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Report for the 84th Fiscal Year (From April 1, 2025 to March 31, 2026)

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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 84th Fiscal Year (the "Report") [as Attachment to the Notice of Convocation of the 84th 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, although some downward pressure was seen due to the impact of U.S. trade policy, Japan's domestic economy showed signs of gradual recovery, with corporate earnings and the employment and income environment remaining steady, and there also being indications of a pickup in capital investment, personal consumption, and the like. The future outlook remains unclear due to factors such as the situation in the Middle East and developments in U.S. trade policy, and there are concerns about the impact that continued price increases will have on corporate earnings and personal consumption, but the effects of various policies such as government economic measures and accommodative monetary conditions are expected to support a gradual economic recovery. With respect to residential investment, although the government's major housing energy support measure has continued to create demand in the window renovation market, particularly for insulation products, the number of new housing starts decreased significantly due to a rebound effect following a temporary increase in housing starts following revisions to the Building Standards Act, etc. in April 2025, as well as a decline in home purchase sentiment resulting from soaring home prices.

As for the global economy, the pace of economic recovery varied from region to region, as interest rates in Europe have long remained unchanged due to inflation concerns, while interest rates in the U.S. are also currently being kept unchanged despite pressure to cut them. Demand stabilized in growth markets such as the Middle East and India, and overall growth remained robust in the U.S. driven by AI-related investments, but housing investments there were slow to recover, and some signs of weakening in the employment situation have appeared. In the Chinese economy, continued stagnation in the real estate market has made concerns about an economic slowdown even more pronounced. Going forward, it will be necessary to continue to closely monitor the impact on energy prices from the resurgence of geopolitical risks such as the unstable situation in the Middle East and the protracted conflict between Russia and Ukraine, as well as the downside risks arising from changes in the trade policies of major countries.

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 demand, 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 improved due to improved profitability 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 1,510,704 million yen (up 0.4% 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 38,500 million yen (up 22.9% on year). In addition, due to recording increased other costs such as the implementation of additional structural reforms compared to the previous consolidated Fiscal Year, operating profit fell to 28,403 million yen (down 4.3% on year). Furthermore, profit before tax from continuing operations fell to 15,708 million yen (down 22.0% on year) due to the increase in other costs, as well as an increase in financial expenses resulting from foreign exchange losses.

Profit for this Fiscal Year attributable to the owners of the parent (net of non-controlling interests), was 8,143 million yen (4.1 times that of the previous year) due to factors such as lower tax expenses resulting from a change in the corporate tax rate at overseas consolidated subsidiaries, despite an increase in the tax burden rate resulting from the sluggish profitability of some consolidated subsidiaries and the like.

Results in This Consolidated Fiscal Year

Revenue	Core earnings	Profit for the year attributable to owners of the parent
1,510,704 million yen	38,500 million yen	8,143 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.

In addition, starting from this Fiscal Year, the business categories have been changed from the previous two categories of the Water Technology Business and the Housing Technology Business to the three categories of the Water Technology Business, Housing Technology Business, and Living Business. This change is a result of integrating the "Kitchen & Bathroom Business" within the Water Technology Business and "Interior Business" within the Housing Technology Business, which share many similarities in terms of products, manufacturing processes, and business models, to launch the new "Living Business" as part of the Group's ongoing efforts to focus on the key initiative of improving the profitability of domestic business by promoting transformation of all domestic businesses to strengthen the organizational structure and provide new value to end users.

Year-on-year comparisons are presented by rearranging the figures for the previous consolidated Fiscal Year based on the revised business categories.

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, the Housing Technology Business, and the Living Business include some overseas subsidiaries managed domestically in "domestic business."

Water Technology Business (LWT)

Principal business

Business breakdown	Principal products and goods, etc.
Plumbing fixtures	Sanitaryware, shower toilets, water faucet, washstands, bathtubs, prefabricated bathrooms, smart products, showerheads, etc.
Tile building materials	Tiles for houses and buildings, interior decorative tiles, etc.



SATIS X (Tank-less toilets)



bathtope (Unit bath)



Greentap (Mineral water purifier for kitchen)



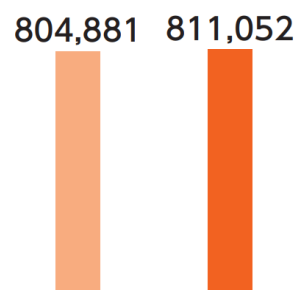
GROHE AquaBooster (Shower System)

In the Water Technology Business, which mainly handles plumbing products, the domestic business secured revenue that was higher than the previous Fiscal Year as sales of sanitary ware and bathroom products for renovation remained strong. The overseas business saw an improvement in sales across most product categories, including faucets, in Europe, resulting in increased sales volume, and sales also expanded in the Middle East and India due to continued strong demand. On the other hand, sales declined in the U.S. due to the transfer of the bathtub business the previous year, and demand in the home renovation market failed to recover, while the real estate market in China also continued to be sluggish, and so overall, the overseas business remained almost flat compared with the previous Fiscal Year. As a result, revenue in the Water Technology Business increased to 811,052 million yen (up 0.8% on year).

In addition to the effects of increased renovation sales and price revisions in the domestic business, improved sales in Europe and the Middle East and the effects of structural reforms contributed to the overseas business, resulting in core earnings rising to 45,438 million yen (up 23.3% on year).

Revenue

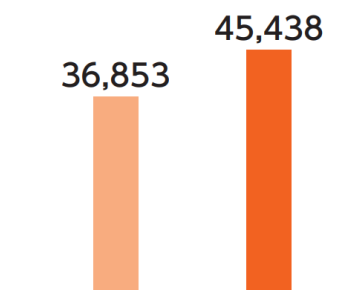
811,052 million yen
(unit: million yen)



FYE2025 Consolidated Fiscal Year FYE2026 Consolidated Fiscal Year

Core earnings

45,438 million yen
(unit: million yen)



FYE2025 Consolidated Fiscal Year FYE2026 Consolidated Fiscal Year

Housing Technology Business

(LHT)

Principal business

Business breakdown

Principal products and goods, etc.

Metal building materials

Window sashes for houses, buildings, and stores, entrance doors, shutters, gates, carports, banisters, high railings, curtain walls, etc.

Other building materials

Window frames, wooden furnishing materials, siding, roofing materials, etc.

Housing and services

Development of homebuilding franchise chains and construction on order, real estate management services, support for development of real-estate franchises, etc.

Other

Solar power systems, smart products, etc.

In the Housing Technology Business, which primarily develops housing construction material products domestically, revenue decreased slightly to 525,657 million yen (down 0.3% on year) because of sluggish sales to new construction due to a decline in the number of new housing starts, despite sales of high-insulation products for renovation centering on windows remaining strong in the context of the government policy of subsidies aimed at realizing a low-carbon society.

Core earnings rose to 26,710 million yen (up 2.6% on year) as the impacts of declining sales and the costs associated with discontinuing the ceramic siding business were offset by price revisions and cost reductions.



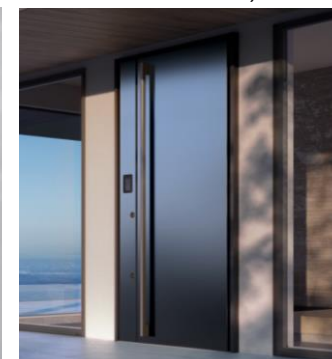
Inplus (Interior window)



PremiAL (Recycle Low-Carbon Aluminum)



revia (Sustainable Material)



XE (Entrance Door)

Revenue

525,657 million yen

(unit: million yen)

527,123 525,657

FYE2025 Consolidated Fiscal Year FYE2026 Consolidated Fiscal Year

Core earnings

26,710 million yen

(unit: million yen)

26,034 26,710

FYE2025 Consolidated Fiscal Year FYE2026 Consolidated Fiscal Year

Living Business (Living)

Principal business

Business breakdown

Principal products and goods, etc.

Plumbing fixtures

Kitchen systems, sectional kitchens, vanity units, vanity countertops, etc.

Interior materials

Interior doors and sliding doors, interior windows, flooring, counters and wooden furnishing materials, staircases, storage, etc.



Lasissa S (Interior building materials)



GS (Interior building materials)



RICHELLE (Kitchen systems)



Custom Vanity (Vanity units)

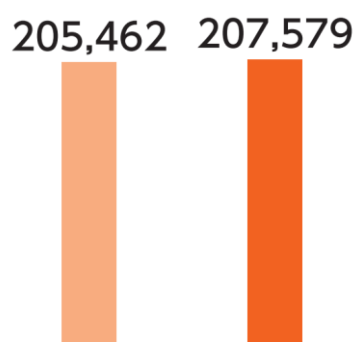
In the Living Business, which mainly handles kitchens, bathrooms, and interior building materials domestically, revenue increased to 207,579 million yen (up 1.0% on year) as sales for renovations remained strong, and kitchen sales for new constructions also continued to be robust.

Core earnings rose to 7,842 million yen (up 8.5% on year) due to the impact of increased sales of renovation-related products, as well as price revisions offsetting the effects of rising raw material and supplies costs.

Revenue

207,579 million yen

(unit: million yen)

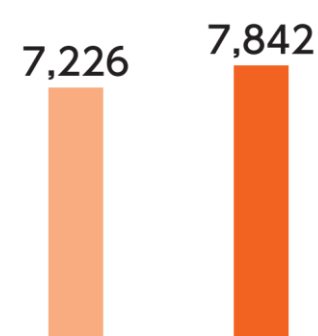


FYE2025 Consolidated Fiscal Year FYE2026 Consolidated Fiscal Year

Core earnings

7,842 million yen

(unit: million yen)



FYE2025 Consolidated Fiscal Year FYE2026 Consolidated Fiscal Year

Revenue and core earnings by business

Business Category	FYE2025 Consolidated Fiscal Year (April 1, 2024 to March 31, 2025)		FYE2026 Consolidated Fiscal Year (April 1, 2025 to March 31, 2026)		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	804,881	36,853	811,052	45,438	0.8	23.3
Housing Technology Business	527,123	26,034	525,657	26,710	(0.3)	2.6
Living Business	205,462	7,226	207,579	7,842	1.0	8.5
Deletion or Common throughout Company	(32,769)	(38,776)	(33,584)	(41,490)	—	—
Total	1,504,697	31,337	1,510,704	38,500	0.4	22.9

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 [TBD] 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, 97,727 million yen was procured through long term loans to be applied to refinancing funds.

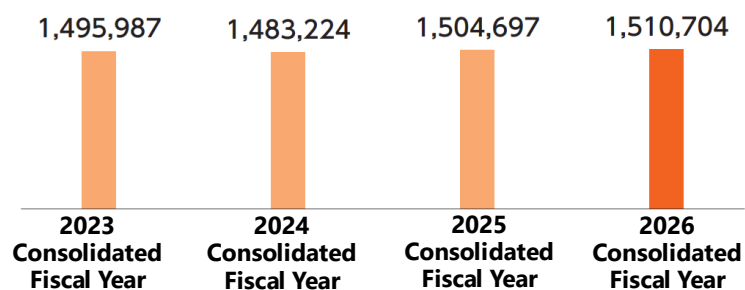
(4) Changes in Status of Assets and Income/Losses

Category	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)	FYE2026 Consolidated Fiscal Year (April 1, 2025 to March 31, 2026)
Revenue (million yen)	1,495,987	1,483,224	1,504,697	1,510,704
Core earnings (million yen)	25,745	23,162	31,337	38,500
Operating profit (million yen)	24,903	16,351	29,687	28,403
Profit/Loss for the year attributable to owners of the parent (million yen)	15,991	(13,908)	2,001	8,143
Basic profit/loss per share (yen)	55.54	(48.43)	6.97	28.33
Total assets (million yen)	1,853,534	1,886,595	1,830,804	1,883,927
Equity attributable to owners of the parent (million yen)	625,433	642,511	617,886	664,838
Equity attributable to owners of the parent per share (yen)	2,178.77	2,237.53	2,150.86	2,312.94
Equity ratio attributable to owners of the parent (%)	33.7	34.1	33.7	35.3

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

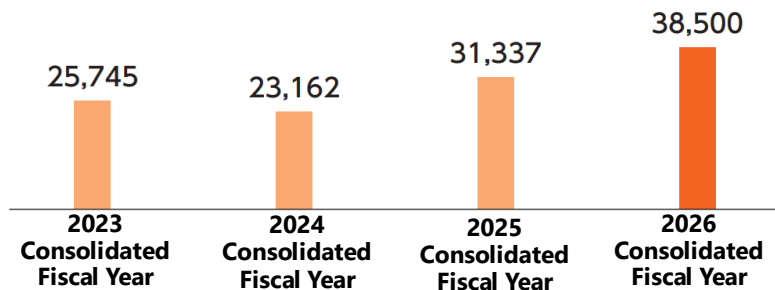
Revenue

(unit: million yen)



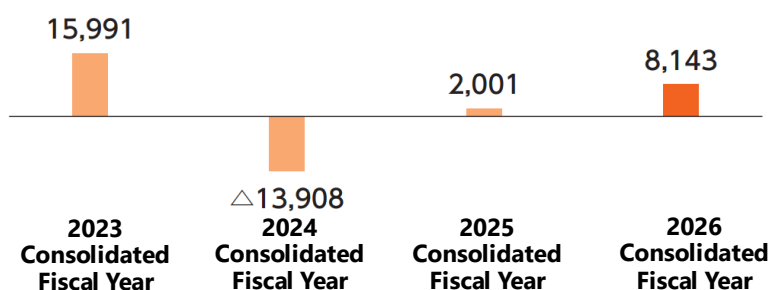
Core earnings

(unit: million yen)



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

(unit: million yen)

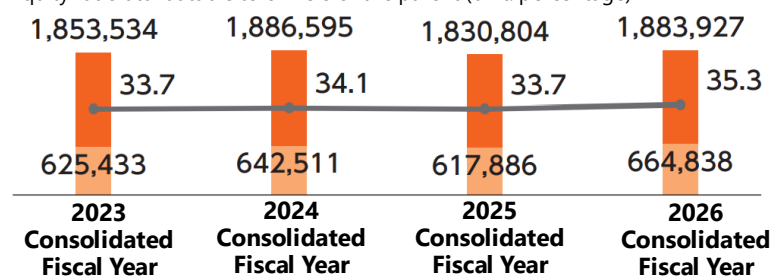


Total assets/equity attributable to owners of the parent/equity ratio attributable to owners of the parent

■ 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)



(5) Issues to be addressed

To achieve LIXIL's Purpose to "Make Better Homes a Reality for Everyone, Everywhere," the Group is working to solve social and environmental issues related to our business.

The LIXIL Playbook adopted in the Fiscal Year ended March 2021 is a roadmap toward realizing sustainable growth and value creation and achieving LIXIL's Purpose. By clearly defining what the goals are and how they will be achieved, all employees can unite their efforts in the same direction. In the Fiscal Year ended March 2023, the LIXIL Playbook was updated to respond to rapid changes in the business environment. Efforts are being focused on five strategic initiatives under the themes of "transform," "grow," and "innovate," including "tackle inflation and supply chain challenges" and "embed robust environmental strategy" which were added to reflect the challenges at the time.



[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 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. 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, we expect the economic environment in Japan to continue to recover, supported by increased personal consumption and capital investment, particularly in labor-saving and digital technologies, backed by improvements in employment and income conditions as well as robust corporate earnings. However, we expect the outlook to remain unclear due to a further decline in demand for new construction due to rising housing prices, concerns about the supply of petroleum-derived raw materials stemming from geopolitical risks such as the situation in the Middle East, and persistently high energy prices, as well as fluctuations in exchange rates and rising prices. Overseas as well, while uncertainty remains regarding monetary policy in light of inflation trends in various countries, we expect steady growth in Europe and capture of stable demand in growth markets such as the Middle East and India. On the other hand, there are concerns about global instability caused by developments in U.S. trade policy, including reciprocal tariff measures, and the prolonged geopolitical risks such as the situation in the Middle East and the Russia-Ukraine conflict. In addition to these factors, we expect the outlook to remain unclear due to the prolonged slump in China's real estate market and the risk of inflation resulting from rising energy and resource prices caused by conflicts such as the situation in the Middle East.

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. We believe that the results of these efforts will contribute to improving profitability in the next Fiscal Year and beyond.

At the same time, we are also seeking to expand differentiated products and create positive impact on solving social and environmental issues 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.”

(6) 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, Housing Technology Business, and Living Business as the main businesses as well as other related services. The principal products and goods, etc. of each business are as follows respectively:

Business Category	Business Breakdown (principal products and goods, etc.)	
Water Technology Business	Plumbing fixtures	(Sanitaryware, shower toilets, water faucet, washstands, bathtubs, prefabricated bathrooms, smart products, showerheads, etc.)
	Tile building materials	(Tiles for houses and buildings, interior decorative tiles, etc.)
Housing Technology Business	Metal building materials	(Window sashes for houses, buildings, and stores, entrance doors, shutters, gates, carports, banisters, high railings, curtain walls, etc.)
	Other building materials	(Window frames, wooden furnishing materials, siding, roofing materials, etc.)
	Housing and services	(Development of homebuilding franchise chains and construction on order, real estate management services, support for development of real-estate franchises, etc.)
	Other	(Solar power systems, smart products, etc.)
Living Business	Plumbing fixtures	(Kitchen systems, sectional kitchens, vanity units, vanity countertops etc.)
	Interior materials	(Interior doors and sliding doors, interior windows, flooring, counters and wooden furnishing materials, staircases, storage, etc.)

(7) 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.	482,958 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 interior building materials

Notes:

1. Voting rights ownership includes indirect ownership by the Company's subsidiaries.
2. There are 134 consolidated subsidiaries of the Company.
3. Regarding ASD Holdings Corp., a capital increase of 70,000 thousand USD was conducted on August 1, 2025.

(8) 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)
	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	

(9) Status of employees

Business Category	Number of Employees	Comparison (increase/decrease) with end of previous consolidated Fiscal Year
Water Technology Business	26,440	711 decrease
Housing Technology Business	16,183	66 decrease
Living Business	4,116	87 increase
Sector common throughout the Company	1,334	103 increase
Total	48,073	587 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.

(10) Status of principal lenders

Lender	Outstanding Loan Amount
	(million yen)
Sumitomo Mitsui Banking Corporation	115,255
MUFG Bank, Ltd.	91,058
Mizuho Bank, Ltd.	50,828
Sumitomo Mitsui Trust Bank, Limited	30,500
Development Bank of Japan Inc.	30,000

(11) 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:	287,443,484 shares (excluding 71,473 treasury shares)
(iii) Number of shares in 1 unit:	100 shares
(iv) Capital stock:	68,806,880,453 yen
(v) Total number of shareholders:	257,823
(vi) Top 10 shareholders:	

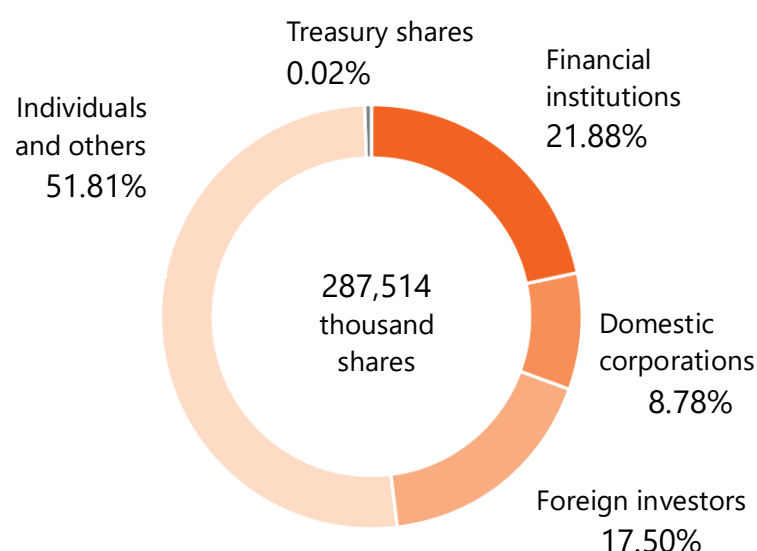
Shareholder Name	Number of shares held (thousand shares)	Ratio of shareholdings
The Master Trust Bank of Japan, Ltd. (Trust Account)	*35,006	12.18%
Custody Bank of Japan, Ltd. (Trust Account)	*10,221	3.56%
LIXIL Employee Stock Ownership	8,661	3.01%
NORTHERN TRUST CO.(AVFC) SUB A/C AMERICAN CLIENTS (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited-Tokyo Branch)	5,371	1.87%
THE BANK OF NEW YORK MELLON 140044 (Standing Proxy: Mizuho Bank, Ltd.-Settlement Sales Department)	4,672	1.63%
JP MORGAN CHASE BANK 385781 (Standing Proxy: Mizuho Bank Ltd.-Settlement Sales Department)	3,999	1.39%
Nippon Life Insurance Company (Standing Proxy: The Master Trust Bank of Japan, Ltd.)	3,824	1.33%
STATE STREET BANK AND TRUST COMPANY 505103 (Standing Proxy: Mizuho Bank, Ltd.-Settlement Sales Department)	3,784	1.32%
LIXIL Customer Holding Association	3,417	1.19%
STATE STREET BANK AND TRUST COMPANY 505001 (Standing Proxy: Mizuho Bank, Ltd.-Settlement Sales Department)	3,139	1.09%

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 (thousand shares)	Ratio of shareholdings
Financial institutions	62,922	21.88%
Domestic corporations	25,245	8.78%
Foreign investors	50,316	17.50%
Individuals and others	148,959	51.81%
Treasury share	71	0.02%
Total	287,514	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 2026:

Shares issued during the Fiscal Year ended March 2026 are as follows.

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."

(a) Issuance of new shares as restricted stock compensation (issued May 16, 2025)

At the Board of Directors' Meeting held on April 30, 2025, the Company resolved to issue new shares as restricted stock compensation and issued 149,905 shares of common stock to seven Executive Officers of the Company (including Executive Officers concurrently serving as Directors, and excluding non-residents of Japan) on May 16, 2025.

(b) Issuance of new shares as restricted stock compensation (issued July 9, 2025)

At the Board of Directors' Meeting held on June 23, 2025, the Company resolved to issue new shares as restricted stock compensation and issued 24,592 shares of common stock to eight Directors of the Company (including Outside Directors, and excluding Directors concurrently serving as Executive Officers) on July 9, 2025.

(ix) Other material matter regarding shares:

At the Board of Directors' Meeting held on April 30, 2026, the Company resolved to conduct the issuance of new shares as restricted stock compensation as follows.

Payment date	May 19, 2026
Class and number of shares to be issued	Common stock of the Company, 125,873 shares
Total issuance price	219,522,512 (1,744 yen per share)
Planned allottees	Six Executive Officers of the Company; 125,873 shares (including Executive Officers concurrently serving as Directors, and excluding non-residents of Japan)

(2) Matters regarding company Directors and Executive Officers

(1) Status of Directors (as of March 31, 2026)

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) and Nomination Committee Member	Representative Director, JunpuManpan Inc. Outside Director, FIDEA Holdings Co., Ltd.
Director	Shigeki Ishizuka	Audit Committee Member and Compensation Committee Member	Outside Director, Marubeni Corporation
Director	Hiroshi Ishino	Nomination Committee Member and Audit Committee Member	Outside Director, Nippon Sheet Glass Company, Limited Outside Director, Olympus Corporation
Director	Ryusuke Ohori	Audit Committee Member (Chairperson) and Nomination Committee Member	
Director	Shiho Konno	Audit Committee Member	Attorney-at-law, Shiho Konno Habataki Law Office Outside Director, Mercari, Inc.
Director	Mayumi Tamura	Audit Committee Member	Outside Director, Shimizu Corporation
Director, Chairperson of the Board	Yuji Nishiura	Governance Committee Member (Chairperson)	
Director	Mariko Watahiki	Nomination Committee Member (Chairperson) and Compensation Committee Member	Attorney-at-law, Okamura Law Office Outside Director, AIN Holdings Inc.

Notes:

- The Governance Committee is composed of all Directors.
- Directors Kinya Seto and Hwa Jin Song Montesano both concurrently hold the positions of Executive Officers. Hwa Jin Song Montesano retired as Representative Executive Officer and Executive Vice President due to the expiration of term on March 31, 2026.
- Directors Jun Aoki, Shigeki Ishizuka, Hiroshi Ishino, Ryusuke Ohori, Shiho Konno, Mayumi Tamura, Yuji Nishiura, and Mariko Watahiki are Outside Directors as prescribed in Article 2(xv) of the Companies Act. In addition, Directors Jun Aoki, Shigeki Ishizuka, Hiroshi Ishino, Ryusuke Ohori, Shiho Konno, Mayumi Tamura, Yuji Nishiura, 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.
- 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.
- 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.
- Hiroshi Ishino was appointed to the office of Outside Director of Olympus Corporation on June 26, 2025.
- Mayumi Tamura retired as an Outside Audit & Supervisory Board Member of Kyowa Kirin Co., Ltd. on March 19, 2026.

(2) Status of Executive Officers (as of March 31, 2026)

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, 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, and IR, and Risk Management	
Executive Officer and Executive Vice President	Hanseul Kim	Chief Transformation Officer, Corporate Transformation and M&A	

Notes:

1. Based on the Board of Directors' Meeting resolution passed on March 31, 2025, Kinya Seto and Hwa Jin Song Montesano both were appointed as Representative Executive Officers and assumed the position as of April 1, 2025. 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, 2025.
2. Hwa Jin Song Montesano retired as Representative Executive Officer and Executive Vice President due to the expiration of term on March 31, 2026.

[Reference] Status of Executive Officers (as of April 1, 2026)

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)	Yugo Kanazawa	COO and Human Resources, Digital and CX	
Executive Officer and Executive Vice President	Bijoy Mohan	LIXIL International	
Executive Officer and Executive Vice President	Satoshi Yoshida	LIXIL Housing Technology and Living	
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	
Executive Officer and Executive Vice President	Erin McCusker	Chief Impact Officer, Communications, External Affairs, and Impact Strategy	

Note:

1. Based on the Board of Directors' Meeting resolution passed on March 31, 2026, Kinya Seto and Yugo Kanazawa were both appointed as Representative Executive Officers and assumed the position as of April 1, 2026. Based on the same Board of Directors' Meeting resolution, Kinya Seto was appointed as Executive Officer and President and Yugo Kanazawa was appointed as Executive Officer and Executive Vice President, and both assumed the respective positions as of April 1, 2026.
2. Erin McCusker was appointed as Executive Officer and Executive Vice President and assumed the position on April 1, 2026.

(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 2025 to the Annual Shareholders' Meeting in 2026, the Compensation Committee comprises three (3) members appointed from among Directors by a resolution of the Board of Directors' Meeting following the Annual Shareholders' Meeting in 2025. All members are Outside Directors.

Chairperson: Jun Aoki

Members: Shigeki Ishizuka, Mariko Watahiki

(c) Executive Compensation Governance

The Compensation Committee determines the basic policy of compensation, compensation system, compensation levels, and compensation mix through objective and transparent procedures. In making these determinations, the Compensation Committee carries out thorough deliberations, taking into consideration the fair and impartial opinions of shareholders, external specialized agencies, and Directors and Executive Officers of the Company, and other related parties. In particular, the individual Compensation for each officer is determined with attention to the following points:

- Compensation of Executive Officers: The Compensation is determined based on objective benchmark data, following interviews with the CEO regarding each individual's performance against management issues.
- Compensation of Outside Directors: Given that all Compensation Committee members are Outside Directors, to ensure objectivity and independence, the Compensation is determined based on objective benchmark data, while referring to the opinions of the CEO, Internal Directors, and shareholders.

Furthermore, the activity status, including the determinations made by the Compensation Committee, is reported to the Board of Directors as appropriate. In addition, this basic policy of compensation and these compensation systems are expressly stipulated and strictly managed in the Company's "Regulations of Compensation Committee" and its "Regulations of Executive Compensation for Directors and Executive Officers", creating a system where Directors, Executive Officers, and employees of the department dealing with executive compensation can view them at any time.

- (d) Number of Compensation Committee meetings held and attendance rate in the Fiscal Year ended March 2026
Meetings of the Compensation Committee were held twelve (12) times in the Fiscal Year ended March 2026. The attendance rate of all members was 100%.
- (e) Policy for determining individual Compensation for Directors and Executive Officers for the Fiscal Year ended March 2026
- Policy decision method: In accordance with the framework of executive compensation governance described in (C) above, the Compensation Committee determined the basic policy of compensation, compensation system, compensation levels, and compensation mix. In particular, for the Fiscal Year ended March 2026, the Compensation Committee decided to revise the performance-linked compensation from the Fiscal Year ending March 2027. During the deliberations for this revision, the Compensation Committee also referred to the views shared at the Outside Directors Exchange Meeting, which consists solely of Outside Directors who are entrusted by shareholders to supervise management. Details of the revisions are described in "Performance-linked compensation."
 - Outline of policy contents: Based on the determination of "Basic policy of compensation" below, the contents described in "Compensation structure" through "Various allowances" were determined in accordance with the basic policy.
- (f) Reasons the Compensation Committee determines that the individual Compensation of Directors and Executive Officers for the Fiscal Year ended March 2026 is in line with the compensation determination policy for the Fiscal Year ended March 2026
As for the determination of the target amount and calculation of the payment amount regarding the individual Compensation for the Fiscal Year ended March 2026, since the Compensation Committee made these decisions based on its deliberations and objective and transparent procedures in accordance with the policy described in (e) above, it has determined that the individual Compensation is in line with the compensation determination policy.

(g) Executive summary of the activities of the Compensation Committee

In order to respond to uncertain global conditions and changes in the business environment, and to fulfill LIXIL's Purpose "MAKE BETTER HOMES A REALITY FOR EVERYONE, EVERYWHERE", the Company is promoting transformation based on its basic management direction, "LIXIL Playbook". To strongly support the execution of this strategy, enhance corporate value over the medium- to long-term and, maximize shareholder value, the Compensation Committee carried out the activities shown in the table below following the Annual Shareholders' Meeting in 2025, based on the policy of closely linking the executive compensation system with the management strategy.

Month and year	Main contents
June 2025	<ul style="list-style-type: none"> Resolved on the compensation determination policy for Directors, as well as the individual compensation for FYE2026 Resolved on the amount of monetary compensation claims for allotment of shares as the Restricted Stock Compensation for Directors
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 policies for revising Performance-linked compensation from FYE2027 onwards
November	<ul style="list-style-type: none"> Deliberated on the Executive Officer compensation system, compensation levels, and compensation mix in light of benchmark data and advice based on research by external specialized agencies
December to January 2025	<ul style="list-style-type: none"> Interviewed the CEO regarding the expected role, assessment, and other related matters of each Executive Officer Deliberated on the compensation determination policy for Executive Officers, as well as the individual Executive Officer compensation for FYE2027
February	<ul style="list-style-type: none"> Resolved on the compensation determination policy for Executive Officers, as well as the individual Executive Officer compensation for FYE2027
April	<ul style="list-style-type: none"> Deliberated on the estimated payment amount of Performance-linked compensation for Executive Officers for FYE2026, and whether to adjust its calculation method 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 FYE2026 Resolved on the specific figures of business target items for Performance-linked compensation for Executive Officers for FYE2027 Deliberated on the compensation determination policy for Directors for FYE2027 Confirmed matters to be handed over to the Compensation Committee following the Shareholders' Meeting

[Basic policy of compensation]

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

- (a) Foster improvement of short-, medium-, and long-term business results and sustainable corporate value.
- (b) Attract and retain the best talent necessary to foster business growth globally.
- (c) Determine compensation through a fair and reasonable decision-making process that ensures accountability to shareholders, employees, and all stakeholders.
- (d) Consider and discuss compensation at the Compensation Committee, based on economic and social situation, the Company's business condition, objective benchmark data from surveys conducted by external specialized agencies, and advice from such agencies.
- (e) Manage individual compensation in consideration of role and responsibilities, business performance, experience, difficulty of securing personnel, and other relevant factors.

[Compensation structure]

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

(a) 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 the sustainable enhancement of corporate value while monitoring and supervising the management. 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 annual payment amount of the Chairperson Allowance shall be divided into twelve (12) months and paid monthly. 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, and other relevant factors.

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 the "Annual base salary" and "Stock-linked compensation" of this Report.

(b) 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 their 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 an allowance, taking into consideration the laws, practices, and standards, and other relevant factors relating to compensation in the relevant country.

The determination policies for the timing and conditions for granting and payment of annual base salary, performance-linked compensation, stock-linked compensation, and various allowances for Executive Officers are set out in the "Annual base salary," "Performance-linked compensation," "Stock-linked compensation" and "Various allowances" of this Report.

[List of compensation structures]

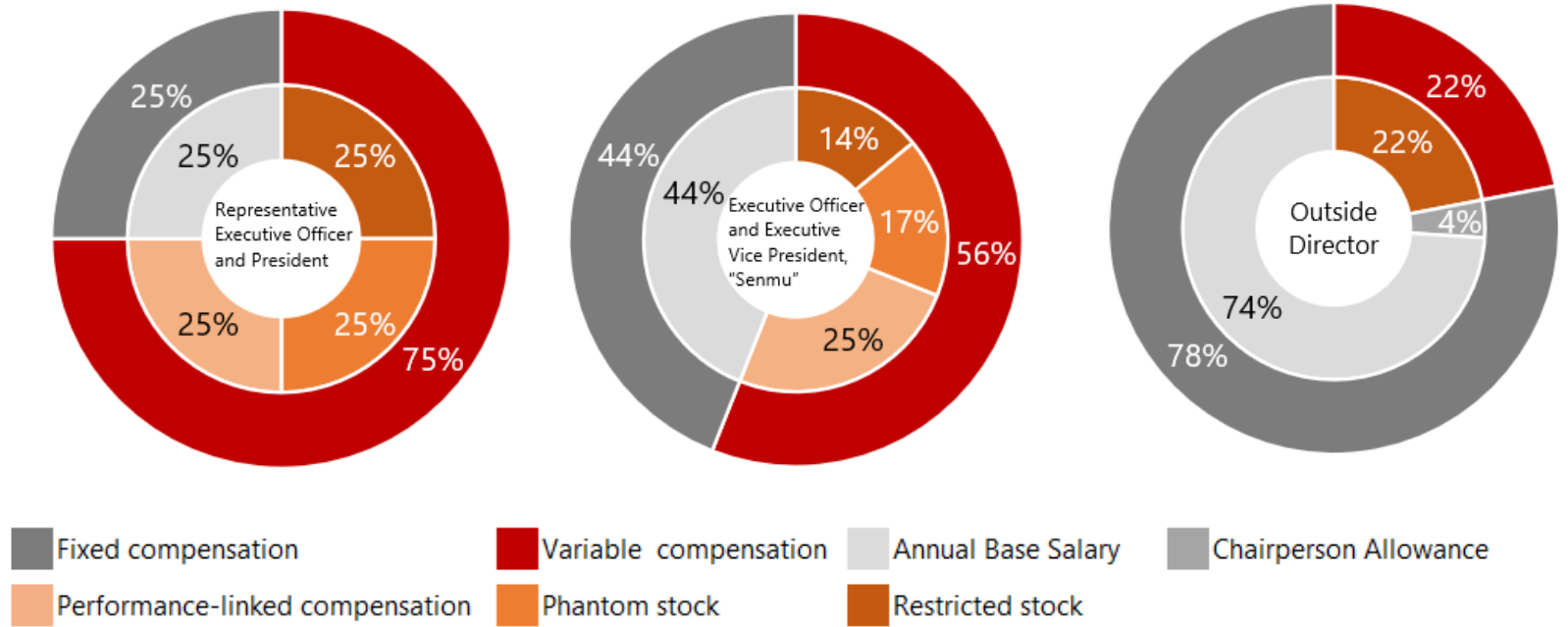
The compensation structures for Directors and Executive Officers described in (a) and (b) above are as shown in the table below. Details of each compensation system are set out in the "Annual base salary" through "Stock-linked compensation" of this Report.

Type of Compensation		Payment Method	Contents	Outside Director	Internal Director	Executive Officer
Fixed compensation	Annual Base Salary	Cash	<ul style="list-style-type: none"> Fixed compensation according to the role of each officer (paid monthly). Set according to objective benchmark data based on the responsibilities of each officer, and other relevant factors. 	○	○	○
	Chairperson Allowance		<ul style="list-style-type: none"> Allowance for the duties of the Chairperson of the Board of Directors and the Chairperson of each Committee (paid monthly). 	○	—	—
Variable compensation	Performance-linked compensation	Cash	<ul style="list-style-type: none"> Compensation based on the performance of each fiscal year (paid once a year). Calculated by multiplying the base amount set based on the roles and responsibilities and other relevant factors of each Executive Officer, by the payout rate based on the business target achievement rate. The business target items are ROIC, core earnings, and profit attributable to owners of the parent ("Net Profit"). 	—	—	○
	Stock-linked compensation		Stock	<ul style="list-style-type: none"> Stock compensation for deepening shared interests with shareholders and contributing to enhancement of corporate value over the medium- to long- term (allotted once a year). The number of allotted shares is calculated by dividing the base amount, set based on the roles and responsibilities and other relevant factors of each officer, by the stock price at the time of allotment. Transfer restrictions are lifted upon the retirement of Directors and Executive Officers. 	○	○*
		Phantom stock	Cash	<ul style="list-style-type: none"> Stock-linked monetary compensation for deepening shared interests with shareholders and contributing to the enhancement of corporate value over the medium- to long-term (granted once a year). The number of granted shares is calculated by dividing the base amount, set based on the roles and responsibilities and other relevant factors of each officer, by the stock price at the time of grant. Three years after the grant date, the payout amount is calculated by multiplying the number of granted shares by the stock price at the time of vesting. 	—	—

* The stock-linked compensation of Internal Directors shall be determined on an individual basis, depending on whether they are full-time or part-time, the nature of their duties, and other relevant factors.

(c) Compensation mix

The chart below shows the compensation mix for Outside Directors and Executive Officers for the Fiscal Year ended March 2026. The Compensation amounts for Outside Directors, Executive Officers, and Executive Vice Presidents (*Senmu*) are median values. The ratios shown for performance-linked compensation, restricted stock and phantom stock are based on the base amount.



[Annual base salary]

Directors: The annual base salary of Outside Directors shall be determined based on the roles and responsibilities of Outside Directors at the Company, while referring to objective benchmark data of domestic companies. 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 the roles and responsibilities and other relevant factors of Internal Directors.

Executive Officers: In view of the importance of attracting management talent from a variety of industries globally to realize LIXIL's Purpose, the annual base salary of Executive Officers shall be determined individually, based on the roles and responsibilities, business performance, experience, difficulty of securing personnel, and other relevant factors of each Executive Officer, while referring to objective benchmark data of domestic and foreign companies of similar business scale. In the global market, where international politics and economic conditions are becoming increasingly complex, securing diverse and excellent management talent is essential for Executive Officers to continue leading business transformation. Furthermore, to realize the management strategy, it is important that Executive Officers can boldly tackle their missions from a medium- to long-term perspective as well as a short-term one. Therefore, the annual base salary as consideration for their roles is primarily aimed at ensuring market competitiveness, and the policy is not to overly reflect performance results in the revision of annual base salary, but to reflect them in incentive compensation (performance-linked compensation and stock-linked compensation).

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

[Performance-linked compensation]

The primary purpose of performance-linked compensation is to strongly motivate Executive Officers and reward them fairly and equitably based on their performance.

Performance-linked compensation is not included in the compensation system for non-executive Directors.

(a) Evaluation period and payment timing

The evaluation period for 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 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 their performance results, performance-linked compensation is calculated using the formula below, which uses company-wide performance targets as the basis for calculating the payout rate.

Performance-linked compensation	=	Base amount of performance-linked compensation (c) below	×	Payout 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 for the evaluation period shall be determined individually by the Compensation Committee as a certain percentage of annual base salary, based on the roles and responsibilities and other relevant factors of each Executive Officer, while referring to objective benchmark data of domestic and foreign companies of similar business scale. In particular, for Executive Officers who have direct responsibility for achieving single-year financial targets, the weight of performance-linked compensation within the total compensation is set high to encourage steady performance improvement.

(d) Business target achievement rate

The business target achievement rate shall be set by calculating the ratio of the actual figures disclosed in the annual securities report versus the forecast figures disclosed in the financial results summaries 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 its respective weight within the total business target, and then aggregated. Business target items for the Fiscal Year ended March 2026 are ROIC, which is a capital efficiency improvement indicator and one of the important management goals, core earnings, which is a business management indicator, and 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%	1.7%	1.5%	88.24%	35.29%
Core earnings	30%	35,000 million yen	38,500 million yen	110.00%	33.00%
Net Profit	30%	8,000 million yen	8,143 million yen	101.79%	30.54%
Business target achievement rate of all items	-	-	-	-	98.83%

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)

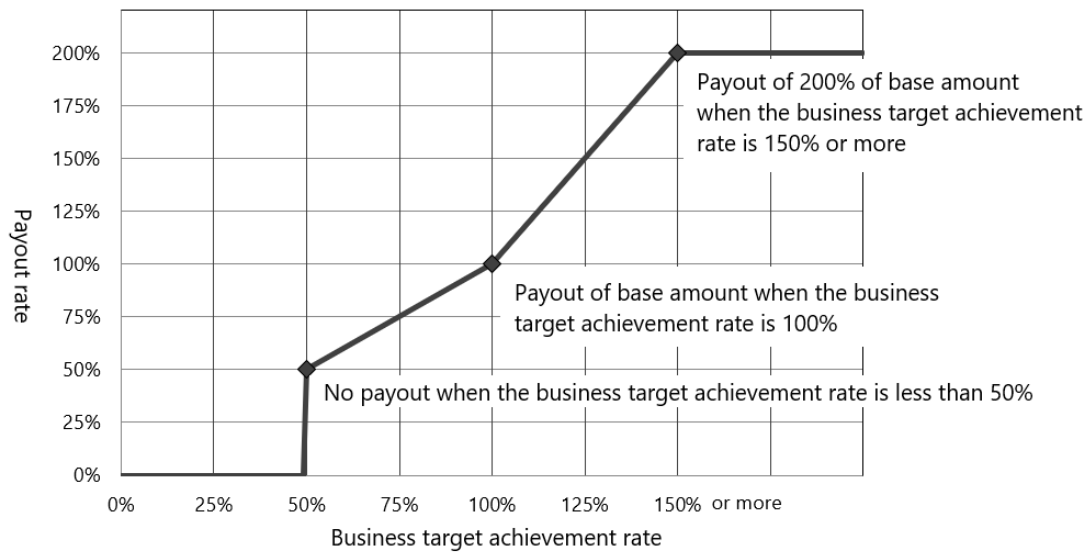
Core earnings = sales revenue – (cost of sales + SG&A expenses)

(e) Relationship between business target achievement rate and payout rate

The payout rate, which is designed by comprehensively considering the difficulty of achieving business goals and the motivational effects, shall be set based on 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 2026 is 98.8%.

The calculations in (d) and (e) above shall be rounded off to the one decimal place at the final step of 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) × 2 + 100} %
150% or more	200%



(f) Adjustment of the method of calculating performance-linked compensation
 The Compensation Committee may, at its discretion, determine whether to adjust the method of calculating performance-linked compensation by comprehensively taking into account the impact of any extraordinary or unforeseen events that occur during the evaluation period.

(g) Performance-linked compensation plan for the Fiscal Year ending March 2027
 To fulfill LIXIL's Purpose of "MAKE BETTER HOMES A REALITY FOR EVERYONE, EVERYWHERE," the Company is promoting company-wide measures to achieve the medium-term target of a "core earnings margin of 7.5%" and long-term targets of a "core earnings margin of 10%" and "ROIC of 10%", based on its basic management direction, the "LIXIL Playbook". However, as current financial performance is still in the process of recovery, accelerating transformation is an urgent task. The Compensation Committee has given serious consideration to this situation and decided to revise the performance-linked compensation plan as follows from the Fiscal Year ending March 2027, to establish an incentive structure that strongly drives Executive Officers to sustainably enhance corporate value.

1. Changes to "(d) Business target achievement rate" above (Promoting the strengthening of earning power)

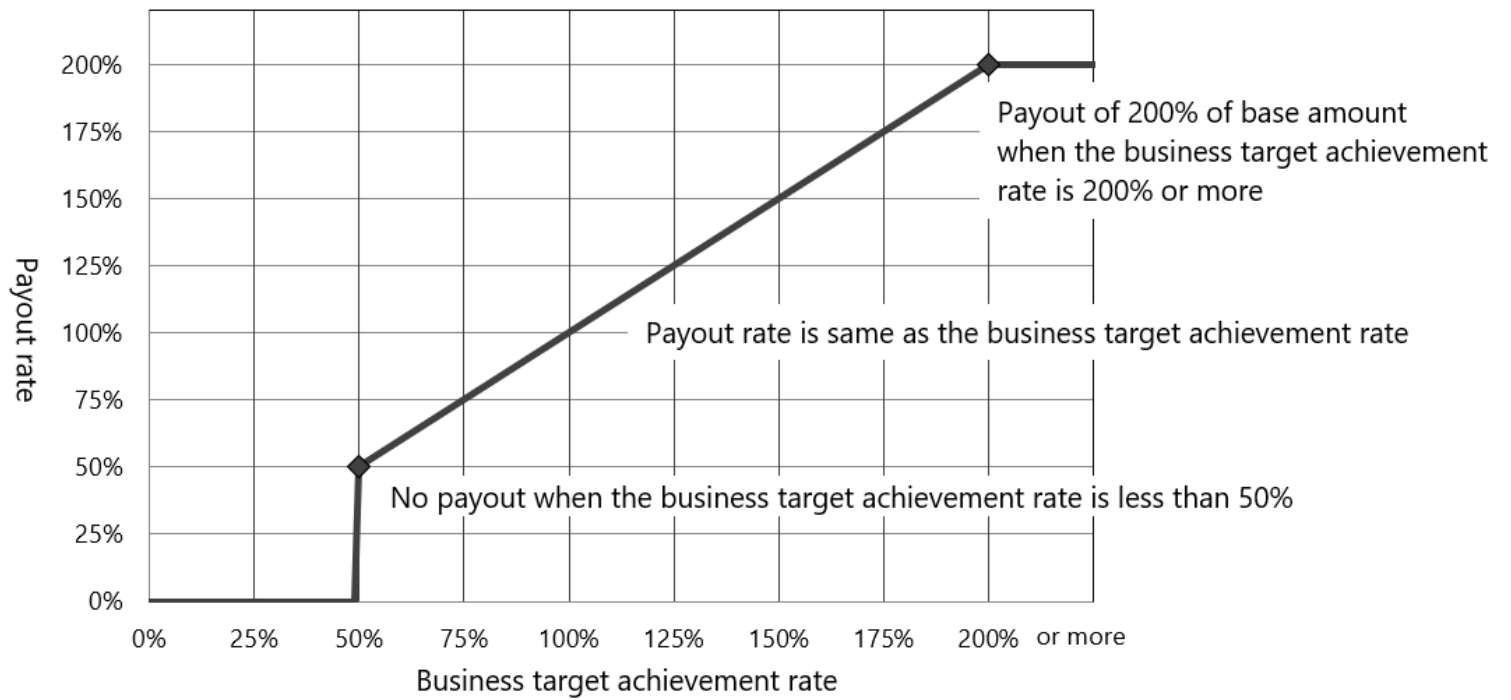
Since 2019, the Company has adopted ROIC as a global management indicator and has continued enhancement initiatives company-wide to maximize shareholder value through enhanced capital efficiency. The Compensation Committee recognizes that the steady generation and expansion of core earnings is a major prerequisite for achieving high capital efficiency, and has concluded that profit recovery is an urgent issue in the Company's current stage. By strongly supporting the expansion of profits through the structure of the compensation system, the Committee reached the conclusion that this shift will lead expedited performance recovery and, in turn, meet the expectations of shareholders. Therefore, while maintaining the policy that ROIC remains an extremely important management indicator, the Committee has decided to change the composition of the business target items for performance-linked compensation to place more weight on core earnings, which requires the most focus in the short-term.

Business target items	Ratio versus all business targets for the Fiscal Year ended March 2027	Ratio versus all business targets for the Fiscal Year ending March 2027
Core earnings	30%	50%
Net profit	30%	30%
ROIC	40%	20%

Furthermore, when calculating the comprehensive business target achievement rate, if the achievement rate of any item is a negative figure, a method shall be introduced to treat the achievement rate of that item as zero. The primary purpose of this revision is to create an environment where Executive Officers can boldly execute structural reforms essential for enhancing capital efficiency without hesitation. The Committee believes that a system design where one-time expenses associated with fundamental reforms offset the efforts to strengthen core earnings, which is the result of core business operations, may dampen the incentive for Executive Officers to lead transformation. The Committee has judged that properly evaluating the recovery of core earnings, which represents the earning power of the core business, and strongly supporting painful decisions for the future will ultimately lead to the maximization of shareholder value over the medium- to long-term.

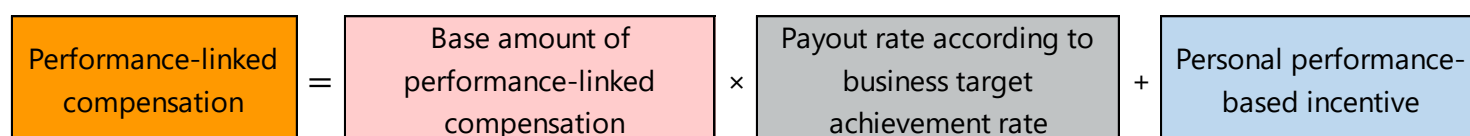
2. Changes to "(e) Relationship between business target achievement rate and payout rate" above (Realizing a fair performance-linked compensation structure)

Through the Fiscal Year ended March 2026, the payout structure was designed to increase progressively when the business target achievement rate exceeded 100%. However, in light of the recent business environment and the Company's performance trends, the Committee has decided for business target achievement rates between 50% and 200%, the payout rate shall be set equal to the business target achievement rate. The payout rate threshold and the maximum payout rate remain unchanged.



3. Changes to "(b) Calculation formula" above (Promoting sustainable growth and value creation)

In addition to 1. and 2. above, to drive sustainable growth and further enhance value creation, a mechanism shall be introduced to comprehensively evaluate contributions to business transformation and the promotion of impact strategies and other strategic priorities that are not fully reflected in single-year financial results. Under this mechanism, a special performance premium may be added to the payment amount in cases of exceptionally high performance. The CEO, who oversees the daily execution of duties by Executive Officers, shall conduct a three-tier evaluation. Since this special premium is reserved exclusively for those who receive the highest rating, the CEO shall formulate the proposed payment amounts for the eligible officers within the range pre-defined by the Compensation Committee and submit the proposal to the Committee. Subsequently, the Committee shall strictly deliberate on the objectivity and appropriateness of the CEO's proposal before determining the final payment amount. The CEO, who bears ultimate responsibility for company-wide performance, is excluded from this personal performance-based incentive.



[Stock-linked compensation]

The Company has implemented stock-linked compensation in order to encourage Directors and Executive Officers to deepen their shared interests with shareholders and work toward enhancing corporate value over medium- to long-term. Until the Annual Shareholders' Meeting in 2025, stock-linked compensation consisted of the Restricted Stock Compensation Plan for Executive Officers (introduced in the Fiscal Year ended March 2024) and the Phantom Stock Plan, which is a stock-linked monetary compensation, for Directors and Executive Officers (introduced in the Fiscal Year ended March 2020). Since the Restricted Stock Compensation Plan was adopted for Directors to replace the Phantom Stock Plan starting from the date 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 the Phantom Stock Plan for Executive Officers. For Executive Officers, the ratio of the Restricted Stock Compensation Plan and the Phantom Stock Plan to the total stock-linked compensation is, in principle, 50% for each. In particular, the ratio of stock-linked compensation to total compensation is set at a higher level for Executive Officers who are expected to significantly contribute to enhancing corporate value over the medium- to long-term through initiatives such as structural reforms and impact strategies. The number of shares of the Company and Phantom Stock ("PS") held by each officer is disclosed on the Company's website.

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

The Restricted Stock Compensation Plan applies to Directors and Executive Officers, excluding 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 has applied the Restricted Stock Compensation Plan for Directors in place of the 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. The allotment date for Directors for the Fiscal Year ended March 2026 was July 9, 2025. The allotment date for Executive Officers for the Fiscal Year ended March 2026 was May 16, 2025, and for the Fiscal Year ending March 2027 was May 19, 2026.

(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 roles and responsibilities and other relevant factors of the Director, 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 by the Compensation Committee as a certain percentage of annual base salary according to the roles and responsibilities and other relevant factors of each Executive Officer, by the average closing price of the Company's stock for the 30 business days preceding the appointment date, after referring to objective benchmark data of domestic and foreign companies of similar business scale.

These average prices shall be rounded up to the nearest yen. They are believed to be reasonable and not particularly advantageous. However, if the Board of Directors determines that there is a concern that the average prices 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. It has been confirmed that there is no such concern that the average prices for Directors for the Fiscal Year ended March 2026 and for Executive Officers for the Fiscal Year ended March 2026 and the Fiscal Year ending March 2027 would be particularly favorable to officers.

The number of shares allotted in the Fiscal Year ended March 2026, based on base amount, was 29.4% of the annual base salary for Outside Directors, 100% of the annual base salary for the Representative Executive Officer and President, and 32.0% 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 retires from any 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, bequeath 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 the Allotted Shares at the time of retirement from any position as Director or Executive Officer of the Company, on the condition that Directors have continuously held the position of Director of the Company until the conclusion of the first Annual Shareholders' Meeting that falls after the commencement date of the Transfer Restriction Period, and that Executive Officers have 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 retires 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 retires 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. This number is calculated by dividing the number of months from the month including the appointment date to the month including the retirement date 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), and then multiplying the result by the number of Allotted Shares held by the person as of such time (any fraction resulting from the calculation that is less than one share shall be rounded down). This restriction shall be lifted at the time of retirement from any position as Director or Executive Officer of the Company.

(e) Gratis acquisition by the Company

In the event that the officer retires from any position as Director or Executive Officer of the Company after the commencement date of the Transfer Restriction Period, if there are any Allotted Shares for which the Transfer Restriction has not been lifted based on the provisions for reasons for lifting of the Transfer Restriction set out in (d) above, the Company shall automatically acquire such 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 and other relevant events

In the event that a proposal such as a merger agreement whereby the Company becomes the dissolving company, a share exchange agreement or a 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 by 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 and other relevant events) during the Transfer Restriction Period, the Company shall lift the Transfer Restriction on the number of Allotted Shares calculated by dividing the number of months from the month including the appointment date to the month including the approval date by 12 (if the result of the calculation exceeds one, it shall be one), and then multiplying the result by the number of Allotted Shares held by the person as of the date of such approval (any fraction resulting from the calculation that is less than one share shall be rounded down). This lifting shall occur at the time immediately preceding the business day prior to the effective date of the organizational restructuring and other relevant events, based on the resolution by the Compensation Committee of the Company. The Company shall automatically acquire all Allotted Shares for which the Transfer Restriction has not been lifted on the business day prior to the effective date of the reorganization and other relevant events without consideration pursuant to the provisions set forth above on such date.

[Stock-linked compensation II: Phantom Stock Plan]

The Phantom Stock Plan 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. The Company has applied the Restricted Stock Compensation Plan for Directors in place of Phantom Stock Plan starting from the date of the Annual Shareholders' Meeting in 2025.

(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 roles and responsibilities and other relevant factors of the Director, 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 has applied the Restricted Stock Compensation Plan for Directors in place of Phantom Stock Plan starting from the date 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 by the Compensation Committee as a certain percentage of annual base salary according to the roles and responsibilities and other relevant factors of each Executive Officer, by the average closing price of the Company's stock for the 30 business days preceding the grant date, after referring to objective benchmark data of domestic and foreign companies of similar business scale. That average price 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 2026 and subsequent accounting period are 2,204 yen for the grants to Executive Officers on April 1, 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, 1,772 yen for the grants to Executive Officers on April 1, 2025 and 1,744 yen for the grants to Executive Officers on April 1, 2026.

The number of shares granted in the Fiscal Year ended March 2026 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).

- (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 of PS (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
Upon the expiration of the Holding Period of PS, all PS held by an officer shall be confirmed and paid. 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. The amount shall be limited to 500% of the base amount. That average price 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.
However, in the event that a Director retires 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, or an Executive Officer retires 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, a prorated number of PS shall be confirmed and paid at the time of retirement. This number is calculated by dividing the number of months from the month including the appointment date to the month including the retirement date 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), and then multiplying the result 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).
The share prices at the time of vesting under this plan pertaining to the Fiscal Year ended March 2026 and subsequent accounting period are 1,772 yen for the vesting for Executive Officers on April 1, 2025, 1,627 yen for the vesting for Directors on June 19, 2025 and 1,744 yen for the vesting for Executive Officers on April 1, 2026.
- (e) Extinguishment of the right of PS
In the event that the officer retires from the position of Director or Executive Officer of the Company after the grant date, if there is any PS which has not been confirmed and paid by the Company based on the provisions for reasons for vesting set out in (d) above, the right to such PS shall be extinguished at such time. In addition, the right to PS shall be extinguished in cases such as when a judgment imposing a sentence of imprisonment or greater upon the officer becomes final and binding.
- (f) Treatment in the event of organizational restructuring and other relevant events
In the event that a proposal such as a merger agreement whereby the Company becomes the dissolving company, a share exchange agreement or a 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 by 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 and other relevant events) during the Holding Period, the Company shall vest a prorated number of PS. This number is calculated by dividing the number of months from the month including the appointment date to the month including the approval date by 12 (if the result of the calculation exceeds one, it shall be one), and then multiplying the result by the number of PS held by the officer as of the date of such approval (any fraction resulting from the calculation that is less than one share shall be rounded down). This vesting shall occur at the time immediately preceding the business day prior to the effective date of the organizational restructuring and other relevant events, based on the resolution by the Compensation Committee of the Company. The right to PS for which vesting has not occurred on the business day prior to the effective date of the reorganization and other relevant events shall be extinguished on such date.

[Stock Ownership Guidelines]

Executive Officers shall strive to hold the Company's shares with a value at least equivalent to the multiples of their annual base salary set forth below during tenure:

- Representative Executive Officers: Three times the amount of the annual base salary
- Other Executive Officers: One time the amount of the annual base salary

[Malus and Clawback provisions]

With regard to performance-linked compensation and stock-linked compensation, in the event of material accounting misstatements by the Company, or if the Board of Directors determines that a material violation of duties or internal regulations has occurred on the part of the relevant officer, the Compensation Committee may decide to reduce or extinguish pre-vested compensation or request the repayment of compensation already vested.

[Various allowances]

If an Executive Officer carries out duties at a location other than their home country, or in other cases where deemed necessary for business execution, the Company may provide separate allowances to cover relevant costs and expenses. These allowances are determined by taking into account the laws, local practices, and compensation standards of the relevant country. As a general rule, the payment period for such allowances is three (3) years from the date of appointment. Allowances may be paid in twelve (12) equal monthly instalments or on predetermined dates, depending on the nature of the expense.

(4) Total amount of Compensation of Directors and Executive Officers for the Fiscal Year ended March 2026

The total amount of Compensation by officer category and type, along with the number of relevant officers for the Fiscal Year ended March 2026, are as follows. Compensation was paid as determined by the Compensation Committee in accordance with the compensation determination policies outlined in the section from the "Basic policy of compensation" through the "Various allowances" under "(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	
				Restricted Stock	Phantom Stock		
Outside Directors	182 (182)	144 (144)	—	30 (30)	8 (8)	—	9
Executive Officers	1,964 (1,939)	638 (613)	613 (613)	266 (266)	378 (378)	69 (69)	9
Total	2,146 (2,121)	782 (757)	613 (613)	296 (296)	386 (386)	69 (69)	18

Notes:

1. Amounts are based on Japanese accounting standards.
2. The total amount of Compensation shown above represents consolidated compensation, which is the total amount paid by the Company and its subsidiaries. Amount in parentheses indicates the total Compensation paid by the Company.
3. For Directors who concurrently serve as Executive Officers, Compensation is paid in their capacity as Executive Officers.
4. The amount of annual base salary for Outside Directors includes the Chairperson Allowance as stated in "Compensation system for Directors" under "(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 shown reflect the expenses recorded for the Fiscal Year ended March 2026.

(5) Outline of indemnity agreement details

The Company has executed indemnity agreements stipulated in Article 430-2, Paragraph 1 of the Companies Act for all Directors and Executive Officers, and will indemnify the expenses specified in Item 1 of the same paragraph (defense expenses such as attorney fees) to the extent permitted by law. However, measures have been taken to ensure that the proper execution of duties by the indemnified persons is not impaired, by setting an upper limit on the amount of indemnification and by requiring the Board of Directors to deliberate on the decision to implement indemnification.

(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 insureds.

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 insured, and damage arising from an insured 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 Hiroshi Ishino is an Outside Director at Nippon Sheet Glass Company, Limited, and an Outside Director at Olympus Corporation. There are no special ties between the Company and the companies 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. (left office on March 19, 2026). 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 and Name	Status of Main Activities
Director Jun Aoki	<p>Attended all 15 Board of Directors' Meetings, all 13 Nomination Committee meetings, and all 12 Compensation 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>Gave comments and advice, etc. in Board of Directors' Meetings that grasp the essence of matters for important decision-making for structural reform and capital policy, and supervision of promotion of human capital management. Contributed to Nomination Committee meetings through the promotion of the CEO succession plan and Director replacement plan, etc. As a member Chairperson of the Compensation Committee, contributed to the restructuring of officer compensation system in light of the current business situation to contribute to sustainable improvement of corporate value by reviewing the KPI system and calculation logic in the short-term incentive system, and fundamentally strengthening its performance-linked nature, so that pay-for-performance functions effectively in the business recovery phase.</p>
Director Shigeki Ishizuka	<p>Attended all 15 Board of Directors' Meetings, all 14 Audit Committee meetings, and all 12 Compensation Committee meetings held this Fiscal Year; has accordingly made remarks necessary for discussing agenda, etc. based on his practical experience in management over many years at listed companies with global businesses, and his high-level expertise in manufacturing, technology development, and quality control.</p> <p>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 to 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 providing appropriate advice in various interviews based on 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 the improvement of corporate value.</p>
Director Hiroshi Ishino	<p>Appointed at the Annual Shareholders' Meeting held on June 19, 2025, and attended all 12 Board of Directors' Meetings, all 11 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 many years of management experience at a listed manufacturer that operates globally, and a deep understanding of business operations, from manufacturing to sales and marketing.</p> <p>Proactively gave improvement proposals in Board of Directors' Meetings for important management policies such as structural reform and capital policy, as well as proactive comments and advice, etc. that grasp the essence of the supervision of strategy and measures for medium to long-term growth strategy and management issues resolution. At the Nomination Committee, proactively offered his opinions on improvement proposals and risks regarding priority implementation items such as the promotion of the CEO succession plan, thereby contributing to the committee's effectiveness. In the Audit Committee, contributed to improving the effectiveness of the Audit Committee by utilizing his knowledge and experience as someone with management experience at a global manufacturing company.</p>

Category and Name	Status of Main Activities
Director Ryusuke Ohori	<p>Attended all 15 Board of Directors' Meetings, all 13 Nomination Committee meetings, and all 14 Audit Committee meetings held this Fiscal Year; 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>Proactively raised issues and provided advice on important topics such as consideration of capital policy, Impact Strategy, and stock market dialogue policy at Board of Directors' Meetings. In the Nomination Committee, proactively offered his opinions on improvement proposals and risks regarding priority implementation items such as the CEO succession plan and Director replacement plan, thereby contributing to improving the committee's effectiveness. In particular, in the Audit Committee, where he was newly appointed as Chairperson for this Fiscal Year, led the planning and execution of highly effective organizational audits, focused on 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 15 Board of Directors' Meetings and 13 of 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>Provided important corporate governance perspectives and proactively made recommendations, etc. that grasp the essence of permeation of personnel policies for diversity and inclusion in Board of Directors' Meetings. In Audit Committee meetings, provided perspectives for bolstering the internal audit department system, identified potential risks from a legal and compliance viewpoint and gave accurate advice based on expert knowledge, and contributed to strengthening organizational audits.</p>
Director Mayumi Tamura	<p>Attended all 15 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>Proactively proposed improvements for business risks and issues and gave comments and advice, etc. that grasp the essence of matters for important capital policy and structural reform decisions in Board of Directors' Meetings.</p> <p>In the Audit Committee, actively exchanged opinions with the accounting auditor based on her professional expertise, took the lead in reviewing the accounting auditor reappointment process, and contributed to ensuring transparency in the reappointment of accounting auditors and maintaining and improving audit quality.</p>
Director, Chairperson of the Board of Directors Yuji Nishiura	<p>Attended all 15 Board of Directors' Meetings held this Fiscal Year and all 2 Nomination Committee meetings and all 2 Compensation Committee meetings held prior to his stepping down from his positions as Nomination Committee member and Compensation Committee member; 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>As Chairperson of the Board of Directors, in addition to taking on roles such as selecting agenda items and conducting meetings, took the lead in improving the effectiveness of the Board of Directors by reviewing agenda setting, operating structures, etc. without leaving anything off the table by addressing priority issues identified in the Board of Directors' effectiveness evaluation. Continually promoted the improvement mechanisms for providing site visits and training opportunities, etc. with a view to further increasing the effectiveness of deliberations at Board of Directors' Meetings.</p> <p>In addition, played a role in appropriately coordinating with each committee, the Board of Directors, and the executive side, and contributed to the advancement of important measures such as the CEO succession plan and Director replacement plan.</p>

Category and Name	Status of Main Activities
<p style="text-align: center;">Director Mariko Watahiki</p>	<p>Attended all 15 Board of Directors' Meetings, all 13 Nomination Committee meetings, and all 12 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>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 structural reform. 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 CEO succession plan and the Director replacement 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 was one written resolution deemed to be a resolution of the Board of Directors pursuant to Article 370 of the Companies Act and the Company's Articles of Incorporation.

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.
Directors	9	(million yen) 182

(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	420 million yen
Total amount of money and other profits on property that the Company and the Company's subsidiaries should pay	478 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**

No applicable information.

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.

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

The Audit Committee will periodically receive reports regarding the contents of the audit from the Accounting Auditors of the Company and 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 is reported to compliance committees established at the Company and in various regions, etc. Effective and transparent compliance activities are promoted at a global level by reviewing the progress of policies and discussing countermeasures.

b. Initiatives concerning the management of the risk of loss

Internal rules for risk management are set out and risks that may affect business activities are appropriately managed to minimize any loss to the Group in the event of an emergency. A Risk Management Committee has also been established, which identifies and examines uncertain events that could present opportunities for or threats to the attainment of business goals for the Group, develops and promotes countermeasures, and monitors residual risks. The status of those activities is reported to the Board of Executive Officers, Board of Directors and other bodies as necessary, and develops a structure that enables the Group to decide on specific measures 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, regarding decisions on execution, etc. the efficient execution of business is carried out based on the rules concerning duties and authority.

d. Initiatives concerning the Audit Committee audits

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

Furthermore, in response to those reports, cooperation is also 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, 2026 are stated.

Consolidated Statement of Financial Position

(As of March 31, 2026)

(Millions of yen)

ASSETS		LIABILITIES AND EQUITY	
Account	Amount	Account	Amount
CURRENT ASSETS	718,949	CURRENT LIABILITIES	560,487
Cash and cash equivalents	115,624	Trade and other payables	244,786
Trade and other receivables	289,172	Bonds and borrowings	163,201
Inventories	261,359	Lease liabilities	21,234
Contract assets	18,345	Contract liabilities	10,552
Income tax receivables	2,081	Income tax payables	11,673
Other financial assets	7,923	Other financial liabilities	4,901
Other current assets	21,526	Provisions	2,950
Subtotal	716,030	Other current liabilities	101,190
Assets held for sale	2,919		
NON-CURRENT ASSETS	1,164,978	NON-CURRENT LIABILITIES	655,079
Property, plant and equipment	363,757	Bonds and borrowings	416,680
Right-of-use assets	65,951	Lease liabilities	46,097
Goodwill and other intangible assets	593,241	Other financial liabilities	28,359
Investment property	1,912	Net defined benefit liabilities	76,732
Investments accounted for using the equity method	9,931	Provisions	8,454
Other financial assets	51,692	Deferred tax liabilities	72,148
Deferred tax assets	75,788	Other non-current liabilities	6,609
Other non-current assets	2,706		
		TOTAL LIABILITIES	1,215,566
		EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	664,838
		Share capital	68,807
		Capital surplus	221,753
		Treasury shares	(147)
		Other components of equity	174,994
		Retained earnings	199,431
		NON-CONTROLLING INTERESTS	3,523
		TOTAL EQUITY	668,361
TOTAL ASSETS	1,883,927	TOTAL LIABILITIES AND EQUITY	1,883,927

Consolidated Statement of Profit or Loss

(Year Ended March 31, 2026)

(Millions of yen)

Account	Amount	
REVENUE		1,510,704
COST OF SALES		(995,554)
GROSS PROFIT		515,150
Selling, general and administrative expenses	(476,650)	
Other income	9,362	
Other expenses	(19,459)	(486,747)
OPERATING PROFIT		28,403
Finance income	4,383	
Finance costs	(16,871)	
Share of loss of investments accounted for using the equity method	(207)	(12,695)
PROFIT BEFORE TAX		15,708
Income tax expenses		(6,936)
PROFIT FOR THE YEAR		8,772
Profit for the year attributable to:		
Owners of the parent		8,143
Non-controlling interests		629
Profit for the year		8,772

Consolidated Statement of Changes in Equity

(Year Ended March 31, 2026)

(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, 2025	68,654	221,587	(138)	16,295	–	104,296	558
Profit for the year							
Other comprehensive income (loss)				3,326	3,665	55,932	1,148
Total comprehensive income (loss) for the year	–	–	–	3,326	3,665	55,932	1,148
Purchase of treasury shares			(10)				
Disposal of treasury shares		(0)	1				
Share-based payment transactions	153	194					
Dividends							
Changes in interests in subsidiaries that do not result in the Group losing control over the subsidiaries		(28)					
Transfers from other components of equity to retained earnings				(6,848)	(3,665)		
Total transactions with owners	153	166	(9)	(6,848)	(3,665)	–	–
Balance as of March 31, 2026	68,807	221,753	(147)	12,773	–	160,228	1,706

(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, 2025	(3)	121,146	206,637	617,886	2,184	620,070
Profit for the year		–	8,143	8,143	629	8,772
Other comprehensive income (loss)	290	64,361		64,361	152	64,513
Total comprehensive income (loss) for the year	290	64,361	8,143	72,504	781	73,285
Purchase of treasury shares		–		(10)		(10)
Disposal of treasury shares		–		1		1
Share-based payment transactions		–		347		347
Dividends		–	(25,862)	(25,862)		(25,862)
Changes in interests in subsidiaries that do not result in the Group losing control over the subsidiaries		–		(28)	558	530
Transfers from other components of equity to retained earnings		(10,513)	10,513	–		–
Total transactions with owners	–	(10,513)	(15,349)	(25,552)	558	(24,994)
Balance as of March 31, 2026	287	174,994	199,431	664,838	3,523	668,361

Nonconsolidated Balance Sheet

(As of March 31, 2026)

(Millions of yen)

ASSETS		LIABILITIES	
Account	Amount	Account	Amount
CURRENT ASSETS	388,708	CURRENT LIABILITIES	339,805
Cash and deposits	42,471	Electronically recorded obligations - operating	318
Notes receivable – trade	1,735	Accounts payable – trade	79,825
Electronically recorded monetary claims - operating	71,036	Contract liabilities	5,203
Accounts receivable	97,110	Short-term borrowings	145,218
Contract assets	13,732	Current portion of bonds payable	5,000
Other receivables	18,472	Lease liabilities	1,986
Merchandise and finished goods	53,073	Accounts payable – other	38,276
Work in process	23,923	Accrued expenses	29,075
Raw materials and supplies	31,638	Income taxes payables	2,444
Short-term loans receivable	27,545	Provision for bonuses	18,377
Other current assets	8,016	Provision for bonuses for directors (and other officers)	290
Allowance for doubtful accounts	(48)	Asset retirement obligations	97
		Other current liabilities	13,690
NON-CURRENT ASSETS	759,421	NON-CURRENT LIABILITIES	414,588
PROPERTY, PLANT AND EQUIPMENT	228,351	Bonds	101,000
Buildings	70,949	Long-term borrowings	274,300
Structures	5,311	Lease liabilities	2,208
Machinery and equipment	26,253	Provision for bonuses for directors (and other officers)	342
Vehicles	432	Provision for retirement benefits	2,661
Tools, furniture and fixtures	6,163	Provision for loss on business of subsidiaries and associates	1,478
Land	110,644	Asset retirement obligations	6,146
Leased assets	3,922	Other non-current liabilities	26,451
Construction in progress	4,672	TOTAL LIABILITIES	754,393
INTANGIBLE ASSETS	33,628	EQUITY	
Goodwill	1,281	EQUITY	379,437
Leasehold interests in land	1,142	SHARE CAPITAL	68,806
Software	26,062	CAPITAL SURPLUS	268,846
Software in progress	5,007	Legal capital surplus	12,867
Other intangible assets	133	Other capital surplus	255,978
INVESTMENTS AND OTHER ASSETS	497,441	RETAINED EARNINGS	41,931
Investment securities	26,774	Legal retained earnings	4,847
Investments in subsidiaries and associates	367,249	Other retained earnings	37,083
Long-term accounts receivable – other	33,485	Provision of reserve for special disaster	1
Long-term loans receivable	15,924	Reserve for tax purpose reduction entry	1,123
Guarantee deposits	7,084	Retained earnings brought forward	35,958
		TREASURY SHARES	(147)

ASSETS		LIABILITIES	
Account	Amount	Account	Amount
Prepaid pension costs	32,382	VALUATION AND TRANSLATION ADJUSTMENTS	14,298
Deferred tax assets	49,041	Valuation difference on available-for- sale securities	13,516
Other investments	536	Deferred gains or losses on hedges	781
Allowance for doubtful accounts	(35,038)		
		TOTAL EQUITY	393,736
TOTAL ASSETS	1,148,130	TOTAL LIABILITIES AND EQUITY	1,148,130

Nonconsolidated Statement of Income

(Year Ended March 31, 2026)

(Millions of yen)

Account	Amount	
NET SALES		846,320
COST OF SALES		577,326
GROSS PROFIT		268,994
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		262,234
OPERATING PROFIT		6,759
NON-OPERATING INCOME		
Interest income	2,024	
Dividend income	18,938	
Rental income	288	
Other non-operating income	4,375	25,626
NON-OPERATING EXPENSES		
Interest expenses	4,611	
Interest expenses on bonds	726	
Rental costs	227	
Provision for loss on business of subsidiaries and associates	1,958	
Foreign exchange losses	1,976	
Loss on disposal of non-current assets	477	
Other non-operating expenses	2,840	12,818
ORDINARY PROFIT		19,567
EXTRAORDINARY INCOME		
Gain on sale of non-current assets	2,680	
Gain on sale of investment securities	10,484	13,165
EXTRAORDINARY LOSS		
Impairment losses	3,006	3,006
PROFIT BEFORE INCOME TAXES		29,726
Income taxes - Current	528	
Income taxes - Deferred	11,614	12,142
NET INCOME		17,584

Nonconsolidated Statement of Changes in Equity

(Year Ended March 31, 2026)

(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, 2025	68,654	12,715	255,978	268,693	4,847	1	1,150	44,209	50,209
Changes during the year									
Issuance of new shares	152	152		152					
Dividends								(25,862)	(25,862)
Net income								17,584	17,584
Reversal of reserve for tax purpose reduction entry							(27)	27	–
Purchase of treasury shares									
Disposal of treasury shares			(0)	(0)					
Net changes of items other than shareholders' equity									
Total changes during the year	152	152	(0)	152	–	–	(27)	(8,251)	(8,278)
Balance as of March 31, 2026	68,806	12,867	255,978	268,846	4,847	1	1,123	35,958	41,931

(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, 2025	(137)	387,419	17,761	(71)	17,690	405,110
Changes during the year						
Issuance of new shares		305				305
Dividends		(25,862)				(25,862)
Net income		17,584				17,584
Reversal of reserve for tax purpose reduction entry		–				–
Purchase of treasury shares	(10)	(10)				(10)
Disposal of treasury shares	0	0				0
Net changes of items other than shareholders' equity			(4,245)	852	(3,392)	(3,392)
Total changes during the year	(9)	(7,982)	(4,245)	852	(3,392)	(11,374)
Balance as of March 31, 2026	(147)	379,437	13,516	781	14,298	393,736

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 18, 2026

To the Board of Directors of
LIXIL Corporation:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Dai Yamamoto

Designated Engagement Partner,
Certified Public Accountant:

Takenao Ohashi

Designated Engagement Partner,
Certified Public Accountant:

Koichi Isoda

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of LIXIL Corporation and its subsidiaries (the "Group"), namely, the consolidated statement of financial position as of March 31, 2026, and the consolidated statement of profit or loss and consolidated statement of changes in equity for the fiscal year from April 1, 2025 to March 31, 2026, 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, 2026, 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, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, 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.

(TRANSLATION)

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 18, 2026

To the Board of Directors of
LIXIL Corporation:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Dai Yamamoto

Designated Engagement Partner,
Certified Public Accountant:

Takenao Ohashi

Designated Engagement Partner,
Certified Public Accountant:

Koichi Isoda

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, 2026, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 84th fiscal year from April 1, 2025 to March 31, 2026, 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, 2026, 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, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, 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.

(TRANSLATION)

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 84th fiscal year from April 1, 2025 to March 31, 2026, 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 18, 2026

Audit Committee, LIXIL Corporation

Audit Committee Member: Ryusuke Ohori
Audit Committee Member: Shigeki Ishizuka
Audit Committee Member: Hiroshi Ishino
Audit Committee Member: Shiho Konno
Audit Committee Member: Mayumi Tamura

(Note) Ryusuke Ohori, Shigeki Ishizuka, Hiroshi Ishino, 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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