payment for this performance obligation is immediately received.

12) Foreign currency translation

A. Translation of foreign currency transactions

Foreign currency transactions are translated into the respective functional currencies of the group companies using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate as of the fiscal year end. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences arising on translations and settlements are recognized in profit or loss. Exchange differences arising from financial assets measured at fair value through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

B. Translation of foreign operations

Assets and liabilities of foreign operations (including goodwill arising from acquisitions and the adjustments of fair value) are translated into Japanese yen using the exchange rate as of the fiscal year end. Revenue and expenses are translated into Japanese yen using the average exchange rate for the fiscal year, unless there is no significant fluctuation in the exchange rate. Translation differences are recognized in other comprehensive income. On the disposal of a foreign operation, involving a loss of control, the cumulative amount of foreign currency translation differences relating to the applicable foreign operation are transferred to profit or loss in the period of disposal.

13) Assets held for sale

An asset or asset group which is expected to be recovered through a sale transaction rather than through continuing use is classified as an asset or disposal group held-for-sale if the management commit to a plan to sell, it is highly probable that the asset or asset group will be sold within one year and the asset or asset group is available for immediate sale in its present condition. Assets classified as held for sale or included within a disposal group that is classified as held for sale are measured at the lower of its carrying amount or its fair value less costs of sell. Property, plant and equipment and intangible assets classified as held for sale and property, plant and equipment and intangible assets included within a disposal group that is classified as held for sale are not depreciated or amortized.

14) Discontinued operations

Discontinued operations include components of an entity already disposed of or classified as held for sale. The Company recognizes them if they represent a separate major line of business or geographical area of operations and there is a plan to dispose of one of the businesses or geographical areas.

15) Accounting for consumption tax

Transactions subject to consumption tax are recorded at amounts excluding consumption tax.

16) Consolidated taxation system

The Group applies the consolidated taxation system.

2. Notes on Changes in Accounting Policies

The Group has adopted the following standards from the beginning of the year ended March 31, 2020.

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

Due to the mandatory adoption of International Financial Reporting Standards 16, "Lease" ("IFRS16"), from the beginning of consolidated fiscal year beginning on or after April 1, 2019, the Group has retrospectively applied the standard in accordance with transitional measures. At the date of initial application of IFRS16, the Group has recognized the cumulative effect of the initial application.

As a result of this adoption, the Group as a lessee is not classifying each of its leases as either an operating lease or finance lease and recognizing right-of-use assets representing the right to use an underlying asset over the lease term and lease liabilities representing payments for the right to use an underlying asset for the lease term for all leases from the beginning of consolidated fiscal year ended March 31, 2020. The Group, at the commencement date of the lease, measures the lease liabilities at the present value of the lease payments that are not paid at that date and measures the right-of-use assets at the cost comprised the amount such as initial measurement of the lease liabilities and prepaid lease payments. Right-of-use assets are depreciated from the commencement date to the earlier of the end of the useful life or the end of the lease term. Lease payments are apportioned between the finance cost and the reduction of the lease obligations based on the effective interest method. Finance costs are recognized in the consolidated statement of profit or loss. However, if the lease is short-term lease or lease for which the underlying asset is of low value, the Group does not apply this requirement and recognizes the gross lease payments as an expense on a straight-line basis over the lease term.

By applying IFRS16, the amount of "Lease assets" included in "Property, plant and equipment" and "Lease obligations" included in "Bonds and borrowings" in the consolidated statement of financial position for the year ended March 31, 2019 are now presented as "Right-of-use assets" and "Lease liabilities" from the year ended March 31, 2020. The lease liabilities have been measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted-average of the lessee's incremental borrowing rate is 0.8%.

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

As a result, at the beginning of the year ended March 31, 2020, "Property, plant and equipment" decreased by 30,381 million yen, and "Right-of-use assets" and "Investment property" increased 195,037 million yen and 1,686 million yen respectively. Also, "Bonds and borrowings" decreased by 36,433 million yen and "Lease liabilities" increased by 202,775 million yen.

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

(Millions of yen)

Non-cancellable operating lease contracts (March 31, 2019)	115,629
Cancellable operating lease contracts etc. (March 31, 2019)	50,713
Finance lease obligations (Current liabilities) (March 31, 2019) (Note)	3,380
Finance lease obligations (Non-current liabilities) (March 3,1 2019) (Note)	33,053
Total (Lease liabilities recognized in April 1, 2019)	202,775

Note: Finance lease obligations are included in "Bonds and borrowings" in consolidated statement of financial position for the year ended March 31, 2019.

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

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

3. Notes to Additional Information

Accounting estimate related to the expand of COVID-19

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

In Japan, while the majority of construction sites for residential detached houses continued to operate normally, some construction sites in urban areas suspended operations due to the state-of-emergency declaration, resulting in a 10% decrease in year-on-year domestic shipments in April 2020. Regarding demand in Japan, while new housing starts serve as a leading indicator for product sales, there is a possibility that the number of new housing starts will further decrease due to social and economic impact from COVID-19. Also, negative impacts in recent orders of home renovation products are becoming apparent. This is because the home renovation products require installation inside individual homes while social distancing has become a widely implemented measure to prevent the spread of COVID-19. The Group will carefully monitor the potential impact on the financial results going forward.

In overseas markets, all of our subsidiaries in China have resumed operations with the approval of regulatory authorities. In areas which are still under lockdown orders from national and local authorities, sales offices and other facilities have shifted to teleworking to maintain normal operations and ensure a stable and continuous supply of products and services to customers. With regard to manufacturing, even though some plants halted production for a fixed period to ensure employee safety and compliance with national and local government guidelines, the majority of the Group's plants and sites are now operational. However, product shipments across overseas subsidiaries in April 2020 were down 30% on an average. The Group will carefully monitor COVID-19's potential social and economic impact on the financial results going forward.

Due to the unprecedented nature of the COVID-19 pandemic, there are currently no widely accepted views on how it will continue to develop in the future, or references regarding accounting estimates relating to this situation. Therefore, it is difficult to predict the impact on the Group's business performance at this time. However, based on certain assumptions, the Group has developed estimates such as for the recoverability of deferred tax assets, goodwill and fixed asset impairment tests, and reflected these into the accounting. It is assumed that both Japan and overseas business performance will recover to levels prior to COVID-19 during the second half of the fiscal year ending March 2021, although it could take 1 to 3 years for some overseas regions to recover.

There are many uncertainties regarding the impact of the expansion of COVID-19 on economic activities. If the above assumptions should change, the financial condition and operating results of the Group may be affected.

4. Notes on Changes in Presentation

(1) Consolidated statement of profit or loss (Discontinued operations)

Revenue, income (loss), and other items for discontinued operations have been reclassified to loss from discontinued operations with net of taxation in the consolidated statement of profit or loss.

(2) Consolidated statement of changes in equity (Share of other comprehensive income of associates and joint ventures accounted for using the equity method)

"Share of other comprehensive income of associates and joint ventures accounted for using the equity

method" presented in the consolidated statement of changes in equity for the year ended March 31, 2019 is now presented in "Other" from the year ended March 31, 2020 due to lowered materiality.

As a result, the balance of "Share of other comprehensive income of associates and joint ventures accounted for using the equity method" in the amount of 20 million yen as of April 1, 2019, other comprehensive income in the amount of (11) million yen for the year ended March 31, 2020 and 9 million yen as of March 31, 2020 are respectively included in "Other."

5. Notes to Consolidated Statement of Financial Position

(1) Pledged assets

Land	147 million yen

The above assets are pledged as collateral for long-term borrowings to be repaid within one year in the amount of 19 million yen and long-term borrowings in the amount of 167 million yen.

(2) Allowance for doubtful accounts directly deducted from assets

Trade and other receivables	2,612 million yen
Other financial assets (Current assets)	13 million yen
Other financial assets (Non-current assets)	3,685 million yen
Total	6,310 million yen

(3) Accumulated depreciation and impairment loss on property, plant and equipment

738,343 million yen

(4) Contingent liabilities

The Company guarantees liabilities to certain banks in the amount of 93,182 million yen for Permasteelisa S.p.A. ("Permasteelisa") and its subsidiaries' performance bonds under construction contracts and others.

Permasteelisa and its subsidiaries have had various litigations, and also have received claims which are not litigious. The total amount of litigation and claims which Permasteelisa and its subsidiaries has received from counterparties is 5,908 million yen. Depending on the outcome of the legal proceedings, there is a possibility that Permasteelisa and its subsidiaries will not need to pay any liability arising from the aforementioned litigation and claims. Permasteelisa and its subsidiaries intend to defend themselves and explain their position against this litigation. It has not been possible to determine the outcome of the litigation and claims at this time. The Company provides no further disclosure on the litigation and claims since such disclosures might seriously prejudice the outcome of the proceedings. Appropriate provision has been recorded for the estimated loss on claims and legal actions, and the amount of provision is not included in the aforementioned contingent liabilities.

The Company also provides business-related guarantees and other guarantees to counterparties in the amount of 3,058 million yen.

The Company resolved at the Board of Directors Meeting held on May 1, 2020 to sell 100% of the shares of Permasteelisa S.p.A. and signed off on a share transfer agreement. After the share transfer, above contingent liabilities related to Permasteelisa and its subsidiaries will be derecognized but another contingent liabilities (guarantees) will be recognized. The details are described in Note 12 "Notes to Discontinued Operations (4) Overview of the transfer."

(5) Assets held for sale and liabilities directly associated with assets held for sale

The components of assets held for sale and liabilities directly associated with assets held for sale are as follows:

(Millions of yen)

	Amount
Assets held for sale	
Cash and cash equivalents	1,301
Trade and other receivables	2,108
Inventories	611
Property, plant and equipment	310
Assets constituting the discontinued operations	53,473
Other	429
Total	58,232
Liabilities directly associated with the assets held for sale	
Trade and other payables	878
Other current liabilities	41
Net defined benefit liabilities	359
Liabilities constituting the discontinued operations	89,876
Other	753
Total	91,907

Note: Items classified as assets held for sale and liabilities directly associated with assets held for sale for the year ended March 31, 2020 are associated with LIXIL Korea Inc., and Permasteelisa and its subsidiaries which are classified as discontinued operations. This classification is a result of the Group's decision to sell those shares. Details of the assets and liabilities related to discontinued operations are as described in Note 12 "Notes to Discontinued Operations."

6. Notes to Consolidated Statement of Profit or Loss

(1) Impairment losses

The Company recognized impairment losses amounting to 17,319 million yen as other expenses in the consolidated statement of profit or loss for the year ended March 31, 2020. The main impaired assets are as follows:

(Millions of yen)

Category	Segment	Component and amount	
Manufacturing facilities for interior decorative tiles, etc.	Water Technology business	Buildings and structures	384
		Machinery and vehicles	1,676
		Customer-related assets	1,517
		Other	254
		Total	3,831
Manufacturing facilities for sanitarywares	Water Technology business	Buildings and structures	415
		Machinery and vehicles	1,055
		Land	228
		Goodwill	622
		Other intangible assets	472
		Other	7
		Total	2,799
Retail stores	Distribution and Retail business	Buildings and structures	334
		Right-of-use assets	2,432
		Other	27
		Total	2,793
Manufacturing facilities for exterior building materials	Housing Technology business	Machinery and vehicles	915
		Right-of-use assets	1,049
		Other	186
		Total	2,150
Manufacturing facilities for faucets, etc.	Water Technology business	Machinery and vehicles	339
		Tools, furniture and fixtures	104
		Trademarks	594
		Other	4
		Total	1,041

The Company recognized impairment losses for assets relate to manufacturing facilities for interior decorative tiles, etc., which are located in the US. The carrying amounts of the relevant assets were written down to their recoverable amounts, and related impairment losses were recorded as other expenses in the consolidated statement of profit or loss since the profitability declined significantly due to continuous low performance. An asset's recoverable amount is measured at the asset's value in use, determined by discounting future cash flows at a discount rate of 11.0%.

The assets relate to manufacturing facilities for sanitarywares, for which impairment losses were recognized, were recognized when the Group acquired LIXIL India Sanitaryware Private Limited. The carrying amounts of the relevant assets were written down to their recoverable amounts, and related impairment losses were recorded as other expenses in the consolidated statement of profit or loss with significant declines in profitability due to continuous low performance. An asset's recoverable amount is measured at the asset's value in use, determined by discounting future cash flows at a discount rate of 13.4%. For LIXIL India Sanitaryware Private Limited's goodwill, the Company recognized impairment losses at the entire amount of the total carrying book value.

The carrying amounts of assets relate to retail stores were written down to their recoverable amounts, and related impairment losses were recorded as other expenses in the consolidated statement of profit or loss since the profitability declined significantly due to continuous low performance. An asset's recoverable amount is measured by the asset's value in use, determined by discounting future cash flow at a discount rate of 4.7%.

The assets relate to manufacturing facilities for exterior building materials, for which impairment losses were recognized, are located in Japan. The carrying amounts of the relevant assets were written down to their recoverable amounts, and related impairment losses were recorded as other expenses in the consolidated statement of profit or loss since the profitability declined significantly due to continuous low performance. An asset's recoverable amount is measured at the asset's value in use, determined by discounting future cash flows at a discount rate of 5.3%.

The assets relate to manufacturing facilities for faucets, etc., for which impairment losses were recognized, are located in Republic of South Africa. The carrying amounts of the relevant assets were written down to their recoverable amounts, and related impairment losses were recorded as other expenses in the consolidated statement of profit or loss since the profitability declined significantly due to continuous low performance. An asset's recoverable amount is measured at fair value less cost of disposal, determined by discounting future cash flows at a discount rate of 11.3%.

(2) Costs related to "Career Option Program"

The Company and its subsidiaries are working to enhance their personnel systems to support multigenerational career planning and development. As part of this initiative, the Board of Directors Meetings resolved to implement a new "Career Option Program" which permanent employees of the Group working in Japan who have reached a certain age with certain duration of service will be able to select the option of pursuing opportunities outside the company before the usual statutory retirement age.

Costs for premium retirement allowance and outplacement services related to "Career Option Program" are recorded under cost of sales and selling, general and administrative expenses in the consolidated statement of profit or loss for the year ended March 31, 2020 as following:

Cost of sales	805 million yen
Selling, general and administrative expenses	4,738 million yen
Total	5,543 million yen

(3) Costs for one-time allowance for the employees

To support all employees, except for employees of the certain subsidiaries, with unplanned expenses related to COVID-19, the Group decided to issue a special one-time allowance of 50,000 yen or local currency equivalent per person. This allowance is recorded under other expenses in the amount of 3,461 million yen in the consolidated statement of profit or loss for the year ended March 31, 2020.

7. Consolidated Statement of Changes in Equity

(1) Class and total number of shares outstanding and class and number of treasury shares

	Class of shares	Number of shares at beginning of the fiscal year (thousand)	Increase during the fiscal year (thousand)	Decrease during the fiscal year (thousand)	Number of shares at the end of the fiscal year (thousand)
Shares outstanding	Ordinary shares	313,319	—	—	313,319
Treasury shares	Ordinary shares	23,224	12	21	23,216

Notes: 1. Number of treasury shares is the total of treasury shares owned by the Company and those owned by associates accounted for using the equity method, which are determined in proportion to the Company's interest in the associates.
2. The increase of treasury shares is mainly due to the purchase of stocks of less than one unit of 8 thousand shares and the acquisition of 4 thousand shares at no charge pertaining to restricted stocks of which transfer restrictions were not terminated.
3. The decrease of treasury shares is mainly due to an exercise of stock options of 21 thousand shares

(2) Dividends

1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors Meeting held on May 28, 2019	Ordinary shares	10,153	35	March 31, 2019	June 26, 2019
Board of Directors Meeting held on October 31, 2019	Ordinary shares	10,154	35	September 30, 2019	November 29, 2019
Total	—	20,307	—	—	—

Note: Total dividends are the resolution amount of dividends less dividends attributed to the Company's shares owned by associates accounted for using the equity method.

2) Dividends with a record date in the current year but an effective date subsequent to the current year

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends resource	Dividends per share (Yen)	Record date	Effective date
Board of Directors Meeting held on June 5, 2020	Ordinary shares	10,154	Retained earnings	35	March 31, 2020	June 30, 2020

Note: Total dividends are the resolution amount of dividends less dividends attributed to the Company's shares owned by associates accounted for using the equity method.

(3) The number of shares subject to the exercises of stock options whose exercise period has already arrived as of March 31, 2020

5th stock options	1,987,600 shares
7th stock options	2,388,700 shares
8th stock options	40,500 shares
9th stock options	300,000 shares
Yen-based Convertible bond-type Euro bonds with subscription rights to shares due 2022	15,921,876 shares
Total	20,638,676 shares

8. Financial Instruments

(1) Financial instruments

Risks of financial instruments and risk management system for the risks are as follows:

1) Market risk management

The Group's businesses are exposed mainly to risks of changing economic and financial market environments. Risks of changing financial market environments include A. currency risk, B. interest rate risk, C. price risk of equity instruments and D. price risk of merchandise.

A. Currency risk

Currency risk arises from transactions undertaken by the Group companies in currencies other than the functional currency. It may affect selling prices and revenue of finished goods denominated in foreign currencies.

The Group manages such currency risk arising from foreign currency transactions by utilizing foreign exchange forward contracts and cross-currency interest rate swaps.

B. Interest rate risk

Since the Group companies borrow funds at both fixed and floating interest rates, those at floating interest rates are exposed to interest rate risk. To mitigate this risk, the Group maintains an appropriate mix of fixed and floating interest rate borrowings, and also utilizes interest rate swaps and cross-currency interest rate swaps.

C. Price risk of equity instruments

Price risk of equity instruments arises from equity instruments (shares) that the Group holds mostly to strengthen relationships with counterparties.

To manage the price risk, the Group regularly analyzes market values and financial conditions of issuers and reconsiders its portfolio if necessary.

D. Commodity price risk

The Group enters into commodity swap contracts to manage and mitigate risks arising from price changes of raw materials (mainly aluminum ingots and copper).

2) Credit risk management

Trade and other receivables arising from the Group's business transactions are exposed to credit risk of its counterparties.

To manage credit risk, the Group sets credit limits and regularly monitors credit status and operations of its counterparties. As it is necessary to minimize potential risks, such as concentrations of credit risk and the counterparty's failure to make payments, the Group adjusts credit limits based on the results of such monitoring. The Group also takes security measures, such as collateral and guarantees depending on the credit status of the counterparties. Since the Group's customer base is broad and not interrelated, the Group is not exposed to excessive risk of customer concentrations.

Derivative transactions are restricted to high credit rating financial institutions to minimize credit risk.

The carrying amount of financial instruments exposed to credit risk and the amount of guarantee obligations disclosed in Note (4)"Contingent liabilities" of Note 3 "Notes to Consolidated Statement of Financial Position" represent the maximum exposure to credit risk at the fiscal year end without considering the value of collateral held by the Group.

3) Liquidity risk management

The Group raises funds by issuing bonds, borrowings and other means. These liabilities are exposed to liquidity risk, such as failure to repay by the due date because of deteriorating funding environments. To mitigate this risk, the Group develops and revises funding plans on a timely basis, and maintains ample cash

balances and credit lines from financial institutions.

(2) Fair value of financial instruments

Carrying amount and fair value of financial instruments as well as their differences as of March 31, 2020 are as follows:

(Millions of yen)

	Carrying amount	Fair value	Difference
Assets			
Financial assets measured at amortized cost			
Other financial assets	57,304	58,502	1,198
Liabilities			
Financial liabilities measured at amortized cost			
Bonds and borrowings	596,091	596,995	904
Other financial liabilities	34,825	35,133	308

Notes: 1. Assets and liabilities with carrying amounts which approximate fair value or those measured at fair value on a recurring basis are not included in the table.

2. The fair value measurement approach is as follows:

Loans and receivables, bonds and borrowings, and other financial liabilities measured at amortized cost	Measured at present value using a discount rate, adjusted for credit risks of the Group or its counterparties.

9. Investment Property

Certain subsidiaries own investment property in Tokyo and other areas in Japan. The carrying amount and fair value of the investment property as of March 31, 2020 are as follows:

(Millions of yen)

Carrying amount	7,779
Fair value	8,836

Notes: 1. Carrying amount of investment property represents historical cost less accumulated depreciation and impairment losses.

2. Fair value of investment property is mainly determined by external real estate appraisers using the discounted cash flow method or referring to market prices of similar assets.

10. Per Share Information

(1) Equity attributable to owners of the parent per share 1,730.99 yen

(2) Basic profit per share

Continuing Operations	106.08 yen
Discontinued Operations	(62.93) yen
Total	43.15 yen

11. Notes to Subsidiaries and Associates

(1) Share transfer of Ken Depot Corporation

1) Reason for the transfer

Ken Depot Corporation is expanding its membership-based wholesale building materials stores for professional users of housing-related materials, "Ken Depot," around the Tokyo metropolitan area. The Group launched the "Ken Depot" business in 2009, and carved out from LIXIL Corporation ("LIXIL") in 2015 to establish Ken Depot Corporation. With capital participation of the fund in which Unison Capital Inc. ("Unison Capital"), which has extensive experience in supporting the growth of companies and helping them become independent from large corporate groups, operates or acts as an advisor, Ken Depot Corporation became an associate accounted for using the equity method of the Company.

As a result of the discussion with Unison Capital, LIXIL decided to transfer all of the shares of Ken Depot Corporation held by LIXIL. The Group has focused on optimizing its business portfolio in line with broader steps to enhance operational efficiencies and strengthen financial conditions. The transaction is also in line with the Company's ongoing efforts to simplify the business structure, enabling further synergies, and efficiencies through enhanced integration.

2) Name of transferee company and date of share transfer

Name of the transferee company	KOHNAN SHOJI CO., LTD.
Date of share transfer	June 3, 2019

3) Name of transferred company and major business

Name	Ken Depot Corporation
Major business	Management of membership-based wholesale building materials stores for professional users of housing-related materials, "Ken Depot"

4) Overview of transfer

Numbers of shares held before the transfer	Common stock: 21,698,181 shares (Voting right ratio: 34%) A Classified Stock: 36,001,819 shares
Number of shares transferred	Common stock: 21,698,181 shares A Classified Stock: 36,001,819 shares
Voting right ratio after the transfer	Common stock: - share (Voting right ratio: -%) A Classified Stock: - share
Received amount	12,938 million yen
Gain on share transfer	10,977 million yen was recognized as a gain on disposal of interest in associate in the consolidated statement of profit or loss for the year ended March 31, 2020.

(2) Share transfer of Senior Life Company Ltd.

1) Reason for the transfer

The Company resolved at the Board of Directors Meeting held on April 24, 2019 to sell the business of assisted private retirement homes and residences for the elderly operated by Senior Life Company, an in-house company of LIXIL, to Trust Garden Co., Ltd. ("Trust Garden"), a wholly owned subsidiary by Resorttrust, Inc. which operates Membership Resort Hotel Business and Medical Business.

LIXIL established a wholly owned subsidiary, Senior Life Company Ltd., and inherited its in-house company's operations of five facilities; assisted private retirement homes named "Felio Momochi," "Felio Tenjin," "Felio Seijo" and "Felio Tamagawa," and residential-type private retirement home named "Regius Momochi," through company split. LIXIL transferred all of the shares of Senior Life Company Ltd. to Trust Garden.

LIXIL's Senior Life Company started its private retirement home business in 2006 to improve people's comfort and to provide a lifestyle which every person dreams of through assisted and residential-type private retirement homes and in-home care. The Company has been focusing on strengthening profitability and improving the residents' satisfaction. However, to accommodate the further diverse needs of residents and improve the facilities, the Company consider that it is most suitable that this business to be managed by Resort Trust Group which leads the market with a strong business platform. For this reason, the Company concluded a contract for the share transfer of Senior Life Company Ltd. to Trust Garden.

The Group has focused on optimizing its business portfolio in line with broader steps to enhance operational efficiencies and strengthen financial conditions.

2) Name of transferee company and date of share transfer

Name of the transferee company	Trust Garden Co., Ltd.
Date of share transfer	September 2, 2019

3) Name of transferred company and major business

Name	Senior Life Company Ltd.
Major business	Operation of assisted private retirement homes and residential-type private retirement homes

4) Overview of transfer

Numbers of shares held before the transfer	1 share (Voting right ratio: 100%)
Number of shares transferred	1 share
Voting right ratio after the transfer	- share (Voting right ratio: -%)
Received amount	7,000 million yen
Gain on share transfer	865 million yen was recognized as other income in the consolidated statement of profit or loss for the year ended March 31, 2020.

(3) Share transfer of LIXIL Suzuki Shutter Corporation

1) Reason for the transfer

The Company resolved at the Board of Directors Meeting held on July 31, 2018 to sell 100% of the shares of LIXIL Suzuki Shutter Corporation, a wholly-owned subsidiary of the Company, to Sanwa Holdings Corporation, and signed off on a share transfer agreement on the same date.

LIXIL Suzuki Shutter Corporation has superior technology and capabilities in the field of selling, construction and maintenance of housing materials, including shutters. Being part of Sanwa Holdings Corporation, which leads the market with a strong business platform, will allow LIXIL Suzuki Shutter Corporation to achieve the further growth. For this reason, the Company concluded a contract for the share transfer of LIXIL Suzuki Shutter Corporation to Sanwa Holdings Corporation.

The Group has focused on optimizing its business portfolio in line with broader steps to enhance operational efficiencies and strengthen financial conditions. The transaction is also in line with the Company's ongoing efforts to simplify the business structure, enabling further synergies, and efficiencies through enhanced integration

2) Name of transferee company and date of share transfer

Name of the transferee company	Sanwa Holdings Corporation
Date of share transfer	September 30, 2019

3) Name of transferred company and major business

Name	LIXIL Suzuki Shutter Corporation
Major business	Manufacturing, selling and construction various types of shutters and steal doors, etc., and maintenance thereof

4) Overview of transfer

Numbers of shares held before the transfer	9,204,597 shares (Voting right ratio: 100%)
Number of shares transferred	9,204,597 shares
Number of shares held after the transfer	- share (Voting right ratio: - %)
Received amount	8,221 million yen
Gain on share transfer	557 million yen was recognized as other income in the consolidated statement of profit or loss for the year ended March 31, 2020.

12. Notes to Discontinued Operations

Transfer of shares of Permasteelisa S.p.A.

The Company resolved at the Board of Directors Meeting held on May 1, 2020 to sell 100% of the shares of Permasteelisa S.p.A. ("Permasteelisa") held by its wholly-owned 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 approvals from regulatory bodies in the relevant countries. Because of the above decision, on the premise of obtaining approval, 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) Reason for the transfer

LIXIL Group ("the Group") 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, 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 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, Permasteelisa 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 US, which together with its affiliates operates a diversified group of manufacturing, distribution and construction businesses.

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

(2) Name of the transferee company and date of share transfer

Name of the transferee company	Atlas Holdings LLC
Date of share transfer	Share will be transferred as soon as approvals from regulatory bodies in the relevant countries are obtained

(3) Name of transferred company and major business

Name of the transferred company	Permasteelisa S.p.A.
Major business	Designing, production and installation for curtain walls and interiors

(4) Overview of the transfer

Numbers of shares held before the transfer	25,613,544 share (Voting right ratio: 100%)
Number of shares transferred	25,613,544 share
Number of shares held after the transfer	- share (Voting right ratio: -%)
Received amount	This will not be disclosed due to the strong intention of the transferee company, but the share transfer price was determined through negotiations with the other party after a fair process.
Relationship with the Group after the share transfer	1) 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. 4,000 million yen). 2) If the revitalization plan is executed at Permasteelisa after the date of the share transfer, the Group is liable to compensate the relevant costs incurred that the Group considers necessary for the implementation of the plan. The maximum amount of such compensation is approximately 68 million euros (Approx. 8,100 million yen). 3) Before the share transfer date, the Group will contribute a certain amount of capital, of which up to 100 million euros (Approx. 12,000 million yen), will be refunded depending on the cash flow status of Permasteelisa from the date of the share transfer to the end of the following fiscal year.

(5) Assets held for sale and liabilities directly associated with assets held for sale

The components of assets held for sale and liabilities directly associated with assets held for sale relates to Permasteelisa and its subsidiaries are as follows:

(Millions of yen)

	Amount		Amount
Assets held for sale		Liabilities directly associated with the assets held for sale	
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	26	Net defined benefit liabilities	3,633
		Provisions (Non-current)	1,929
		Deferred tax liabilities	1,670
		Other	668
Total	53,473	Total	89,876

Note: Assets and liabilities of Permasteelisa and its subsidiaries as the disposal group were remeasured at the fair value less costs to sell. The loss were recognized as the loss from discontinued operations in the consolidated statement of profit

or loss for the year ended March 31, 2020. Fair values are determined based on the conditions of share transfer agreement. As described in the relationship with the Group after the share transfer of " (4) Overview of the transfer," certain amount of money will be refunded after the share transfer. Therefore, future cash flows are estimated including this refund.

(6) Profit or loss related to discontinued operations

Profit or loss related to discontinued operations are as follows:

(Millions of yen)

	Amount
Revenue	139,688
Loss recognized on the remeasurement of assets and liabilities within the disposal group of discontinued operations at fair value less costs to sell	(53,983)
Other profit and loss	(155,878)
Loss before tax from discontinued operations	(70,173)
Income tax expenses (Note)	51,912
Loss for the year from discontinued operations	(18,261)

Note: Income tax expenses include the impact of deferred tax assets for the loss recognized by the remeasurement of assets and liabilities within the disposal group of discontinued operations at fair value less costs of disposal in the amount of 16,054 million yen..

13. Other Notes

Figures less than one million yen are rounded down to the nearest million yen.

Notes to Nonconsolidated Financial Statements

1. Significant Accounting Policies

(1) Valuation standards and methods for securities

1) Investments in subsidiaries and associates

Stated at cost determined by the moving-average method.

2) Available-for-sale securities

Marketable securities

Stated at fair value at the end of the fiscal year. Unrealized gains or losses, net of applicable income taxes, are directly included in net assets. Costs of securities sold are determined by the moving-average method.

Non-marketable securities

Stated at cost determined by the moving-average method.

(2) Depreciation method of non-current assets

1) Property, plant and equipment other than leased assets

Depreciated under the declining-balance method.

Buildings acquired on or after April 1, 2016, are depreciated using the straight-line method.

2) Intangible assets

Depreciated under the straight-line method.

3) Leased assets

Leased assets regarding finance leases which do not transfer ownership

Depreciated over the lease term using the straight-line method with no residual value.

(3) Provisions

1) Provision for bonuses

An accrual is provided for the payment of employees' bonuses based on the expected amount to be paid.

2) Provision for bonuses for corporate officers

An accrual for the current fiscal year is included in the estimated payment amount based on the stock price-linked compensation.

3) Provision for loss on businesses of subsidiaries and associates

An accrual is provided for an estimated amount of probable losses based on consideration of the financial conditions of the subsidiaries and associates.

(4) Accounting for convertible bonds with subscription rights to shares

Proceeds from the issuance of convertible bonds with subscription rights to shares are not allocated between the bond portion and the subscription right portion, but are accounted for as straight bonds.

(5) Accounting for consumption tax

Transactions subject to consumption tax are recorded at amounts excluding of consumption tax.

(6) Consolidated taxation system

LIXIL Group Corporation (the "Company") applies the consolidated taxation system.

(7) Treatment of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

Based on item 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No.39, March 31, 2020), the provisions of item 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) are not applied to the transition to the group tax sharing system and items for which the single tax payment system has been reviewed in line with the transition to the group tax sharing system, and the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax law before the revision.

2. Notes to Nonconsolidated Balance Sheet

(1) Accumulated depreciation on property, plant and equipment 3 million yen

(2) Guaranteed obligations

The Company guarantees transfer receivables arising from factoring service and loans payable of the following subsidiary or associate:

LIXIL Group Finance Corporation	176,000 million yen

The Company guarantees performance obligations related to construction contracts of the following subsidiary or associate:

Josef Gartner GmbH	15,127 million yen

The Company guarantees loans payable of the following subsidiary or associate:

Grohe Holding GmbH	45,736 million yen
LIXIL India Sanitaryware Private Limited	429 million yen

The Company guarantees loans payable of the following subsidiaries or associates:

LIXIL Corporation	306,998 million yen
Grohe Holding GmbH	48,139 million yen
LIXIL GLOBAL MANUFACTURING VIETNAM Co., Ltd.	20,400 million yen
ASD Holding Corp.	10,883 million yen
LIXIL REALTY Corp.	9,230 million yen
Permasteelisa Gartner Saudi Arabia LLC	9,152 million yen
Permasteelisa Gartner Middle East LLC	8,893 million yen
Other	41,890 million yen

(3) Receivables from and payables to subsidiaries and associates

Short-term receivables	38,085 million yen
Short-term payables	4,479 million yen

3. Notes to Nonconsolidated Statement of Income

(1)Transactions with subsidiaries and associates

Operating transactions	
Royalty income	10,823 million yen
Dividend income	3,159 million yen
Other operating revenue	9,423 million yen
Non-operating transactions	4,091 million yen

(2)Provision for losses on investment in subsidiaries and associates

Provision for losses on investment in subsidiaries and associates recorded in the current fiscal year mainly relates to LIXIL Africa Holding (Pty) Ltd. ("LIXIL Africa"), a consolidated subsidiary of the Company. The Company recorded the provision considering the financial condition of LIXIL Africa because the company has recognized impairment losses since the profitability declined significantly due to continuous low performance.

4. Notes to Nonconsolidated Statement of Changes in Equity

Class and number of treasury shares as of March 31, 2020

Ordinary shares	23,215,701 shares

5. Deferred Tax Assets and Deferred Tax Liabilities

Major components of deferred tax assets and deferred tax liabilities

Deferred tax assets	
Loss on valuation of investments in subsidiaries and associates	2,869 million yen
Tax loss carryforwards	2,459 million yen
Loss on valuation of investment securities	865 million yen
Provision for loss on business of subsidiaries and associates	1,521 million yen
Loss on sale of investments in subsidiaries and associates	23 million yen
Other	420 million yen
Subtotal	8,161 million yen
Less: valuation allowance for tax loss carryforwards	(864) million yen
Less: valuation allowance for deductible temporary difference	(5,588) million yen
Subtotal	(6,453) million yen
Total	1,707 million yen
Deferred tax liabilities	
Unrealized gain on available-for-sale securities	(976) million yen
Gain on sale of investments in subsidiaries and associates	(938) million yen
Total	(1,914) million yen
Net deferred tax liabilities	(206) million yen

6. Related Party Transactions

(1) Subsidiaries and associates

(Million yen)

Type	Name of company	Share of voting rights owned by the Company /(owned by the related party)	Relationship with the related party	Transaction	Transaction Amount	Account	Balance as of March 31, 2020
Subsidiary	LIXIL Corporation	Directly owned 100%	Control and management by holding shares Concurrent post of directors	Acceptance of seconded employees (Note 1)	407	Accrued expenses	25
				Receipt of consignment fee (Note 2)	9,238	Other receivables	1,837
				Receipt of royalty (Note 3)	10,746	Other receivables	794
				Guarantee of obligations of intercompany loans (Note 4)	306,998	—	—
Subsidiary	LIXIL Group Finance Corporation	Directly owned 100%	Control and management by holding shares Concurrent post of directors	Lending of funds (Note 5)	32,661	Short-term loans receivable	32,661
				Receipt of interest income (Note 5)	414	Other receivables	10
				Guarantee of obligations (Note 6)	176,000	—	—
				Receipt of guarantee fees (Note 6)	81	Other receivables	13
Subsidiary	ASD Holdings Corp.	Directly owned 100%	Control and management by holding shares Concurrent post of directors	Guarantee of obligations of intercompany loans (Note 4)	10,883	—	—

Subsidiary	Grohe Holding GmbH	Indirectly owned 100%	Control and management by holding shares	Guarantee of obligations of intercompany loans (Note 4)	48,139	—	—
				Guarantee of obligations (Note 6)	45,736	—	—
				Receipt of guarantee fees (Note 6)	66	Other receivables	3
Subsidiary	LIXIL GLOBAL MANUFACTURING VIETNAM Co., Ltd	Indirectly owned 100%	Control and management by holding shares	Guarantee of obligations of intercompany loans (Note 4)	20,400	—	—
Subsidiary	LIXIL REALTY Corp. LLC	Indirectly owned 100%	Control and management by holding shares	Guarantee of obligations of intercompany loans (Note 4)	9,230	—	—
Subsidiary	Permasteelisa Gartner Saudi Arabia LLC	Indirectly owned 100%	Control and management by holding shares	Guarantee of obligations of intercompany loans (Note 4)	9,152	—	—
Subsidiary	Permasteelisa Gartner Middle East LLC	Indirectly owned 100%	Control and management by holding shares	Guarantee of obligations of intercompany loans (Note 4)	8,893	—	—
Subsidiary	Josef Gartner GmbH	Indirectly owned 100%	Control and management by holding shares	Guarantee of obligations (Note 7)	15,127	—	—

Terms and conditions of transactions and policies for determining the terms and conditions

Notes: 1. Amount reimbursed to LIXIL Corporation, which paid payroll costs for seconded employees on behalf of the Company.

2. The consignment fee is calculated based on the consignment agreement with LIXIL Corporation. In addition, the net amount after deducting the amount claimed management fee is stated.

3. Royalty is calculated based on the contractual rates determined in consultation with LIXIL Corporation.

4. The Company does not receive any guarantee fees, taking into account the degree of associated risks.

5. Interest rates on loans are determined reasonably based on actual fund-raising rates. Transaction amount represents the balance of loans receivable as of March 31, 2020.

6. Guarantee fee rates are determined reasonably based on the market rate and the degree of associated risks.

7. Guarantee is for performance obligations related to construction contracts. The Company does not receive any guarantee fees, taking into account the degree of associated risks.

(2) Directors and major individual shareholders

(Million yen)

Type	Name of company or individual	Shares of voting rights owned by the Company /(owned by the related party)	Relationship with the related party	Transaction	Transaction amount	Account	Balance as of March 31, 2020
Director and close relative	Sachio Matsumoto	(Directly owned 0.0%)	Executive Officer of the Company	Exercise of subscription rights to shares (Note)	23	—	—

Terms and conditions of the transactions and policies for determining the terms and conditions

Note: Exercised subscription rights to shares are those exercised in the current year based on the resolutions of Board of Directors on April 15, 2013. Transaction amounts are calculated by multiplying the shares granted in exercising subscription rights by amounts paid.

7. Per Share Information

(1) Net assets per share 1,557.43 yen

(2) Earnings per share (4.46) yen

8. Notes to Additional Information

Absorption merger between LIXIL Group Corporation and LIXIL Corporation

The Company resolved at the Board of Directors Meeting held on March 23, 2020 to conduct an absorption-type merger of its consolidated subsidiary LIXIL Corporation ("LIXIL"), and a merger agreement was signed on the same date.

(1) Transaction overview

1) Overview of the companies involved in the business combination

Name of company to be dissolved as a result of the absorption merger LIXIL Corporation

Major business To manufacture and sell building materials and housing equipment for housing and buildings, operate housing-related businesses as well as related services.

2) Schedule date of the merger

December 1, 2020 (Plan)

3) Method of the Merger

Using the "merger by absorption" method, The Company will become the surviving company and LIXIL will be dissolved.

4) Company name after the business combination

LIXIL Corporation

Note: The change of the company name of the surviving company is subject to the approval of partial amendment of the Articles of Incorporation at Annual General Meeting of Shareholders, which will be held in June 2020, and the completion of the procedures required for the Merger.

5) Transaction overview including the purpose of the transaction

LIXIL 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, enhancing productivity and efficiency, as well as becoming a more agile organization that enables better decision-making.

Since 2001, under the former Tostem Inax Holding Corporation, LIXIL Group adopted a holding company structure to optimize overall operations while maintaining cooperation and originality between each operating company. This structure was continued when LIXIL was established following the integration of five major operating companies in 2011. However, as LIXIL Group's strategy has evolved, it must now place a greater focus on actively managing its core businesses and driving synergies across these business areas to accelerate growth. This is in line with the announcement of July 22, 2019 ("Announcement Regarding Management’s Future Direction"), which stated that the highest priority of the current executive officers and directors is to enhance corporate value by focusing on LIXIL's core businesses inside and

outside of Japan.

By dissolving the two-tier structure of the Company and LIXIL, LIXIL Group will improve efficiency by eliminating duplication of management, operating costs and human resources. This change will enable faster decision-making, as well as improve corporate governance by simplifying the group management system and increasing the transparency of management.

Based on these considerations, the Board of Directors has resolved to conduct an absorption-type merger of LIXIL.

(2) Overview of accounting procedures applied

The transaction will be accounted for as a transaction under common control in accordance with Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013) and the Revised Guidance on Accounting Standard for Business Divestitures (ASBJ Guidance No.10, September 13, 2013).

On the balance sheet of the Company for the current fiscal year, the book value of the subsidiary stock for LIXIL Corporation is 211,287 million yen.

The summary of LIXIL's balance sheet as of March 31, 2020 is as follows.

(Millions of yen)

CURRENT ASSETS	317,737	**CURRENT LIABILITIES**	391,965
NON-CURRENT ASSETS	479,784	**NON-CURRENT LIABILITIES**	278,862
		EQUITY	126,693
TOTAL ASSETS	797,521	**TOTAL LIABILITIES AND EQUITY**	797,521

9. Consolidated Dividend Regulations

The Company is subject to consolidated dividend regulations, meaning that it calculates the distributable amount for dividends on a consolidated basis.

10. Other Notes

Figures less than one million yen are rounded down to the nearest million yen.