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Report for the 83rd Fiscal Year (From April 1, 2024 to March 31, 2025)

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Of the matters to be provided electronically, the following matters are not included in the delivered documents for shareholders who have requested delivery of the document in accordance with laws and regulations and the Company's Articles of Incorporation, and are posted on the Company's website and the TSE's website.

1. Notes to the Consolidated Financial Statement
2. Notes to the Non-consolidated Financial Statements

The Company's Website:

https://www.lixil.com/en/investor/ir_event/meeting.html

The TSE's Website:

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

The Audit Committee and the Accounting Auditor have audited the documents to be audited, including the above.

Securities Code: 5938

LIXIL Corporation

The following is an English translation of the Report for the 83rd Fiscal Year (the "Report") [as Attachment to the Notice of Convocation of the 83rd 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.

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

(1) Business developments and their results

This consolidated Fiscal Year, Japan's domestic economy showed signs of gradual recovery, with corporate earnings remaining steady and the employment and income environment showing signs of improvement, and there also being a pickup in capital investment, personal consumption, and the like. However, the future outlook remains unclear due to factors such as high energy prices and the impact of continued inflation and rising home loan interest rates on consumer spending. In addition, with respect to residential investment, although the government's major housing energy support measure created demand in the renovation market, particularly for insulation products, the number of new housing starts in the new construction market was sluggish, especially for owner-occupied homes and homes built for sale, due to a decline in home purchase sentiment resulting from soaring home prices driven by the continued high prices of construction materials.

As for the global economy, while on the one hand policy interest rates in Europe were gradually lowered and there was solid demand in growth markets such as the Middle East and India, high interest rates persisted in the U.S. and there were concerns about the future of the Chinese economy due to continued stagnation in the real estate market, and the overall economic outlook remained uncertain. In addition to the fact that interest rates are expected to remain high and labor costs are expected to continue to rise, it will be necessary to continue to closely monitor the impact on overseas economies of trends in U.S. trade policy, exchange rate fluctuations, and geopolitical risks such as the protracted conflict between Russia and Ukraine and the situation in the Middle East.

In this context, the revenue of the Company and its consolidated subsidiaries (the "Group") in this consolidated Fiscal Year was as follows: In the domestic business, sales for new construction projects stagnated due to a slump in the number of new housing starts, but renovation sales, primarily for plumbing products, remained strong. In the overseas businesses, while demand in the U.S. remained low and the real estate market in China was sluggish, revenue increased due to improved sales in Europe, growth in the Middle East and India, and the impact of foreign exchange translation. As a result, the Group's revenue increased to 1,504,697 million yen (up 1.4% on year).

As for earnings, although there were increased costs from continued high raw material, energy, and component prices, efforts to optimize sales prices mainly in Japan, improved sales mainly in Europe, and cost reduction effects from structural reforms resulted in core earnings increasing to 31,337 million yen (up 35.3% on year). In addition, due to decreased temporary other costs from the implementation of structural reforms compared to the previous consolidated Fiscal Year, operating profit rose to 29,687 million yen (up 81.6% on year) and profit before tax from continuing operations rose to 20,150 million yen (up 3.0 times on year), both of which were significant increases.

Profit for this Fiscal Year attributable to the owners of the parent (net of non-controlling interests), was 2,001 million yen (13,908 million yen loss attributable to the owners of the parent in the previous Fiscal Year) due to an increase in the tax burden rate resulting from the sluggish profitability of some consolidated subsidiaries and the like.

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

Results in This Consolidated Fiscal Year

Revenue	Core earnings	Profit for the year attributable to owners of the parent
1,504,697 million yen	31,337 million yen	2,001 million yen

The overall conditions for each business unit are described below. Revenue of each business unit is before elimination of intercompany transactions and core earnings are before deduction of corporate expenses.

Note 1: Core earnings are calculated by deducting the cost of sales and selling, general and administrative expenses from revenue.

Note 2: For "domestic business" and "overseas business," management-based categories that are defined in the Group's consolidated revenue management are used, and they partially differ from categories based on country of location. Specifically, the Water Technology Business and the Housing Technology Business include some overseas subsidiaries managed domestically in "domestic business."

Water Technology Business (LWT)

Principal business

Business breakdown	Principal products and goods, etc.
Plumbing facilities	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.

In the Water Technology Business, which mainly handles plumbing products, the domestic business secured revenue that was higher than the previous Fiscal Year despite still suffering from the impact of lower housing construction demand because the businesses benefited from the manifestation of price revision effects for which efforts had been made to date, while sales of renovation-related products remained strong. In the overseas business, while demand remained sluggish in the U.S. and China, revenue increased compared with the previous Fiscal Year owing to a shift to solid sales in Europe and the Middle East and the foreign currency exchange effect. As a result, revenue in the Water Technology Business increased to 927,844 million yen (up 3.4% on year).

The impact of rising material prices and exchange rates in the domestic business was offset by the effects of increased renovation sales and price revisions, and the overseas business was also impacted by increased sales and reduced selling and administrative expenses due to the effects of structural reforms, resulting in core earnings rising significantly to 40,941million yen (up 80.2% on year).



SATIS X (Tank-less toilets)



bathtope (Unit bath)



Greentap
(Mineral water purifier for kitchen)



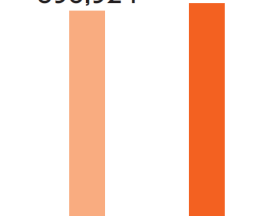
GROHE Everstream
(Recycle shower system)

Revenue

927,844 million yen

(unit: million yen)

896,924 927,844



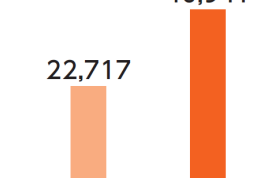
FYE2024 Consolidated Fiscal Year FYE2025 Consolidated Fiscal Year

Core earnings

40,941 million yen

(unit: million yen)

22,717 40,941



FYE2024 Consolidated Fiscal Year FYE2025 Consolidated Fiscal Year

Housing Technology Business

(LHT)

Principal business

Business breakdown

Principal products and goods, etc.

Metal building materials	Sashes for residences, buildings, and stores, front doors, various shutters, gates, carports, handrails, bridge railings, curtain walls, etc.
Wood interior building materials	Window frames, fixture materials, interior building materials, etc.
Other building materials Housing and services	Siding, roofing materials etc. Development of franchise chains of builders, building contractor, real estate management, development support of real-estate franchise chain business, etc.
Others	Solar power systems, etc.

In the Housing Technology Business, which primarily develops housing construction material products domestically, revenue decreased slightly to 586,819 million yen (down 1.6% on year), due to the significant impact of a decline in new housing construction demand as with the Water Technology Business and a drop in sales related to businesses sold in the previous year, despite substantial sales growth of insulation products for renovation centering on windows in the context of the government policy of introducing large-scale subsidies aimed at realizing a low-carbon society.

Core earnings fell to 29,172 million yen (down 18.7% on year) due to the significant impact of sluggish sales to new construction, as well as the effect of higher costs from protracted high materials and energy prices.



Inplus (Interior window)



PremiAL series, a low-carbon building material using recycled aluminum



Revia pave was used as the pavement material for EARTH MART, one of the signature pavilions at Expo 2025 Osaka, Kansai, Japan



Revenue

586,819 million yen

(unit: million yen)

596,448 586,819

FYE2024 Consolidated Fiscal Year FYE2025 Consolidated Fiscal Year

Core earnings

29,172 million yen

(unit: million yen)

35,887 29,172

FYE2024 Consolidated Fiscal Year FYE2025 Consolidated Fiscal Year

Revenue and core earnings by business

Business Category	FYE2024 Consolidated Fiscal Year (April 1, 2023 to March 31, 2024)		FYE2025 Consolidated Fiscal Year (April 1, 2024 to March 31, 2025)		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	896,924	22,717	927,844	40,941	3.4	80.2
Housing Technology Business	596,448	35,887	586,819	29,172	(1.6)	(18.7)
Deletion or Common throughout Company	(10,148)	(35,442)	(9,966)	(38,776)	-	-
Total	1,483,224	23,162	1,504,697	31,337	1.4	35.3

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 63,582 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, 43,596 million yen was procured through long term loans and 36,000 million yen through the issuance of straight bonds, to be applied to refinancing funds.

(4) Transfer of Business, Absorption-Type Company Split, or Incorporation-Type Company Split

In this consolidated Fiscal Year, the Company and its consolidated subsidiary ASD Holding Corp. agreed to transfer ASD Holding Corp.'s U.S. bathing business to American Bath Group, LLC and to enter into a strategic partnership with American Bath Group, LLC to strengthen the bathing business in the North America region on March 31, 2025.

The Company and its consolidated subsidiary LIXIL Home Finance Corporation ("LIXIL Home Finance") executed a status transfer agreement and a reservation agreement for transfer of loan claims with SBI ARUHI Corporation ("SBI ARUHI") on June 27, 2024, and transferred the contractual status and loan claims related to the full-term fixed-rate housing loan business (Flat 35) operated by LIXIL Home Finance to SBI ARUHI on September 27, 2024.

(5) Succession of Rights and Obligations from the Business of another Corporation due to Absorption-Type Merger or Absorption-Type Company Split

In this consolidated Fiscal Year, the Company executed an absorption-type company split agreement with AISIN CORPORATION ("Aisin") on May 27, 2024, and carried out an absorption-type company split on September 1, 2024, with the Company as the succeeding company and Aisin as the splitting company in the company split, to allow the Company to succeed to some of the rights and obligations that Aisin holds regarding the shower toilet business for the Company in Japan.

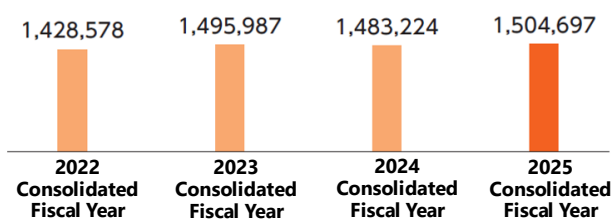
(6) Changes in Status of Assets and Income/Losses

Category	FYE2022 Consolidated Fiscal Year (April 1, 2021 to March 31, 2022)	FYE2023 Consolidated Fiscal Year (April 1, 2022 to March 31, 2023)	FYE2024 Consolidated Fiscal Year (April 1, 2023 to March 31, 2024)	FYE2025 Consolidated Fiscal Year (April 1, 2024 to March 31, 2025)
Revenue (million yen)	1,428,578	1,495,987	1,483,224	1,504,697
Core earnings (million yen)	64,875	25,745	23,162	31,337
Operating profit (million yen)	69,471	24,903	16,351	29,687
Profit/Loss for the year attributable to owners of the parent (million yen)	48,603	15,991	(13,908)	2,001
Basic profit/loss per share (yen)	167.21	55.54	(48.43)	6.97
Total assets (million yen)	1,782,882	1,853,534	1,886,595	1,830,804
Equity attributable to owners of the parent (million yen)	612,385	625,433	642,511	617,886
Equity attributable to owners of the parent per share (yen)	2,106.30	2,178.77	2,237.53	2,150.86
Equity ratio attributable to owners of the parent (%)	34.3	33.7	34.1	33.7

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

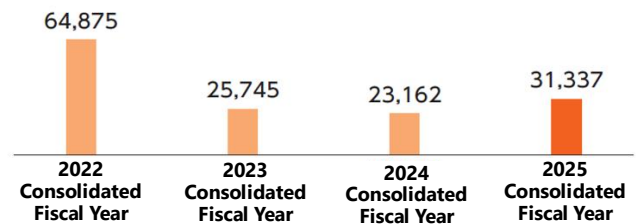
Revenue

(unit: million yen)



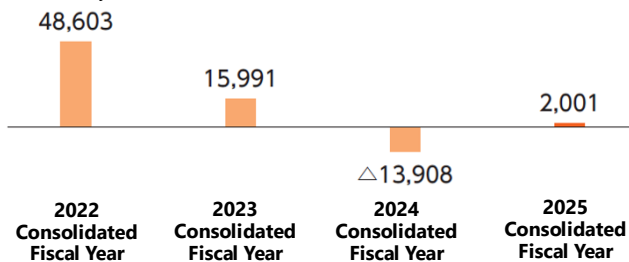
Core earnings

(unit: million yen)



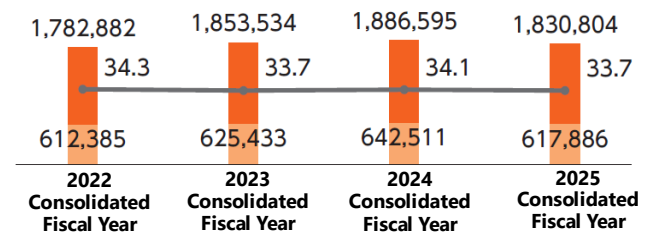
Profit/loss for the year attributable to owners of the parent

(unit: million yen)



Total assets/equity attributable to owners of the parent/equity ratio attributable to owners of the parent

■ Total assets (unit: million yen)
■ Equity attributable to owners of the parent (unit: million yen)
● Equity ratio attributable to owners of the parent (unit: percentage)



(7) Issues to be addressed

In 2020, the Group formulated “LIXIL Playbook” that laid out the basic direction for the management and proceeded with initiatives for the four strategic initiatives, but it improved “LIXIL Playbook” in 2023 to respond to changes in the business environment and lead the way to further growth. Specifically, while steady achievements have been made through the initiatives to date for “focus on simplifying organization and core businesses,” which was the first of the four strategic initiatives that were set when “LIXIL Playbook” was formulated in 2020, the future-oriented strategy was updated again.

As a result, the following five strategic initiatives areas were set. Along with increasing the Group’s ability to respond to changes and working to further strengthen its core businesses, the Group will also enhance initiatives for environmental issues through its business and focus on developing new core businesses.



[Five strategic initiative areas in the evolved “LIXIL Playbook”]

1. Tackle inflation and supply chain challenges

In response to the ongoing impact of rising materials and logistics costs, the Group will move forward with profitability improvements both by seeking optimization of sale prices and cost reductions with cost stabilization through changing materials, and by shifting to differentiated, high-value-added products. In addition, in preparation for the risk of global supply chains being disrupted, the Group will move forward on shifting to regional procurement and production systems, in addition to previous policies such as moving to redundancy in suppliers and the use of platforms for production.

2. Optimize Japan and drive new growth

The Group will continue policies to increase the profitability and agility of its Japan business, and will enhance its initiatives for growing renovation demand by expanding its renovation products, which traditionally focused on plumbing products, to those for insulation improvements such as windows and walls. Furthermore, the Group will introduce environmentally friendly products and businesses for all product lines, which will lead to differentiation.

3. Grow global Water Technology Business

Through policies such as expanded sales of high-value-added products, diversification of sales channels, and creation of a strategic brand portfolio, the Group will work to free itself from commodity business, and enhance its foundation to steadily capture growth in overseas markets.

4. Embed robust environment strategy

The Group has set three focus areas for its environmental strategy: climate change mitigation and adaptation; water sustainability; and circular economy. By integrating its environmental strategy into its business strategy and enhancing initiatives to realize medium-term targets in each area, the Group aims to expand its sustainable growth and positive impact on the global environment and society.

5. Develop new core

Towards future growth, the Group will commit resources to seek to establish core businesses that will be pillars of new profit through the creation of impactful new technologies, products, and business models.

[Impact Strategy]

The Group believes that we can have a positive impact on a rapidly changing world through our corporate purpose, which is to “Make Better Homes a Reality for Everyone, Everywhere.” In order to realize this, the Company’s impact strategy has established three core pillars, “Global Sanitation & Hygiene,” “Water Conservation & Environmental Sustainability,” and “Diversity & Inclusion,” that are highly pressing global social issues and areas where it can drive positive impact through its business. The Group leverages its expertise and business scale to better promote initiatives while collaborating with various stakeholders, and measuring progress. Through promoting the Impact Strategy, we aim improvement of our profits, enhancement of our brand equity, and long-term value creation.

In the above-mentioned “LIXIL Playbook,” the Company has set a medium-term goal of achieving a core earnings margin of 7.5% in order to increase its future corporate value, and as a path to achieving this, aims to achieve core earnings of 110 billion yen or more (core earnings margin of 6.5%) by the Fiscal Year ending March 31, 2028. Although the business environment, including the global economy and housing demand, is expected to remain uncertain, the Company will steadily advance its response to the above strategic initiative areas and strive to achieve its goals through efforts such as sales growth and improvement of gross profit margins, mainly in overseas business, the promotion of ongoing business restructuring, and the development of appealing and differentiated new products.

Looking ahead to the next Fiscal Year, although we expect the economic environment in Japan to continue to recover, we expect the outlook to remain unclear due to a further decline in demand for new construction due to rising interest rates, as well as fluctuations in exchange rates and rising prices. Overseas, we expect the forecasted decline in interest rates, mainly in Europe and the U.S., steady sales growth in Europe, and capture of demand in growth markets such as the Middle East and India. However, we expect the outlook to remain unclear based on factors such as the global instability caused by geopolitical risks such as the trend toward reciprocal tariffs in the U.S. and protracted international conflicts, the downturn in the real estate market, and inflation.

Amid this challenging business environment, the Group has continued to take proactive measures based on the strategic initiatives outlined in “LIXIL Playbook” that lays out the basic direction for the management of the Group. These include the urgent issue of continued structural reform to recover profitability in the overseas business, as well as shifting to higher-profit margin products and distribution channels, further review of the business portfolio through the restructuring of unprofitable businesses and the like, and supply chain reorganization. At the same time, we are also seeking to expand differentiated products and create positive social and environmental impact in order to improve earnings and achieve sustained growth. To date, the Group has continued initiatives for flexible and entrepreneurial organizational reform, and will continue to promote innovation through the acceleration of digitalization and development of an inclusive corporate culture, ensuring new growth opportunities.

The results of the business foundation strengthening that the Group has engaged in to date have started to appear, and the path to long-term growth has not changed. We intend to not only be able to increase the value we provide to our stakeholders, but also make progress in achieving the Group’s purpose to “Make Better Homes a Reality for Everyone, Everywhere.”

(8) Principal business

The Group is pursuing its purpose, “Make Better Homes a Reality for Everyone, Everywhere” through business activities, and is developing business activities such as the Water Technology Business and Housing Technology Business as the main businesses as well as other related services. The principal products and goods, etc. of both businesses are as follows respectively:

Business Category	Business Breakdown (principal products and goods, etc.)	
Water Technology Business	Plumbing facilities	(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, buildings, and stores, front doors, various shutters, gates, carports, handrails, bridge railings, curtain walls, etc.)
	Wood interior building materials	(window frames, fixture materials, interior building materials, etc.)
	Other building materials	(siding, roofing materials etc.)
	Housing and services	(development of franchise chains of builders, building contractor, real estate management, development support of real-estate franchise chain business, etc.)
	Others	(solar power systems, 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 Europe S.à r.l.	57,143 thousand EUR	100	Manufacturing and sales of plumbing facilities
ASD Holding Corp.	412,957 thousand USD	100	Manufacturing and sales of plumbing facilities
LIXIL Vietnam Corporation	743,386 million VND	100	Manufacturing and sales of plumbing facilities
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	Intermediate holding company for overseas subsidiaries in Asia
LIXIL GLOBAL MANUFACTURING VIETNAM Co., Ltd.	40,700 thousand USD	100	Manufacturing and sales of metal building materials and housing tiles
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 136 consolidated subsidiaries of the Company.

(10) Principal hubs, etc.

Company Name	Trade Name and Location	
LIXIL Corporation (the Company)	Head Office	Osaki Garden Tower, 1-1 Nishi-Shinagawa 1-chome, Shinagawa-ku, Tokyo
	Sales Office	LHT Hokkaido Branch
		LWT Hokkaido Branch
		LHT Tohoku Branch (Miyagi)
		LWT Tohoku Branch (Miyagi)
		LHT Kita Kanto Branch (Tochigi)
		LWT Kita Kanto Branch (Tochigi)
		LHT Koshin-etsu Branch (Nagano)
		LWT Koshin-etsu 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 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)
		LIXIL Showroom Tokyo
		LIXIL Showroom Osaka
	Factory	Sukagawa Factory (Fukushima)
		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	Sumida-ku, Tokyo
LIXIL Total Hanbai Corporation	Head Office	Shinagawa-ku, Tokyo
LIXIL Europe S.à r.l.	Head Office	Luxembourg
ASD Holding Corp.	Head Office	U.S.A.
LIXIL Vietnam Corporation	Factory	Vietnam
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	28,606	502 decrease
Housing Technology Business	18,823	181 decrease
Sector common throughout the Company	1,231	33 increase
Total	48,660	650 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 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	115,182
MUFG Bank, Ltd.	94,504
Mizuho Bank, Ltd.	57,939
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 policy on profit allocation is to make decisions based on a comprehensive assessment of all management factors, including periodic earnings, cash flows, retained earnings, and financial strength. With regard to retained earnings, the Company will prioritize investments for growth, such as capital investments (including new product development, rationalization, and IT investments) to strengthen its competitiveness, in addition to strengthening its financial position, taking into consideration the cash flow situation at that point in time. The Company policy on shareholder returns is to pay stable dividends to shareholders over the long term, and to determine the amount of annual dividends based on the medium-term EBITDA level, as well as to buy back shares in a flexible manner.

(Note: EBITDA determined as being stably and continuously achievable: core earnings + depreciation (rectification of recorded amount of depreciation and amortization accompanying cash outflows based on the application of lease accounting pursuant to IFRS.).

With regard to this consolidated Fiscal Year, the year-end cash dividend per share is 45 yen (90 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:	287,274,386 shares (excluding 66,074 shares of treasury share)
(iii) Number of shares in 1 unit:	100 shares
(iv) Capital stock:	68,654,059,031 yen
(v) Total number of shareholders:	208,427
(vi) Top 10 shareholders:	

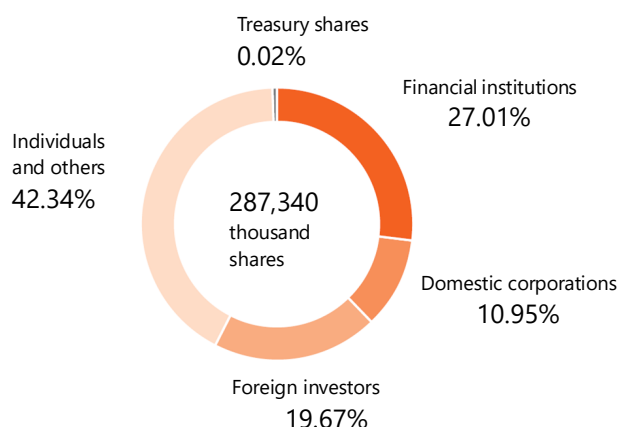
Shareholder Name	Number of shares held	Ratio of shareholdings
	(thousand shares)	
The Master Trust Bank of Japan, Ltd. (Trust Account)	*47,335	16.48%
Custody Bank of Japan, Ltd. (Trust Account)	*11,958	4.16%
LIXIL Employee Stock Ownership	8,185	2.85%
NORTHERN TRUST CO.(AVFC) SUB A/C AMERICAN CLIENTS (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited-Tokyo Branch)	5,353	1.86%
JPMorgan Securities Japan Co., Ltd.	4,720	1.64%
Nippon Life Insurance Company (Standing Proxy: The Master Trust Bank of Japan, Ltd.)	3,824	1.33%
JP MORGAN CHASE BANK 385781 (Standing Proxy: Mizuho Bank Ltd.-Settlement Sales Department)	3,672	1.28%
STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing Proxy: Mizuho Bank, Ltd.-Settlement Sales Department)	3,337	1.16%
LIXIL Customer Holding Association	3,262	1.14%
STATE STREET BANK AND TRUST COMPANY 505103 (Standing Proxy: Mizuho Bank, Ltd.-Settlement Sales Department)	3,054	1.06%

Notes:

1. The ratio of shareholdings has been calculated after deducting treasury shares.
2. The asterisk (*) indicates those involved in the trust business.

(vii) Distribution of shares by shareholder:

Type	Number of shares held	Ratio of shareholdings
(thousand shares)		
Financial institutions	77,619	27.01%
Domestic corporations	31,463	10.95%
Foreign investors	56,518	19.67%
Individuals and others	121,672	42.34%
Treasury share	66	0.02%
Total	287,340	100.00%



Note: The ratio of shareholdings has been calculated including treasury shares.

(viii) Status of shares provided to the officers of the Company in consideration of their duties during the Fiscal Year ended March 2025:

The Company resolved to implement restricted stock compensation plan from April 2023 in order to encourage Executive Officers to deepen interest sharing with shareholders during their term of duties and to work to create corporate value from medium- to long-term at the Compensation Committee held on February 16, 2023.

Issuance of new shares as restricted stock compensation

At the Board of Directors' Meeting held on April 30, 2024, the Company resolved to issue new shares as restricted stock compensation and issued 128,670 shares of Common stock of the Company on May 15, 2024. The number of restricted stock allocated to the Company's officers is as follows:

Position Segment	Number of Shares	Number of Allocated Officers
Executive Officers*	128,670 shares	7 persons

Notes:

1. The asterisk (*) includes Executive Officers concurrently serving as Directors, and excludes non-residents of Japan.
2. The content of the Company's restricted stock compensation plan is described in "2. Matters regarding the current state of the Company (2) Matters regarding company Directors and Executive Officers (3) Compensation Committee policies regarding the decision on the calculation method of the compensation for Directors and Executive Officers."

(ix) Other material matter regarding shares:

Issuance of new shares as restricted stock compensation

At the Board of Directors' Meeting held on April 30, 2025, the Company resolved to conduct the issuance of new shares as restricted stock compensation as follows.

Payment date	May 16, 2025
Class and number of shares to be issued	Common stock of the Company, 149,905 shares
Issuance price	1,772 yen per share
Total issuance price	265,631,660 yen
Planned allottees	*Seven Executive Officers of the Company; 149,905 shares
Other	Regarding the issuance of new shares, an extraordinary report has been submitted pursuant to the Financial Instruments and Exchange Act.

Note: The asterisk (*) includes Executive Officers concurrently serving as Directors, and excludes non-residents of Japan.

(2) Matters regarding company Directors and Executive Officers

(1) Status of Directors (as of March 31, 2025)

Position	Name	Area of Responsibility	Status of Important Concurrently-held Positions
Director	Kinya Seto		
Director	Hwa Jin Song Montesano		Outside Director, Yamaha Motor Co., Ltd.
Director	Jun Aoki	Compensation Committee Member (Chairperson), Nomination Committee Member, and Governance Committee Member	Representative Director, JunpuManpan Inc. Outside Director, FIDEA Holdings Co., Ltd.
Director	Shigeki Ishizuka	Audit Committee Member, Compensation Committee Member, and Governance Committee Member	Outside Director, Marubeni Corporation
Director	Ryusuke Ohori	Nomination Committee Member, Audit Committee Member, and Governance Committee Member	
Director	Shiho Konno	Audit Committee Member, and Governance Committee Member	Attorney-at-law, Shiho Konno Habataki Law Office Outside Director, Mercari, Inc.
Director	Mayumi Tamura	Audit Committee Member, and Governance Committee Member	Outside Director, Shimizu Corporation Outside Audit & Supervisory Board Member, Kyowa Kirin Co., Ltd.
Director, Chairperson of the Board	Yuji Nishiura	Nomination Committee Member, Compensation Committee Member, and Governance Committee Member	
Director	Daisuke Hamaguchi	Audit Committee Member (Chairperson), and Governance Committee Member (Chairperson)	
Director	Mariko Watahiki	Nomination Committee Member (Chairperson), Compensation Committee Member, and Governance Committee Member	Attorney-at-law, Okamura Law Office Outside Director, AIN Holdings Inc.

Notes:

1. Directors Kinya Seto and Hwa Jin Song Montesano both concurrently hold the positions of Executive Officers.
2. Directors Jun Aoki, Shigeki Ishizuka, Ryusuke Ohori, Shiho Konno, Mayumi Tamura, Yuji Nishiura, Daisuke Hamaguchi, and Mariko Watahiki are Outside Directors as prescribed in Article 2(xv) of the Companies Act. In addition, Directors Jun Aoki, Shigeki Ishizuka, Ryusuke Ohori, Shiho Konno, Mayumi Tamura, Yuji Nishiura, Daisuke Hamaguchi, and Mariko Watahiki have been designated as independent officers based on the provisions of the stock exchange in Japan that the Company is listed, and that stock exchange has been notified.
3. Ryusuke Ohori, who is a member of the Audit Committee, has many years of experience as the head of operations and research at an asset management company, Mayumi Tamura, who is also a member of the Audit Committee, has served as the chief financial officer (CFO) of multiple companies, including global companies. Therefore, both have considerable knowledge regarding financial and accounting affairs.
4. All members of the Audit Committee are outside directors (part-time) to improve its independence, transparency and fairness, and the Company maintains close collaboration between the Company's and the Company's subsidiaries' internal audit departments and subsidiaries' Company Auditors and accounting auditors, etc. through the guidance of the Audit Committee, and conducts audits with high effectiveness. The Company has also established an Audit Committee Office to support the activities of the Audit Committee.
5. Shiho Konno was appointed to the office of Outside Director of Mercari Inc. on September 25, 2024, and Mariko Watahiki was appointed to the office of Outside Director of AIN Holdings Inc. on July 30, 2024.
6. Shiho Konno retired as an Outside Director of Monex Group, Inc. on June 22, 2024.

(2) Status of Executive Officers (as of March 31, 2025)

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)	Hwa Jin Song Montesano	Human Resources, Communications, External Affairs, Impact Strategy, and Chief People Officer	Outside Director, Yamaha Motor Co., Ltd.
Executive Officer and Executive Vice President	Yugo Kanazawa	Marketing and Digital, Chief Digital Officer	
Executive Officer and Executive Vice President	Bijoy Mohan	LIXIL International	
Executive Officer and Executive Vice President	Satoshi Yoshida	LIXIL Housing Technology	
Executive Officer and Executive Vice President	Hiroyuki Oonishi	LIXIL Water Technology Japan	
Executive Officer and Executive Vice President	Shoko Kimijima	Legal, Compliance, and Corporate Audit, and Chief Legal and Compliance Officer	Outside Director, Hino Motors, Ltd.
Executive Officer and Executive Vice President	Mariko Fujita	Finance, Treasury, and IR, and CFO	

Notes:

1. Based on the Board of Directors' Meeting resolution passed on March 31, 2024, Kinya Seto and Hwa Jin Song Montesano both were appointed as Representative Executive Officers and assumed the position as of April 1, 2024. In addition, based on the same Board of Directors' Meeting resolution, Kinya Seto was appointed as Executive Officer and President and assumed the position as of April 1, 2024.
2. Mariko Fujita's areas of responsibility were changed from Finance, Treasury, M&A, and IR, and CFO to Finance, Treasury, and IR, and CFO on September 1, 2024.
3. Shoko Kimijima retired as Executive Officer and Executive Vice President due to expiration of term on March 31, 2025.

[Reference] Status of Executive Officers (as of April 1, 2025)

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)	Hwa Jin Song Montesano	Chief People Officer, Human Resources, Communications, External Affairs, and Impact Strategy	Outside Director, Yamaha Motor Co., Ltd.
Executive Officer and Executive Vice President	Yugo Kanazawa	Chief Digital Officer, Digital and CX	
Executive Officer and Executive Vice President	Bijoy Mohan	LIXIL International	
Executive Officer and Executive Vice President	Satoshi Yoshida	LIXIL Housing Technology	
Executive Officer and Executive Vice President	Hiroyuki Oonishi	LIXIL Water Technology Japan	
Executive Officer and Executive Vice President	Mariko Fujita	CFO, Finance, Treasury, IR, and Risk Management	
Executive Officer and Executive Vice President	Hanseul Kim	Chief Transformation Officer, Corporate Transformation and M&A	

Note:

1. Based on the Board of Directors' Meeting resolution passed on March 31, 2025, Kinya Seto and Hwa Jin Song Montesano were appointed as Representative Executive Officers and assumed the position as of April 1, 2025. Based on the same Board of Directors' Meeting resolution, Kinya Seto was appointed as Executive Officer and President and assumed the position as of April 1, 2025.
2. Hanseul Kim was appointed as Executive Officer and Executive Vice President and assumed the position on April 1, 2025.

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

As the Company is a company with a nomination committee, etc., the Compensation Committee, which is comprised solely of Outside Directors, determines compensation policy for Directors and Executive Officers.

(a) Duties of the Compensation Committee

The Compensation Committee conducts the following duties pursuant to the Company's Regulations of Compensation Committee:

- The Compensation Committee decides the policy regarding economic benefits (the "Compensation") received by Directors and Executive Officers from the Company as consideration for their duties.
- The Compensation Committee decides the individual Compensation for Directors and Executive Officers.

(b) Composition of Compensation Committee

From the Annual Shareholders' Meeting in 2024 to the Annual Shareholders' Meeting in 2025, the Compensation Committee comprises four (4) members appointed from among Directors by a resolution of the Board of Directors' Meeting following the Annual Shareholders' Meeting in 2024. All members are Outside Directors.

Chairperson: Jun Aoki

Members: Shigeki Ishizuka, Yuji Nishiura, Mariko Watahiki

(c) Number of Compensation Committee meetings held and attendance rate in the Fiscal Year ended March 2025

Meetings of the Compensation Committee were held eleven (11) times in the Fiscal Year ended March 2025. The attendance rate of all members appointed by a resolution of the Board of Directors' Meeting following the Annual Shareholders' Meeting in 2024 is 100%. Three (3) members (Jun Aoki, Yuji Nishiura, Mariko Watahiki), who have been members of the Compensation Committee since before the Board of Directors' Meeting following the Annual Shareholders' Meeting in 2024, attended all eleven (11) Compensation Committee meetings, and one (1) member (Shigeki Ishizuka), who became a member after that Board of Directors' Meeting, attended all nine (9) Compensation Committee meetings held after that Board of Directors' Meeting.

(d) Policy for determining individual Compensation for Directors and Executive Officers for the Fiscal Year ended March 2025

- Policy decision method: The Compensation Committee fairly obtains opinions and examines views of investors, external specialized agencies, and Directors and Executive Officers of the Company on executive compensation, carries out deliberations based on these, and determines the compensation basic policy, compensation system, compensation levels and compensation mix through an objective and transparent procedure. The results of the Compensation Committee's deliberations are reported to the Board of Directors. In addition, the decisions of the Compensation Committee are managed by being expressly stipulated in detail in the Company's Regulations of Compensation Committee and its Regulations of Executive Compensation for Directors and Executive Officers, and can be viewed at any time by Directors and Executive Officers as well as departments dealing with the Company's executive compensation.
- Outline of policy contents: Based on the determination of "Compensation basic policies" below, the details of the policies for the compensation system, compensation levels and compensation mix are determined as set out in "Compensation structure" through "Various allowances" in accordance with those basic policies. Regarding the details of the individual Compensation for Executive Officers, the Compensation Committee determines the compensation level and compensation mix based on the role and responsibility, business performance, experience and difficulty of securing personnel, etc. of each Executive Officer, as well as the business targets and ESG action targets, etc. for each of them. In particular, for Executive Officers who are expected to contribute significantly to improving corporate value from a medium- to long-term perspective, the Compensation Committee takes measures such as increasing the ratio of stock-linked compensation to total compensation, etc.

- (e) Reasons the Compensation Committee determines that the individual Compensation of Directors and Executive Officers for the Fiscal Year ended March 2025 is in line with the compensation determination policy for the Fiscal Year ended March 2025

As for the determination of the target amount and calculation of the payment amount regarding the individual Compensation for the Company's Fiscal Year ended March 2025, since the Compensation Committee has decided based on its deliberations and objective and transparent procedures in accordance with the policy described in (d) above, the Compensation Committee has determined that the individual Compensation is in line with the compensation determination policy.

- (f) Executive summary of the activities of the Compensation Committee

The Compensation Committee deliberated and resolved as shown in the following table, while maintaining the general framework of the compensation structure and the compensation system.

Month and year	Main contents
June 2024	<ul style="list-style-type: none"> Resolved on the determination policy for Compensation for Directors, as well as individual compensation for FYE2025
July	<ul style="list-style-type: none"> Deliberated on issues in the overall executive compensation system and formulated an annual plan for the Compensation Committee
August to October	<ul style="list-style-type: none"> Deliberated on revision policies to the executive compensation system from FYE2026 onwards
November to January 2025	<ul style="list-style-type: none"> Deliberated on the Executive Officer compensation system, compensation levels and compensation mix in the light of indexes and advice based on research by external specialized agencies Interviewed the CEO regarding the expected role and assessment, etc. of each Executive Officer Deliberated on the determination policy for Executive Officer Compensation, and individual Executive Officer compensation for FYE2026 Deliberated on the determination policy for Compensation for Directors for FYE2026
February to March	<ul style="list-style-type: none"> Resolved on the introduction of Restricted Stock Compensation Plan for Directors in place of Phantom Stock Plan after the Annual Shareholders' Meeting in 2025 Resolved on the determination policy for Executive Officer Compensation, and individual Executive Officer compensation for FYE2026
April	<ul style="list-style-type: none"> Deliberated on the estimated payment amount of, and whether to adjust the calculation method for, performance-linked compensation for Executive Officers for FYE2025 Resolved on the amount of monetary compensation claims for allotment of shares as the Restricted Stock Compensation for Executive Officers
May	<ul style="list-style-type: none"> Resolved on the payment amount of performance-linked compensation for Executive Officers for FYE2025 Deliberated on the specific figures of business target items for performance-linked compensation for Executive Officers for FYE2026 Confirmed handover matters to the Compensation Committee after the Shareholders' Meeting

[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-, and long-term business results and sustainable corporate value.
- (b) Attract and retain the best talent who are necessary to foster business growth globally.
- (c) Determine compensation through a fair and reasonable decision-making process that will provide accountability to shareholders, employees, and all stakeholders.
- (d) Consider and discuss compensation based on economic and social situation, our business condition and objective indexes based on survey results conducted by external specialized agencies 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 system for Executive Officers shall be applied.

[Compensation system for Directors]

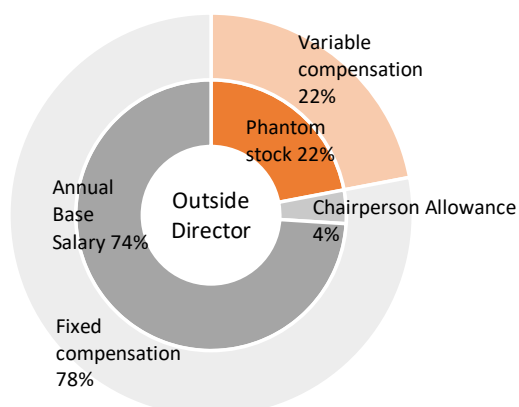
The compensation system for Directors consists of annual base salary and stock-linked compensation as they are required to act to contribute to increase the sustainable corporate value while they are monitoring and supervising the management during their statutory terms. In the event that an Outside Director assumes the role of chairperson of the Board of Directors or chairperson of a Committee, an allowance shall be paid for such duties (the "Chairperson Allowance"). The compensation, including whether stock-linked compensation shall be granted or not, for Internal Directors who do not concurrently serve as Executive Officers shall be determined on an individual basis, depending on whether they are full-time or part-time, the nature of their duties, and their roles and responsibilities, etc.

The determination policy for the payment timing of annual base salary, and the determination policy for the timing and conditions for granting and paying of stock-linked compensation of Directors are set out in "Annual base salary" and "Stock-linked compensation II: Phantom Stock Plan" of this Report.

The annual payment amount of the Chairperson Allowance shall be divided into twelve (12) months and paid monthly.

[Compensation mix of Directors]

The chart below shows the median compensation of Outside Directors for the Fiscal Year ended March 2025. Phantom Stock is indicated for a ratio based on the base amount.



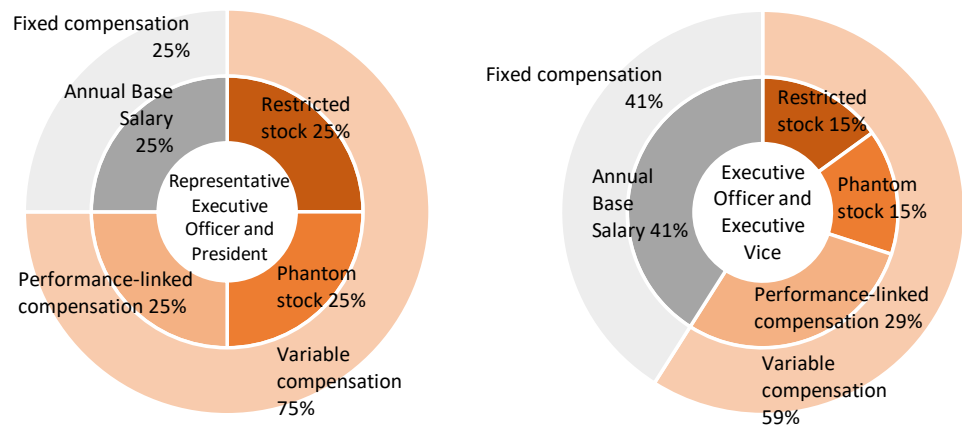
[Compensation system for Executive Officers]

The compensation system for Executive Officers consists of 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, rewarding Executive Officers fairly and equitably in accordance with their performance and properly reflecting the trust and evaluation of shareholders and other stakeholders in the compensation. If an Executive Officer performs duties at a location other than their country of nationality or in other cases deemed necessary for the execution of business, the Company may bear the costs and expenses set by the Company separately as allowance, taking into consideration the laws, practices, and standards, etc. relating to compensation in the relevant country.

The determination policy for the timing and conditions for granting and paying of annual base salary, performance-linked compensation, stock-linked compensation and various allowances for Executive Officers are set out in "Annual base salary," "Performance-linked compensation," "Stock-linked compensation I: Restricted Stock Compensation Plan," "Stock-linked compensation II: Phantom Stock Plan" and "Various allowances" of this Report.

[Compensation mix of Executive Officers]

The chart below shows compensation mix of Executive Officers for the Fiscal Year ended March 2025. The compensation for Executive Officer and Executive Vice President (*Senmu*) below is the median value. Performance-linked compensation and Restricted Stock and Phantom Stock are indicated for ratios based on the base amount.



[Annual base salary]

Annual base salary of Outside Directors shall be determined, based on the role of Outside Directors at the Company, while referring to the compensation levels of the upper group among domestic companies as reference information in line with the purpose of "Compensation basic policies" of this Report. The annual base salary of Internal Directors who do not concurrently serve as Executive Officers shall be determined on an individual basis, depending on whether they are full-time or part-time, the nature of their duties, and their roles and responsibilities, etc.

Annual base salary of Executive Officers shall be determined individually, based on the role and responsibility, business performance, experience and difficulty of securing personnel, etc. of each Executive Officer, while referring to the compensation levels of domestic and foreign companies of similar business size as reference information in line with the purpose of "Compensation basic policies" of this Report. In view of the importance of attracting management talent from a variety of industries on a global basis to realize LIXIL's Purpose, a wide range of companies of similar business size shall be referenced.

The amount of annual base salary for Directors and Executive Officers shall be divided into twelve (12) months and paid monthly.

[Performance-linked compensation]

What is important for performance-linked compensation is to strongly motivate Executive Officers 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.

There is no performance-linked compensation in the compensation system for non-executive Directors.

- (a) 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.
- (b) 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 in accordance with the formula below based on the company-wide performance targets as a basis for calculating the payout rate.

Performance-linked compensation	=	Base amount of performance-linked compensation ((c) below)	×	Payment rate according to business target achievement rate ((d) and (e) below)
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- (c) Base amount of performance-linked compensation: The base amount in the evaluation period shall be determined individually by the Compensation Committee as a certain percentage of annual base salary according to the role and responsibility, etc. of the subject officers after comparing compensation levels with domestic and foreign companies of a similar business scale based on the survey results conducted by external specialized agencies in line with the purpose of "Compensation basic policies" of this Report.

- (c) Business target achievement rate: Business target achievement rate 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 flash reports or the like at the beginning of each evaluation period for performance-linked compensation. If there is more than one business target, the achievement of each target is multiplied by the percentage of each target in the total business target, and then aggregated.

Business target items for the Fiscal Year ended March 2025 are return on invested capital ("ROIC"), which is a capital efficiency improvement indicator that is one of the important management goals, core earnings which is a business management indicator, and profit attributable to the owner of the parent company ("Net Profit").

Business target items	Ratio versus all business targets	Target figure	Actual figure	Business target achievement rate (Actual figure/target figure×100)	Business target achievement rate × each business target item as a ratio of all business targets
ROIC	40%	1.4%	1.7%	121.43%	48.57%
Core earnings	30%	35,000 million yen	31,337 million yen	89.53%	26.86%
Net Profit	30%	8,000 million yen	2,001 million yen	25.01%	7.50%
Business target achievement rate of all items	-	-	-	-	82.94%

Business target achievement rate of all items (%) = ROIC achievement rate (%) × 0.4 + core earnings achievement rate (%) × 0.3 + Net Profit achievement rate (%) × 0.3

ROIC and core earnings were calculated as follow.

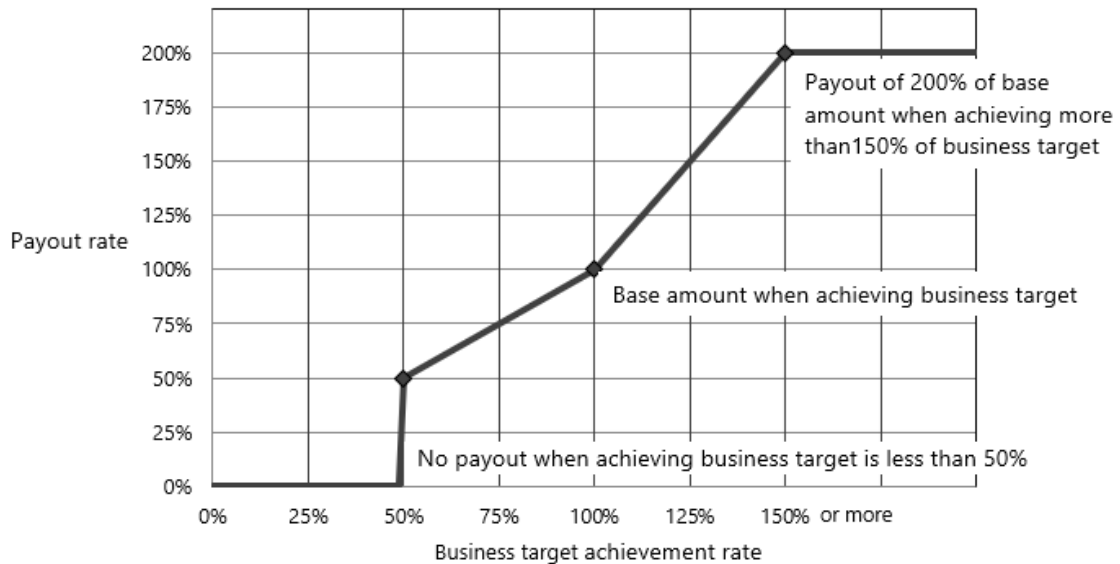
ROIC = operating profit × (1 – effective tax rate) ÷ (operating receivables and other receivables + inventory + fixed assets (including goodwill and intangibles) – operating liabilities and other liabilities)

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

(d) The relationship between Business target achievement rate and payout rate

The payout rate shall be set as follows, which is designed comprehensively considering the difficulty of the achievement of business goals and the effect of motivation, in accordance with the business target achievement rate for all items calculated in (d) above. The payout rate based on the achievement level for the Fiscal Year ended March 2025 is 82.9%. The calculations in (d) and (e) above shall be rounded off to the first decimal place at the time of calculation of the payout rate, which is the final step in the calculation.

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%



(e) Adjustment of the method of calculating performance-linked compensation

The Compensation Committee may determine whether to adjust the method of calculating performance-linked compensation taking this into account based on the impact on earnings of events that occur during the evaluation period in a comprehensive manner.

[Stock-linked compensation]

The Company has been applying stock-linked compensation in order to encourage Directors and Executive Officers to deepen their shared interests with shareholders and work to improve corporate value over medium- to long-term. Stock-linked compensation until the Annual Shareholders' Meeting in 2025 consists of Restricted Stock Compensation Plan applied for Executive Officers from the Fiscal Year ended March 2024 and Phantom Stock Plan, which is a stock-linked monetary compensation, applied for Directors and Executive Officers from the Fiscal Year ended March 2020. Since the Company shall apply Restricted Stock Compensation Plan for Directors in place of Phantom Stock Plan from the day of the Annual Shareholders' Meeting in 2025, stock-linked compensation after the Annual Shareholders' Meeting in 2025 consists of Restricted Stock Compensation Plan for Directors and Executive Officers and Phantom Stock Plan for Executive Officers. The ratio of Restricted Stock Compensation Plan and Phantom Stock Plan for Executive Officers to the total stock-linked compensation is, in principle, 50% for each.

[Stock-linked compensation I: Restricted Stock Compensation Plan]

Executive Officers subject to Restricted Stock Compensation Plan include Executive Officers who concurrently serve as Directors and exclude non-residents of Japan. For non-residents of Japan, the Phantom Stock Plan set out in "Stock-linked compensation II: Phantom Stock Plan" of this Report shall be applied. As set out in "Stock-linked compensation," the Company shall apply Restricted Stock Compensation Plan for Directors in place of Phantom Stock Plan from the day of the Annual Shareholders' Meeting in 2025.

(a) Allotment date

In principle, the Company allots shares to officers within two months from the appointment date of the officer. The allotment date for Executive Officers for the Fiscal Year ended March 2025 is May 15, 2024, and for the Fiscal Year ending March 2026 is May 16, 2025.

(b) Number of shares allotted

The number of shares of restricted stock allotted to Directors shall be the number calculated by dividing the base amount, which is set based on the role and responsibility, etc. of the Director in line with the purpose of "Compensation basic policies" of this Report, by the average closing price of the Company's stock for the 30 business days preceding the appointment date. The number of shares of restricted stock allotted to each Executive Officer shall be the number calculated by dividing the base amount, which is calculated by multiplying the annual base salary by the coefficient that is set individually according to the role and responsibility, etc. of the subject officers after comparing compensation levels with domestic and foreign companies of a similar business scale based on the survey results conducted by external specialized agencies in line with the purpose of "Compensation basic policies" of this Report, by the average closing price of the Company's stock for the 30 business days preceding the appointment date.

The average closing price of the Company's stock over the 30 business days prior to the appointment date shall be rounded up to the nearest yen.

This share price is same as the share price used to calculate the number of granted PS in the Phantom Stock Plan, which is another plan that makes up the stock-linked compensation of the Company, and it is believed to be reasonable and not particularly advantageous.

However, if the Board of Directors determines that there is a concern that the average price would be particularly favorable to officers, the closing price of the Company's stock on the business day prior to the day on which the Board of Directors resolves to issue new shares shall apply.

The number of shares allotted in the Fiscal Year ended March 2025 was, based on base amount, 100% of the annual base salary for the Representative Executive Officer and President and 35.8% of the annual base salary for Executive Officer and Executive Vice Presidents (*Senmu*) (median value).

(c) Transfer restriction period

The transfer restriction period (the "Transfer Restriction Period") is from the allotment date until the person subject to the allotment leaves office from every position as Director or Executive Officer of the Company.

During the Transfer Restriction Period, the person subject to the allotment shall not transfer, pledge, create a security interest in, make a living gift, bequest or otherwise dispose of the restricted shares he or she was allotted (the "Allotted Shares") to any third party (the "Transfer Restriction").

(d) Lifting of the Transfer Restriction

The Company shall lift the Transfer Restriction on all of the Allotted Shares at the time of leaving office from every position as Director or Executive Officer of the Company, on the condition of, with respect to Directors, having continuously held the position of Director of the Company until the day of the first Annual Shareholders' Meeting that falls after the commencement date of the Transfer Restriction Period, and with respect to Executive Officers, having continuously held the position of Executive Officer of the Company until the last day of the first Fiscal Year of the Company that falls after the commencement date of the Transfer Restriction Period.

However, in the event that the Director leaves office from the position of Director of the Company by the day before the first Annual Shareholders' Meeting that falls after the commencement date of the Transfer Restriction Period and the Executive Officer leaves office from the position of Executive Officer of the Company by the day before the last day of the first Fiscal Year of the Company that falls after the commencement date of the Transfer Restriction Period due to reasons that the Board of Directors of the Company determines to be justified, the Company shall lift the Transfer Restriction on the number of the Allotted Shares that is obtained by dividing the number of months from the month including the appointment date of officers to the month including the day on which the officer leaves office from the relevant position as Director or Executive Officer of the Company by 12 (if the result of the calculation exceeds one, it shall be one), multiplied by the number of the Allotted Shares held by the person subject to the allotment as of such time (any fraction resulting from the calculation that is less than one share shall be rounded down), at the time the person subject to the allotment leaves office from every position as Director or Executive Officer of the Company.

(e) Acquisition of the restricted shares by the Company without consideration

In the event that the officer leaves office from the positions of Director and Executive Officer of the Company after the commencement date of the Transfer Restriction Period, if there are the Allotted Shares of which the Transfer Restriction has not lifted based on the provisions for reasons for lifting of the Transfer Restriction set out in (d) above, the Company shall automatically acquire the Allotted Shares without consideration immediately after the time of the expiration of the Transfer Restriction Period. In addition, the Company shall automatically acquire the Allotted Shares without consideration in cases such as when a judgment imposing a sentence of imprisonment or greater upon the person subject to allotment becomes final and binding.

(f) Treatment in the event of organizational restructuring, etc.

In the event that a proposal concerning a merger agreement whereby the Company becomes the dissolving company, a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, or any other reorganization is approved at the Shareholders' Meeting of the Company (or at the Board of Directors of the Company in the case that approval by the Shareholders' Meeting of the Company is not required regarding that organizational restructuring, etc.) during the Transfer Restriction Period for the Allotted Shares, the Company shall lift the Transfer Restriction on the number of the Allotted Shares that is obtained by dividing the number of months from the month including the appointment date of officers to the month including the approval date by 12 (if the result of the calculation exceeds one, it shall be one), multiplied by the number of the Allotted Shares held by the person subject to the allotment as of such approval date (any fraction resulting from the calculation that is less than one share shall be rounded down), at the time immediately preceding the business date prior to the effective date of the organizational restructuring, etc., based on a resolution by the Compensation Committee of the Company. In that event, on the business date prior to the effective date of the organizational restructuring, etc., the Company shall automatically acquire all of the Allotted Shares for which the Transfer Restriction has not lifted on that date without consideration pursuant to the provisions set forth above.

[Stock-linked compensation II: Phantom Stock Plan]

The Phantom Stock Plan is in the form of monetary compensation, but it is a mechanism for the compensation amount to increase or decrease in accordance with changes in the Company's stock price and it encourages Directors and Executive Officers to act with awareness of the impact on the Company's stock price, and is thus substantially similar to a restricted stock compensation system, etc. The numbers of shares of the Company and Phantom Stock ("PS") owned by each officer are posted on the Company's website.

(a) Grant date

In principle, the Company grants PS to Directors on the day of each Annual Shareholders' Meeting and to Executive Officers on the first day of each Fiscal Year.

(b) Number of PS

The number of PS granted to Directors shall be the number calculated by dividing the base amount, which is set based on the role and responsibility, etc. of the Director in line with the purpose of "Compensation basic policies" of this Report, by the average closing price of the Company's stock for the 30 business days preceding the grant date (As set out in "Stock-linked compensation," since the Company shall apply Restricted Stock Compensation Plan for Directors in place of Phantom Stock Plan from the day of the Annual Shareholders' Meeting in 2025, the Company shall not grant PS to Directors after the Annual Shareholders' Meeting in 2025). The number of PS granted to each Executive Officer shall be the number calculated by dividing the base amount, which is calculated by multiplying the annual base salary by the coefficient that is set individually according to the role and responsibility, etc. of the subject officers after comparing compensation levels with domestic and foreign companies of a similar business scale based on the survey results conducted by external specialized agencies in line with the purpose of "Compensation basic policies" of this Report, by the average closing price of the Company's stock for the 30 business days preceding the grant date.

The average closing price of the Company's stock over the 30 business days prior to the grant date shall be rounded up to the nearest yen.

The share prices at the time of granting under this plan pertaining to the Fiscal Year ended March 2025 and subsequent accounting period are 2,397 yen for the grants to Executive Officers on April 1, 2022, 2,204 yen for the grants to Executive Officers on April 1, 2023, 1,905 yen for the grants to Directors on June 21, 2023, 1,923 yen for the grants to Executive Officers on April 1, 2024, 1,743 yen for the grants to Directors on June 19, 2024, and 1,772 yen for the grants to Executive Officers on April 1, 2025.

The number of shares granted in the Fiscal Year ended March 2025 was, based on base amount, 100% of the annual base salary for the Representative Executive Officer and President and 37.5% of the annual base salary for Executive Officer and Executive Vice Presidents (*Senmu*) (median value). As of April 1, 2025, the cumulative number of PS held was 192,261 for the Representative Executive Officer and President.

(c) The period from the grant date to the vesting date of PS (the "Holding Period")

The Holding Period for Directors shall be set at one (1) year in line with the statutory term of office, 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 enhancing sustainable corporate value and retention for medium- to long-term management. Officers do not have voting rights or other shareholder rights (including, but not limited to, the right to receive dividends from surplus) at the Company's Shareholders' Meeting during the Holding Period of PS. 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 from the grant date to the vesting date, excluding, however, succession by an heir following the death of an officer.

(d) Vesting conditions

Upon the expiration of the Holding Period of PS, all PS held by an officer shall be confirmed and paid in by the Company.

However, in the event that the Director leaves office from the position of Director of the Company by the day before the last day of the Annual Shareholders' Meeting that falls after the grant date and the Executive Officer leaves office from the position of Executive Officer of the Company by the day before the last day of the first Fiscal Year of the Company that falls after the grant date due to reasons that the Board of Directors of the Company determines to be justified, the number of PS that is obtained by dividing the number of months from the month including the appointment date of officers to the month including the day on which the officer leaves office from the position as Director or Executive Officer of the Company by 12 (if the result of the calculation exceeds one, it shall be one), multiplied by the number of PS held by the officer as of such time (any fraction resulting from the calculation that is less than one share shall be rounded down) shall be confirmed and paid in by the Company at the time the officer leaves office from the position as Director or Executive Officer of the Company.

(e) Vesting amount

The vesting amount shall be calculated by multiplying the number of PS 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 base amount. The average closing price of the Company's stock for the 30 business days prior to the vesting date 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 plan pertaining to the Fiscal Year ended March 2025 and subsequent accounting period are 1,923 yen for the vesting for Executive Officers on April 1, 2024, 1,743 yen for the vesting for Directors on June 19, 2024, and 1,772 yen for the vesting for Executive Officers on April 1, 2025.

(f) Extinguishment of the right of PS

In the event that the officer leaves office from the position of Director and Executive Officer of the Company after the grant date, if there are PS which has not confirmed and paid in by the Company based on the provisions for reasons for vesting set out in (d) above, the right of PS shall be extinguished as of the time listed in such event. In addition, the right of PS shall be extinguished in cases such as when a judgment imposing a sentence of imprisonment or greater becomes final and binding.

(g) Treatment in the event of organizational restructuring, etc.

In the event that a proposal concerning a merger agreement whereby the Company becomes the dissolving company, a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, or any other reorganization is approved at the Shareholders' Meeting of the Company (or at the Board of Directors of the Company in the case that approval by the Shareholders' Meeting of the Company is not required regarding that organizational restructuring, etc.) during the Holding Period, the number of PS that is obtained by dividing the number of months from the month including the appointment date of officers to the month including the approval date by 12 (if the result of the calculation exceeds one, it shall be one), multiplied by the number of PS by the officer as of such approval date (any fraction resulting from the calculation that is less than one share shall be rounded down) shall be vested at the time immediately preceding the business date prior to the effective date of the organizational restructuring, etc., based on a resolution by the Compensation Committee of the Company. In that event, on the business date prior to the effective date of the organizational restructuring, etc., the right of PS which has not vested on that date pursuant to the provisions set forth above shall be extinguished.

[Stock Ownership Guidelines]

Executive Officers shall strive to hold the Company's shares in a number that is at least equivalent to the amount set forth below during their term of office.

Representative Executive Officers: Three times the amount of annual base salary; other Executive Officers: One time the amount of annual base salary

[Malus and claw back provisions]

In performance-linked compensation and stock-linked compensation, if there has been any material accounting mistake with the Company or the Board of Directors determines that there has been a material violation, etc. by the officer concerned, the Compensation Committee may decide to reduce or extinguish pre-vested compensation and to return post-vested compensation based on such reasons.

[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 recognized as necessary for business execution, the Company may bear the costs and expenses as allowances separately, taking into consideration the laws, practices, and 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 payment 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.

(4) Total amount of Compensation of Directors and Executive Officers for the Fiscal Year ended March 2025

The total amount of Compensation based on the category of officers, the total amount of Compensation by type and the number of relevant officers in the Fiscal Year ended March 2025 is as follows. The compensation was paid as determined by the Compensation Committee based on the compensation determination policy described in "Compensation basic policies" through "Various allowances" of "(3) Compensation Committee policies regarding the decision on the calculation method of the compensation for Directors and Executive Officers."

Officer category	Total amount of Compensation (million yen)	Total amount of Compensation by type (million yen)					Number of Officers receiving
		Annual Base Salary	Performance -linked Compensation	Stock-linked Compensation		Others	
				Phantom Stock	Restricted Stock		
Directors (excluding Outside Directors)	9 (9)	9 (9)	—	—	—	0 (0)	1
Outside Directors	181 (181)	144 (144)	—	37 (37)	—	—	9
Executive Officers	1,534 (1,437)	608 (511)	335 (335)	322 (322)	247 (247)	22 (22)	8
Total	1,724 (1,627)	761 (664)	335 (335)	359 (359)	247 (247)	22 (22)	18

Notes:

1. Amounts based on Japan standard.
2. The total amount of Compensation shown above are stated as consolidated compensation, which are the total amount of Compensation paid by the Company and the Company's subsidiaries. The amount in parentheses is the total amount of Compensation paid by the Company.
3. The Company pays the Compensation as Executive Officer to Directors who concurrently serve as Executive Officer.
4. The amount of annual base salary for Outside Directors includes the Chairperson Allowance as stated in "Compensation system for Directors" in "(3) Compensation Committee policies regarding the decision on the calculation method of the compensation for Directors and Executive Officers."
5. Regarding performance-linked compensation and stock-linked compensation, the amounts that should be recorded as expenses for the Fiscal Year ended March 2025 are stated.

(6) Outline of officer liability insurance contract details

The Company has executed officer liability insurance contracts stipulated in Article 430-3, Paragraph 1 of the Companies Act for 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.

(7) Matters regarding Outside Directors

a. Status of important concurrently-held positions at other companies, etc. and ties between the Company and such other companies, etc.

- Director Jun Aoki is a Representative Director of JunpuManpan Inc. and an Outside Director at FIDEA Holdings Co., Ltd. There are no special ties between the Company and the companies at which he currently serves.
- Director Shigeki Ishizuka is an Outside Director at Marubeni Corporation. There are no special ties between the Company and the company where he concurrently serves.
- Director Shiho Konno is an attorney-at-law at Shiho Konno Habataki Law Office, and an Outside Director at Mercari, Inc. There are no special ties between the Company and the companies where she concurrently serves.
- Director Mayumi Tamura is an Outside Director at Shimizu Corporation and an Outside Audit & Supervisory Board Member at Kyowa Kirin Co., Ltd. There are no special ties between the Company and the companies where she concurrently serves.
- Director Mariko Watahiki is an attorney-at-law at Okamura Law Office, and an Outside Director at AIN Holdings Inc. There are no special ties between the Company and the companies where she concurrently serves.

b. Status of main activities of each Outside Director

Category	Name	Status of Main Activities
Director	Jun Aoki	<p>Attended all 17 Board of Directors' Meetings, all 11 Compensation Committee meetings, and all 16 Nomination Committee meetings held this Fiscal Year; has accordingly made remarks necessary for discussing agenda, etc. based on his knowledge of building construction, etc. technology as a first-class architect, extensive knowledge on diversity and inclusion at global companies, and practical experience in corporate management.</p> <p>Also gave comments and advice, etc. in Board of Directors' Meetings that grasp the essence of matters for important decision-making for M&A and capital policy, and supervision of promotion of human capital management. Contributed to Nomination Committee meetings through the promotion of the Outside Director replacement plan and CEO succession plan, etc. In particular, as Chairperson of the Compensation Committee this Fiscal Year, he has contributed to the review of the officer compensation structure to better suit the realization of management strategies by restructuring the process for determining compensation for Executive Officers to make it more rational and by initiatives such as the introduction of the Restricted Stock Compensation Plan for Directors aimed at deepening common interests with shareholders and enhancing the supervisory functions that contribute to improving corporate value over the medium to long term.</p>
Director	Shigeki Ishizuka	<p>Attended all 17 Board of Directors' Meetings and all 14 Audit Committee meetings held this Fiscal Year and all 9 Compensation Committee meetings after assuming his position as a Compensation Committee Member on June 19, 2024; has accordingly made remarks necessary for discussing agenda, etc. based on his practical experience in management over many years at companies with global businesses, and his high-level expertise in manufacturing, technology development, and quality control.</p> <p>Also proactively gave improvement proposals in Board of Directors' Meetings from the perspective of effective supervision of business risks and issues, as well as proactive comments and advice, etc. that grasp the essence of the supervision of strategy and measures for medium and long-term growth strategy and management issues resolution. In the Audit Committee, in addition to contributing to the strengthening, etc. of information security and quality management, also contributed to improving the effectiveness of the Audit Committee by conducting on-site audits of overseas manufacturing and sales bases, etc., utilizing his knowledge and experience at a global manufacturing company. In the Compensation Committee, contributed to the design, etc. of an officer compensation structure that provides appropriate incentives to achieve medium- to long-term growth.</p>
Director	Ryusuke Otori	<p>Appointed at the Annual Shareholders' Meeting held on June 19, 2024, and attended all 14 Board of Directors' Meetings, all 14 Nomination Committee meetings, and all 9 Audit Committee meetings held after assuming his position on the aforementioned date; has accordingly made remarks necessary for discussing agenda, etc. based on his abundant experience as an analyst at a major financial institution and investment officer at an overseas asset management company.</p> <p>Also proactively raised issues and provided advice on important topics such as consideration of capital policy and management policy and stock market dialogue policy at Board of Directors' Meetings. As a newly appointed Nomination Committee Member, proactively offered his opinions on improvement proposals and risks regarding priority implementation items such as the evaluation of the Board of Directors composition and the promotion of the CEO succession plan, thereby contributing to improving the committee's effectiveness. As an Audit Committee Member, was primarily responsible for auditing the Company's efforts for external disclosure and contributed to strengthening cooperation with the executive side to appropriately identify and disclose risk information.</p>

Director	Shiho Konno	<p>Attended all 17 Board of Directors' Meetings and all 14 Audit Committee meetings held this Fiscal Year; has accordingly made remarks necessary for discussing agenda, etc. based on her extensive knowledge regarding corporate governance and diversity gained through her career as an attorney-at-law.</p> <p>Also provided important corporate governance perspectives and advice on the permeation of personnel policies for diversity and inclusion in Board of Directors' Meetings. Provided perspectives for bolstering the internal audit department system, and contributed to identifying risk from a legal and compliance viewpoint in Audit Committee meetings.</p>
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Category	Name	Status of Main Activities
Director	Mayumi Tamura	<p>Attended all 17 Board of Directors' Meetings and all 14 Audit Committee meetings held this Fiscal Year; has accordingly made remarks necessary for discussing agenda, etc. based on her abundant management experience at global companies over many years and valuable knowledge of finance and accounting.</p> <p>Also proactively proposed improvements for business risks and issues and gave comments and advice, etc. that grasp the essence of matters for important M&A decisions and important reports and deliberations on implementation of structural reform in Board of Directors' Meetings.</p> <p>Contributed to Audit Committee meetings through proposals for the improvement of the organizational audit system, the early detection of issues, and information exchange with accounting auditors.</p>
Director, Chairperson of the Board of Directors	Yuji Nishiura	<p>Attended all 17 Board of Directors' Meetings, all 16 Nomination Committee meetings, and all 11 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 took the lead as Chairperson of the Board of Directors in improving the effectiveness of the Board of Directors by reviewing agenda setting, operating structures, etc. without leaving anything off the table in order to further advance "having the established oversight culture take root and be actualized," which was set as a priority issue in the Board of Directors' effectiveness evaluation. Continually promoted the improvement mechanisms for providing site visits and training opportunities with a view to further increasing the effectiveness of deliberations at Board of Directors' Meetings.</p> <p>As a member of the Nomination Committee and the Compensation Committee, played a role in appropriately coordinating with each committee, the Board of Directors, and the executive side, and contributed to the swift implementation of important measures such as the Outside Director replacement plan and CEO succession plan.</p>
Director	Daisuke Hamaguchi	<p>Attended 15 of 17 Board of Directors' Meetings and all 14 Audit 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 service as a management execution director of the Pension Fund Association.</p> <p>Also proactively raised issues and gave advice on important themes such as capital policy and management policy reviews, etc. in Board of Directors' Meetings. As Chairperson of the Audit Committee, contributed to the promotion of organizational audits by leading efforts to review the form of an appropriate organizational audit for a company with nominating committee, etc., and formulate effective audit plans, including on-site audits, etc.</p>

Category	Name	Status of Main Activities
Director	Mariko Watahiki	<p>Attended all 17 Board of Directors' Meetings, all 16 Nomination Committee meetings, and all 11 Compensation Committee meetings held this Fiscal Year; has accordingly made remarks necessary for discussing agenda, etc. based on her experience in handling many cases as a judge and her experience in organization management as the chief judge of a high court.</p> <p>Also used her expertise in personnel development and labor to provide important perspectives on personnel development and diversification for the Group in Board of Directors' Meetings, as well as actively supervising whether there are material risks during decisions on management policies and material decisions such as M&A. At the Nomination Committee and Compensation Committee, implemented measures for improving corporate value in the medium- to long-term and contributed to initiatives qualitatively improving corporate governance. In particular, as Chairperson of the Nomination Committee, led efforts to improve the effectiveness of the entire committee by examining the appropriateness of the process when promoting important measures such as the Outside Director replacement plan and CEO succession plan, taking into account not only internal information from Directors and Executive Officers, but also the perspectives of various stakeholders.</p>

Note:

In addition to the number of Board of Directors' Meetings above, there were two written resolutions deemed to be resolutions of the Board of Directors pursuant to Article 370 of the Companies Act and the Company's Articles of Incorporation.

c. Overview of the content of the agreement limiting the 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.

d. Total amount of compensation, etc. of Outside Directors for this Fiscal Year

Category	Number of Recipients	Amount of Compensation, etc. (million yen)
Directors	9	181

(3) 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	417 million yen
Total amount of money and other profits on property that the Company and the Company's subsidiaries should pay	477 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., LIXIL Vietnam Corporation, 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**

The content of non-auditing services is the preparation of comfort letters in conjunction with the issuance of corporate bonds.

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.

(4) 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 of the Company and Directors, etc. and employees of each Group Company complies with the laws and regulations and the Articles of Incorporation

The Company and the Company's subsidiaries (the "Group Companies," and collectively with the Company, the "Group") will establish guidelines for actions as a code of ethics for the entire Group, communicate it to the Group's officers and employees, review it periodically, and conduct a read-through and an oath to comply once per year.

The Group will institute a common concern raising (whistleblowing) system to enable the Group's officers and employees to directly make reports to the Company's Legal / Compliance department or outside lawyers.

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

The Company will appropriately retain materials and meeting minutes of the Board of Executive Officers and committees set up as subordinate bodies of the Board of Executive Officers, and information on the execution of the duties of Executive Officers, such as records of resolutions of the Executive Officers and employees that have been delegated authority by the Executive Officers, etc. based on the laws and regulations and the internal company rules.

Based on the internal company rules, the Directors may access such information at any time. Such information will be managed according to the internal company rules for document management, the internal company rules for information security, and the internal company rules for personal information protection, etc.

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

The Group will set out internal company rules for risk management, appropriately manage risks that may affect business activities, and create a system necessary to minimize losses for the Group in emergencies.

Risks that may affect business activities will be classified into strategic risks and operational risks. Relevant departments will coordinate to identify and evaluate risks that may impede the achievement of goals for key issues so that risks that need to be addressed can be ranked to create a broad framework that covers the medium/long-term perspective and the stakeholder perspective, including management policies, business strategies, and impact strategies.

The department in charge of risk management will provide appropriate support to the Group Companies according to how the risk is being addressed to ensure the quality of overall group risk management.

The Group will develop and maintain a system that enables the Group to make timely decisions on specific measures by establishing a Risk Management Committee which will examine whether measures are necessary for uncertain events that may constitute opportunities for, or threats to, the Group's business goals, as well as the departments in charge of these, and report examination results to the Board of Executive Officers, the Board of Directors, or other organizations as necessary.

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

The Board of Directors of the Company will establish the division of duties of the Executive Officers and clarify the areas for which each Executive Officer is responsible before delegating decision-making authority to each such Executive Officer.

In addition, a Board of Executive Officers attended by all Executive Officers will be convened regularly and conduct flexible decision-making for basic and important matters regarding the business of the Group.

Furthermore, various committees, etc. will be set up as subordinate bodies of the Board of Executive Officers, with the responsible Executive Officer according to the division of duties acting as chairperson, and effectively discuss each special area to streamline and optimize management decisions. Important investment items, M&A and organizational restructuring items, etc. that may affect the entire Group will be examined by the Investment Review Committee and other relevant committees, while the Impact Strategy Committee and other relevant committees will conduct strategic and flexible decision-making for sustainability related management issues.

The Company will share its basic management policy with the Group Companies as well as ensure the efficiency in execution of duties of the Directors, etc. of the Group Companies by clarifying which decisions on execution of duties of the Group Companies require the approval of the Company or need to be reported to the Company.

- e. System to report to the Company about matters regarding the execution of duties of the Directors, etc. of the Group Companies

The Company will set out important matters of the Group Companies that require the approval of the Company and matters that need to be reported to the Company in the internal company rules for the governance of the Group Companies and affiliates and make them widely known within the Group.

A system will be developed for major subsidiaries among the Group Companies requiring them to make regular business reports to the Executive Officers of the Company to ensure appropriate operations of the Group.

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

The Company will establish the Audit Committee Office as a dedicated organization to support the duties of the Audit Committee. The Audit Committee Office will be the secretariat for the Audit Committee and perform duties in accordance with instructions from the Audit Committee and Audit Committee Members.

In order to enhance the system that supports audits of the Group and to strengthen the internal control of the Group, the "Audit & Supervisory Board Member" which exclusively performs audit activities at subsidiaries, is assigned to major domestic subsidiaries.

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

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

Appointments, personnel changes, and performance evaluations, etc. of the employees and Audit & Supervisory Board Members belonging to the Audit Committee Office will be resolved by the Audit Committee after advance discussion with the head of the Personnel Department of the Company.

In addition, instructions from the Audit Committee and Audit Committee Members to such employees will be properly handled by each department of the Group to ensure the effectiveness of such instructions.

- h. System for Directors, Executive Officers and employees of the Company to report to the Audit Committee, and other systems regarding reporting to the Audit Committee
- If a Director or an Executive Officer discovers a fact that is likely to cause substantial 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 a Director, an Executive Officer, or the Accounting Auditor or someone else, he/she will report it to the Audit Committee.
- The Representative Executive Officers and the Audit Committee Members will periodically exchange opinions regarding findings from an audit.
- The Legal/Compliance department will periodically report to the Audit Committee regarding the status of concern-raising (whistleblowing).
- The Audit Committee Members elected by the Audit Committee shall have the authority to request that the Directors, the Executive Officers, and the employees report on the execution of their duties at any time and the authority to request that the Directors, the Executive Officers, and the employees accept investigation with respect to the Company's business and the status of its assets at any time.
- Audit & Supervisory Board Members will hold regular meetings with the Audit Committee and report the status of audits.
- i. System for each Group Company's 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
- If material events occur at the Group Companies, the Directors, etc. of such Group Companies shall report the related facts to the Audit Committee of the Company, and if there is any instruction on said report from the Audit Committee, they shall attend the Audit Committee and report the facts.
- The Audit Committee Members elected by the Audit Committee shall have the authority to request that the Group Companies report on their businesses, or that they accept investigation with respect to their businesses and status of their assets.
- j. System to ensure that a concern-raising person (whistleblower) and a person reporting to the Company's Audit Committee do not receive disadvantageous treatment on the grounds of having made such whistleblowing and/or report
- The Company will create a concern raising (whistle-blowing) system of the Group based on the internal company rules for concern raising that specifies maintenance of confidentiality, prohibition of retaliation, and concern-reporting procedures, and make that method of reporting, etc. widely known within the Group. The Company's Legal and Compliance departments will report the status of the concern-raising (whistleblowing) to the Audit Committee in a timely manner. Concern raised against the Directors and Executive Officers, etc. of the Company shall be appropriately treated by developing a system for independent investigation and action by the Audit Committee or the Executive Officer, etc. in charge of the Legal/Compliance department.
- The Company prohibits disadvantageous treatment of the person raising the concern with the Audit Committee (including persons raising concerns indirectly through another person) based on (i.) above on the grounds of such concern-raising.
- 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 Audit Committee Members of the Company and other disposition of expenses or liabilities arising with respect to the execution of such duties
- When an Audit Committee Member makes a claim for the repayment of expenses under Article 404, Paragraph 4 of the Companies Act against the Company with respect to its execution of duties, the Company will bear such expenses upon deliberation with 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.

I. 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 the Group Companies, and the Company's Internal Audit Division.

The Internal Audit Division will comply with instructions or orders of the Audit Committee or an Audit Committee Member elected by the Audit Committee. The consent of the Audit Committee is required for the election/removal and personnel evaluation of the person in charge of the Internal Audit Division, as well as the budget for the activities of the Internal Audit Division.

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. With regard to the Code of Conduct, training is conducted on a yearly basis for all officers and employees to promote understanding of its details, and they are required to pledge compliance. Global common basic rules and detailed rules have been compiled and are reviewed 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. Since 2022, the Group is working to further strengthen the Group's compliance culture and improve risk management by transitioning to a system that promotes the streamlining and standardizing of compliance policies, procedures and programs at a global all-company level.

b. Initiatives concerning the management of the risk of loss

Set out internal rules for risk management and appropriately manage risks that may affect business activities to minimize any loss to the Group in the event of an emergency. A Risk Management Committee will be also be established, which will determine whether measures are required for uncertain events with respect to the attainment of business goals for the Group, and to verify, etc. departments, report such verification results to the Board of Executive Officers, Board of Directors and other bodies as necessary, and develop a structure that enables the Group to decide on specific measures in a timely manner.

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.

(5) 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, 2025 are stated.

Consolidated Statement of Financial Position

(As of March 31, 2025)

(Millions of yen)

ASSETS		LIABILITIES AND EQUITY	
Account	Amount	Account	Amount
CURRENT ASSETS	701,241	CURRENT LIABILITIES	571,783
Cash and cash equivalents	123,527	Trade and other payables	246,802
Trade and other receivables	283,914	Bonds and borrowings	190,337
Inventories	243,926	Lease liabilities	19,786
Contract assets	17,861	Contract liabilities	9,850
Income tax receivables	1,691	Income tax payables	8,129
Other financial assets	7,176	Other financial liabilities	4,437
Other current assets	22,993	Provisions	1,156
Subtotal	701,088	Other current liabilities	91,286
Assets held for sale	153		
NON-CURRENT ASSETS	1,129,563	NON-CURRENT LIABILITIES	638,951
Property, plant and equipment	365,552	Bonds and borrowings	402,209
Right-of-use assets	63,530	Lease liabilities	45,468
Goodwill and other intangible assets	545,561	Other financial liabilities	29,581
Investment property	2,406	Net defined benefit liabilities	72,975
Investments accounted for using the equity method	7,561	Provisions	6,595
Other financial assets	60,994	Deferred tax liabilities	75,628
Deferred tax assets	80,145	Other non-current liabilities	6,495
Other non-current assets	3,814		
		TOTAL LIABILITIES	1,210,734
		EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	617,886
		Share capital	68,654
		Capital surplus	221,587
		Treasury shares	(138)
		Other components of equity	121,146
		Retained earnings	206,637
		NON-CONTROLLING INTERESTS	2,184
		TOTAL EQUITY	620,070
TOTAL ASSETS	1,830,804	TOTAL LIABILITIES AND EQUITY	1,830,804

Consolidated Statement of Profit or Loss

(Year Ended March 31, 2025)

(Millions of yen)

Account	Amount	
CONTINUING OPERATIONS		
REVENUE		1,504,697
COST OF SALES		(1,006,584)
GROSS PROFIT		498,113
Selling, general and administrative expenses	(466,776)	
Other income	11,012	
Other expenses	(12,662)	(468,426)
OPERATING PROFIT		29,687
Finance income	3,996	
Finance costs	(13,860)	
Share of profit of investments accounted for using the equity method	327	(9,537)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		20,150
Income tax expenses		(17,882)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		2,268
DISCONTINUED OPERATIONS		
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS		(50)
PROFIT FOR THE YEAR		2,218
Profit (Loss) for the year attributable to:		
Owners of the parent		
Continuing operations		2,051
Discontinued operations		(50)
Total		2,001
Non-controlling interests		217
Profit for the year		2,218

Consolidated Statement of Changes in Equity

(Year Ended March 31, 2025)

(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, 2024	68,530	221,632	(126)	16,743	—	107,390	1,443
Profit for the year							
Other comprehensive income (loss)				(446)	3,586	(3,094)	(885)
Total comprehensive income (loss) for the year	—	—	—	(446)	3,586	(3,094)	(885)
Purchase of treasury shares			(13)				
Disposal of treasury shares		(0)	1				
Share-based payment transactions	124	(1)					
Dividends							
Changes in interests in subsidiaries that do not result in the Group losing control over the subsidiaries		(44)					
Transfers from other components of equity to retained earnings				(2)	(3,586)		
Total transactions with owners	124	(45)	(12)	(2)	(3,586)	—	—
Balance as of March 31, 2025	68,654	221,587	(138)	16,295	—	104,296	558

(Millions of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total		
	Other	Total				
Balance as of April 1, 2024	2	125,578	226,897	642,511	1,827	644,338
Profit for the year		–	2,001	2,001	217	2,218
Other comprehensive income (loss)	(5)	(844)		(844)	96	(748)
Total comprehensive income (loss) for the year	(5)	(844)	2,001	1,157	313	1,470
Purchase of treasury shares		–		(13)		(13)
Disposal of treasury shares		–		1		1
Share-based payment transactions		–		123		123
Dividends		–	(25,849)	(25,849)		(25,849)
Changes in interests in subsidiaries that do not result in the Group losing control over the subsidiaries		–		(44)	44	–
Transfers from other components of equity to retained earnings		(3,588)	3,588	–		–
Total transactions with owners	–	(3,588)	(22,261)	(25,782)	44	(25,738)
Balance as of March 31, 2025	(3)	121,146	206,637	617,886	2,184	620,070

Nonconsolidated Balance Sheet

(As of March 31, 2025)

(Millions of yen)

ASSETS		LIABILITIES	
Account	Amount	Account	Amount
CURRENT ASSETS	379,068	CURRENT LIABILITIES	361,674
Cash and deposits	50,623	Electronically recorded obligations - operating	671
Notes receivable – trade	7,517	Accounts payable – trade	83,072
Electronically recorded monetary claims - operating	63,569	Contract liabilities	4,918
Accounts receivable	95,842	Short-term borrowings	149,945
Contract assets	12,462	Current portion of bonds payable	25,000
Other receivables	17,086	Lease liabilities	1,082
Merchandise and finished goods	49,006	Accounts payable – other	36,256
Work in process	21,950	Accrued expenses	28,985
Raw materials and supplies	30,441	Income taxes payables	1,227
Short-term loans receivable	23,315	Provision for bonuses	16,953
Other current assets	10,306	Provision for bonuses for directors (and other officers)	299
Allowance for doubtful accounts	(3,054)	Asset retirement obligations	9
		Other current liabilities	13,251
NON-CURRENT ASSETS	780,715	NON-CURRENT LIABILITIES	392,999
PROPERTY, PLANT AND EQUIPMENT	230,425	Bonds	106,000
Buildings	72,048	Long-term borrowings	240,300
Structures	5,312	Lease liabilities	3,578
Machinery and equipment	26,167	Provision for bonuses for directors (and other officers)	364
Vehicles	396	Provision for retirement benefits	3,748
Tools, furniture and fixtures	6,274	Provision for loss on business of subsidiaries and associates	5,885
Land	111,099	Asset retirement obligations	6,163
Leased assets	4,321	Other non-current liabilities	26,959
Construction in progress	4,805	TOTAL LIABILITIES	754,673
INTANGIBLE ASSETS	40,726	EQUITY	
Goodwill	889	EQUITY	387,419
Leasehold interests in land	1,142	SHARE CAPITAL	68,654
Software	27,112	CAPITAL SURPLUS	268,693
Software in progress	11,425	Legal capital surplus	12,715
Other intangible assets	157	Other capital surplus	255,978
INVESTMENTS AND OTHER ASSETS	509,563	RETAINED EARNINGS	50,209
Investment securities	37,201	Legal retained earnings	4,847
Investments in subsidiaries and associates	357,297	Other retained earnings	45,361
Long-term accounts receivable – other	33,373	Provision of reserve for special disaster	1
Long-term loans receivable	15,184	Reserve for tax purpose reduction entry	1,150
Guarantee deposits	7,195	Retained earnings brought forward	44,209
		TREASURY SHARES	(137)

ASSETS		LIABILITIES	
Account	Amount	Account	Amount
Prepaid pension costs	30,050	VALUATION AND TRANSLATION ADJUSTMENTS	17,690
Deferred tax assets	58,835	Valuation difference on available-for- sale securities	17,761
Other investments	1,417	Deferred gains or losses on hedges	(71)
Allowance for doubtful accounts	(30,993)		
		TOTAL EQUITY	405,110
TOTAL ASSETS	1,159,783	TOTAL LIABILITIES AND EQUITY	1,159,783

Nonconsolidated Statement of Income

(Year Ended March 31, 2025)

(Millions of yen)

Account	Amount	
NET SALES		833,790
COST OF SALES		576,804
GROSS PROFIT		256,985
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		250,638
OPERATING PROFIT		6,346
NON-OPERATING INCOME		
Interest income	1,594	
Dividend income	12,756	
Rental income	285	
Other non-operating income	3,288	17,925
NON-OPERATING EXPENSES		
Interest expenses	3,542	
Interest expenses on bonds	655	
Bond issuance costs	164	
Rental costs	221	
Provision for loss on business of subsidiaries and associates	3,894	
Foreign exchange losses	676	
Loss on disposal of non-current assets	608	
Other non-operating expenses	1,533	11,296
ORDINARY PROFIT		12,975
EXTRAORDINARY LOSS		
Impairment losses	247	247
PROFIT BEFORE INCOME TAXES		12,728
Income taxes - Current	(1,085)	
Income taxes - Deferred	5,946	4,861
NET INCOME		7,866

Nonconsolidated Statement of Changes in Equity

(Year Ended March 31, 2025)

(Millions of yen)

	Equity								
	Share capital	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total	Legal retained earnings	Other Retained earnings			Total
						Provision of reserve for special disaster	Reserve for tax purpose reduction entry	Retained earnings brought forward	
Balance as of April 1, 2024	68,530	12,591	255,978	268,570	4,847	6	1,198	62,139	68,192
Changes during the year									
Issuance of new shares	123	123		123					
Dividends								(25,849)	(25,849)
Net income								7,866	7,866
Reversal of provision of reserve for special disaster						(5)		5	—
Reversal of reserve for tax purpose reduction entry							(47)	47	—
Purchase of treasury shares									
Disposal of treasury shares			(0)	(0)					
Net changes of items other than shareholders' equity									
Total changes during the year	123	123	(0)	123	—	(5)	(47)	(17,930)	(17,982)
Balance as of March 31, 2025	68,654	12,715	255,978	268,693	4,847	1	1,150	44,209	50,209

(Millions of yen)

	Equity		Valuation and translation adjustments			Total equity
	Treasury shares	Total	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total	
Balance as of April 1, 2024	(126)	405,166	17,914	526	18,441	423,608
Changes during the year						
Issuance of new shares		247				247
Dividends		(25,849)				(25,849)
Net income		7,866				7,866
Reversal of provision of reserve for special disaster		—				—
Reversal of reserve for tax purpose reduction entry		—				—
Purchase of treasury shares	(12)	(12)				(12)
Disposal of treasury shares	0	0				0
Net changes of items other than shareholders' equity			(153)	(597)	(750)	(750)
Total changes during the year	(11)	(17,746)	(153)	(597)	(750)	(18,497)
Balance as of March 31, 2025	(137)	387,419	17,761	(71)	17,690	405,110

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 15, 2025

To the Board of Directors of
LIXIL Corporation:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Taiji Suzuki

Designated Engagement Partner,
Certified Public Accountant:

Dai Yamamoto

Designated Engagement Partner,
Certified Public Accountant:

Takenao Ohashi

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 consolidated subsidiaries (the "Group"), namely, the consolidated statement of financial position as of March 31, 2025, and the consolidated statement of profit or loss and consolidated statement of changes in equity for the fiscal year from April 1, 2024 to March 31, 2025, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, and its consolidated financial performance for the year then ended in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

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.

Other Information

Management is responsible for the other information. 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 other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under IFRS Accounting Standards as issued by the IASB, 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 in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under IFRS Accounting Standards as issued by the IASB.

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.

(TRANSLATION)

- 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 in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under IFRS Accounting Standards as issued by the IASB, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, actions taken to eliminate threats or safeguards applied.

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 15, 2025

To the Board of Directors of
LIXIL Corporation:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Taiji Suzuki

Designated Engagement Partner,
Certified Public Accountant:

Dai Yamamoto

Designated Engagement Partner,
Certified Public Accountant:

Takenao Ohashi

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, 2025, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 83rd fiscal year from April 1, 2024 to March 31, 2025, 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, 2025, 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.

Other Information

Management is responsible for the other information. 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 other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the nonconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

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.

(TRANSLATION)

- 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, actions taken to eliminate threats or safeguards applied.

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 83rd fiscal year from April 1, 2024 to March 31, 2025, 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), 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 15, 2025

Audit Committee, LIXIL Corporation

Audit Committee Member: Daisuke Hamaguchi

Audit Committee Member: Shigeki Ishizuka

Audit Committee Member: Ryusuke Ohori

Audit Committee Member: Shiho Konno

Audit Committee Member: Mayumi Tamura

(Note) Daisuke Hamaguchi, Shigeki Ishizuka, Ryusuke Ohori, Shiho Konno and Mayumi Tamura are Outside Directors, as prescribed in Article 2, Item 15, and Article 400, Paragraph 3 of the Companies Act.

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