

The following is an English translation of the Report for the 79th Fiscal Year (the "Report") as Attachment to the Notice of Convocation of the 79th Annual Shareholders' Meeting of LIXIL 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.

Report for the 79th Fiscal Year

(From April 1, 2020 to March 31, 2021)



Disclosure via the Internet

The following items are posted on the Company's Internet website based on the laws and regulations as well as Article 16 of the Company's Articles of Incorporation, thus are not indicated on the Report.

- (1) Table of Explanatory Notes to Consolidated Financial Statements, and
- (2) Table of Explanatory Notes to Non-consolidated Financial Statements

Company's website: <https://www.lixil.com>

The Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Accounting Auditors and the Audit Committee are the statements indicated on the Report, and the Table of Explanatory Notes to Consolidated Financial Statements and the Table of Explanatory Notes to Non-consolidated Financial Statements posted on the Company's website above.

LIXIL Corporation
(Securities Code 5938)

1. Matters regarding the current state of the group of companies

Due to the Company's decision to transfer the shares of its consolidated subsidiary Permasteelisa S.p.A. ("Permasteelisa") in May 2020 (share transfer completed in September 2020), and its decision to transfer the shares of its consolidated subsidiary LIXIL VIVA CORPORATION ("LIXIL VIVA") in June 2020 (share transfer completed in November 2020), it has categorized the businesses of Permasteelisa and its subsidiaries and LIXIL VIVA as discontinued operations in the preparation of consolidated financial statements. As a result, revenue, core earnings, operating profit, and profit before tax are presented as the amount of continuing operations, excluding discontinued operations. We applied the same accounting policy to last fiscal year's results.

(1) Business developments and their results

During this consolidated Fiscal Year, the spread of COVID-19 has greatly suppressed economic and social activities in the Japanese economy, creating extremely challenging conditions such as a rapid deterioration in personal consumption and corporate earnings, etc. Subsequently, although a gradual increase in socioeconomic activity levels and hopes for an early deployment of COVID-19 vaccines did lead to some signs of a recovery, the declaration in Japan of another state of emergency, etc. in response to a new wave of COVID-19 means the outlook remains uncertain. In residential investment, the number of new housing developments and rental properties continued to fall year-on-year, and although there were encouraging signs for privately owned houses, the downward trend is expected to continue over the medium-to-long term for the number of new housing developments, creating a continued difficult environment for the Company.

With COVID-19 affecting the world economy more than the Japanese economy, the world economy is also seeing socioeconomic activity severely disrupted by lockdowns and curfews in major cities, and although the subsequent fiscal policies of governments in various countries have resulted in a gradual recovery trend, the lack of clarity about the timing of a return to normalcy also means that, as for Japan, the outlook for the world economy remains uncertain. Given the differences in the recovery of demand caused by the easing of restrictions on socioeconomic activity and the economic policies of countries and regions, and uncertainties such as the tightening of maritime transport due to a global container shortage, the rise in commodity prices and the intensification of the so-called "wood shock," the Company will need to continue its close monitoring of economic trends.

In this context, the revenue of the Company and its consolidated subsidiaries (the "Group") in this consolidated Fiscal Year decreased to 1,378,255 million yen (down 9.0% on year), with the suspension of economic activities from the impact of COVID-19 leading to a substantial revenue drop in the first half of the Fiscal Year before some recovery in demand in the first half of the Fiscal Year from overseas business centering on the U.S. and Europe. Core earnings increased to 57,288 million yen (up 9.6% on year), with the drop in revenue offset by continued gross profit improvement activities in domestic business, as well as policies to boost employee productivity, and lower general and administrative expenses from holding down costs from the COVID-19 crises. Operating profit rose to 35,842 million yen (up 12.0% on year), thanks partially to a profit on sales of some subsidiaries, despite a one-off payment for the voluntary retirement program "*New Life*" implemented in March as part of a comprehensive employee-focused human resources program called "*Kawaranaito LIXIL*" aimed at

invigorating domestic business activity. Profit before tax decreased to 33,804 million yen (down 17.4% on year) due to the drop out of the gain of 10,977 million yen on the disposal of equity interest in an affiliated company booked in the previous Fiscal Year, and profit for this Fiscal Year from continuing operations also fell to 16,368 million yen (down 41.0% on year).

The profit for this Fiscal Year from discontinued operations including the profit on sale of Permasteelisa and LIXIL VIVA was 21,219 million yen, compared with a loss from discontinued operations of 14,056 million yen in the same period of the previous Fiscal Year. As a result, profit for this Fiscal Year attributable to the owners of the parent (net of non-controlling interests), jumped to 33,048 million yen (up 1.6 times on year).

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

The overall conditions for each business sector are described below. Following a decision to sell shares of Permasteelisa, the business of Permasteelisa and its subsidiaries, which were previously included in the Building Technology Business, have been categorized as discontinued operations. Following a decision to sell shares of LIXIL VIVA, the business of LIXIL VIVA, which were previously included in the Distribution and Retail Business, have been categorized as discontinued operations. The results for the same period of the previous Fiscal Year have been recategorized in the same way.

Further, for each business, revenue indicates the amounts before eliminations for inter-business transactions, and core earnings indicate the amounts before deduction of company-wide expenses.

[Water Technology Business]

In the Water Technology Business, revenue decreased by 5.4% on year to 783,805 million yen. Conditions were challenging both domestically and overseas from the significant impact of COVID-19 over the entire consolidated Fiscal Year, a reduction in demand from a fall in new housing developments numbers in the domestic business and a reactionary downturn following higher demand ahead of consumption tax rate increase in the preceding Fiscal Year, although there was a sharp recovery in demand in North America, Europe, the Middle East, Africa and China in the second half of the Fiscal Year. Core earnings improved to 62,148 million yen (up 1.0% on year), with the fall in gross profit from the revenue drop offset by a review of product prices and a decrease in selling, general and administrative expenses.

[Housing Technology Business]

In the Housing Technology Business, revenue decreased to 474,291 million yen (down 12.5% on year). As with the Water Technology Business, the business was hit hard by COVID-19, a reduction in demand from a fall in new housing developments numbers in domestic business and a reactionary downturn following higher demand ahead of consumption tax rate increase in the preceding Fiscal Year, but core earnings increased 11.1% on year to 31,435 million yen as a result of improved gross profit from better production efficiency brought about by progress in platform development and improved sales ratio for renovations, as well as a decrease in selling, general and administrative expenses.

[Building Technology Business]

In the Building Technology Business, the impact of COVID-19 and a fall in domestic demand due to the convergence of demand for the Olympics and the Paralympics and other factors made for a challenging business environment, resulting in revenue decreasing 17.2% on year to 93,375 million yen, and despite measures to improve order gross margins, and a decrease in selling, general and administrative expenses, core earnings fell to 2,611 million yen (down 2.2% on year).

[Housing and Services Business, etc.]

In the Housing and Services Business, etc., despite growth in new business areas such as B to C business, which continues to be a priority strategy, the impact of COVID-19 and a fall in the vigorous new build demand ahead of the consumption tax rate hike the previous consolidated Fiscal Year and other factors resulted in revenue decreasing by 13.8% on year to 46,556 million yen and core earnings falling by 28.4% on year to 2,136 million yen.

Revenue and core earnings by business

Business Category	FYE2020 Consolidated Fiscal Year (April 1, 2019 to March 31, 2020)		FYE2021 Consolidated Fiscal Year (April 1, 2020 to March 31, 2021)		Year-on-year increase/decrease	
	Revenue (million yen)	Core Earnings (million yen)	Revenue (million yen)	Core Earnings (million yen)	Revenue (%)	Core Earnings (%)
Water Technology Business	828,527	61,524	783,805	62,148	(5.4)	1.0
Housing Technology Business	542,204	28,288	474,291	31,435	(12.5)	11.1
Building Technology Business	112,774	2,671	93,375	2,611	(17.2)	(2.2)
Housing and Services Business, etc.	54,019	2,984	46,556	2,136	(13.8)	(28.4)
Deletion or Common throughout Company	(23,075)	(43,177)	(19,772)	(41,042)	-	-
Total	1,514,449	52,290	1,378,255	57,288	(9.0)	9.6

Note: Operations categorized as discontinued operations are not included.

(2) Status of capital investment

The amount of capital investment (including right of use assets) for this consolidated Fiscal Year is 65,581 million yen. Most of the amount was for investment in new product development and for streamlining and investment in facilities update and maintenance.

(3) Status of financial arrangements

In this consolidated Fiscal Year, 83,696 million yen was procured through long-term loans and 50,000 million yen through the issuance of straight bonds to be applied to refinancing funds for a consolidated subsidiary.

(4) Status of succession of rights and obligations regarding the business of other entities due to absorption-type merger or

absorption-type company split

On December 1, 2020, the Company and the Company's specified wholly owned subsidiary LIXIL Corporation ("Former LIXIL Corporation") merged in an absorption-type merger with the Company as the surviving company. The Company changed its trade name to LIXIL Corporation on the same day.

(5) Status of acquisition or disposal of shares, other equity or share options of other companies

Former LIXIL Corporation transferred 100% of the issued common stock of Permasteelisa which was held by Former LIXIL Corporation as of September 30, 2020 to Atlas Holdings LLC.

Based on a Board of Directors' resolution made on June 9, 2020, the Company executed the memorandum with Arcland Sakamoto Co., Ltd. ("Arcland Sakamoto") and the Company's consolidated subsidiary LIXIL VIVA to make LIXIL VIVA a wholly owned subsidiary of Arcland Sakamoto by way of Arcland Sakamoto implementing a cash tender offer for the common shares of LIXIL VIVA (the "Tender Offer"), a share consolidation of the common shares of LIXIL VIVA conditional on the successful conclusion of the Tender Offer, and a transfer of all LIXIL VIVA common shares held by the Company to Arcland Sakamoto via buy-back by LIXIL VIVA (the "Stock Transfer"), and transactions and other matters incidental or related to those transactions (collectively, the "Transactions"). The Company also entered into an agreement with Arcland Sakamoto regarding the Transactions. The Stock Transfer was implemented on November 9, 2020 after the necessary procedures were completed.

The Company transferred all outstanding shares of its consolidated subsidiary Kawashima Selkon Textiles Co., Ltd. ("Kawashima Selkon") on January 6, 2021 to Kawashima Selkon via a buy-back by Kawashima Selkon.

Also, LIXIL Living Solution Corporation, a wholly-owned subsidiary of the Company, transferred all outstanding shares of the Company's consolidated subsidiary Japan Home Shield Corporation ("Japan Home Shield") on March 9, 2021 to MCP5 Investment Business Limited Liability Partnership, a fund whose management is entrusted to Mizuho Capital Partners Co., Ltd.

(6) Changes in status of assets and income/losses

Category	FYE2018 Consolidated Fiscal Year (April 1, 2017 to March 31, 2018)	FYE2019 Consolidated Fiscal Year (April 1, 2018 to March 31, 2019)	FYE2020 Consolidated Fiscal Year (April 1, 2019 to March 31, 2020)	FYE2021 Consolidated Fiscal Year (April 1, 2020 to March 31, 2021)
Revenue (million yen)	1,829,344	1,692,432	1,514,449	1,378,255
Core earnings (million yen)	76,046	54,485	52,290	57,288
Operating profit (million yen)	59,107	49,011	32,010	35,842
Profit/loss for the year attributable to owners of the parent (million yen)	54,581	(52,193)	12,518	33,048
Basic profit/loss per share (yen)	189.13	(179.98)	43.15	113.92
Total assets (million yen)	2,107,131	2,059,544	2,091,529	1,741,814
Equity attributable to owners of the parent (million yen)	616,897	533,656	502,165	552,271
Equity attributable to owners of the parent per share (yen)	2,128.77	1,839.59	1,730.99	1,902.89
Equity ratio attributable to owners of the parent (%)	29.3	25.9	24.0	31.7

Notes:

1. Core earnings are calculated by deducting cost of sales and selling, general and administrative expenses from revenue.
2. The Company decided to sell its consolidated subsidiary Permasteelisa in May 2020, and accordingly, the Company classified operations of Permasteelisa and its subsidiaries as discontinued operations for FYE2020 consolidated Fiscal Year, and reclassified and presented revenue, core earnings and operating profit for FYE2019 consolidated Fiscal Year. The Company decided to sell its consolidated subsidiary LIXIL VIVA in June 2020, and accordingly, the Company classified operations of LIXIL VIVA as discontinued operations for FYE2021 consolidated Fiscal Year, and reclassified and presented revenue, core earnings and operating profit for FYE2020 consolidated Fiscal Year. Accordingly, the numbers of the revenue, core earnings and operating profit for the FYE2019, FYE2020 and FYE2021 consolidated Fiscal Years are numbers for continuing operations, and do not include the numbers of discontinued operations.

(7) Issues to be addressed

With the aim of building an organization full of entrepreneurial spirit and capable of contributing to society through sustainable growth, the Group is steadily promoting major policies based on the four pillars of the medium-term plan.

[The Four Pillars of the Medium-Term Plan]

1. Create an Organization for Sustainable Growth

In order to build an environment that enables us to respond quickly to changes, the Group is transforming its organizational culture. We will foster an organizational culture that encourages employees to exercise their entrepreneurial spirit, to actively exchange opinions and to engage in experimental initiatives. We also aim to create an environment in which employees can respect each other, be stimulated by each other, and work with enthusiasm, and to become a company in which employees can be

united through the achievement of great goals which are socially meaningful.

2. Development of attractive and differentiated products

The Group has strong brands that correspond to diverse lifestyles, needs and preferences. By investing in these brands and strengthening the DNA that is the essence of these brands, the Group seeks to achieve growth with profits. In addition, we will further pursue innovation, design and quality improvements to meet changes in consumers' needs and preferences. We will shift to the "Asset-Light" business model so that we will be able to have a strong intellectual property base for product development and bring differentiated products to market in a short cycle, and we will review our domestic organizational structure in Japan to improve the speed of the product development cycle by integrating the product development, production and sales functions into one organization.

3. Achieving Competitive Costs

The Group will use new technologies and infrastructures to create an efficient and flexible supply chain management system, and improve cost control, for the improvement of its balance sheet and profit margins. In addition, the Group will improve cost efficiency through measures such as improving productivity in back-office departments and redeploying personnel to departments that need them.

4. Marketing to End User Influencers

The Group will expand its contacts with end users and influencers such as contractors, designers and builders, etc. In addition, through the promotion of new services such as "LIXIL PATTO Reform," we will create new demand for renovation in Japan by eliminating end users' concerns about it.

[Four priority issues and progress in the current consolidated Fiscal Year]

(i) Focus on simplifying organization and core businesses

Continuing from the previous consolidated Fiscal Year, the Group has carried out stock transfers of subsidiaries such as Permasteelisa (September 2020) and LIXIL VIVA (November 2020). These are part of the Group's efforts to maximize synergies and increase efficiency through strengthening the integration of the Group, by further focusing on its core businesses: the plumbing business and the building materials business. The Group has been able to strengthen its financial base by strengthening the balance sheet, improving cash flow, reducing debt and improving working capital efficiency, which enables it to make further investments in profitable growth areas in its core businesses.

The Company merged with Former LIXIL Corporation, a wholly-owned subsidiary of the Company, in December 2020, and has shifted from a pure holding company to a system that will conduct business operations as an operating company. Further, the simplification of the domestic organizational structure in Japan is intended to enable quicker decision-making, and further improve productivity and reduce business operating costs in Japan, the Group's largest market.

(ii) Revitalization of domestic business in Japan

Japan is the Group's largest market, and it has an important role in creating innovation that is expanded globally. However, the falling domestic population means the new build market is also shrinking. Amid these circumstances, the domestic business faces the issues of high-cost structure and traditional personnel system, which

makes the business structure sensitive to market changes. Sustainable development in this challenging business environment requires higher productivity and profitability in the domestic business to turn it into a cash generator.

The Group is promoting a comprehensive employee-focused HR program called “*Kawaranaito LIXIL*” for the revitalization of its domestic business and is shifting to an organizational culture based on the meritocracy system. In Japan, the Group is implementing measures aimed at enhancing customer orientation, supporting career development for all generations, and strengthening employee engagement. As one of the human resources measures, we have introduced an early retirement incentive system (“Career Option” system), which addresses the employees’ age structure challenges faced by many Japanese companies.

(iii) Growth promotion of global plumbing business

The Group will focus on entry into high-profitability categories in countries and regions in the plumbing business in particular with the aim of expanding global share, as well as bolder strategies in each region by leveraging its global assets and brand portfolio. The Group has created a unique position using power brands that drive regional markets and aims to maximize its strengths and reliability on the global market stage by clarifying and differentiating the definition of its brand to achieve further growth.

(iv) Creation of promising innovative new businesses

The Group believes long-term sustainable growth can only be achieved by investing time and resources into new businesses, and is generating opportunities for future growth through this approach. For example, the digitalization and automation of business has been an opportunity to create such innovation. The online showrooms introduced in Japan have improved the convenience of the overall purchase process to provide new value for end users. Digitalization means online showroom services can be used from anywhere at any time, with quotes available at that time. This has created a completely new digital environment to support business partners rather than compete with them, giving the Group a significant advantage over competitors.

Last Fiscal Year, the spread of COVID-19 caused major changes to society, the economy, our way of moving and living, and values at a speed which no-one could have imagined. Amid this environment, the Group focused on business continuation to fulfil its duty as a corporation that supports the healthy and comfortable lifestyle of people around the world by prioritizing the safety and health of all stakeholders such as customers, business partners, employees and their families.

The Group will strive to “Make better homes a reality for everyone, everywhere” by realizing healthy, comfortable, secure and safe living in this “new normal.”

(8) Principal business

The Group, is pursuing its Purpose, “Make better homes a reality for everyone, anywhere” through business activities, and is developing business activities such as the Water Technology Business, Housing Technology Business, Building Technology Business and Housing and Services Business, etc. as the main businesses as well as other related services. The principal products and goods, etc. of each business are as follows:

Business Category	Business Breakdown (principal products and goods, etc.)	
Water Technology Business	Plumbing fixtures	(sanitation equipment, shower toilets, water faucet clasps, hand wash basin, bathtub, integrated baths, smart products, showers, sinks, countertops, fitted kitchens, etc.)
	Other	(residential and office building exterior tiles, interior tiles, etc.)
Housing Technology Business	Metal building materials	(sashes for residences, front doors, various shutters, gates, carports, handrails, bridge railings, etc.)
	Wood interior building materials	(window frames, fixture materials, interior building materials, etc.)
	Other building materials	(siding, roofing materials etc.)
	Others	(solar power systems, etc.)
Building Technology Business	Metal building materials	(curtain wall, sashes for buildings and stores, etc.)
Housing and Services Business etc.	Housing solutions	(development of franchise chains of builders, building contractor, etc.)
	Real estate	(land, buildings, real estate, development support of real-estate franchise chain business, etc.)
	Financial service business	(home loans, etc.)

(9) Status of significant subsidiaries

Company Name	Capital	Voting rights ownership of the Company (%)	Principal Business
LIXIL Total Service Corporation	100 million yen	100	Sales of plumbing facilities and metal building materials
LIXIL Total Hanbai Corporation	75 million yen	100	Sales of metal building materials
LIXIL Group Finance Corporation	3,475 million yen	100	Financial services business
LIXIL Europe S.à r.l.	57,143 thousand EUR	100	Holding company of Grohe Group
ASD Holding Corp.	412,956 thousand USD	100	Holding company of American Standard's North American business
A-S CHINA PLUMBING PRODUCTS Ltd.	24,907 thousand USD	100	Holding company of American Standard's China business
TOSTEM THAI Co., Ltd.	2,767 million THB	100	Manufacturing and sales of metal building materials
LIXIL INTERNATIONAL Pte. Ltd.	274,417 thousand USD	100	Supply chain controlling company for Asian region
LIXIL GLOBAL MANUFACTURING VIETNAM Co., Ltd.	40,700 thousand USD	100	Manufacturing and sales of metal building materials
LIXIL Manufacturing (Dalian) Corporation	43,500 thousand USD	100	Manufacturing and sales of wood interior building materials

Notes:

1. Voting rights ownership includes indirect ownership by the Company's subsidiaries.
2. There are 184 consolidated subsidiaries of the Company.
The above number of consolidated subsidiaries includes subsidiaries that are not consolidated this consolidated Fiscal Year due to stock transfers and absorption-type mergers, etc.
3. In April 2020, GROHE Group S.à r.l. changed its trade name to LIXIL Europe S.à r.l.

(10) Principal hubs, etc.

Company Name	Trade Name and Location	
LIXIL Corporation (the Company)	Head Office	1-1 Ojima 2-chome, Koto-ku, Tokyo
LIXIL Corporation	Sales Office	LHT Hokkaido Branch
		LWT Hokkaido Branch
		LHT Tohoku Branch (Miyagi)
		LWT Tohoku Branch (Miyagi)
		LHT Kita Kanto Branch (Tochigi)
		LWT Kanto Branch (Tochigi)
		LHT Koshinetsu Branch (Nagano)
		LWT Koshinetsu Branch (Nagano)
		LHT Saitama Branch
		LWT Saitama Branch
		LHT Chiba Branch
		LWT Chiba Branch
		LHT Tokyo Branch
		LWT Tokyo Branch
		LHT Kanagawa Branch
		LWT Kanagawa Branch
		LHT Chubu Branch (Aichi)
		LWT Chubu Branch (Aichi)
		LHT Hokuriku Branch (Ishikawa)
		LWT Hokuriku Branch (Ishikawa)
		LHT Osaka Branch
		LWT Osaka Branch
		LHT Minami-Osaka Branch (Osaka)
		LWT Minami-Osaka Branch (Osaka)
		LHT Keiji Branch (Kyoto)
		LWT Keiji Branch (Kyoto)
		LHT Hyogo Branch
		LWT Hyogo Branch
		LHT Chugoku Branch (Hiroshima)
		LWT Chugoku Branch (Hiroshima)
		LHT Shikoku Branch (Kagawa)
		LWT Shikoku Branch (Kagawa)
		LHT Kyushu Branch (Fukuoka)
		LWT Kyushu Branch (Fukuoka)
	Factory	LIXIL Showroom Tokyo
		LIXIL Showroom Osaka
		Sukagawa Factory (Fukushima)
		Maebashi Factory (Gunma)
		Shimotsuma Factory (Ibaraki)
		Iwai Factory (Ibaraki)
		Tsuchiura Factory (Ibaraki)
		Ishige Factory (Ibaraki)
		Fukaya Factory (Saitama)
		Oyabe Factory (Toyama)
		Chita Factory (Aichi)
		Enokido Factory (Aichi)
		Tokoname Higashi Factory (Aichi)
		Uenomidori Factory (Mie)
		Hisai Factory (Mie)
		Ariake Factory (Kumamoto)
	Other Office	Tokoname Building (Aichi)
LIXIL Total Service Corporation	Head Office	Koto-ku, Tokyo
LIXIL Total Hanbai Corporation	Head Office	Koto-ku, Tokyo
LIXIL Group Finance Corporation	Head Office	Koto-ku, Tokyo
LIXIL Europe S.à r.l.	Head Office	Luxembourg
ASD Holding Corp.	Head Office	U.S.A.
A-S CHINA PLUMBING PRODUCTS Ltd.	Head Office	British Cayman Islands
TOSTEM THAI Co., Ltd.	Factory	Thailand
LIXIL INTERNATIONAL Pte. Ltd.	Head Office	Singapore
LIXIL GLOBAL MANUFACTURING VIETNAM Co., Ltd.	Factory	Vietnam
LIXIL Manufacturing (Dalian) Corporation	Factory	China

(11) Status of employees

Business Category	Number of Employees	Comparison (increase/decrease) with end of previous consolidated Fiscal Year
Water Technology Business	31,412	1,249 decrease
Housing Technology Business	17,044	1,606 decrease
Building Technology Business	1,427	5,331 decrease
Distribution and Retail Business	-	1,447 decrease
Housing and Services Business, etc.	715	372 decrease
Sector common throughout the Company	1,281	250 increase
Total	51,879	9,755 decrease

Notes:

1. The number of employees is the number of employed staff and does not include the number of part-time or temporary staff.
2. The number of employees in the Building Technology Business decreased by 5,331 compared to the end of the previous consolidated Fiscal Year. This is due mainly to Permasteelisa no longer being consolidated due to the transfer of all its shares.
3. The number of employees in the Distribution and Retail Business decreased by 1,447 compared to the end of the previous consolidated Fiscal Year. This is due to LIXIL VIVA no longer being consolidated due to the transfer of all its shares.
4. The number of employees in the Housing and Services Business etc. decreased by 372 compared to the end of the previous consolidated Fiscal Year. This is due mainly to Japan Home Shield no longer being consolidated due to the transfer of all its shares.
5. The number of employees in the sector common throughout the Company increased by 250 compared to the end of the previous consolidated Fiscal Year. This is mainly due to a review of the organization of back-office functions. The number of employees described in the sector common throughout the company represents those employees in administrative functions that cannot be assigned to any one business category.

(12) Status of principal lenders

Lender	Outstanding Loan Amount
	(million yen)
Sumitomo Mitsui Banking Corporation	94,001
MUFG Bank, Limited	87,174
Mizuho Bank, Ltd.	42,389
Sumitomo Mitsui Trust Bank, Limited	30,500
Development Bank of Japan, Inc.	30,000

(13) Basic policies regarding dividend distribution, etc. of retained earnings

The Company standardizes on the preservation of healthy financial strength and has as its policies, to maintain a 30% or higher dividend payout ratio at the consolidated base regarding cash dividends, and to flexibly perform the acquisition of treasury stocks. With regard to this consolidated Fiscal Year, the year-end cash dividend per share is 40 yen (75 yen for the year, including the midterm cash dividend).

2. Matters regarding the current state of the Company

(1) Matters regarding stock

- (i) Total number of authorized shares: 1,300,000,000 shares
- (ii) Total number of issued shares: 290,227,728 shares
(excluding 23,091,431 shares of treasury stock)
- (iii) Number of shares in 1 unit: 100 shares
- (iv) Capital stock: 68,417,794,464 yen
- (v) Total number of shareholders: 44,877
- (vi) Top 10 shareholders:

Shareholder Name	Number of shares held	Ratio of shareholdings
	(thousand shares)	
The Master Trust Bank of Japan, Ltd. (Trust Account)	※20,981	7.23%
JP Morgan Chase Bank 385632		
(Standing Proxy: Mizuho Bank Ltd.-Settlement Sales Department)	18,286	6.30%
Custody Bank of Japan, Ltd. (Trust Account)	※11,026	3.80%
SSBTC Client Omnibus Account		
(Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited-Tokyo Branch)	9,941	3.43%
LIXIL Employee Stock Ownership	6,595	2.27%
Daiichi Life Insurance Company, Limited.		
(Standing proxy: Custody Bank of Japan, Ltd.)	6,561	2.26%
State Street Bank Client Omnibus OM04		
(Standing proxy: The Hongkong and Shanghai Banking Corporation Limited-Tokyo Branch)	5,781	1.99%
NORTHERN TRUST CO. (AVFC) SUB A/C AMERICAN CLIENTS		
(Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited-Tokyo Branch)	5,453	1.88%
BNYM AS AGT/CLTS 10 Percent		
(Standing Proxy: MUFG Bank, Ltd.)	5,375	1.85%
State Street Bank And Trust Company 505001		
(Standing Proxy: Mizuho Bank, Ltd.-Settlement Sales Department)	4,648	1.60%

Notes:

1. The Company possesses 23,091 thousand treasury stocks but has been excluded from the top 10 shareholders above.
2. The ratio of shareholdings has been calculated after deducting treasury stocks.
3. ※ indicates those involved in the trust business.

(2) Matters regarding stock acquisition rights, etc.

(1) The outline of the contents of the stock acquisition rights issued as the consideration of the execution of duties held by Officers at the end of this Fiscal Year

	The 7th Stock Acquisition Rights	The 8th Stock Acquisition Rights
Day of the resolution of issuance	May 7, 2014	November 25, 2014
Number of stock acquisition rights	940	405
Class and number of shares that are for the purpose of stock acquisition rights	Common shares 94,000 shares (100 shares per one stock acquisition right)	Common shares 40,500 shares (100 shares per one stock acquisition right)
Amount to be paid in upon exercising stock acquisition rights	39,500 yen per one stock acquisition right	46,800 yen per one stock acquisition right
Value of properties to be contributed upon exercising stock acquisition rights	281,900 yen per one stock acquisition right	252,700 yen per one stock acquisition right
Period during which such right can be exercised	May 24, 2016 to May 23, 2021	December 13, 2016 to December 12, 2021
Number of holders and number of the acquired stock acquisition rights Executive Officers	3 persons 940	1 person 405

	The 9th Stock Acquisition Rights
Day of the resolution of issuance	September 20, 2016
Number of stock acquisition rights	3,000
Class and number of shares that are for the purpose of stock acquisition rights	Common shares 300,000 shares (100 shares per one stock acquisition right)
Amount to be paid in upon exercising stock acquisition rights	43,300 yen per one stock acquisition right
Value of properties to be contributed upon exercising stock acquisition rights	225,300 yen per one stock acquisition right
Period during which such right can be exercised	October 8, 2018 to October 7, 2023
Number of holders and number of the acquired stock acquisition rights Executive Officer	1 person 3,000

Note:

The number of holders and the number of the stock acquisition rights for the three Directors who concurrently serve as Executive Officers are included and indicated with the number of holders and the number of the acquired stock acquisition rights of Executive Officers.

(2) Status of other stock acquisition rights

Outline of stock acquisition rights attached to convertible bond-type bonds with stock acquisition rights issued based on the resolution of the Board of Executive Officers' Meeting held on February 16, 2015

Stock acquisition rights attached to Euro-yen convertible bond-type bonds with stock acquisition rights expiring 2022

Total number of stock acquisition rights attached to bonds	Sum of 6,000 and the number of units, which is the total amount of the face value of the bonds regarding substitute bond certificates with share acquisition rights divided by 10 million yen
Class and number of shares that are for the purpose of stock acquisition rights	Ordinary shares of the Company The number of the common shares of the Company that the Company will deliver from the exercise of the share acquisition rights will be the number, which is the total amount of the face value of the bonds regarding the exercise request divided by the conversion price; provided that fractions less than one share will be rounded off and adjustments by cash will not be made.
Money to be paid in exchange for stock acquisition rights	Payment of money is not required in exchange for the stock acquisition rights
Conversion price	3,746.6 yen (see Note)
Period to exercise stock acquisition rights	From March 18, 2015 until February 18, 2022 (local time of the location where the exercise request is accepted)

Note: In conjunction with the resolution to set the dividend for this consolidated Fiscal Year at 75 yen per share at the Board of Directors' Meeting held on May 21, 2021, the conversion price has been adjusted in accordance with the terms and conditions of the bonds. The adjusted conversion price will be 3,725.4 yen for stock acquisition rights attached to Euro-yen convertible bond-type bonds with stock acquisition rights expiring 2022.

(3) Matters regarding company Directors and Executive Officers

(1) Status of Directors (as of March 31, 2021)

Position	Name	Area of Responsibility	Status of Important Concurrently-held Positions
Director	Kinya Seto		Director and President, LIXIL Group Finance Corporation (Representative Director)
Director	Sachio Matsumoto		
Director	Hwa Jin Song Montesano		
Director	Tamio Uchibori	Audit Committee Member, Compensation Committee Member and Governance Committee Member	
Director	Kaoru Onimaru	Governance Committee Member (Chairperson), Nomination Committee Member and Audit Committee Member	
Director	Teruo Suzuki	Audit Committee Member (Chairperson) and Governance Committee Member	
Director	Yuji Nishiura	Nomination Committee Member (Chairperson), Compensation Committee Member and Governance Committee Member	
Director	Daisuke Hamaguchi	Compensation Committee Member (Chairperson), Nomination Committee Member and Governance Committee Member	
Director, Chairperson of the Board	Masatoshi Matsuzaki	Nomination Committee Member and Governance Committee Member	

Notes:

1. Directors Kinya Seto, Sachio Matsumoto and Hwa Jin Song Montesano concurrently hold the positions of Executive Officers.
2. Directors Tamio Uchibori, Kaoru Onimaru, Teruo Suzuki, Yuji Nishiura, Daisuke Hamaguchi

and Masatoshi Matsuzaki are Outside Directors as prescribed in Article 2 (xv) of the Companies Act. In addition, Directors Tamio Uchibori, Kaoru Onimaru, Teruo Suzuki, Yuji Nishiura, Daisuke Hamaguchi and Masatoshi Matsuzaki have been designated as independent officers based on the provisions of each stock exchange in Japan that the Company is listed, and each stock exchange has been notified.

3. Teruo Suzuki, who is a member of the Audit Committee (Chairperson), has been providing audit services for many years as a certified accountant, and Tamio Uchibori who is a member of the Audit Committee is a certified tax accountant. They each have considerable knowledge regarding financial, accounting and tax affairs.
4. All members of the Audit Committee are outside directors (part-time) to improve its independence, transparency and fairness, and the Company conducts efficient audits through the guidance of the Audit Committee by maintaining close collaboration between the Company's and the Company's subsidiaries' internal audit departments and subsidiaries' Company Auditors and accounting auditors, etc. The Company has also established an Audit Committee Secretariat to support the activities of the Audit Committee.
5. Kinya Seto left the position of Director, Chairman, President, CEO and Chairperson of the Board of Directors (Representative Director) of Former LIXIL Corporation on November 30, 2020, and Sachio Matsumoto left as Representative Director of Former LIXIL Corporation on November 30, 2020.

(2) Status of Executive Officers (as of March 31, 2021)

Position	Name	Area of Responsibility / Status of Important Concurrently-held Positions
Executive Officer and President (Representative Executive Officer)	Kinya Seto	CEO
Executive Officer and Executive Vice President (Representative Executive Officer)	Sachio Matsumoto	Finance, Treasury and M&A, and CFO
Executive Officer and Executive Vice President	Hwa Jin Song Montesano	Human Resources and General Affairs, Public Affairs, IR, External Affairs and Corporate Responsibility, and CPO
Executive Officer and Executive Vice President	Yugo Kanazawa	Marketing, Digital and IT, and CDO
Executive Officer and Executive Vice President	Bijoy Mohan	LIXIL International
Executive Officer and Executive Vice President	Satoshi Yoshida	LHT-Japan
Executive Officer and Executive Vice President	Hiroyuki Onishi	LWT-Japan
Executive Officer and Executive Vice President	Shoko Kimijima	Legal and Compliance, and CLCO

Note:

At the Board of Directors' Meeting held on June 30, 2020, Kinya Seto and Sachio Matsumoto were elected as and assumed the positions of Representative Executive Officer. In addition, at the same Board of Directors' Meeting, Kinya Seto was elected as and assumed the position of Executive Officer and President.

[Reference] Status of Executive Officers (as of April 1, 2021)

Position	Name	Area of Responsibility / Status of Important Concurrently-held Positions
Executive Officer and President (Representative Executive Officer)	Kinya Seto	CEO
Executive Officer and Executive Vice President (Representative Executive Officer)	Sachio Matsumoto	Finance, Treasury and M&A, and CFO
Executive Officer and Executive Vice President	Hwa Jin Song Montesano	Human Resources and General Affairs, Public Affairs, IR, External Affairs and Corporate Responsibility, and CPO
Executive Officer and Executive Vice President	Yugo Kanazawa	Marketing, Digital and IT, and CDO
Executive Officer and Executive Vice President	Bijoy Mohan	LIXIL International

Executive Officer and Executive Vice President	Satoshi Yoshida	LHT-Japan
Executive Officer and Executive Vice President	Hiroyuki Onishi	LWT-Japan
Executive Officer and Executive Vice President	Shoko Kimijima	Legal and Compliance, and CLCO

Note:

Kinya Seto and Sachio Matsumoto were elected as Representative Executive Officers under the Board of Directors' resolution of April 1, 2021 and assumed the position as of April 1, 2021. Kinya Seto was elected as Executive Officer and President under the same Board of Directors' resolution and assumed the position as of April 1, 2021.

(3) Compensation Committee policies regarding the decision on the calculation method of the compensation for Directors and Executive Officers

The Compensation Committee for the Fiscal Year ended March 2021 made deliberations and decisions with an emphasis on the following perspectives in line with the Company's management strategy of strongly promoting a wide range of structural reforms and review of our business portfolio, even in a difficult environment with high uncertainty in terms of business performance due to the spread of COVID-19.

- (a) The executive compensation system shall be in line with the direction of management strategy, and functions as a strong motivation for management team to achieve management goals together as one.
- (b) The compensation level shall be competitive from a global perspective regardless of the compensation level of Japanese companies in order to secure excellent human resources and promote change.
- (c) In order to promote a transformative corporate culture based on a diverse and inclusive organization, the compensation system shall be a mechanism that facilitates the active participation of officers with abundant experience inside and outside the Company, including non-Japanese.

Based on the above perspectives, the Compensation Committee reviewed the compensation level, compensation composition ratio and allowances, and implemented special measures for performance-linked compensation and stock-linked compensation for the Fiscal Year ended March 2021.

[Compensation basic policies]

The Compensation for Directors and Executive Officers shall be determined in accordance with the following basic policies.

- (a) Foster improvement of short-, medium-, long-term and sustainable business results and corporate value.
- (b) Attract and retain the best talent who are necessary to foster business growth globally.
- (c) Ensure a fair and reasonable decision process with regards to compensation that will provide accountability to shareholders, employees, and all stakeholders.
- (d) Consider and discuss based on economic and social circumstances, our business condition and objective indexes and advice of external specialized agencies at the Compensation Committee.
- (e) Individual compensation shall be managed in consideration of role and responsibility, business performance, experience and difficulty of securing personnel, etc.

[Compensation structure]

The compensation structure for Directors who monitor and supervise the Company's management, and for Executive Officers who are responsible for the performance of business, shall be separate. When a Director concurrently serves as an Executive Officer, the compensation structure for Executive Officers shall be applied in principle.

[Compensation system for Directors]

The compensation system for Directors consists of an annual base salary and stock-linked compensation as they are required to act to contribute to increase the sustainable corporate value while they are monitoring and supervising the management during their statutory terms. In the event that an Outside Director assumes the role of chairperson of the Board of Directors' Meeting or chairperson of a Committee, an allowance shall be paid for such duties. The amount of the annual allowance shall be divided into twelve (12) months and paid monthly. The compensation for Internal Directors shall be decided based on full-time and part-time status, content of business and duty.

[The compensation composition of Outside Directors] The chart below shows the median compensation of Outside Directors for the Fiscal Year ended March 2021.

Annual Base Salary 73%	Allowance for chairpersons, etc. 12%	Stock-linked compensation 15%
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[Compensation system for Executive Officers]

The compensation system for Executive Officers consists of an annual base salary, performance-linked compensation and stock-linked compensation, based on the policy of retaining talented human resources that are essential for accelerating business growth, providing strong motivation to achieve management goals and rewarding fairly and equitably in accordance with the results of such efforts and properly reflecting the trust and evaluation of shareholders and other stakeholders in the compensation.

As a result of deliberation by the Compensation Committee based on the perspectives described at the beginning of this section, the conventional compensation composition ratio by position has been abolished, and in line with the purpose of the above compensation basic policies, the base amount of performance-linked compensation for each Executive Officer and the grant amount of stock-linked compensation have been changed to a method that is determined individually based on role and responsibility, business performance, experience and difficulty of securing personnel, etc..

[Compensation composition of Executive Officers]

The chart below shows the compensation composition ratio that reflects the special measures described later for the Fiscal Year ended March 2021. Performance-linked compensation indicates the standard amount, and stock-linked compensation indicates the amount granted, which is different from the actual amount paid.

(President)

Annual Base Salary 27%	Performance -linked compensation 10%	Stock-linked compensation 63%
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(Executive Vice President, “Fuku-shacho”)

Annual Base Salary 40%	Performance -linked compensation 15%	Stock-linked compensation 45%
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(Executive Vice President, “Senmu”)

The composition ratio is the median value for the Fiscal Year ended March 2021, excluding one officer residing in Singapore.

Annual Base Salary 57%	Performance -linked compensation 14%	Stock-linked compensation 29%
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[Annual base salary]

As a result of deliberation by the Compensation Committee based on the perspectives described at the beginning of this section, the conventional method of applying compensation levels by position has been abolished, and in line with the purpose of the basic compensation policies above, the annual base salary for officers shall be determined individually, based on role and responsibility, business performance, experience and difficulty of securing personnel, etc., while referring to the compensation levels inside and outside Japan as reference information. The amount of the annual base salary for each officer shall be divided into twelve (12) months and paid monthly.

[Performance-linked compensation]

What is important for performance-linked compensation is to motivate Executive Officers strongly for their actions and reward them fairly and equitably based on their performance. Therefore, the method of calculation shall be determined by careful interviews of Executive Officers by the Compensation Committee.

- Evaluation period and payment timing: The evaluation period of Performance-linked compensation shall correspond to the Fiscal Year. The payment shall be made in a single payment within one (1) month from the date on which the Company reports the contents of the financial statements for the evaluation period to the Annual Shareholders’ Meeting.
- Calculation formula: To encourage Executive Officers to work together to achieve single-year management goals and to ensure that they are fairly and equitably rewarded in accordance with the results of their performance, performance-linked compensation is calculated based on only company-wide performance.

Performance-linked compensation	=	Base amount of performance-linked compensation ((c) below)	×	Payment rate according to achievement of performance targets ((d) and (e) below)
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- Base amount of performance-linked compensation: The base amount of performance-linked compensation shall be the amount to be paid when the

business target achievement rate reaches 100% for the evaluation period, and be determined individually as a certain percentage of the annual base salary according to the role and responsibility of each officer. As a result of deliberation by the Compensation Committee based on the perspectives described at the beginning of this section, the conventional method of applying a uniform coefficient by position has been abolished, and the base amount shall be determined individually, based on role and responsibility, business performance, experience, and difficulty of securing personnel, etc.

For the Fiscal Year ended March 2021, based on the resolution of the Compensation Committee on August 24, 2020, in view of the possibility that business results would fluctuate significantly due to the impact of the spread of COVID-19 etc., the base amount of performance-linked compensation was halved from the amount set at the beginning of the term. By contrast, with the aim of increasing incentives to promote a transformation into more profitable and resilient business structure that is not affected by changes in the business environment so that the Company can achieve sustainable growth, stock-linked compensation for Fiscal Year ended March 2021 was additionally granted and the total amount of the compensation was maintained.

- (d) Business target achievement rates: Business targets achievement rates shall be set by calculating the ratio based on the actual figures disclosed in the Annual Securities Report versus the forecast figures disclosed in the summary financial statements or the like at the beginning of each period. If there is more than one business target, the achievement of each target is multiplied by the percentage of each target in the total performance target, and then aggregated. For the Fiscal Year ended March 2021, since it was expected that transient special factors due to structural reforms, etc. would have a significant impact on operating profit and net profit, as a special measure, the business targets items were limited to core earnings (“CE”) that reflects the actual state of continuous business.

Business targets items	Target figure	Actual figure	Achieving rate of business targets (Actual figure/Target figure×100)
CE	(million yen) 25,000	(million yen) 57,288	229.2%

In addition, since improving capital efficiency remains one of our important management goals, we will include return on invested capital (ROIC) and calculate them based upon the achievement rates of CE and net profit for the period belonging to the owners of the parent company (net income) in the Fiscal Year ending March 2022.

Achievement rate of business targets (%) = ROIC achievement rate (%) × 0.4 + CE achievement rate (%) × 0.3 + net profit achievement rate (%) × 0.3

The applicable forecast figures will be 5.1% for ROIC, 80,000 million yen for CE, and 47,000 million yen for net profit.

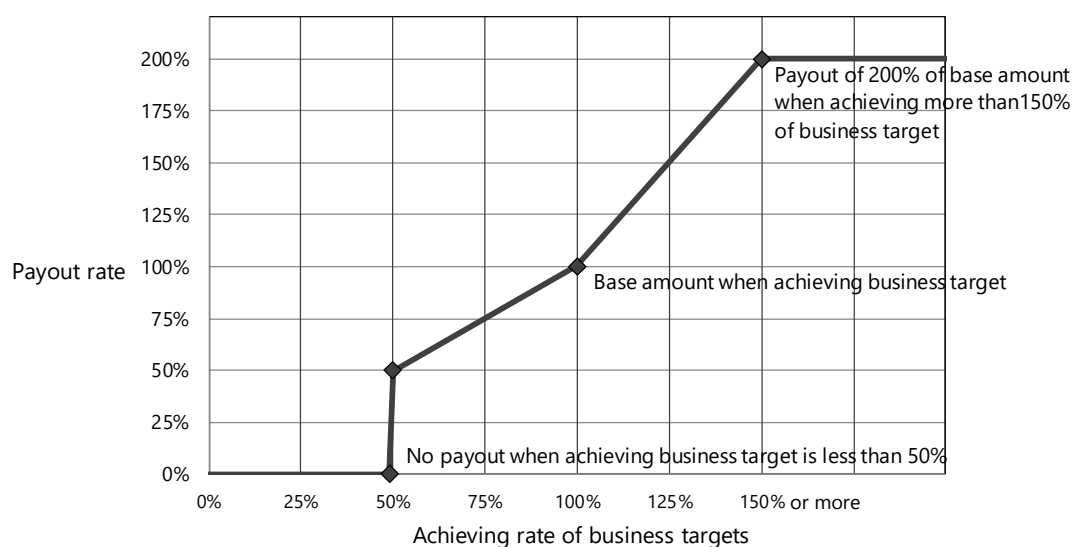
ROIC = operating profit × (1 – effective tax rate) ÷ (operating claims and other claims + inventory + fixed assets (including goodwill and intangibles) – operating

liabilities and other liabilities)

CE = sales revenue – (cost of sales + SG&A expenses)

- (e) The relationship between achievement rate of business targets and payout rate
The payout rate shall be calculated as follows, which is designed considering the difficulty of the achievement of business goals and the effect of motivation, in accordance with the business targets achievement rate calculated in (d) above. The payment rate based on the achievement level for Fiscal Year ended March 2021 is 200%. The payout rate shall be rounded off to one decimal place at the end of the calculation of (d) and (e).

Achievement rate of business targets	Payout rate
Less than 50%	0%
50% to less than 100%	The business target achievement rate
100% to less than 150%	$\{(The\ business\ target\ achievement\ rate - 100) \times 2 + 100\} \%$
150% or more	200%



- (f) Claw back, etc.

If the financial statements have been retroactively corrected due to a material accounting mistake or malpractice in the process of account settlement by the Company, the Compensation Committee shall conduct a review based on such event for revisions of performance-linked compensation already paid and/or due to be paid in the future to the relevant Executive Officer, and can decide to request the return of performance-linked compensation already paid to the Executive Officer and/or amend performance-linked compensation to be paid. Furthermore, the Compensation Committee may adjust the method of calculating performance-linked compensation if an event occurs that was not expected at the beginning of the evaluation period after considering both such event and the Executive Officer's management responsibility in a comprehensive manner, based

on internal fact-finding and, where necessary, the views of external specialized agencies.

CE, a business target item for the Fiscal Year ended March 2021, was significantly higher than the forecast figure at the time of the announcement of the first quarter financial results, which was the target value, and the payout rate of performance-linked compensation was also high. Regarding this, the Compensation Committee determined after the business result was confirmed that there was no need to review the calculation method because the base amount was halved and the upper limit of the payout rate was kept, so the impact on total compensation was limited.

[Stock-linked compensation]

The Company has been applying a stock-linked compensation plan (the “Phantom Stock Plan”) since the Fiscal Year ended March 2020, with the aim of encouraging Directors and Executive Officers to monitor, supervise and make management decisions for achieving sustained improvement in the corporate value of the Company over the mid-to-long-term, further promoting shared values with shareholders of the Company, and attracting and retaining personnel from around the globe who will contribute to further raising corporate value by standardizing global officer compensation. The Phantom Stock Plan is in the form of monetary compensation, but it substantially encourages Directors and Executive Officers to act with awareness of the impact on the Company’s stock price, similar to a restricted stock, etc. system. In addition, the numbers of shares of the Company and Phantom Stock owned by each officer are posted on the Company's website.

(a) Right grant date

The Company grants the Phantom Stock (“PS”) to Executive Officers on the first day of each business year, and to Directors on the day of each Annual Shareholders’ Meeting.

(b) Number of PS

The number of PS allotted to each officer shall be the number calculated by dividing the granted amount (which is calculated by multiplying the annual base salary by the coefficient based on the role and responsibility of each officer) by the average closing price of the Company’s stock for the 30 business days preceding the grant date. Regarding the coefficient to be multiplied by the annual base salary, consistent with the concept described in “Annual base salary” above and “Performance-linked compensation” above, a method that applies a uniform coefficient by position was abolished, and it shall be determined individually based on the role and responsibility, business performance, experience and difficulty of securing personnel, etc.

The average closing price of the Company’s stock over the previous 30 business days will be rounded up to the nearest yen. In addition, as described in “Performance-linked compensation” above, for the Fiscal Year ended March 2021, based on the resolution of the Compensation Committee on August 24, 2020, in view of the possibility that business results would fluctuate significantly due to the impact of the spread of COVID-19, etc., the base amount of performance-linked compensation was halved from the amount set at the beginning of the term, and with the aim of increasing incentives to promote a transformation into more profitable and resilient business structure that is not affected by changes in the

business environment so that the Company can achieve sustainable growth, stock-linked compensation for Fiscal Year ended March 2021 was additionally granted. The share prices at the time of granting under this system were 1,968 yen for the grants to Directors and Executive Officers on November 5, 2019, 1,468 yen for the grants to Executive Officers on April 1, 2020, 1,562 yen for the grants to Directors on June 30, 2020, 1,562 yen for the grants to Executive Officers on August 24, 2020, and 3,075 yen for the grants to Executive Officers on April 1, 2021.

- (c) The Period from the right grant date to the vesting date of the Phantom Stock (the “Holding Period”)

The Holding Period shall be set at one (1) year for Directors in line with the term of office set forth in the Companies Act, considering their role in enhancing corporate value and in monitoring and supervising management. The Holding Period for Executive Officers shall be set at three (3) years, from the perspective of their role in sustainably enhancing corporate value and retention for medium- to long-term management. Therefore, in the event that an Executive Officer leaves for his or her own reasons or refuses to be reappointed by the Company without completing the three (3) years of the relevant Holding Period, the right to the PS for the relevant Holding Period shall be extinguished. Officers do not have voting or other shareholder rights (including but not limited to the right to receive dividends from surplus) at the Company’s Annual Shareholders’ Meeting during the Holding Period. Officers shall not assign, provide as security or otherwise dispose of all or part of this right to a third party, nor have a third party succeed to this right during the period from the right grant date to the vesting date, excluding, however, succession by an heir following the death of an officer.

- (d) Vesting date

Upon the expiration of the Holding Period of PS, all granted shares held by an officer will be confirmed and paid in by the Company. In the event that an officer leaves the Company due to grounds not attributable to the officer (including retirement age and death) or leaves as a result of a merger with or acquisition by a third party in which the Company is dissolved, all shares held by such officer shall be confirmed and paid at the time of retirement.

- (e) Payment of stock price amount in cash

The amount to be paid to an officer shall be calculated by multiplying the number of shares held by the officer on the vesting date by the average closing price of the Company’s stock for the 30 business days prior to the vesting date, provided, that the amount shall be limited to 500% of the granted amount. The average closing price of the Company’s stock for the previous 30 business days shall be rounded up to the nearest yen. The vesting amount shall be paid to the officer within one (1) month of the vesting amount being confirmed.

The share prices at the time of vesting under this system were 1,562 yen for the vesting for Directors on June 30, 2020.

- (f) Stock ownership guidelines

As described in (b) above, the number of PS granted to each officer is set individually based on the deliberation of the Compensation Committee according to the role and responsibility of each officer. In the Fiscal Year ended March 2021, the amount granted after the special measures described in (b) above was 238% of the annual base salary for the President, 113% for the Executive Vice President

(*Fuku-shacho*) and 50% for Executive Vice Presidents (*Senmu*), but 150% for one of them. As of April 1, 2021, the cumulative number of PS granted was 239,988 for the President and 69,619 for the Executive Vice President (*Fuku-shacho*).

[Various allowances]

In the event that an Executive Officer performs business at a location other than their country of nationality or in other cases where it is confirmed necessary for business execution, the Company shall bear the costs and expenses, taking into consideration the laws, practices, standards, etc., relating to compensation in the relevant country, and the payment period is three (3) years from the time of inauguration, as a general rule. Regarding the timing of payment, there are cases where the fixed annual amount is divided into twelve (12) months and then paid monthly, and there are cases where the payment is made on a predetermined date depending on the nature of the cost.

[Activities of the Compensation Committee after the Annual Shareholders' Meeting held in 2020]

- (a) Members of the Compensation Committee
From the Annual Shareholders' Meeting held in 2020 to the Annual Shareholders' Meeting in 2021, the Compensation Committee comprises of three (3) members who were selected from among Directors by a resolution of the Board of Directors. All members are Outside Directors.
Chairperson: Daisuke Hamaguchi
Members: Tamio Uchibori, Yuji Nishiura
- (b) Role and Responsibility of the Compensation Committee
The Compensation Committee decides the policy regarding economic benefits (the "Compensation") of Directors and Executive Officers paid by the Company as consideration for their duties, as well as compensation for individual Directors and Executive Officers.
- (c) Activities of the Compensation Committee
Between the Annual Shareholders' Meeting in 2020 and the end of March the Compensation Committee convened eleven (11) times and between the Annual Shareholders' Meeting in 2020 and the Annual Shareholders' Meeting in 2021, the Compensation Committee had convened thirteen (13) times, and the attendance rate of the members was 100%. The summary of activities is shown in the chart below. When the Compensation Committee decided on executive compensation, it deliberated based on the Company's management policy and the advice of external specialized agencies.

(Executive summary of the activities of the Compensation Committee)

June	-Resolved Compensation policy for Directors and Executive Officers, as well as their individual compensation for Fiscal Year ended March 2021.
From July to August	-Discussed issues in the overall executive compensation system and formulated an annual plan. -Resolved special measures for the executive compensation system for FYE2021 based on the spread of COVID-19 and the business situation of the Company.

September	-Deliberated on compensation for Outside Directors.
From October to November	-Resolved compensation system action in response to the absorption-type merger of Former LIXIL Corporation dated December 1, 2020.
From November to February	-Resolved compensation policy for Directors and Executive Officers, and individual compensation for Executive Officer candidates for FYE2022. (Discussions were held based on the results of hearings from the Compensation Committee to CEO regarding role and responsibility, business performance, experience, and difficulty of securing personnel, etc. of each Executive Officer candidate and advice from external specialized agencies.)
From March to May	-Resolved the amount of performance-linked compensation for FYE2021. (From the stage of forecasting business results, the necessity of adjusting the calculation method based on the unique situation of FYE2021 was examined.) • Deliberated on compensation for Outside Directors.

Regarding the individual compensation of each Officer based on the above-mentioned Compensation policy, the Compensation Committee determines the compensation composition ratio based on the expected performance targets of each officer and ESG (environment, society, governance) action targets, etc., and the achievements of those targets are reflected in the revision of the annual base salary. In particular, for officers who are expected to contribute significantly to improving corporate value from a medium- to long-term perspective through structural reforms and ESG initiatives, the Compensation Committee takes measures such as increasing the ratio of stock-linked compensation to total compensation, etc.

(4) Total amount of Compensation of Directors and Executive Officers for the Fiscal Year ended March 2021

The amount of Compensation based on the category of officers, and the total amount of Compensation by category and the number of relevant officers is as follows. The compensation was paid as determined by the Compensation Committee based on the Compensation policy described in “Compensation basic policy” through “Various allowances” of “(3) Compensation Committee policies regarding the decision regarding the calculation method of the compensation for Directors and Executive Officers”.

Officer category	Total amount of the compensation (million yen)	Total amount of Compensation by type (million yen)			Number of Officers receiving
		Annual Base Salary	Performance-linked Compensation	Stock-linked Compensation	
Directors (excluding Outside Directors)	34	18	-	16	3

Executive Officers	2,153 (Note 3)	429	293	1,250	8
Outside Directors	154	120	-	34	9
Total	2,341	567	293	1,300	20

Notes:

1. Amounts based on Japan standard.
2. The compensation amounts shown above include compensation paid by the Company's subsidiaries, in addition to compensation paid by the Company. Of the above amounts, the amount paid by the Company is 2,096 million yen (177 million yen for the 11 Directors and 1,919 million yen for the 8 Executive Officers).
3. The total compensation amount for Executive Officers includes additional payments of 181 million yen as cost-of-living allowances and income tax allowances set out in "Various allowances" in "(3) Compensation Committee policies regarding the decision regarding the calculation method of the compensation for Directors and Executive Officers", and therefore does not match the total amount of Compensation by type.
4. The amount of compensation for Outside Directors includes chairperson allowances as stated in "Compensation system for Directors" in "(3) Compensation Committee policies regarding the decision regarding the calculation method of the compensation for Directors and Executive Officers".

(5) Outline of officer liability insurance contract details

The Company has executed officer liability insurance contracts stipulated in Article 430-3(1) of the Companies Act with Directors, Executive Officers, Company Auditors, and main persons executing business including Executive Vice Presidents and Senior Vice Presidents of the Company and the Company's subsidiaries as the insured parties. The Company pays the full amount of the insurance premiums, and there is no substantive payment of insurance premiums by insurees.

These insurance contracts cover damage that may arise from liabilities relating to the performance of duties of insured officers, etc. or from claims pursuing such liability. However, they do contain some exclusions such as betrayals, criminal acts, fraud, violation of laws or regulations knowingly committed by an insuree, and damage arising from an insuree unlawfully gaining a private benefit or provision of facilities.

(6) Matters regarding Outside Directors

a. Status of main activities of each Outside Director

Category	Name	Status of Main Activities
Director	Tamio Uchibori	<p>Attended all 17 Board of Directors' Meetings, all 16 Audit Committee meetings held this Fiscal Year, as well as all 11 Compensation Committee meetings held since he was appointed to the Compensation Committee on June 30, 2020, has accordingly made remarks necessary for discussing agenda, etc. based on his abundant experience and professional insight as a management of a global manufacturing company, and high expertise regarding accounting and taxation as a tax accountant.</p> <p>Also proactively gave comments and advice, etc. in Board of Directors' Meetings that grasp the essence of matters for important decision-making of the Company for short-term management plan decisions and capital policy, etc., as well as contributing to Audit Committee meetings and Compensation Committee meetings through the early detection of issues and understanding risks, etc.</p>
Director	Kaoru Onimaru	<p>Attended 16 out of 17 Board of Directors' Meetings and all 14 Nomination Committee meetings held this Fiscal Year, as well as all 9 Audit Committee meetings held since she was appointed to the Nomination Committee on June 30, 2020; has accordingly made remarks necessary for discussing agenda, etc. based on her long career as an attorney-at-law in the legal profession and involvement in major cases as a Supreme Court Justice.</p> <p>Also raised issues aimed at further enhancing corporate governance and proactively gave advice, etc. to reduce legal risk in Board of Directors' Meetings, as well as identifying and reducing risk in legal and compliance areas, and contributed to the creation of the corporate governance system by establishing Regulations for Board of Directors' Meetings, and each committee in Nomination Committee and Audit Committee activities.</p> <p>As chairperson of the voluntary Governance Committee, took the lead in the evaluation of the effectiveness, etc. of operations of the Board of Directors Meeting to improve the effectiveness of the Board of Directors and Committee meetings contributing to the continuous strengthening of the Company's corporate governance.</p>
Director	Teruo Suzuki	<p>Attended 16 out of 17 Board of Directors' Meetings and 15 out of 16 Audit Committee meetings held this Fiscal Year; has accordingly made remarks necessary for discussing agenda, etc. based on his high expertise in the field of financial accounting obtained through his work for many years as a certified public accountant engaged in the auditing of listed companies etc. in a major auditing firm.</p> <p>Also proactively proposed improvements for business risk and issues and gave comments and advice, etc. that grasp the essence of matters for important decision-making of the</p>

		Company for M&A and capital policy, etc., in Board of Directors' Meetings, as well as leading various efforts as the Chairperson of the Audit Committee to ensure the effectiveness of the Company and group companies audits in an environment of spreading COVID-19 in Audit Committee activities.
Director	Yuji Nishiura	<p>Attended all 17 Board of Directors' Meetings, all 14 Nomination Committee meetings, and all 13 Compensation Committee meetings held this Fiscal Year; has accordingly made remarks necessary for discussing agenda, etc. based on his management experience in multiple companies and his abundant insight and experience regarding the restructuring of corporate governance in many corporate revitalization projects.</p> <p>Also proactively gave comments and advice, etc. that grasp the essence of matters for important decision-making of the Company for management and capital policy, etc., and various topics raised in business segment reports, etc. from Executive Officers in Board of Directors' Meetings, as well as contributing to various efforts to improve corporate governance by establishing internal rules, etc. in Nomination Committee and Compensation Committee activities. As chairperson of the Nomination Committee, led initiatives to establish an officer appointment process that improved corporate governance transparency.</p>
Director	Daisuke Hamaguchi	<p>Attended all 17 Board of Directors' Meetings, all 13 Compensation Committee meetings held this Fiscal Year, as well as all 11 Nomination Committee meetings held since he was appointed to the Nomination Committee on June 30, 2020 and all 7 Audit Committee meetings held until he left the Audit Committee on June 30, 2020; has accordingly made remarks necessary for discussing agenda, etc. based on his deep insight into corporate governance obtained through many years of service as an investment management director of the Pension Fund Association.</p> <p>Also proactively raised issues and gave advice on important themes such as capital policy and management plan studies, etc. in Board of Directors' Meetings, as well as contributing to various efforts to improve corporate governance by establishing internal rules, etc. in Nomination Committee, Audit Committee and Compensation Committee activities. As chairperson of the Compensation Committee, led a review into the compensation decision process to ensure further transparency of the compensation decision process, and efforts to review, etc. the compensation structure so that officer compensation acts as an incentive.</p>
Director, Chairperson of the Board of Directors	Masatoshi Matsuzaki	Attended all 17 Board of Directors' Meetings and all 14 Nomination Committee meetings held this Fiscal Year; has accordingly made remarks necessary for discussing agenda, etc. based on his deep insight into corporate governance obtained through many years of experience in the

		management of a listed company with global operations. Also responsible as chairperson of the Board of Directors for selecting agenda topics and proceedings in Board of Directors' Meetings, and led the creation of a structure to ensure the Board of Directors continued to have sufficient supervisory functions in a business environment requiring ways to counter the major risk posed by COVID-19 by dealing with important agenda items raised by the evaluation of the effectiveness of the Board of Directors, as well as proactively contributing to various initiatives to establish an officer selection process using his experiences at multiple corporations in Nomination Committee activities.
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Note:

In addition to the number of Board of Directors' Meetings in the above table, there was one written resolution deemed to be a resolution of the Board of Directors pursuant to Article 370 of the Companies Act and the Company's Articles of Incorporation.

b. Overview of the content of the agreement limiting liability

The Company has instituted provisions regarding agreements limiting the liability of Outside Directors in the Articles of Incorporation. Based on the Articles of Incorporation, the Company has entered into agreements limiting liability with all of the Outside Directors, and its overview is as follows:

(Agreements limiting the liability of Outside Directors)

With respect to liability for damages from neglecting his or her duties, after entering into this agreement, an Outside Director is liable for the higher amount of either 10 million yen or an amount prescribed by laws and regulations where such duties are performed in good faith and there is no gross negligence.

c. Total amount of compensation, etc. of Outside Directors and Outside Auditors for this Fiscal Year

Category	Number of Recipients	Amount of Compensation, etc. (million yen)
Directors	9	154

(4) Matters regarding the Accounting Auditor

1) Name: Deloitte Touche Tohmatsu LLC

2) Amount of compensation, etc. of Accounting Auditor

Amount of compensation, etc. involved in audit certification services that the Company should pay	506 million yen
Total amount of money and other profits on property that the Company and the Company's subsidiaries should pay	794 million yen

Notes:

1. In the audit agreement between the Company and the Accounting Auditor, the amount of auditing compensation for the audit based on the "Companies Act" and audit based on the "Financial Instruments and Exchange Act" are not distinguished, and because they substantively cannot be distinguished, the total amount of such compensation is stated in the amount of compensation, etc.

2. The Audit Committee made its decision of agreement with respect to the amount of compensation of Accounting Auditors, etc. upon conducting necessary verifications as to whether or not the contents of the audit plan of the Accounting Auditors, the status of execution of duties of the Accounting Auditors and calculation basis of the compensation estimate, etc. are appropriate.
3. Of the significant subsidiaries of the Company, LIXIL Europe S.à r.l., ASD Holding Corp., A-S CHINA PLUMBING PRODUCTS Ltd., TOSTEM THAI Co., Ltd., LIXIL INTERNATIONAL Pte. Ltd., LIXIL GLOBAL MANUFACTURING VIETNAM Co., Ltd. and LIXIL Manufacturing (Dalian) Corporation have been audited by certified public accountants or auditing firms other than the Company's Accounting Auditor.

3) Content of non-auditing services

Advisory and guidance services regarding the application of "Accounting Standards for Revenue Recognition" announced by the Accounting Standards Board of Japan, and the content of non-auditing services includes advisory and guidance services regarding "Business Risks" in the Annual Securities Report as required by the Cabinet Office Ordinance on Disclosure of Corporate Information and advisory and guidance services regarding the prevention of fraud risk training as part of the strengthening of governance.

4) Policy to determine dismissal or refusal to reappoint Accounting Auditors

If circumstances arise that are reasonably suspicious so that the fairness regarding the work performed by the Accounting Auditor cannot be secured, the policy at the Company provides for the dismissal or refusal to reappoint such Accounting Auditor.

(5) System to ensure the adequacy of business and summary of the operation status of such system

1) System to ensure the adequacy of business

The main contents of the system regarding internal controls and risk management are as follows. A resolution was passed at a Board of Directors' Meeting making them basic policies for an internal control system based on the Companies Act:

- a. System to ensure that the performance of duties by Executive Officers and employees and Directors and employees of the Company's subsidiaries complies with the laws and regulations and the Articles of Incorporation

The Group will establish guidelines for actions as a Code of Conduct for the entire group, and will conduct a read-through and an oath for all employees to comply with including officers once per year. In addition, the Group will institute a common concern raising (whistleblowing) system so the Group's employees can directly make reports to the Company's Legal and Compliance departments or outside lawyers.

Furthermore, the Group does not acknowledge any antisocial forces, nor does it engage in any activities that may be suspected of contributing to the promotion or management of such forces nor does it have any relationship with antisocial forces. To prevent damages by antisocial forces, the Group will deal with the pressures as an organization and approach them with a firm attitude.

- b. System regarding the storage and management of information involving the performance of duties by Executive Officers

The Company will retain and manage written documents, etc. based on the laws and regulations and internal rules. Based on the rules, Directors and Audit Committee Members may access those written documents, etc. at any time.

In addition, information security rules and personal information protection

policies are established with regard to handling the management of information.

- c. System for internal rules and others regarding the management of the Group's risk of loss

The Group will constantly monitor the risks faced by the Group, and confirm and provide guidance on the status such handling. The risk management meeting, etc. are established at each group company to periodically check the status of risk at each group company, and also the Risk Management Committee, which is held as appropriate, predicts unknown risks that may have a significant impact on the Company and its group companies and will strive to improve its ability to respond to risks by establishing a system to deal with them in advance. Also, it is required to report on the risks of each group company at regularly scheduled Board of Directors' Meetings and the Executive Officers' Meetings, etc., as necessary.

In addition, the Group is managing the basic policy for crisis management, etc. and has established a management structure for emergencies, and with respect to the business continuity plan, the Group executes the BCP (Business Continuity Plan) Manual and instruction and training based on such manual.

- d. System to ensure that the performance of duties of Executive Officers of the Company and the Directors, etc. of the Company's subsidiaries are carried out efficiently

The Board of Directors of the Company establishes the division of duties of the Executive Officers and clarifies the areas that each Executive Officer will be responsible for. In addition, a board of Executive Officers attended by all Executive Officers will be convened regularly and will conduct flexible decision-making involved in basic and important matters regarding the execution of duties. Furthermore, various committees will be set up as subordinate bodies of the board of Executive Officers and will evaluate the entire Group's important investment projects and M&A and organizational restructuring projects, etc. and attempt to expedite the decision-making.

In addition, a medium-term business plan and a short-term plan covering the entire Group will be established. The work for such establishment will value the autonomous business judgment and independence of the Company's subsidiaries and support their decisions.

- e. Other systems to ensure the adequacy of the Group's business operations

The Company values the autonomy of the operations of the group companies and will periodically receive reports of the business conditions and conduct authorizations of important matters.

In addition, in order to ensure the accuracy and adequacy of the consolidated financial statements, an internal control system will be maintained and operated appropriately.

- f. Directors and employees who should assist with the duties of the Audit Committee

The Company will establish an Audit Committee Secretariat as a specialist organization to support the duties of the Audit Committee Office. In order to enhance the structure supporting the Group's Audit Committee and strengthen the Group's internal controls, a "dedicated auditor" will be assigned to each major subsidiary to exclusively perform the auditing duties of the subsidiaries.

Directors who should support the Audit Committee will not be placed.

- g. Independence from the Executive Officers of the Directors and employees in (f.) above and matters regarding securing the effectiveness of instructions of Audit Committee Members to such employees

Personnel changes and evaluations of the staff of the Audit Committee Secretariat and dedicated auditors are matters to be resolved by the Audit Committee. The appointments, transfers, evaluations, etc. of such employees will be discussed in advance by the Audit Committee Members and the Personnel Department Head. In addition, instructions that are necessary for auditing services from the Audit Committee and Audit Committee Members to such employees will be properly handled by each department to ensure the effectiveness of such instructions.

- h. System for Executive Officers and employees of the Company to report to the Audit Committee, and other systems regarding reporting to the Audit Committee

If an Executive Officer discovers a fact that is likely to cause significant damages to the company, he/she will immediately report it to an Audit Committee Member.

When an Audit Committee Member receives an important report, opinion or document from an Executive Officer or an Accounting Auditor or someone else, he/she will report it to the Audit Committee.

Representative Executive Officers and Audit Committee Members will periodically exchange opinions regarding findings from an audit. In addition, the Legal Function will periodically report to the Audit Committee regarding the status of concerns having been raised (whistle-blowing).

Audit Committee Members will attend regular Board of Directors' Meetings and receive reports on the status of the Executive Officers' periodic execution of duties at the Board of Directors' Meeting.

Executive Officers and employees will report to the Audit Committee Member the status of the execution of duties through hearings, etc. of the Audit Committee. Audit Committee Members selected by the Audit Committee have the authority to ask Executive Officers and employees to report on the performance of their duties at any time, and to investigate the services or assets of the Company with regard to Directors, Executive Officers and employees of the Company at any time.

The dedicated auditor shall report on the status of the audit at regular meetings with the Audit Committee or via the Audit Committee Secretariat.

- i. System for the Company's subsidiaries' Directors, Auditors, members executing business, persons to perform the duties of Article 598, Paragraph 1 of the Companies Act and employees and those who receive reports from such persons to report to the Audit Committee of the Company.

The Company will regularly hold management meetings, etc. attended by Directors, etc., of subsidiaries of the Company, and endeavor for the sharing of important information for business, as well as require the Directors, etc. of subsidiaries to attend and report as needed to Audit Committee meetings of the Company if important events occur at the Company's subsidiaries. Audit Committee Members selected by the Audit Committee have the authority to ask subsidiaries of the Company for business reports and to investigate the services and assets of subsidiaries.

- j. System to ensure that a whistle blower, person reporting to the Company's Audit Committee does not receive unfair treatment on the grounds of having made such statement or report

Set forth in the Group's whistle-blowing system operation rules, etc. that directors, officers and employees of the Group can whistle blow and make that method of reporting, etc. widely known within the Group. In addition, the

whistle blowing cases shall be reported to the Audit Committee in a timely manner, and dismissals and other disadvantageous treatments due to such report or other report to the Audit Committee shall be prohibited by internal rules.

- k. Matters concerning the policy regarding the procedures for pre-payment or repayment of expenses arising with respect to the execution of the duties of the Audit Committee of the Company and other disposition of expenses or liabilities arising with respect to the execution of such duties

When the Audit Committee makes a claim for the repayment of expenses under Article 404 of the Companies Act is made against the Company with respect to its execution of duties, the Company will bear such expenses upon deliberation in the department in charge. In addition, a budget of a certain amount will be established every year to disburse the expenses for execution of such duties.

- l. Other systems to ensure that the audit by the Audit Committee is carried out effectively

The Audit Committee will periodically receive reports regarding the contents of the audit from the Accounting Auditors of the Company and its subsidiaries and the Company's internal audit department, along with periodically convening the Group's meeting of dedicated auditors with the dedicated auditors of each group company and attempting to work together.

2) Operation status of system to ensure adequacy of business

The Company endeavors for the maintenance of an internal control system and its appropriate operation under the above. The principal initiatives thought to be important for internal controls implemented in this Fiscal Year are as follows:

- a. Initiatives concerning compliance

The LIXIL Code of Conduct is widely known by translation into 19 languages as common rules that all officers and employees should comply with, and is regularly reviewed. Global common basic rules and detailed rules have been compiled for areas of particularly high risk for the Group based on the Code of Conduct. The status of compliance-related measures and activities are reported to and confirmed by compliance committees established at the Company or in various regions, etc.

- b. Initiatives concerning the management of the risk of loss

The status of the system of the new Fiscal Year and review of expected risks are reported through risk management meetings, etc., and with respect to natural disasters and other crises, rules, etc. for risk management shall be specified, and the understanding of and status of handling the occurred risk are reported and confirmed in a timely manner.

- c. Initiatives concerning appropriateness and efficiency of executing duties

Board of Directors' Meetings are held at least once every month and important matters are deliberated and reports on principal execution status are received. In addition, decisions on execution, etc. have been carrying out the efficient execution of business based on the rules concerning duties and authority.

- d. Initiatives concerning the Audit Committee audits

The Audit Committee members will attend important meetings such as Board of Directors' Meetings and Board of Executive Officers' Meetings and are receiving reports regarding information that is necessary for audits as necessary.

In addition, reports are received and cooperation is made through the

Group's meeting of dedicated auditors, Accounting Auditors Information Exchange Meetings, Representative Executive Officer Opinion Exchange Meetings, etc.

(6) Basic policy regarding governance of a stock company

As the Company believes it to be desirable for many of the shareholders to possess shares for the mid- to long-term, it is striving to implement measures that can be supported by shareholders by improving business results and increasing the business value. As such, no particular defensive measures against hostile takeovers have been established.

◎ This Report is stated as follows:

1. Amounts stated in million yen units are rounded to the nearest million yen unless otherwise stated.
2. The numbers of shares in thousand share units are shown by omitting the digits that are less than one thousand shares.
3. If there is nothing in particular to state for "1. Matters regarding the current state of the Group" and "2. Matters regarding the current state of the Company," the conditions as of March 31, 2021 are stated.

-EOD-

Consolidated Statement of Financial Position

(As of March 31, 2021)

(Millions of yen)

ASSETS		LIABILITIES AND EQUITY	
Account	Amount	Account	Amount
CURRENT ASSETS	637,773	CURRENT LIABILITIES	586,928
Cash and cash equivalents	111,061	Trade and other payables	299,363
Trade and other receivables	284,369	Bonds and borrowings	164,204
Inventories	180,417	Lease liabilities	17,339
Contract assets	17,650	Contract liabilities	9,738
Income tax receivables	9,776	Income tax payables	5,220
Other financial assets	13,880	Other financial liabilities	5,408
Other current assets	19,262	Provisions	1,313
Subtotal	636,415	Other current liabilities	84,343
Assets held for sale	1,358		
NON-CURRENT ASSETS	1,104,041	NON-CURRENT LIABILITIES	600,119
Property, plant and equipment	402,669	Bonds and borrowings	366,923
Right-of-use assets	62,417	Lease liabilities	47,039
Goodwill and other intangible assets	453,456	Other financial liabilities	25,757
Investment property	4,931	Net defined benefit liabilities	80,939
Investments accounted for using the equity method	10,871	Provisions	7,860
Other financial assets	83,080	Deferred tax liabilities	56,468
Deferred tax assets	77,939	Other non-current liabilities	15,133
Other non-current assets	8,678	TOTAL LIABILITIES	1,187,047
		EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	552,271
		Share capital	68,418
		Capital surplus	278,240
		Treasury shares	(48,610)
		Other components of equity	20,415
		Retained earnings	233,808
		NON-CONTROLLING INTERESTS	2,496
		TOTAL EQUITY	554,767
TOTAL ASSETS	1,741,814	TOTAL LIABILITIES AND EQUITY	1,741,814

Consolidated Statement of Profit or Loss

(Year Ended March 31, 2021)

(Millions of yen)

Account	Amount	
CONTINUING OPERATIONS		
REVENUE		1,378,255
COST OF SALES		(909,035)
GROSS PROFIT		469,220
Selling, general and administrative expenses	(411,932)	
Other income	17,550	
Other expenses	(38,996)	(433,378)
OPERATING PROFIT		35,842
Finance income	5,708	
Finance costs	(8,235)	
Share of profit of associates and joint ventures accounted for using the equity method	489	(2,038)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		33,804
Income tax expenses		(17,436)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		16,368
DISCONTINUED OPERATIONS		
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS		21,219
PROFIT FOR THE YEAR		37,587
Profit for the year attributable to:		
Owners of the parent		
Continuing operations		16,363
Discontinued operations		16,685
Total		33,048
Non-controlling interests		
Continuing operations		5
Discontinued operations		4,534
PROFIT FOR THE YEAR		4,539

Consolidated Statement of Changes in Equity

(Year Ended March 31, 2021)

(Millions of yen)

	Equity attributable to owners of the parent						
	Share capital	Capital surplus	Treasury shares	Other components of equity			
				Net fair value gain (loss) on equity instruments measured through other comprehensive income	Remeasurements of defined benefit pension plans	Exchange differences on translation of foreign operations	Net fair value gain (loss) on hedging instruments entered into for cash flow hedges
Balance as of April 1, 2020	68,418	278,120	(48,870)	6,256	—	(23,757)	(2,686)
Profit for the year							
Other comprehensive income				10,740	2,420	24,129	3,767
Total comprehensive income for the year	—	—	—	10,740	2,420	24,129	3,767
Purchase of treasury shares			(17)				
Disposal of treasury shares		(0)	0				
Share-based payment transactions		189	277				
Dividends							
Reclassification to non-current assets or disposal group classified as held for sale				(162)			(10)
Changes in ownership interests in subsidiaries and associates		(69)					
Changes associated with loss of control of subsidiaries							
Transfers from other components of equity to retained earnings				(276)	(2,420)		
Total transactions with owners	—	120	260	(438)	(2,420)	—	(10)
Balance as of March 31, 2021	68,418	278,240	(48,610)	16,558	—	372	1,071

(Millions of yen)

	Equity attributable to owners of the parent					Non- controlling interests	Total equity
	Other components of equity			Retained earnings	Total		
	Accumulated other comprehensive income relating to non-current assets or disposal group classified as held for sale	Other	Total				
Balance as of April 1, 2020	3,879	3,599	(12,709)	217,206	502,165	32,972	535,137
Profit for the year			—	33,048	33,048	4,539	37,587
Other comprehensive income	(3,889)	(3)	37,164		37,164	142	37,306
Total comprehensive income for the year	(3,889)	(3)	37,164	33,048	70,212	4,681	74,893
Purchase of treasury shares			—		(17)		(17)
Disposal of treasury shares			—		0		0
Share-based payment transactions		(1,182)	(1,182)	1,003	287		287
Dividends			—	(20,307)	(20,307)	(592)	(20,899)
Reclassification to non- current assets or disposal group classified as held for sale	172		—		—		—
Changes in parent's ownership interests in related companies			—		(69)	(5)	(74)
Changes associated with loss of control of subsidiaries			—		—	(34,560)	(34,560)
Transfers from other components of equity to retained earnings	(162)		(2,858)	2,858	—		—
Total transactions with owners	10	(1,182)	(4,040)	(16,446)	(20,106)	(35,157)	(55,263)
Balance as of March 31, 2021	—	2,414	20,415	233,808	552,271	2,496	554,767

Nonconsolidated Balance Sheet

(As of March 31, 2021)

(Millions of yen)

ASSETS		LIABILITIES	
Account	Amount	Account	Amount
CURRENT ASSETS	385,363	CURRENT LIABILITIES	393,467
Cash and deposits	1,756	Notes payable – trade	2,125
Notes receivable - trade	7,184	Accounts payable – trade	129,302
Accounts receivable	101,053	Short-term borrowings	58,294
Other receivables	96,072	Current portion of bonds	10,000
		Current portion of convertible bond-type bonds with subscription rights to shares	60,000
Inventories	54,140	Lease liabilities	929
Work in process	13,186	Accounts payable – other	62,216
Raw materials and supplies	23,327	Accrued expenses	34,313
Short-term loans receivable	70,202	Income taxes payables	757
Other current assets	18,467	Advances received	8,274
Allowance for doubtful accounts	(28)	Provision for bonuses	16,996
		Provision for bonuses for directors (and other officers)	26
		Provision for loss on factory restructuring	71
		Asset retirement obligations	185
		Other current liabilities	9,971
NON-CURRENT ASSETS	828,389	NON-CURRENT LIABILITIES	372,404
PROPERTY, PLANT AND EQUIPMENT	267,629	Bonds	65,000
Buildings	92,151	Long-term borrowings	254,381
Structures	6,473	Lease liabilities	3,718
Machinery and equipment	32,056	Provision for bonuses for directors (and other officers)	1,377
Vehicles	367	Provision for retirement benefits	5,005
Tools, furniture and fixtures	7,244	Provision for loss on business of subsidiaries and associates	7,466
		Provision for loss on factory restructuring	1,353
Land	121,998	Asset retirement obligations	5,855
Leased assets	4,206	Other non-current liabilities	28,244
Construction in progress	3,131		
		TOTAL LIABILITIES	765,871
		EQUITY	
INTANGIBLE ASSETS	42,237	EQUITY	423,262
Leasehold interests in land	2,988	SHARE CAPITAL	68,417
Software	18,309	CAPITAL SURPLUS	324,651
Software in progress	20,829	Legal capital surplus	12,478
Other intangible assets	110	Other capital surplus	312,172
		RETAINED EARNINGS	78,802
INVESTMENTS AND OTHER ASSETS	518,522	Legal retained earnings	4,847
Investment securities	51,648	Other retained earnings	73,954
Investments in subsidiaries and	367,792	Provision of reserve for special	6

associates		disaster	
Long-term accounts receivable – other	34,032	Reserve for tax purpose reduction entry	1,449
Guarantee deposits	7,258	Retained earnings brought forward	72,499
Prepaid pension costs	12,548	TREASURY SHARES	(48,609)
Deferred tax assets	63,498	VALUATION AND TRANSLATION ADJUSTMENTS	23,690
Other investments	14,955	Valuation difference on available-for-sale securities	22,903
Allowance for doubtful accounts	(33,211)	Deferred gains or losses on hedges	786
		SUBSCRIPTION RIGHTS TO SHARES	928
		TOTAL EQUITY	447,881
TOTAL ASSETS	1,213,753	TOTAL LIABILITIES AND EQUITY	1,213,753

Nonconsolidated Statement of Income

(Year Ended March 31, 2021)

(Millions of yen)

Account	Amount	
NET SALES		277,341
OPERATING REVENUE		
Royalty income	6,377	
Dividends from subsidiaries and associates	1,313	7,691
COST OF SALES		183,294
GROSS PROFIT		101,737
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		82,174
OPERATING EXPENSES		8,549
OPERATING PROFIT		11,013
NON-OPERATING INCOME		
Interest income	277	
Dividend income	732	
Rental income	234	
Guarantee fee income	199	
Other non-operating income	676	2,120
NON-OPERATING EXPENSES		
Interest expense	683	
Interest on bonds	199	
Bond issuance costs	225	
Loss on valuation of investment securities	1,125	
Rental costs	143	
Provision for loss on investment in subsidiaries and associates	5,511	
Other non-operating expenses	1,530	9,419
ORDINARY PROFIT		3,715
EXTRAORDINARY INCOME		
Gain on sale of non-current assets	1,877	
Gain on sale of investment securities	399	
Gain on sale of investments in subsidiaries and associates	43,763	
Gain on extinguishment of tie-in shares	21	
Gain on reversal of subscription rights to shares	1,129	47,191
EXTRAORDINARY LOSS		
Impairment losses	2,320	
Loss on extinguishment of tie-in shares	35,954	
Provision for loss on factory restructuring	1,347	
Loss on business of subsidiaries and associates	8,316	
Early retirement-related losses	13,563	61,502
LOSS BEFORE INCOME TAXES		(10,595)
Income taxes — Current	(3,996)	
Income taxes — Deferred	(366)	(4,362)
NET LOSS		(6,233)

Nonconsolidated Statement of Changes in Equity

(Year Ended March 31, 2021)

(Millions of yen)

	Equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total	Legal retained earnings	Other Retained earnings			
						Provision of reserve for special disaster	Reserve for tax purpose reduction entry	General reserve	Retained earnings brought forward
Balance as of April 1, 2020	68,417	12,478	312,027	324,505	4,847	—	—	110,000	(9,504)
Changes during the year									
Dividends									(20,307)
Net loss									(6,233)
Reversal of general reserve								(110,000)	110,000
Provision of reserve for tax purpose reduction entry							1,462		(1,462)
Reversal of reserve for tax purpose reduction entry							(13)		13
Provision of reserve for special disaster						6			(6)
Purchase of treasury shares									
Disposal of treasury shares			(0)	(0)					
Exercise of subscription rights to shares			145	145					
Net changes of items other than shareholders' equity									
Total changes during the year	—	—	145	145	—	6	1,449	(110,000)	82,003
Balance as of March 31, 2021	68,417	12,478	312,172	324,651	4,847	6	1,449	—	72,499

(Millions of yen)

	Equity			Valuation and translation adjustments			Subscripti on rights to shares	Total equity
	Other Retained earnings	Treasury shares	Total	Valuation difference on available- for-sale securities	Deferred gains or losses on hedges	Total		
	Total							
Balance as of April 1, 2020	105,343	(48,869)	449,397	2,419	—	2,419	2,110	453,927
Changes during the year								
Dividends	(20,307)		(20,307)					(20,307)
Net loss	(6,233)		(6,233)					(6,233)
Reversal of general reserve	—		—					—
Provision of reserve for tax purpose reduction entry	—		—					—
Reversal of reserve for tax purpose reduction entry	—		—					—
Provision of reserve for special disaster	—		—					—
Purchase of treasury shares		(17)	(17)					(17)
Disposal of treasury shares		0	0					0
Exercise of subscription rights to shares		277	422					422
Net changes of items other than shareholders' equity				20,484	786	21,271	(1,181)	20,089
Total changes during the year	(26,540)	260	(26,134)	20,484	786	21,271	(1,181)	(6,045)
Balance as of March 31, 2021	78,802	(48,609)	423,262	22,903	786	23,690	928	447,881

INDEPENDENT AUDITOR'S REPORT

May 19, 2021

To the Board of Directors of
LIXIL Corporation:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Yasuhiro Katsushima

Designated Engagement Partner,
Certified Public Accountant:

Takenao Ohashi

Designated Engagement Partner,
Certified Public Accountant:

Masayuki Furukawa

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of LIXIL Corporation and its subsidiaries (the "Group"), namely, the consolidated statement of financial position as of March 31, 2021, and the consolidated statement of profit or loss and consolidated statement of changes in equity for the fiscal year from April 1, 2020 to March 31, 2021, and the related notes.

In our opinion, the accompanying consolidated financial statements, prepared with the omission of a part of disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021, and its consolidated financial performance for the year then ended.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of disclosures required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of disclosures required under International Financial Reporting Standards.

The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(TRANSLATION)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 19, 2021

To the Board of Directors of
LIXIL Corporation:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Yasuhiro Katsushima

Designated Engagement Partner,
Certified Public Accountant:

Takenao Ohashi

Designated Engagement Partner,
Certified Public Accountant:

Masayuki Furukawa

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of LIXIL Corporation (the "Company"), namely, the nonconsolidated balance sheet as of March 31, 2021, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 79th fiscal year from April 1, 2020 to March 31, 2021, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2021, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit Committee for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

(TRANSLATION)

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

(TRANSLATION)

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report

The Audit Committee has audited the performance of duties by the Directors and Executive Officers for the 79th fiscal year from April 1, 2020 to March 31, 2021, and we report the methods and results of the audit as follows:

1. Methods and content of the audit

The Audit Committee received periodic reports from the Directors, Executive Officers and employees, etc., requested further explanations as necessary, and voiced its opinions, with regard to the content of the resolutions of the Board of Directors regarding the matters set forth in Article 416, Paragraph 1, Item 1, Parts (b) and (e) of the Companies Act and the construction and operating conditions of the established system (internal control system) based on such resolutions; and executed the audit through the following methods:

- (a) attended important meetings, received reports on matters regarding the execution of their duties from the Directors and Executive Officers, etc., requested further explanations as necessary, inspected important approval documents, etc., and investigated the status of the business operations and assets of the head office and principal place of business in accordance with the policies and division of duties, etc. established by the Audit Committee and upon coordination with the company's internal auditing department and internal control governing department. With respect to the subsidiary companies, the Audit Committee took steps to facilitate communications and the exchange of information with the Directors and Auditors, etc. of the subsidiary companies and received reports on the business operations from the subsidiary companies as necessary.
- (b) while monitoring and verifying that the Accounting Auditor has maintained its independence and conducted appropriate audits, the Audit Committee received reports from the Accounting Auditor regarding the execution of its duties and requested further explanations as necessary. Furthermore, the Audit Committee received notification from the Accounting Auditor that it was taking steps to prepare the "system for ensuring proper execution of duties" (as set forth in the items of Article 131 of the Rules of Company Accounting) in accordance with the "Quality Control Standards for Audits" (adopted by the Business Accounting Council on October 28, 2005), etc., requesting further explanations as necessary.

Based on the above methods, the Audit Committee examined the business reports and the annexed detailed statements thereof, financial statements (balance sheet, statement of income, statement of changes in equity, and notes to non-consolidated financial statements) and the annexed detailed statements thereof, and consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, and notes to consolidated financial statements) relating to the fiscal year under review.

2. Results of the audit

(1) Results of the audit of business reports, etc.:

In our opinion:

- (a) The business report and annexed detailed statements accurately present the state of the company pursuant to the laws and regulations and the Articles of Incorporation;
- (b) Neither improper actions in execution of duties by the Directors and Executive Officers, nor material facts violating the laws and ordinances or the Articles of Incorporation were found;
- (c) The contents of the resolutions adopted by the Board of Directors regarding the internal control system were appropriate, and no matters that would need to be pointed out regarding the contents of the business report on such internal control system, along

with the execution of duties by the Directors and Executive Officers, were found.

(2) Results of the audit of financial statements and annexed detailed statements
In our opinion, the audit methods used and the results reported by Deloitte Touche Tohmatsu LLC, the Accounting Auditor, are appropriate and reasonable.

(3) Results of the audit of consolidated financial statements
In our opinion, the audit methods used and the results reported by Deloitte Touche Tohmatsu LLC, the Accounting Auditor, are appropriate and reasonable.

May 20, 2021

Audit Committee, LIXIL Corporation

Audit Committee Member:	Teruo Suzuki
Audit Committee Member:	Tamio Uchibori
Audit Committee Member:	Kaoru Onimaru

(Note) Teruo Suzuki, Tamio Uchibori, and Kaoru Onimaru are Outside Directors, as prescribed in Article 2, Item 15, and Article 400, Paragraph 3 of the Companies Act.

EOD